EBA proposed criteria for identifying a simple, standard and transparent securitisation

Number	Criterion	Answer with regard to transaction type: term
Pillar I: simple securitisations		
	Introduction:	In principle, we agree with the criteria. However, we see some need to adapt the details of the criteria so as to prevent well established and marketable securitisations from being excluded from the "qualifying securitisations" classification, since from the investor's perspective they already meet the requirements for simple, standardised and transparent securitisations. If these criteria were not adapted to reflect market specifics, we would expect negative repercussions on these kinds of securitisations.
1	The securitisation should meet the following conditions: • It should be a securitisation as defined in the CRR (as per Article 4 (1) (61)); • It should be a 'traditional securitisation' as defined in the CRR (as per Article 242(10)); • It should not be a 're-securitisation' as defined in the CRR (as per Article 4 (1) (63)).	no significant comments at this time
2	The securitisation should not be characterised by an active portfolio management on a discretionary basis. Assets transferred to a securitisation should be whole portfolios of eligible exposures or should be randomly selected from those satisfying eligibility criteria and may not be actively selected or otherwise cherry-picked. Substitution of exposures that are in breach of representations and warranties should in principle not be considered as active portfolio management.	no significant comments at this time
3	The securitisation should be characterised by legal true sale of the securitised assets and should not include any severe insolvency clawback provisions. A legal opinion should confirm the true sale and the enforceability of the transfer of assets under the applicable law(s). Severe clawback provisions should include rules under which the sale of cash flow generating assets backing the securitisation can be invalidated by the liquidator solely on the basis that it was concluded within a certain period (suspect period) before the claration of insolvency of the seller (originator/intermediary), or where such invalidation can only be prevented by the transferees if they can prove that they were not aware of the insolvency of the seller (originator/intermediary) at the time of the sale.	no significant comments at this time
4	The securitisation should be backed by exposures that are homogeneous in terms of asset type, currency and legal system under which they are subject. In addition, the exposures should meet the following criteria: i. They arise from obligations with defined terms relating to rental, principal, interest or principal and interest payments, or are rights to receive income from assets specified to support such payments; ii. They are consistently originated in the ordinary course of the original lender's business pursuant to uniform and non-deteriorating underwriting standards; iii. They contain a legal, valid and binding obligation of the obligor, enforceable in accordance with its terms against any third party, to pay the sums of money specified in it (other than an obligation to pay interest on overdue amounts); iv. They are underwritten: a. with full recourse to an obligor that is an individual or a corporate and that is not a special purpose entity, and b. on the basis that the repayment necessary to repay the securitisations was not intended, in whole or in part, to be substantially reliant on the refinancing of the underlying exposures or re-sale value of the assets that are being financed by those underlying exposures.	Homogeneous in terms of asset type: it should be clarified that the securitisation of corporate and retail exposures in one transaction is not excluded by this requirement. No. 4 iv): Residual value risk: "on the basis that the repayment necessary to repay the securitisation was not intended, in whole or in part, to be substantially reliant on the refinancing of the underlying exposures or re-sale value of the assets that are being financed by those underlying exposures". The words "in whole or in part, to be substantially" should be replaced by the words "to be predominantly" in order to be consistent with the wording in the delegated act on the LCR which was the result of intense deliberations. Otherwise, many auto ABSs could be excluded on account of the wording "in part".
5	At the time of inclusion in the securitisation, the underlying exposures should not include: i. Any disputes between original lender and borrower on the underlying assets; ii. Any exposures which are in default. An exposure is considered to be in default if: a. it is more than 90 days past-due; b. the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due. iii. Any exposures to a credit-impaired borrower. For these purposes, a borrower should be deemed as credit-impaired where he has been the subject of an insolvency or debt restructuring process due to financial difficulties within three years prior to the date of origination or he is, to the knowledge of the institution at the time of inclusion of the exposure in the securitisation, recorded on a public credit registry of persons with adverse credit history, or other credit registry where a public one is not available in the jurisdiction, or he has a credit assessment by an ECAI or a credit score indicating significant risk of default; iv. Any transferable securities, as defined in Directive 2004/39/EC (MIFID) or derivatives, except derivatives used to hedge currency and interest rate risk arising in the securitisation. In addition, the original lender should provide representations and warranties that assets being included in the securitisation are not subject to any condition or encumbrance that can be foreseen to adversely affect enforceability in respect of collections due.	Definition of the credit-impaired borrowers that are to be excluded is still unclear. Without further specification, it will not be possible to issue Asset Backed Securities that fulfil the criteria. This is a very critical point. In addition, it should be reconsidered from a conceptual point of view whether these requirements should not be part of the credit risks. Problem: It is unclear when a credit assessment by an ECAI or a credit rating agency indicates a significant risk. In addition, it is not clear whether external credit assessments and internal credit ratings can be used as alternatives or whether they have to be used in combination. The wording would allow both interpretations. The latter would be linked with significantly high additional costs. Further, it is unclear which ECAIs and which credit ratings could be used under which conditions. Many originators of high quality ABSs still use the credit standardised approach and thus have no IRB approval by the supervisory authorities, although they have rating procedures and models in place that are validated annually and that are comparable to those of IRB credit institutions and that have significantly better discriminatory power than the scoring and rating procedures of ECAIs. Although the assessments of ECAIs are used in the credit process, they are in many cases not used for the credit standardised approach, and hence the requirements of the CRR to use the assessments of ECAIs have not yet been implemented, because the costs would be too high on account of the fact that the external ratings or scorings would have to be applied consistently worldwide. In addition, it has to be noted that it is the EU's intention to reduce the dependency on external ratings. However, the new requirement would increase dependence on external ratings again. To ensure comparability of "significant risk" across Europe, a PD threshold would have to be determined. The use of scoring and PD models implies model risks. The same problems exist with respect to model risks for ECAI scores. For the time being, many high-quality securitisations are not based on ECAI assessments or internal credit scoring but on the non-overdue status. Accordingly, all underlying exposures that are overdue at the time of the selection (pool cut) or additionally in the case of replenishment after incorporation at any time after issuance are excluded from the selection. In future, these tried and tested processes, which have ensured low losses of the underlying assets from securitisations, even in crisis times, would have to be changed. Further, it is no longer clear under which conditions and for how long after a company has recovered or a private person is able to pay after a phase of unemployment a credit history is deemed adverse or not adverse. Such a requirement would prevent in particular the recovery of SMEs after an economic downturn as a result of increased financing costs even if the company has good credit quality in the meantime. Moreover, companies, such as SMEs, that have recovered after an insolvency or debt rearrangement process should not be excluded if they are no longer impaired according to the applicable accounting rules. Even according to the accounting rules, an assessment must be carried out as to whether the borrower is still credit impaired after a recovery. If this is the case, then such loans would have to be exempted from the securitisation of high-quality ABSs. According to the current proposal such borrowers would be excluded for three years notwithstanding their current creditworthiness, which would be detrimental to the recovery of such companies. Finally, it will be difficult to implement the requirements because the required information is not stored in a structured manner in the IT systems. That could technically support the exclusion of the loans that are defined as credit impaired according to a new definition that significantly deviates from the definition of credit impairment in the accounting rules. Thus, it is unclear how to exclude such borrowers and lessees that are no longer credit impaired or in default according to the accounting rules and are serviced in the meantime in the normal course of business after their recovery. The required information to identify such borrowers is often only available in an unstructured manner in credit agency reports. High granular ABSs can comprise up to 90,000 contracts. It is virtually impossible to check all these contracts manually. As a result, many existing high-quality ABS structures are not catered for by the proposed non-impairment requirements, although the existing eligibility criteria that mainly refer to the non-overdue status offered high levels of performance even under stressed conditions during the last crisis. Proposed Solution: As an alternative, we strongly propose objective minimum credit quality criteria that are already used, which do not need further guidance and interpretation, and which can be simply complied with and applied consistently across Europe to ensure a harmonised application of minimum credit quality criteria. Thus, we suggest the exclusion of all exposures that are in default according to article 178 of Regulation (EU) 575/2013 ("CRR"), which are credit impaired with objective evidence of impairment according to the relevant accounting standards or appendix A of IFRS 9, or which are overdue. The overdue status, in particular, is a clear and objective indicator for credit quality that can be measured simply and that does not rely on any credit assessments or model risks. This would contribute to a reduction in the reliance on assessments by external credit agencies as well. In addition, it would facilitate the identification of the exposure to be excluded. To consider a forward-looking perspective and a prudent selection of the receivables to be securitised we propose the following: In addition to the past due status, originators should be required to have an internal scoring or rating procedure in place that is validated at least annually and which comprises, as a minimum, a review of the discriminatory power and the calibration. An IRB approval should not be obligatory. If such a procedure is not available, use of the ECAI should be allowed if the ECAI can demonstrate that the minimum validation criteria are fulfilled and if the originator obtains a validation report on the discriminatory power and calibration at least once a year. Further, we propose that internal or external scores should be used to support the credit decision process based on an acceptance policy which should be the same for the securitised and non-securitised portfolio. Loans with credit scores that are worse than the cut-off scores according to the policy would have to be excluded from the securitisation even if approved manually because it would be assumed that all exposures that are worse than the cut-off score present a significant risk. To avoid any adverse selection, the loans should be selected randomly from a target portfolio. This would apply especially for those selected on a past due status during the life of the contract. By combining the past due status and the use of scoring and rating models it would be possible to have an objective procedure in place on account of its prudent backstop function on the one hand and a forward-looking perspective on the other, based on the acceptance policy both for the securitised and non-securitised loans without the need to rely on PDs with inherent model risks.
