



Press release

Buy and sell side join forces in support of STS securitisation

3 March 2016

Today four leading European trade associations representing investors, issuers and other market participants have come together for the first time to support the new framework for securitisation regulation.

The Association for Financial Markets in Europe (AFME), the European Fund and Asset Management Association (EFAMA), the International Capital Market Association (ICMA) and Insurance Europe have issued a joint paper backing efforts by EU policymakers to develop a robust and successful framework for simple, transparent and standardised (STS) securitisation.

In line with the Commission's flagship Capital Markets Union initiative, the associations believe that a new framework for securitisation could play a pivotal role between banks' financing and capital markets, enabling much-needed non-bank funding alternatives and providing investors with high-quality fixed income securities and attractive yields.

In the joint paper, the organisations affirm that securitisation is an important element of well-functioning financial markets and call for securitisation to be treated on a level playing field with other forms of investment. They highlight their shared views on the key points for EU policymakers to consider in their development of the new framework.

Commenting:

Simon Lewis, Chief Executive of AFME, said: "The development of a high-quality securitisation market in Europe is an integral part of the Capital Markets Union and contributes to the Commission's objectives to revive the real economy through increased financing and prudent risk transfer. For the European securitisation market to be safely and successfully rebuilt, the new framework must be attractive for both issuers and investors whilst operating under a strong but fair and rational regulatory regime. We are delighted to unite with investors and other market participants on this important policy initiative."

Peter De Proft, Director General of EFAMA, commented: "EFAMA is acutely aware of the generational opportunity offered by the Capital Markets Union in restoring economic growth in Europe. The Commission's securitisation package, as an essential component of a successful CMU, could potentially generate billions in additional funding for the economy and could act as a key driver in encouraging investor participation in European capital markets. This joint initiative of the buy-side and sell-side is testament to the sheer emphasis we believe should be placed on achieving a balanced securitisation framework which will work for our markets, our investors and Europe as a whole."

Martin Scheck, Chief Executive of ICMA, said: "Securitisation represents a crucial asset class for investors and borrowers in Europe. As an association with both buy- and sell-side members we have strongly welcomed efforts to revive securitisation as a key element in financing the drive to restore jobs and growth in Europe. This joint paper underlines our commitment to supporting an appropriately designed framework to achieve this."

Michaela Koller, Director General of Insurance Europe, said: "Insurers must have access to a wide range of assets in order to diversify their portfolios, and this includes a need for high quality securitisations. Steps to identify good securitisations have already been made under Solvency II and the Commission's proposal is

a continuation of this, with some important improvements. However, further improvements are needed, some of which this paper outlines. From an insurer's perspective, we are calling for a much needed revision of the capital treatment of securitisations under Solvency II."

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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)
2. EFAMA is the representative association for the European investment management industry. EFAMA represents through its 26 member associations and 61 corporate members almost EUR 19 trillion in assets under management of which EUR 12.1 trillion managed by 55,700 investment funds at end September 2015. Just over 29,500 of these funds were UCITS (Undertakings for Collective Investments in Transferable Securities) funds, with the remaining 26,100 funds composed of AIFs (Alternative Investment Funds). For more information about EFAMA, please visit www.efama.org
3. The International Capital Market Association (ICMA) is the trade association for the international capital market with almost 500 member firms from 58 countries, including banks, issuers, asset

managers, infrastructure providers and law firms. It provides industry-driven standards and recommendations for issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market. International buy-side members are represented by ICMA's Asset Management and Investors Council (AMIC) www.icmagroup.org

4. Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of almost €1 170bn, employ over one million people and invest nearly €9 900bn in the economy.