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## Press Release

### **AFME responds to the European Commission's targeted consultation on the functioning of the EU Securitisation Framework**

5 December 2024

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The Association for Financial Markets in Europe ("AFME") welcomes the opportunity to respond to the consultation by the European Commission ("EC") on the functioning of the EU Securitisation Framework (the "Framework").

AFME is supportive of the efforts by the European Commission to consider holistically and review the different factors which are preventing the revival of the securitisation market and, as a result, hindering broader economic growth in the EU.

AFME believes that every single segment of the securitisation market can offer valuable contributions to the Savings and Investment Union and the broader CMU objectives. Traditional and synthetic securitisations of mortgages, SME loans, corporate exposures and other asset classes have the potential to finance the real economy on a greater scale. The SRT market has also experienced significant growth in recent years and can further contribute to the deepening of EU capital markets, while private cash securitisations (both ABCP and non-ABCP) can provide important additional lines of credit to businesses across Europe.

Given the potential of securitisation to improve the competitiveness of the European economy, AFME believes that the regulatory framework for securitisation needs to evolve to become more proportionate and risk-sensitive.

**Adam Farkas, CEO of AFME**, said: *"We are grateful for the opportunity to share our views and recommendations on what is needed to revive the securitisation market in the EU. We welcome the European Commission's efforts to review the current Securitisation Framework and ensure it is fit for purpose and able to support the broader growth and competitiveness objectives laid out by the new EU Commission."*

**Shaun Baddeley, Head of Securitisation at AFME**, said: *"EU leaders have rightly acknowledged the value of securitisation and called for relaunching the European securitisation market, including through regulatory and prudential changes. The lacklustre securitisation market of the past decade can indeed, at least in part, be attributed to regulatory overcorrection, due to which, the EU is currently lacking the ability to deploy this financing technique at scale. More specifically, the combined effect of certain provisions within the EU Securitisation Regulation as well as in the EU Bank and Insurance Prudential Capital Frameworks have disincentivised EU investors and limited the utility of the product as a funding and risk transfer tool."*

Following the submission of the AFME response to the EC consultation yesterday and the publication of AFME's position paper '[EU Securitisation back on track](#)' in June, AFME looks forward to continuing its engagement with the European Commission and other stakeholders as discussions evolve and progress.

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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](http://www.afme.eu)
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