6	At the time of inclusion, the underlying exposures are such that at least one payment has been made by the borrower, except in the case of securitisations backed by personal overdraft facilities and credit card receivables	no significant comments at this time
Pillar II: standard securitisations		
7	The securitisation should fulfill the CRR retention rules (Article 405 of the CRR).	no significant comments at this time
8	Interest rate and currency risks arising in the securitisation should be appropriately mitigated and any hedging should be documented according to standard industry master agreements. Only derivatives used for genuine hedging purposes should be allowed.	no significant comments at this time
9	Any referenced interest payments under the securitisation assets and liabilities should be based on commonly encountered market interest rates and may include terms for caps and floors, but should not reference complex formulae or derivatives.	In the automobile industry loans and leases are subsidised by the car manufacturers or car dealers to promote the sale of the cars. It should be clarified that loans and leases that are subsidised, for instance, by the manufacturers and/or car dealers are not excluded.
10	The transaction documentation of those transactions featuring a revolving period should include provisions for appropriate early amortisation events and/or triggers of termination of the revolving period, which should include, at least, each of the following: i A deterioration in the credit quality of the underlying exposures; ii A failure to generate sufficient new underlying exposures of at least similar credit quality; and iii The occurrence of an insolvency-related event with regards to the originator or the servicer.	no significant comments at this time
11	Following the occurrence of a performance-related trigger, an event of default or an acceleration event: i The securitisation positions are repaid in accordance with a sequential amortisation payment priority, whereby the seniority of the tranches determines the sequential order of payments. In particular, a repayment of noteholders in an order of priority that is 'reverse' with respect to their seniority should not be foreseen; ii There are no provisions requiring immediate liquidation of the underlying assets at market value.	no significant comments at this time

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12	The transaction documentation should clearly specify the contractual obligations, duties and responsibilities of the trustee, servicer and other ancillary service providers as well as the processes and responsibilities necessary to ensure that: i the default or insolvency of the current servicer does not lead to a termination of the servicing of the underlying assets; ii upon default and specified events, the replacement of the derivative counterparty is provided for in all derivative contracts entered into for the benefit of the securitisation; and iii upon default and specified events, the replacement of the liquidity facility provider or account bank is provided for in any liquidity facilities or account bank agreements entered into for the benefit of the securitisation.	i: It should be clarified that ensuring the default or insolvency of the current servicer does not automatically lead to a termination of the servicing of the underlying assets without the replacement of the current servicer with a new servicer.
13	The transaction documentation contains provisions relating to an 'identified person' with fiduciary responsibilities, who acts on a timely basis and in the best interest of investors in the securitisation transaction to the extent permitted by applicable law and in accordance with the terms and conditions of the securitisation transaction. The terms and conditions of the notes and contractual transaction documentation should contain provisions facilitating the timely resolution of conflicts between different classes of noteholders by the 'identified person'. In order to facilitate the activities of the identified person, voting rights of the investors should be clearly defined and allocated to the most senior credit tranches in the securitisation.	"Voting rights of the investors" to be undertaken by the "identified person" is to be rejected (see our comment in relation to question 5).
14	The management of the servicer of the securitisation should demonstrate expertise in servicing the underlying loans, supported by a management team with extensive industry experience. Policies, procedures and risk management controls should be well documented. There should be strong systems and reporting capabilities in place.	no significant comments at this time
Pillar III: transparent securitisation		
15	The securitisation should meet the requirements of the Prospectus Directive.	no significant comments at this time
16	The securitisation should meet the requirements of Article 409 of the CRR and Article 8b of the CRA (disclosure to investors).	no significant comments at this time
17	Where legally possible, investors should have access to all underlying transaction documents.	"Access to all underlying transaction documents" should be limited to "all material and reasonable" underlying transaction documents.
18	The transaction documentation should provide in clear and consistent terms definitions, remedies and actions relating to delinquency and default of underlying debtors, debt restructuring, debt forgiveness, forbearance, payment holidays and other asset performance remedies. The transaction documents should clearly specify the priority of payments, triggers, changes in waterfall following trigger breaches as well as the obligation to report such breaches. Any change in the waterfall should be reported on a timely basis, at the time of its occurrence. The originator or sponsor should provide investors a liability cash flow.	1. Documentation Processes and especially certain kinds of action are not always predetermined but are characterised by a certain level of discretion that decision makers have when making their decisions. Hence this could conflict with predetermined processes and actions. In addition, processes, definitions and actions can change during the lifetime of an ABS transaction. Thus, a description of the prescribed processes, definitions and actions could oblige the originator not to change the processes, and this situation should be avoided Proposed solution: Such operational processes should not be described in the transaction documents because such processes typically change during the lifetime of the ABS without existing standards being lowered. Thus, there should be a reference to the fact that these processes are governed and documented in internal process descriptions and instructions that will be provided for due diligence purposes at the request of interested potential investors. In addition, it should be indicated that processes and definitions can change during the lifetime of the ABS transaction, but that the originator will ensure that the existing standards are not lowered. In addition, it is proposed that internal process descriptions and instructions will be provided on an ongoing basis on request. Internal process instructions typically leave room for discretion, meaning that the discretion issue should be settled with a reference to internal process instructions as well. 2. "provide investors with a liability cash flow model" before pricing and on an ongoing basis: Investors should have their own cash flow model. However, originators should provide investors with all the relevant data necessary to build a cash flow model.
19	The transaction should be subject to mandatory external verification on a sample of underlying assets (confidence level of at least 95%) at issuance, by an appropriate and independent party or parties, other than a credit rating agency. Confirmation that this verification has occurred should be included in the transaction documentation.	It is unclear what is to be verified. Further specifications are necessary. An extensive verification could be very extensive and costly which could endanger the economics of the transaction. Hence, it should be clarified that the verification refers to adherence to the pool-cut criteria.
