
Press comment

20/12/2013

AFME comments on EIOPA proposed changes to debt securitisation

The European Insurance and Occupational Pensions Authority (EIOPA) has announced revised Solvency 2 calibrations on capital charges needed by insurers to hold asset-backed securities.

EIOPA is now proposing a reduction of the spread-risk charge for AAA-rated securitisations from 7% to 4.3%. This is significant, but not enough to make a difference for insurers investing in securitisation.

However, the Association for Financial Markets in Europe (AFME) welcomes the authority's introduction of a definition for high-quality securitisation.

Sidika Ulker, a director of the Securitisation division, AFME, said:

"AFME strongly supports EIOPA's work in reviewing the capital charges for securitisation under Solvency II and, for the first time, recognising the importance of high-quality securitisations in the framework. However, we remain concerned that EIOPA's proposed revisions to the capital charges will not be sufficient to encourage the return of insurance company investors.

"A revived and renewed high-quality securitisation market, delivering funding for the real economy and with significant participation from non-bank investors such as insurance companies, is critical to help fund Europe's recovery – particularly in those member states most affected by the sovereign debt crisis."

Read about the EIOPA proposals [here](#).

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