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## Press release

### AFME comments on Commission report on functioning of the Securitisation Regulation

11 October 2022

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In response to the European Commission's [report](#) on the review of the Securitisation Regulation\*, **Shaun Baddeley, Managing Director of Securitisation** at the Association for Financial Markets in Europe (AFME), said:

"The Commission has published its much-awaited report on the functioning of the Securitisation Regulation. AFME agrees with the industry survey, conducted by the Commission, which finds that the Securitisation Regulation has not been successful in improving access to credit for the real economy. AFME accepts the Commission's conclusion that more time is needed to truly assess the impact of the new framework but urges more action as soon as possible to help boost the securitisation market in Europe, which has been struggling for years due to regulatory imbalances.

"In particular, AFME welcomes the Commission's invitation to ESMA to conduct a much-needed review of transaction reporting templates, noting the need to significantly simplify requirements for private transactions to make the framework relevant and proportionate. However, without change in the definition of a private securitisation, many private transactions will be treated as public for disclosure purposes, in part, defeating the purpose of the review. This will at best create real challenges for smaller borrowers reliant on bank relationships to finance themselves efficiently via private securitisation, and at worse, prevent them from accessing this funding at all.

"AFME also finds the opportunity to foster EU investor growth has so far been missed. While the report acknowledges market participants' concerns that investor due diligence obligations are disproportionate, creating high barriers to entry for new investors, there is no action to address this issue. The industry awaits with interest the recommendations from the Joint ESAs report on their review of the prudential capital framework for banks and insurers, which will present another important opportunity to attract investors back to securitisation. It will also be a chance to recalibrate bank capital to address disproportionate capital treatment for both parties, when compared to other asset classes.

"The report recognises the important contribution that securitisation can make in channelling capital towards the green economic transition and supports the EBA's assessment that no separate sustainable securitisation framework is needed. AFME agrees with this assessment but would urge policy makers to recognise in the Green Bond Standard the important role that securitisation can play via green synthetic securitisation."

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#### Notes to Editors:

\*As intended, this report fulfils the Commission's legal mandate under Article 46 of the Securitisation Regulation to present a report to the European Parliament and Council on both the functioning of the Securitisation Regulation and to report on the need for creation of a specific sustainable securitisation framework.

**AFME Contact**

Rebecca Hansford

Head of Media Relations

[rebecca.hansford@afme.eu](mailto:rebecca.hansford@afme.eu)

+44 (0)20 3828 2693

+44 (0)7825 081 686

**About AFME:**

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. 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](http://www.afme.eu).

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