20	Investors and prospective investors should have readily available access to data on the historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, covering a historical period representing a significant stress or where such period is not available, at least 5 years of historical performance. The basis for claiming similarity to exposures being securitised should also be disclosed.	no significant comments at this time
21	Investors and prospective investors should have readily available access to data on the underlying individual assets on a loan-by-loan level, at inception, before the pricing of the securitisation, and on an ongoing basis. Cut-off dates of this disclosure should be aligned with those used for investor reporting purposes.	no significant comments at this time
22	Investor reporting should occur at least on a quarterly basis. As part of investor reporting the following information should also be disclosed: • All materially relevant data on the credit quality and performance of underlying assets, including data allowing investors to clearly identify debt restructuring, debt forgiveness, forbearance, payment holidays, delinquencies and defaults in the pool; • Data on the cash flows generated by underlying assets and by the liabilities of the securitisation, including separate disclosure of the securitisation's income and disbursements, i.e. scheduled principal, scheduled interest, prepaid principal, past due interest and fees and charges; • The breach of any waterfall triggers and the changes in waterfall that this entails.	no significant comments at this time
Credit risk criteria		
A	Underlying exposures should be originated in accordance with sound and prudent credit granting criteria. Such criteria should include at least an assessment of the borrower's creditworthiness in accordance with paragraphs 1 to 4, 5(a) and 6 of Article 18 of Directive 2014/17/EU or Article 8 of Directive 2008/48/EC, as applicable.	no significant comments at this time
B	The pool of exposures to be securitised should be such that the largest aggregated exposure to a single obligor does not exceed 1% of the value of the aggregate outstanding balance. For the purposes of this calculation, loans or leases to a group of connected clients, as referred to in Article 4(39) of the CRR, should be considered as exposures to a single obligor.	The identification of the group of connected clients can be very challenging in the retail bulk business and can imply high operational costs with little benefit from a risk management perspective. In many cases there are thresholds in place in the retail bulk business to reduce the workload and to strike the right balance between operating costs and the necessity to identify single risks to ensure proper risk identification and to comply with requirements. Thus, to ensure that the identification of the group of connected clients can be based on the existing processes of the originator who has to identify the group of connected clients the words "to the originator's best knowledge" should be added.
C	The underlying exposures should fulfil each of the following criteria: i. They have to be exposures to individuals or undertakings that are resident, domiciled or established in an EEA jurisdiction, and ii. At the time of inclusion they have to meet the conditions for being assigned, under the Standardised Approach and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than: a. [40%] on a weighted average basis where the exposure is a loan secured by a residential mortgage or fully guaranteed residential loan, as referred to in paragraph 1(e) of Article 129 of the CRR; b. [50%] on an individual loan basis where the exposure is a loan secured by a commercial mortgage c. [75%] on an individual loan basis where the exposure is a retail exposure d. [100%] on an individual loan basis for any other exposures. iii. Under (a) and (b) loans secured by lower ranking security rights on a given asset should only be included in the securitisation if all loans secured by prior ranking security rights on that asset are also included in the securitisation. Under (a) no loan in the securitised portfolio should be characterised by a loan-to-value ratio higher than 100%.	no significant comments at this time
Questions		

Number	Criterion	Answer with regard to transaction type: term
1	Do you agree with the identified impediments to the securitisation market?	For the most part, yes. The most significant aspects from our perspective are the regulatory impediments. This would benefit the securitisation market, while simultaneously strengthening the regulatory requirements on the securitisations in the subprime RMBS segment 7 years after the start of the crisis in the United States: - The capital requirements for top high-quality securitisations with AAA rating, e.g. auto ABSs that have never recorded any losses, should, in accordance with the Securitisation Framework published in December, be more than doubled from 2018 onwards. The floor should be raised from 7% to 15%. - The EBA proposal also contains a floor of 15%. This means that the doubling of the capital requirements in comparison to today would not removed again, although the performance of European high quality securitisations, such as auto ABSs, would provide arguments against raising the Basel II floor of 7%. In respect of covered bonds this corresponds to a 50% higher capital requirement. - At the same time the “Deal Economics” for the originators will worsen because there are currently no securitisations that would fulfil the criteria. In this respect, modifications will become necessary. The non-impairment requirements for securitised loans, in particular, if they were not aligned with successfully established market standards, would have very negative consequences for the future development of the securitisation market, which would not be matched by an obvious increase in security. - Further impediments would result from the fact that in accordance with the Securitisation Framework published in December IRB banks could be forced to use the external ratings-based approach in the absence of IRB models. This is especially likely if developing IRB models for securitisation positions internally is not cost-effective for these organisations. In these cases, the risk weights would almost triple, from 7% to 20%, since the very strict conditions for the calculation of the tranche maturity are generally based on the final legal duration, which usually is not less than 5 years. These banks may then decide that they will not invest in the market in future. This could either lead to a reduction of the investor base or to an increase in spreads. The latter case would in turn reduce the attractiveness of ABSs as a funding tool. - If the current Commission proposal on the separation of banks comes into force in its current form, there could be negative consequences for the securitisation market. It would mean that the amortising swaps, which are extremely important for the marketability of ABSs, could only be expected to be offered by financial trading entities. This would lead to a further narrowing of the market. Even today, the number of possible counterparties is already severely limited. - The liquidity of ABSs is an important factor in their attractiveness. Market makers play an important role in this respect. The bank separation regulation contains limitations that would have a negative impact on the number of market makers that would still be eligible - The capital requirements for securitisations in the trading book are still increasing markedly. This could lead to significant reductions in ABS trade, which could have a negative impact on ABSs and their liquidity. - The capital requirements for high-quality securitisations under Solvency II relative to other assets, in particular covered bonds, are in themselves too high. Insurance companies may then decide not to invest in securitisations in the future. For high quality junior bonds with single-A rating the capital requirements are even prohibitive. Even though the historical loss rate, for instance for single-A rated auto ABSs in Europe, is at 0% insurance companies will need back these with 80% capital for a duration of 5 years. This would mean fewer insurance companies acting as investors in the future. - The Commission's proposal, in its current form, would effectively prohibit money market funds from investing in ABSs, even if these are recognised as highly liquid in the delegated legal act on the LCR. - In this context, there is a large amount of uncertainty about how these rules, which have been adopted but which have not yet come into force, would affect future demand and in turn also spreads. There are fears that the stricter regulatory requirements would lead to a decline in the investor base, which would have a negative effect on the depth and breadth of the securitisation market and in turn on spreads. - Further uncertainty has been brought about by the adoption of the delegated legal acts on the LCR and on Solvency II. Investors increasingly prefer, in the interests of ensuring stability in the value of their investments, ABSs that comply with the LCR and Solvency II. We assume that this trend will continue into the future. On account of the large number of undefined legal terms, however, it is not possible for originators to satisfy this demand, since it is not clear how they are to be interpreted and implemented. This is already causing the first signs of hesitancy on the part of investors because they are necessarily cautious about making losses in the secondary market should their investments turn out not to be compliant with the LCR and Solvency II. This problem is particularly noticeable for the non-impairment requirement. Instead of simply excluding all loans in default, past due and impaired loans, as is usually the case for this market for high quality securities, in future all loans are to be excluded if they present a "significant risk" on the basis of an external rating assessment or an internal scoring process, without it ever being clear what a "significant risk" is. It is also unclear, for instance, what is to be understood by “adverse history” and how far this goes back. The discussion paper does not provide any concrete definitions in this area either. It is not disputed that impaired loans should be excluded. However, the definition of non impairment should be adapted in such a way that would allow the inclusion of high-quality securities that have been successfully introduced to the market and for which the historical losses of the underlying assets were low.
2	Should synthetic securitisations be excluded from the framework for simple standard and transparent securitisations? If not, under which conditions/criteria could they be considered simple standard and transparent?	
3	Do you believe the default definition proposed under Criterion 5 (ii) above is appropriate? Would the default definition as per Article 178 of the CRR be more appropriate?	
4	Do you believe that, for the purposes of standardisation, there should be limits imposed on the type of jurisdiction (such as EEA only, EEA and non-EEA G10 countries, etc): i) the underlying assets are originated and/or ii) governing the acquisition process of the SSPE of the underlying assets is regulated and/or iii) where the originator or intermediary (if applicable) is established and/or iv) where the issuer/sponsor is established?	No, a limitation to Europe is not necessary if during the calibration of the capital requirements a distinction is made between loans that have originated in Europe and those that have originated outside Europe. In order to simplify the due diligence, however, securitising loans under different legal systems, even within Europe, should be avoided, as otherwise the differences in civil and case law across jurisdictions would make it too complex.
