
Press release

AFME welcomes EBA report suggesting EU Green Bond Standard framework adjustments for securitisation

2 March 2022

The Association for Financial Markets in Europe (AFME) welcomes [today's report from the EBA](#), which provides an overview of the recent developments and challenges of introducing sustainability to the securitisation market and explores how the EU Green Bond Standard (EU GBS) could be implemented for securitisation, as well as whether a potential dedicated framework for sustainable securitisation should be introduced.

Shaun Baddeley, Managing Director of Securitisation at AFME, said: *"The EBA's report today suggests amending the framework created by the EU GBS to make it more appropriate for securitisation. This would be done by ensuring that EU GBS requirements apply at originator level, rather than at issuer level, allowing a securitisation to qualify as green as long as the originator uses proceeds for green purposes. This is helpful because it allows issuers to use securitisation as an important tool to finance the energy transition alongside other financing instruments until such time there is relevant green collateral to securitise."*

AFME welcomes the EBA's recognition of the important role that green synthetic securitisations have to play in freeing up capital from banks active in green lending whilst recognising more time may be needed to assess whether and how the specificities of synthetic securitisation should be reflected in a green framework. AFME believes this is equally relevant to green private securitisations which also fall outside the GBS but are equally important in financing the green transition of the real economy.

With regard to disclosures applicable to green securitisation, the EBA comments that additional proportionate disclosures may be effective to complement the overarching EU sustainable finance regulations. AFME supports this approach whilst noting that a substantive and somewhat fragmented disclosure framework exists around the product and would request proportionality and well-calibrated disclosures that are meaningful to investors.

AFME notes that the US green securitisation market constituted around 50% of total US green bond issuance in Q1 2021, contrasting with Europe where sustainable securitisation accounted for only 2% of EU ESG bond issuance. Whilst this demonstrates the upside potential for EU green securitisation, it also reflects the challenges that the industry has faced since the implementation of EU Securitisation Regulation.

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