
Press release

Joint trades issue new paper highlighting importance of securitisation for jobs and growth in Europe

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Eight leading European trade associations representing investors, originators, issuers and other market participants have today released a paper highlighting the importance of securitisation for jobs and growth in Europe, and underlining their commitment to supporting a safe and sustainable market that serves the real economy.

Ahead of tomorrow's meeting public exchange in the European Parliament where MEPs will discuss proposed amendments to the draft regulation for Simple, Transparent and Standardised ("STS") securitisation, the associations have published a paper to make a positive case for the revival of securitisation for the benefit of Europe's businesses, borrowers and consumers.

The associations say that policymakers are right to raise questions around the risks and benefits of seeking a revival of securitisation in Europe. Their joint trade paper sets out to address these issues.

The Association for Financial Markets in Europe (AFME), the Dutch Securitisation Association (DSA), the European Banking Federation (EBF), the European Fund and Asset Management Association (EFAMA), LeaseEurope and Eurofinas, the International Capital Market Association (ICMA) and Pensions Europe have all signed the paper and make the following key points:

- Securitisation can support SMEs and households in many different ways;
- A revival of sound securitisation can help diversify risks, thereby making the financial system more stable;
- A well-designed STS framework will deliver "simple", "transparent" and "standardised" securitisations;
- Transparency and disclosure standards are already robust- further requirements should build on existing infrastructure and be carefully calibrated;
- The lessons of the crisis have been learned and reflected in EU regulations;
- Investor due diligence is important, but unnecessary duplication should be avoided as it disincentivises investment;
- Risk retention is important: the existing rules ensure alignment of interests and sufficient "skin in the game" for those who securitise;
- Tranching is common across all debt markets and is an essential feature of the securitisation technique to meet investors' needs.

As a key component of the Commission's flagship Capital Markets Union initiative, the associations believe that a new STS securitisation framework could generate EUR 100-150 billion in additional funding for the real economy and act as a key driver in encouraging investor participation in European capital markets.

The associations hope the paper will make a useful contribution to the ongoing European debate on this topic and urge EU legislators to bear these themes and arguments in mind as the debate progresses.

The joint associations' paper can be found online.

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Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter [@news_from_afme](https://twitter.com/news_from_afme)