5	Does the distribution of voting rights to the most senior tranches in the securitisation conflict with any national provision? Would this distribution deter investors in non-senior tranches and obstacle the structuring of transactions?	We reject this as it would disadvantage the holders of junior bonds. This could have an extremely negative impact on the marketability of junior bonds. Without the ability to sell junior bonds the marketability of all ABS transactions would be called into question. This would act against the objective of expanding the securitisation market. Furthermore, there are concerns on the part of the originators. Public perception is such that some borrowers have serious reservations about the securitisation of their loans. These worries have stemmed in part from negative reporting about customers being treated unfavourably if their loans have been securitised. SMEs in particular, but also private customers, highly appreciate not being at the mercy of third parties should temporary payment difficulties arise, and instead place their trust in established mutually respectful business relationships with their main bank, which focuses on treating customers fairly. For many customers this idea of having confidence in one's bank is an important factor in deciding whether to enter into a business relationship. Currently most ABS structures are arranged as "auto pilots", for which the contract stipulates that we will act in the case of a default or insolvency events. Providing voting rights to an "identified person" could be publically perceived as giving the "identified person" or the trustee other significant rights, which would enable it to interfere in the established customer-bank relationship. This could aggravate the existing reservations held by consumer protections bodies, for instance, or members of the general public, and could be detrimental to the development of the securitisation market. This would happen, in particular, if the expected negative reports in the media were to appear, stirring up fears, whether justified or not, and in turn the overall reputation of securitisation as an instrument could be damaged. If, despite the reservations raised about providing voting rights to an identified person, the proposal is not amended, it should be ensured that these voting rights are limited to cases in which insolvency or default events occur. Furthermore, holders of junior bonds should be included in these cases, provided that they are not holders of mezzanine tranches immediately above the first loss position. This is so as not to threaten the marketability of these bonds, which are important for the marketability of all ABS transactions. In any case, care should be taken to avoid giving the impression that the "identified person" has any form of right to intervene or make legal changes in the context of the normal execution or processing of an ABS transaction, which could negatively affect the customer-bank relationship and in particular the confidence placed in the bank.
6	Do you believe that, for the purposes of transparency, a specific timing of the disclosure of underlying transaction documentation should be required? Should this documentation be disclosed prior to issuance?	No rules are required since market standards have already been established here.
7	Do you agree that granularity is a relevant factor determining the credit risk of the underlying? Does the threshold value proposed under Criterion B pose an obstacle to the structuring of securitisation transactions in any specific asset class? Would another threshold value be more appropriate?	We believe that the threshold is appropriate for retail transactions. However, the requirements with respect to the group of connected clients should be toned down a little bit such that this applies “to the best of the originator's knowledge”. The reason for this is that there are some thresholds in the retail bulk business for the identification of a group of connected clients in order to reduce the workload. Such practices do not endanger the identification of single risks but could mean that small exposures might not be identified as belonging to a group of connected clients. Although it is very unlikely that the granularity threshold would be exceeded without the knowledge of the originator, it is not possible to fully rule out that a few cases exceeding the granularity threshold could exist. In order to prevent such a situation in which a securitisation is not considered to be “qualified” the wording should be toned down as proposed. With respect to corporate customers the threshold could be too low. We propose a threshold of 2%.
8	Do you agree with the proposed criteria defining simple standard and transparent securitisations? Do you agree with the proposed credit risk criteria? Should any other criteria be considered?	We agree with the principles, but see some need for further modification and specification to prevent the securitisations that are already well established in the market and that already fulfil the basic requirement of simple, transparent and standard securitisation from being excluded from the classification of “qualifying securitisation”. Otherwise there might be negative repercussions for these already well-established securitisations. In addition, the wording should be adapted to the wording used in article 13 of the delegated act on the LCR determining the eligibility criteria for qualifying securitisations in order to benefit from the extensive discussions that took place with stakeholders during the deliberations on the development of the delegated act.
9	Do you envisage any potential adverse market consequences of introducing a qualifying securitisation framework for regulatory purposes?	No, if this is to go ahead the classification of "qualifying securitisation" should not be determined on the basis of the seniority of the ABS tranches. This procedure could prevent cliff effects for junior bonds which are ranked immediately after senior bonds.
10	How should capital requirements reflect the partition between qualifying and non-qualifying?	The capital requirements should be established on the basis of historical data for qualifying and non-qualifying exposures. Within this process there should be a segmentation between European and non-European securitisations. As the empirical findings of the EBA prove, there are clear differences between the historical losses of "qualifying securitisations" and of non-qualifying securitisations with the same external rating. For the IRB approach, the external rating-based approach and the standardised approach in accordance with the Securitisation Framework the parameters should be set on the basis of historical data such that the capital requirements for "qualifying securitisations" are reduced. The hierarchy set out in the Securitisation Framework should be retained since the external rating-based approach presents the highest risk sensitivity after the IRB approach, despite the reservations about rating agencies. Furthermore rating agencies have learnt from their mistakes and have improved the rating methodologies markedly. In respect of the standardised approach, conservative average parameters should be established for qualifying and non-qualifying securitisations on the basis of historical data and the capital requirements.
11	What is a reasonable calibration across tranches and credit quality steps for qualifying securitisations? Would re-allocating across tranches the overall capital applicable to a given transaction by reducing the requirement for the more junior tranche and increasing it for the more senior tranches other than the most senior tranche be a feasible solution?	The floor of 7% as set out in Basel II should be retained because this has been proven to work for high-quality, simple and transparent standard ABSs. Raising the floor to 15% cannot be justified because the introduction of quality criteria has clearly reduced the operational risks of the transaction. We refuse the proposal of re-allocating the overall capital across tranches because a certain ABS tranche held by an investor is exposed to a certain risk. A re-allocation of risk would disregard this fact. Capital requirements should remain risk sensitive.
12	Considering that rating ceilings affect securitisations from certain countries, how should the calibration of capital requirements on qualifying and non-qualifying securitisations be undertaken, while also addressing this issue?	For countries that are a part of the banking union, we propose that the capital requirements for securitisations that fulfil the requirements of qualifying securitisations should be calculated before the sovereign rating cap, if this can be justified on the basis of historical data.

EBA proposed criteria for identifying a simple, standard and transparent securitisation

Number	Criterion	Answer with regard to transaction type: synthetic
Pillar I: simple securitisations		
	Introduction:	We agree with the EBA's proposal to introduce a new category of simple, standard and transparent securitisation. Furthermore, we agree in principle with most of the criteria proposed by the EBA for securitisations to qualify as simple, standard and transparent. However, we believe that the exclusion of certain synthetic transactions is not justified, in particular, if the setup of a securitisation as a synthetic securitisation is the only reason for not meeting the EBA's criteria for simple standard and transparent securitisations. Often synthetic transactions are employed by banks to transfer credit risk from their traditional loan business financing real economy customers. In order to allow banks to continue using synthetic securitisations in the future as an efficient risk transfer tool, we propose this should also be included in the EBA's catalogue. In addition to our answer to question 2, please find below our comments on certain criteria that need to be amended to reflect the nature of such securitisation transactions.
1	The securitisation should meet the following conditions: • It should be a securitisation as defined in the CRR (as per Article 4 (61)); • It should be a 'traditional securitisation' as defined in the CRR (as per Article 242(10)); • It should not be a 're-securitisation' as defined in the CRR (as per Article 4 (63)).	Bullet point 2 could be replaced with: "Underlying exposures originated in accordance with sound and prudent lending criteria representing the banking book". This could also be restricted to "real economy assets".
2	The securitisation should not be characterised by an active portfolio management on a discretionary basis. Assets transferred to a securitisation should be whole portfolios of eligible exposures or should be randomly selected from those satisfying eligibility criteria and may not be actively selected or otherwise cherry-picked. Substitution of exposures that are in breach of representations and warranties should in principle not be considered as active portfolio management.	Confirmation of the note that already features in the EBA paper (p.40) explaining that the replenishment and the replacement of "non-compliant exposures" is not to be understood as APM.
3	The securitisation should be characterised by legal true sale of the securitised assets and should not include any severe insolvency clawback provisions. A legal opinion should confirm the true sale and the enforceability of the transfer of assets under the applicable law(s). Severe clawback provisions should include rules under which the sale of cash flow generating assets backing the securitisation can be invalidated by the liquidator solely on the basis that it was concluded within a certain period (suspect period) before the claration of insolvency of the seller (originator/intermediary), or where such invalidation can only be prevented by the transferees if they can prove that they were not aware of the insolvency of the seller (originator/intermediary) at the time of the sale.	The risks for investors are reduced because without a secured party no premiums are paid and the structure breaks down. In addition, realised losses are carefully checked against criteria.
