

DG Financial Stability, Financial Services and Capital Markets Union
European Commission
SPA2 03/020
1049 Brussels

21 February 2018

Dear Sirs,

Response submission from the International Capital Market Association (ICMA) (transparency register number 0223480577-59)

Re: European Commission consultation on a Draft Delegated Act amending the Commission Delegated Regulation (EU) 2015/61 (the “LCR Delegated Regulation”) on the Liquidity Coverage Ratio (LCR): reference Ares(2018)418078)

Introduction:

The ICMA¹ is a membership association, committed to serving the needs of its wide range of members representing both the buy side and sell side of the industry. Its membership includes issuers, intermediaries, investors and capital market infrastructure providers. ICMA currently has more than 530 members located in over 60 countries worldwide. The ICMA’s market conventions and standards have been the pillars of the international debt market for 50 years.

The ICMA notes that on 24 January 2018 the European Commission opened a consultation on a Draft Delegated Act amending the Commission Delegated Regulation (EU) 2015/61 (the “LCR Delegated Regulation”) on the Liquidity Coverage Ratio (LCR). The ICMA further notes that in the context of building a genuine Capital Markets Union (CMU), which will be a long-term project, securitisation is one of the areas initially identified (in the Investment Plan adopted by the European Commission in November 2014) for action in the short term.

Commentary:

The ICMA has considered this consultation on behalf of its full membership; both in context of the ICMA’s ongoing mission to promote resilient and well-functioning international debt capital markets, necessary for economic growth, and of its support for the European Commission’s CMU initiative².

¹ For more information regarding the ICMA please go to <http://www.icmagroup.org/>

² For more information about the ICMA’s CMU work please go to <http://www.icmagroup.org/resources/capital-markets-union/>

The ICMA is supportive of the LCR, which represents an important and broadly successful element within the package of financial regulatory reforms enacted in response to the financial crisis. Nevertheless, refining this through a targeted amendment of the LCR Delegated Regulation can further improve the LCR. It also presents a valuable opportunity for integration into the LCR Delegated Regulation of the new simple, transparent and standardised (STS) criteria for securitisation.

STS securitisation is an important CMU initiative in relation to which ICMA has been part of a strong industry consensus, supportive of the initiative and seeking to best shape it such as to secure its successful implementation. Consistent with this cross-industry approach, the ICMA has carefully reviewed the [response prepared by the Association for Financial Markets in Europe \(AFME\)](#) in relation to the European Commission's current LCR consultation and, rather than repeating the substantive content thereof, the ICMA is submitting this short letter to affirm its support for the detailed views submitted by the AFME.

Furthermore, the ICMA wishes to particularly underscore the support of its Euro Commercial Paper (ECP) Committee³ for the AFME's specific comments concerning the LCR treatment of asset-backed commercial paper (ABCP), which is an important financing tool for the real economy.

Concluding statement:

The ICMA appreciates the valuable contribution made by the European Commission through this public consultation process and would like to thank the European Commission for its careful consideration of the points made in this response and in the more detailed response of the AFME to which this response of the ICMA refers. The ICMA would be happy to review these matters in a meeting with the European Commission team should they consider such to be helpful.

Yours faithfully,



David Hiscock
Senior Director - Market Practice and Regulatory Policy, ICMA

cc: Richard Hopkin - Managing Director, Head of Fixed Income, AFME

³ For more information regarding the ICMA's ECP Committee please go to <http://www.icmagroup.org/About-ICMA/icma-councils-and-committees/euro-commercial-paper/>