4	The securitisation should be backed by exposures that are homogeneous in terms of asset type, currency and legal system under which they are subject. In addition, the exposures should meet the following criteria: i. They arise from obligations with defined terms relating to rental, principal, interest or principal and interest payments, or are rights to receive income from assets specified to support such payments; ii. They are consistently originated in the ordinary course of the original lender's business pursuant to uniform and non-deteriorating underwriting standards; iii. They contain a legal, valid and binding obligation of the obligor, enforceable in accordance with its terms against any third party, to pay the sums of money specified in it (other than an obligation to pay interest on overdue amounts); iv. They are underwritten: a. with full recourse to an obligor that is an individual or a corporate and that is not a special purpose entity, and b. on the basis that the repayment necessary to repay the securitisations was not intended, in whole or in part, to be substantially reliant on the refinancing of the underlying exposures or re-sale value of the assets that are being financed by those underlying exposures.	Point i should also include "open lines".
5	At the time of inclusion in the securitisation, the underlying exposures should not include: i. Any disputes between original lender and borrower on the underlying assets; ii. Any exposures which are in default. An exposure is considered to be in default if: a. it is more than 90 days past-due; b. the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due. iii. Any exposures to a credit-impaired borrower. For these purposes, a borrower should be deemed as credit-impaired where he has been the subject of an insolvency or debt restructuring process due to financial difficulties within three years prior to the date of origination or he is, to the knowledge of the institution at the time of inclusion of the exposure in the securitisation, recorded on a public credit registry of persons with adverse credit history, or other credit registry where a public one is not available in the jurisdiction, or he has a credit assessment by an ECAI or a credit score indicating significant risk of default; iv. Any transferable securities, as defined in Directive 2004/39/EC (MIFID) or derivatives, except derivatives used to hedge currency and interest rate risk arising in the securitisation. In addition, the original lender should provide representations and warranties that assets being included in the securitisation are not subject to any condition or encumbrance that can be foreseen to adversely affect enforceability in respect of collections due.	irrespective of true-sale/synthetic: "unlikely to pay" (ii b) should be defined more clearly "three years" (iii): duration is too long / very difficult to implement on an operational level / not justifiable from a lending perspective
6	At the time of inclusion, the underlying exposures are such that at least one payment has been made by the borrower, except in the case of securitisations backed by personal overdraft facilities and credit card receivables	irrespective of true-sale/synthetic: add bullet point on loans and supplier requirements to the list of exceptions. Note to highlight that interest payments are classed as a "payment".
Pillar II: standard securitisations		
7	The securitisation should fulfill the CRR retention rules (Article 405 of the CRR).	no significant comments at this time
8	Interest rate and currency risks arising in the securitisation should be appropriately mitigated and any hedging should be documented according to standard industry master agreements. Only derivatives used for genuine hedging purposes should be allowed.	Generally not necessary
9	Any referenced interest payments under the securitisation assets and liabilities should be based on commonly encountered market interest rates and may include terms for caps and floors, but should not reference complex formulae or derivatives.	no significant comments at this time
10	The transaction documentation of those transactions featuring a revolving period should include provisions for appropriate early amortisation events and/or triggers of termination of the revolving period, which should include, at least, each of the following: i A deterioration in the credit quality of the underlying exposures; ii A failure to generate sufficient new underlying exposures of at least similar credit quality; and iii The occurrence of an insolvency-related event with regards to the originator or the servicer.	NB: this requirement must not come into conflict with the "essential and efficient transfer of risks".
11	Following the occurrence of a performance-related trigger, an event of default or an acceleration event: i The securitisation positions are repaid in accordance with a sequential amortisation payment priority, whereby the seniority of the tranches determines the sequential order of payments. In particular, a repayment of noteholders in an order of priority that is 'reverse' with respect to their seniority should not be foreseen; ii There are no provisions requiring immediate liquidation of the underlying assets at market value	no significant comments at this time

Number	Criterion	Answer with regard to transaction type: synthetic
12	The transaction documentation should clearly specify the contractual obligations, duties and responsibilities of the trustee, servicer and other ancillary service providers as well as the processes and responsibilities necessary to ensure that: i the default or insolvency of the current servicer does not lead to a termination of the servicing of the underlying assets; ii upon default and specified events, the replacement of the derivative counterparty is provided for in all derivative contracts entered into for the benefit of the securitisation; and iii upon default and specified events, the replacement of the liquidity facility provider or account bank is provided for in any liquidity facilities or account bank agreements entered into for the benefit of the securitisation.	irrespective of true-sale/synthetic: what happens when there are problems in the practical implementation? In general the following question arises: "Do all SST criteria need to be met at all times or only at the beginning? What happens if while a transaction is in process certain criteria are not met or are temporarily not satisfied? Does the structure then lose the "special treatment" given to an SST?"
13	The transaction documentation contains provisions relating to an 'identified person' with fiduciary responsibilities, who acts on a timely basis and in the best interest of investors in the securitisation transaction to the extent permitted by applicable law and in accordance with the terms and conditions of the securitisation transaction. The terms and conditions of the notes and contractual transaction documentation should contain provisions facilitating the timely resolution of conflicts between different classes of noteholders by the 'identified person'. In order to facilitate the activities of the identified person, voting rights of the investors should be clearly defined and allocated to the most senior credit tranches in the securitisation.	irrespective of true-sale/synthetic: what happens when there are problems in the practical implementation?
14	The management of the servicer of the securitisation should demonstrate expertise in servicing the underlying loans, supported by a management team with extensive industry experience. Policies, procedures and risk management controls should be well documented. There should be strong systems and reporting capabilities in place.	no significant comments at this time
Pillar III: transparent securitisation		
15	The securitisation should meet the requirements of the Prospectus Directive.	no significant comments at this time
16	The securitisation should meet the requirements of Article 409 of the CRR and Article 8b of the CRA (disclosure to investors).	no significant comments at this time
17	Where legally possible, investors should have access to all underlying transaction documents.	no significant comments at this time
18	The transaction documentation should provide in clear and consistent terms definitions, remedies and actions relating to delinquency and default of underlying debtors, debt restructuring, debt forgiveness, forbearance, payment holidays and other asset performance remedies. The transaction documents should clearly specify the priority of payments, triggers, changes in waterfall following trigger breaches as well as the obligation to report such breaches. Any change in the waterfall should be reported on a timely basis, at the time of its occurrence. The originator or sponsor should provide investors a liability cash flow.	For synthetic transactions a CF model is not necessary or not able to present such detail.
19	The transaction should be subject to mandatory external verification on a sample of underlying assets (confidence level of at least 95%) at issuance, by an appropriate and independent party or parties, other than a credit rating agency. Confirmation that this verification has occurred should be included in the transaction documentation.	no significant comments at this time
20	Investors and prospective investors should have readily available access to data on the historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, covering a historical period representing a significant stress or where such period is not available, at least 5 years of historical performance. The basis for claiming similarity to exposures being securitised should also be disclosed.	no significant comments at this time
21	Investors and prospective investors should have readily available access to data on the underlying individual assets on a loan-by-loan level, at inception, before the pricing of the securitisation, and on an ongoing basis. Cut-off dates of this disclosure should be aligned with those used for investor reporting purposes.	no significant comments at this time
22	Investor reporting should occur at least on a quarterly basis. As part of investor reporting the following information should also be disclosed: • All materially relevant data on the credit quality and performance of underlying assets, including data allowing investors to clearly identify debt restructuring, debt forgiveness, forbearance, payment holidays, delinquencies and defaults in the pool; • Data on the cash flows generated by underlying assets and by the liabilities of the securitisation, including separate disclosure of the securitisation's income and disbursements, i.e. scheduled principal, scheduled interest, prepaid principal, past due interest and fees and charges; • The breach of any waterfall triggers and the changes in waterfall that this entails	For synthetic transactions a CF model is not necessary or not able to present such detail.
Credit risk criteria		
A	Underlying exposures should be originated in accordance with sound and prudent credit granting criteria. Such criteria should include at least an assessment of the borrower's creditworthiness in accordance with paragraphs 1 to 4, 5(a) and 6 of Article 18 of Directive 2014/17/EU or Article 8 of Directive 2008/48/EC, as applicable.	no significant comments at this time
B	The pool of exposures to be securitised should be such that the largest aggregated exposure to a single obligor does not exceed 1% of the value of the aggregate outstanding balance. For the purposes of this calculation, loans or leases to a group of connected clients, as referred to in Article 4(39) of the CRR, should be considered as exposures to a single obligor.	no significant comments at this time
C	The underlying exposures should fulfil each of the following criteria: i. They have to be exposures to individuals or undertakings that are resident, domiciled or established in an EEA jurisdiction, and ii. At the time of inclusion they have to meet the conditions for being assigned, under the Standardised Approach and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than: a. [40%] on a weighted average basis where the exposure is a loan secured by a residential mortgage or fully guaranteed residential loan, as referred to in paragraph 1(e) of Article 129 of the CRR; b. [50%] on an individual loan basis where the exposure is a loan secured by a commercial mortgage c. [75%] on an individual loan basis where the exposure is a retail exposure d. [100%] on an individual loan basis for any other exposures. iii. Under (a) and (b) loans secured by lower ranking security rights on a given asset should only be included in the securitisation if all loans secured by prior ranking security rights on that asset are also included in the securitisation. Under (a) no loan in the securitised portfolio should be	no significant comments at this time
Questions		
1	Do you agree with the identified impediments to the securitisation market?	
2	Should synthetic securitisations be excluded from the framework for simple standard and transparent securitisations? If not, under which conditions/criteria could they be considered simple standard and transparent?	Synthetic transactions should not be excluded from the framework for simple standard and transparent securitisations. This holds true in particular when the setup of a securitisation as a synthetic securitisation is the only reason for not meeting the EBA's criteria for simple standard and transparent securitisations. The essential benefit of synthetic transactions for many originating banks is the transfer of credit risk (e.g. SME loans) to third parties, when true-sale transactions (traditional securitisations) cannot be employed because bank customers do not want the bank to sell their loans (transfer clause limitations). Moreover synthetic transactions are often the only way to manage risk arising from certain off-balance-sheet exposures, e.g. letters of credits or avals provided to a bank's customers. This also applies to certain on-balance-sheet exposures, such as until-further-notice overdraft facilities. In other words synthetic transactions do support the real economy SME transactions in the most efficient way by enabling banks to transfer the risks of various lending products, while also allaying concerns held by the bank's clients about such issues as data secrecy or the unjustified but widely spread threat of a sale of the relationship to third parties, such as hedge funds. We do acknowledge that the originator as well as the investor might be exposed to an additional counterparty risk in comparison to true-sale transactions. Nevertheless the counterparty risk in true-sale transactions might also arise from necessary interest or FX derivatives used to transform the cash flow of the underlying pool. However, the counterparty risk from the originator's perspective can be mitigated when equivalent cash collateral is provided (SPV enters guarantee or credit derivative with originating bank to claim risk transfer and issues credit-linked notes to external investors). The cash collateral is either deposited with the originating bank or a third bank and is pledged to the originator. On the other hand any counterparty risk from the investor's perspective can be mitigated by setting a rating trigger for the deposit bank. If the deposit bank is downgraded below a predefined threshold, the cash deposit (arising for the CLN) needs to be transferred to another eligible bank. Thus the investor only faces a "jump to default" risk if the bank becomes insolvent immediately without a preceding rating shift. However synthetic transactions also offer advantages that true-sale transactions do not. Since the securitised assets will not be sold to the SPV there are no risks to the legal validity of the receivables, commingling risk, settlement risk or collection risk. This implies that the investor does not suffer any losses arising from such risks since they are the credit default risk. Moreover, if the originator bank defaults, the guarantee or credit default swap will be terminated and the investor gets back the cash provided (from the purchased CLN) exceeding any occurred credit events in the underlying portfolio (in contrast to selling the securitised assets or awaiting any scheduled repayments in the portfolio). This is of particular interest for investors, who want to buy certain credit risk, but not buy the actual underlyings (and would potentially have to wait until all assets are sold before getting their cash back). As mentioned above, synthetic transactions can be structured in a simple and transparent way. Often the transactions and associated documentation is less complex for both issuer and investor as it does not involve the sale of assets. By way of example there are far fewer involved parties in a synthetic transaction, meaning the complexity of criterion 12 (documentation specifying contractual obligations, duties and responsibilities of the trustee, servicer and other ancillary service providers) can be significantly reduced. In summary we believe that when synthetic securitisations of bank loans meet the spirit of the remaining EBA criteria, the setup as a synthetic securitisation should not hamper the inclusion of such transactions in the definition of "simple, standard and transparent securitisation" and regulators should encourage the ability of banks to manage the risks associated with bank-originated loans.
3	Do you believe the default definition proposed under Criterion 5 (ii) above is appropriate? Would the default definition as per Article 178 of the CRR be more appropriate?	

Number	Criterion	Answer with regard to transaction type: synthetic
4	Do you believe that, for the purposes of standardisation, there should be limits imposed on the type of jurisdiction (such as EEA only, EEA and non-EEA G10 countries, etc): i) the underlying assets are originated and/or ii) governing the acquisition process of the SSPE of the underlying assets is regulated and/or iii) where the originator or intermediary (if applicable) is established and/or iv) where the issuer/sponsor is established?	
5	Does the distribution of voting rights to the most senior tranches in the securitisation conflict with any national provision? Would this distribution deter investors in non-senior tranches and obstacle the structuring of transactions?	
6	Do you believe that, for the purposes of transparency, a specific timing of the disclosure of underlying transaction documentation should be required? Should this documentation be disclosed prior to issuance?	
7	Do you agree that granularity is a relevant factor determining the credit risk of the underlying? Does the threshold value proposed under Criterion B pose an obstacle to the structuring of securitisation transactions in any specific asset class? Would another threshold value be more appropriate?	
8	Do you agree with the proposed criteria defining simple standard and transparent securitisations? Do you agree with the proposed credit risk criteria? Should any other criteria be considered?	
9	Do you envisage any potential adverse market consequences of introducing a qualifying securitisation framework for regulatory purposes?	
10	How should capital requirements reflect the partition between qualifying and non-qualifying?	
11	What is a reasonable calibration across tranches and credit quality steps for qualifying securitisations? Would re-allocating across tranches the overall capital applicable to a given transaction by reducing the requirement for the more junior tranche and increasing it for the more senior tranches other than the most senior tranche be a feasible solution?	
12	Considering that rating ceilings affect securitisations from certain countries, how should the calibration of capital requirements on qualifying and non-qualifying securitisations be undertaken, while also addressing this issue?	

EBA proposed criteria for identifying a simple, standard and transparent securitisation

Number	Criterion	Answer with regard to transaction type: trade and leasing
Pillar I: simple securitisations		
	Introduction:	We agree with the proposal of the EBA to introduce a new category of simple, standard and transparent securitisation. Furthermore, we agree in principle with most of the criteria proposed by the EBA for securitisations to qualify as simple, standard and transparent. However, we believe that the draft does not adequately reflect the securitisation of trade or lease receivables in the context of ABCP programmes or by way of private placements. The same applies for auto-ABCP transactions. In the public hearing on 2nd December 2014 the EBA invited market participants to also comment on other forms of securitisation, especially on ABCP programmes that securitise trade or lease receivables. Such trade and lease receivables originate in the real economy. For the real economy the true sale of such assets is an important refinancing option. It allows companies to optimise their working capital, to have access to financing and to generate financing which predominantly relies on the rating of the securitised portfolio. In this context we would like to draw your attention to the analysis conducted by TSI in relation to the securitisation of real economy receivables as released in September 2014. In order to foster securitisation as a means of refinancing for real economy companies and not only as a tool to support the issuance of credit by credit institutions, we propose that the criteria applicable to simple, standard and transparent securitisation should be amended in such a way that the criteria can also be met by other securitisation transactions besides ABS bonds. Please find below our comments on certain criteria where we believe that either a clarification or amendment would be required to reflect the nature of such securitisation. We believe that if no such clarifications and amendments are made for the securitisation of trade and lease receivables, this would have a materially adverse effect on the entire ABCP market. Thereby effectively only banks or big corporates with bank-like structures would be able to use securitisation. A market barrier for smaller, real economy originators would be the result.
1	The securitisation should meet the following conditions: • It should be a securitisation as defined in the CRR (as per Article 4 (1)(61)); • It should be a 'traditional securitisation' as defined in the CRR (as per Article 242(10)); • It should not be a 're-securitisation' as defined in the CRR (as per Article 4 (1)(63)).	*Clarification:* Where a company wishes to set-up a co-funding structure (in order to refinance a pool of trade or lease receivables via one or more banks/ABCP programmes) the typical structure requires a SPV which acquires the receivables and passes on the risk pari passu to the various banks/ABCP programmes. Similar structures are necessary in the case of auto-ABCP transactions in order to comply with local requirements (e.g. in Italy). In the case of auto-ABCP transactions there is typically one SPV that purchases the auto loans and/or auto leases and that refinances the purchase of such loans and leases by the issuance of debt instruments, which are transferred to a second SPV that issues ABCPs. The cases mentioned should not be regarded as "re-securitisation" given that the inherent risk of the underlying portfolio is only tranched once (whether on the primary or the secondary level).
2	The securitisation should not be characterised by an active portfolio management on a discretionary basis. Assets transferred to a securitisation should be whole portfolios of eligible exposures or should be randomly selected from those satisfying eligibility criteria and may not be actively selected or otherwise cherry-picked. Substitution of exposures that are in breach of representations and warranties should in principle not be considered as active portfolio management.	*Clarification:* The revolving purchase of receivables (e.g. trade receivables) to replace maturing and/or ineligible assets should not be regarded as active portfolio management in the sense of a discretionary decision by a manager.
3	The securitisation should be characterised by legal true sale of the securitised assets and should not include any severe insolvency clawback provisions. A legal opinion should confirm the true sale and the enforceability of the transfer of assets under the applicable law(s). Severe clawback provisions should include rules under which the sale of cash flow generating assets backing the securitisation can be invalidated by the liquidator solely on the basis that it was concluded within a certain period (suspect period) before the claration of insolvency of the seller (originator/intermediary), or where such invalidation can only be prevented by the transferees if they can prove that they were not aware of the insolvency of the seller (originator/intermediary) at the time of the sale.	Clarification: This criterion should be deemed to be fulfilled if the securitisation meets the requirements under Art. 13 (2) (c) and (d) of the EU delegated act from 10/10/2014 (HQLA definition). Rationale: The cross-reference will help to harmonise the regulation across various similar, but independent regulatory subjects and to avoid any unintended mismatches.
4	The securitisation should be backed by exposures that are homogeneous in terms of asset type, currency and legal system under which they are subject. In addition, the exposures should meet the following criteria: i. They arise from obligations with defined terms relating to rental, principal, interest or principal and interest payments, or are rights to receive income from assets specified to support such payments; ii. They are consistently originated in the ordinary course of the original lender's business pursuant to uniform and non-deteriorating underwriting standards; iii. They contain a legal, valid and binding obligation of the obligor, enforceable in accordance with its terms against any third party, to pay the sums of money specified in it (other than an obligation to pay interest on overdue amounts); iv. They are underwritten: a. with full recourse to an obligor that is an individual or a corporate and that is not a special purpose entity, and b. on the basis that the repayment necessary to repay the securitisations was not intended, in whole or in part, to be substantially reliant on the refinancing of the underlying exposures or re-sale value of the assets that are being financed by those underlying exposures.	*Amendment:* As long as the credit risk of the securitised assets is fully covered by a third party (e.g. by a credit insurance company or by a fully supported liquidity facility within an ABCP programme) the criteria of homogeneity should not apply to the securitised assets but to the risk protection scheme/ the risk taker. The obligors of trade or lease receivable securitisations may consist of individuals and corporates within the same pool as long as the criteria i. to iii. are fulfilled. *Rationale:* This would enable fully supported ABCP programmes to fulfil the criterion even if the various pools of such multi-seller programmes stem from different originators, asset classes, currencies and legal systems. By way of the full credit support the investor is exposed primarily to the risk of the sponsor bank. This adds enormous simplicity to the analyses of the investment. Similarly, the stress testing according to the RTS CRR only needs to relate to the sponsor bank and not the portfolio. From the perspective of the liquidity bank (which does not benefit from the full support) the homogeneity criterion for trade and leasing pools of real economy originators should be met if the asset type is uniform and if any material risks resulting from currency mismatches or different legal systems are covered by adequate measures (FX hedging, credit insurance or legal opinions). From our experience many SMEs are doing business internationally, i.e. they are delivering goods or providing services in more than one country. Furthermore, such SMEs are accepting the currency and governing law as proposed by their customers. Finally SMEs do not have sufficient receivables to securitise receivables separately in separate countries. We believe that the above-mentioned amendments would ensure that SMEs can use the securitisation of their trade and lease receivables as a refinancing option. *Clarification:* For the avoidance of doubt, co-funding structures and/or structures with purchasing/issuing vehicles (e.g. within ABCP programmes) where an SPV is buying a pool of trade or lease receivables or auto loans from an original lender and the risk is passed on via debt instruments to another SPV which is issuing a securitisation position (which is not a re-securitisation position) does not harm criteria 4 iv (a). *Amendment:* The criterion should deemed to be fulfilled if the securitisation meets the requirement under Art. 13 (2) (g) of the EU delegated act from 10/10/2014 (HQLA definition).
5	At the time of inclusion in the securitisation, the underlying exposures should not include: i. Any disputes between original lender and borrower on the underlying assets; ii. Any exposures which are in default. An exposure is considered to be in default if: a. it is more than 90 days past-due; b. the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due. iii. Any exposures to a credit-impaired borrower. For these purposes, a borrower should be deemed as credit-impaired where he has been the subject of an insolvency or debt restructuring process due to financial difficulties within three years prior to the date of origination or he is, to the knowledge of the institution at the time of inclusion of the exposure in the securitisation, recorded on a public credit registry of persons with adverse credit history, or other credit registry where a public one is not available in the jurisdiction, or he has a credit assessment by an ECAI or a credit score indicating significant risk of default; iv. Any transferable securities, as defined in Directive 2004/39/EC (MIFID) or derivatives, except derivatives used to hedge currency and interest rate risk arising in the securitisation. In addition, the original lender should provide representations and warranties that assets being included in the securitisation are not subject to any condition or encumbrance that can be foreseen to adversely affect enforceability in respect of collections due.	Clarification: The Criterion should deemed to be fulfilled if the securitisation meets the requirement under Art. 13 (2) (i) and (j) of the EU delegated act from 10/10/2014 (HQLA definition) Amendment: Criterion 5 i and ii: confirmed Criterion 5 iii: In the case of trade and lease receivable securitisations where the original lender is not a credit institution a borrower should only be defined as credit-impaired if the original lender has positive knowledge of circumstances that make it highly unlikely that the borrower will be able to pay its obligation in full. Rationale: It should be noted that real economy originators, i.e. corporates, do not have systems and procedures in place to perform a bank-like underwriting and credit approval process. It should also be taken into account that trade receivables often are covered by a commercial credit insurance company. Clarification: The representations and warranties of the original lender regarding the enforceability of collections with regard to trade receivables should allow for exclusions of such circumstances that are ordinarily in the original lender's business (e.g. dilutions, set-offs).
6	At the time of inclusion, the underlying exposures are such that at least one payment has been made by the borrower, except in the case of securitisations backed by personal overdraft facilities and credit card receivables	*Clarification:* Trade receivables and any other one-off payment obligations should be included in the list of exemptions (personal overdraft facilities and credit card receivables are too narrow).
Pillar II: standard securitisations		
7	The securitisation should fulfill the CRR retention rules (Article 405 of the CRR).	confirmed
8	Interest rate and currency risks arising in the securitisation should be appropriately mitigated and any hedging should be documented according to standard industry master agreements. Only derivatives used for genuine hedging purposes should be allowed.	confirmed
9	Any referenced interest payments under the securitisation assets and liabilities should be based on commonly encountered market interest rates and may include terms for caps and floors, but should not reference complex formulae or derivatives.	*Clarification:* For the avoidance of doubt, any lease receivables that contain interest rates at subsidised levels may be considered eligible if they are purchased with a discounted purchase price that adjusts the yield to the market rate level.
10	The transaction documentation of those transactions featuring a revolving period should include provisions for appropriate early amortisation events and/or triggers of termination of the revolving period, which should include, at least, each of the following: i A deterioration in the credit quality of the underlying exposures; ii A failure to generate sufficient new underlying exposures of at least similar credit quality; and iii The occurrence of an insolvency-related event with regards to the originator or the servicer.	Clarification: For the avoidance of doubt, criteria ii should not apply to ABCP programmes as these are designed to refinance fluctuating receivables pools (e.g. trade receivables).
11	Following the occurrence of a performance-related trigger, an event of default or an acceleration event: i The securitisation positions are repaid in accordance with a sequential amortisation payment priority, whereby the seniority of the tranches determines the sequential order of payments. In particular, a repayment of noteholders in an order of priority that is 'reverse' with respect to their seniority should not be foreseen; ii There are no provisions requiring immediate liquidation of the underlying assets at market value	confirmed

Number	Criterion	Answer with regard to transaction type: trade and leasing
12	The transaction documentation should clearly specify the contractual obligations, duties and responsibilities of the trustee, servicer and other ancillary service providers as well as the processes and responsibilities necessary to ensure that: i the default or insolvency of the current servicer does not lead to a termination of the servicing of the underlying assets; ii upon default and specified events, the replacement of the derivative counterparty is provided for in all derivative contracts entered into for the benefit of the securitisation; and iii upon default and specified events, the replacement of the liquidity facility provider or account bank is provided for in any liquidity facilities or account bank agreements entered into for the benefit of the securitisation.	confirmed
13	The transaction documentation contains provisions relating to an ‘identified person’ with fiduciary responsibilities, who acts on a timely basis and in the best interest of investors in the securitisation transaction to the extent permitted by applicable law and in accordance with the terms and conditions of the securitisation transaction. The terms and conditions of the notes and contractual transaction documentation should contain provisions facilitating the timely resolution of conflicts between different classes of noteholders by the ‘identified person’. In order to facilitate the activities of the identified person, voting rights of the investors should be clearly defined and allocated to the most senior credit tranches in the securitisation.	*Clarification:* *This does not apply to ABCP programmes or private placements where there is only one key risk taker (e.g. in the case of a fully supported ABCP programme the sponsor bank acts as the key liquidity bank with a liquidity share of more than [75]%).* *Rationale:* *Only where there is a broad variety of investors which are exposed to the underlying risk of the securitised assets (in contrast to ABCP programmes where the underlying risk is fully covered by the sponsor/liquidity bank in relation to the investors), can the problem arise of investors being unable to act on their own behalf and needing to rely on a third party with fiduciary responsibilities.*
14	The management of the servicer of the securitisation should demonstrate expertise in servicing the underlying loans, supported by a management team with extensive industry experience. Policies, procedures and risk management controls should be well documented. There should be strong systems and reporting capabilities in place.	*Clarification:* Regarding the servicing of the underlying receivables, the servicer (which is not a credit institution in the case of trade or lease receivables) demonstrates expertise when servicing the underlying receivables and confirms that it services the sold receivables as if such receivables have not been sold.
Pillar III: transparent securitisation		
15	The securitisation should meet the requirements of the Prospectus Directive.	Amendment: The criterion should not apply if a securitisation in the form of an ABCP programme (or in a similar form) is not publicly offered or listed. In this case an information memorandum (or similar document) should be satisfactory if it contains materially similar information to that which would be required under the Prospectus Directive. This should be insured by the sponsor or originator. Rationale: For bilateral or private deals (e.g. such as ABCP programmes for the securitisation of trade and lease receivables) a prospectus is not obligatory and hence structures typically do not fall under the Prospective Directive. However there is no reason why such transactions should not be regarded as transparent simply because there is no formal prospectus which complies with the requirements of the Prospectus Directive. Furthermore, the requirement to prepare a full prospectus would have a negative impact in particular on small securitisations (e.g. the securitisation by a company of its trade receivables) whereas large securitisations (as executed for example by international banks) would hardly be affected. A market barrier for smaller, real economy originators would be the result.
16	The securitisation should meet the requirements of Article 409 of the CRR and Article 8b of the CRA (disclosure to investors).	Clarification: The criterion should also capture the RTS for the relevant Articles. For the securitisation of trade and lease receivables within ABCP programmes special requirements addressing the specific nature of multi-seller conduits should apply. This includes the considerations within the delegated act on the risk retention rule from 13/03/2014 and the RTS to the CRA3.
17	Where legally possible, investors should have access to all underlying transaction documents.	*Amendment:* Access should be limited to materially relevant underlying documentation in order to assess the structure and the credit quality of the securitisation. For the securitisation of trade and lease receivables, the relevant real economy originator may define which information is to be protected as business secrets and whether there is information that may be published. *Rationale:* Even where a disclosure is legally possible, the disclosure could endanger the business secrets of real economy companies where trade and lease receivables are securitised. In such cases the originator is not a bank, but a real economy company. As is the case for factoring transactions, the securitisation transactions are off-balance for many companies and in some cases they are even off-notes. In such cases even the mentioning of the name of the originator company could negatively affect the originating company. Furthermore, a disclosure of portfolio data in combination with the name of the originator could allow competitors of the company to extract sensitive data (such as payment terms accepted by the company, distribution of the customer base, general business development (e.g. high turnover/low turnover), etc.). This applies even more if the securitisation is fully supported by a sponsor/liquidity bank or other means which covers all risks (e.g. credit insurance). Where investors rely on the support of a third party, they should only be entitled to request documentation that is materially relevant to understand their risk position to the extent that they may reasonably request such information without jeopardising the business secrets of any of the counterparties involved.
18	The transaction documentation should provide in clear and consistent terms definitions, remedies and actions relating to delinquency and default of underlying debtors, debt restructuring, debt forgiveness, forbearance, payment holidays and other asset performance remedies. The transaction documents should clearly specify the priority of payments, triggers, changes in waterfall following trigger breaches as well as the obligation to report such breaches. Any change in the waterfall should be reported on a timely basis, at the time of its occurrence. The originator or sponsor should provide investors a liability cash flow.	Clarification: As pointed out in criterion 17, reporting on breaches should only be done to the extent that and in a way that (reasonably) protectable rights of the originator or sponsor or original lender in terms of business secrets can be ensured. Confidentiality issues must not be harmed. However, changes in the waterfall resulting from the occurrence of a termination event (or of other breaches) can be reported in the next monthly investor report. Amendment: Where applicable, the originator or sponsor should provide investors with a liability cash flow. Rationale: Cash flow statements should not be mandatory, especially not within ABCP programmes where assets and liabilities are constantly revolving. Any reporting of cash flow information should be made in a reasonable and sufficient manner to enable the investor to have a clear picture of all materially relevant aspects regarding his risk position or investment. In particular, in fully supported, multi-seller ABCP programmes with trade or lease receivables from various real economy companies, certain data may be kept confidential if information memoranda and investor reporting provide all materially relevant information for assessing the risk position of the investor.
19	The transaction should be subject to mandatory external verification on a sample of underlying assets (confidence level of at least 95%) at issuance, by an appropriate and independent party or parties, other than a credit rating agency. Confirmation that this verification has occurred should be included in the transaction documentation.	*Clarification:* the term 'external verification' should be described in more detail. If it relates to the validity of the receivables pool at the initial issuance (or cut-off date) this is understood and confirmed that an initial due diligence by the sponsor bank or an appropriate and independent party has to be made at the outset. However, with respect to pools of trade or lease receivables a confidence level of 95% may not be achieved in all cases. It should suffice that a material sample which is representative of the pool has been verified. Investors can be informed upon request about the relevant size of the samples verified. If the term "external verification" is also meant to include historical loss, delinquency and dilution profiles, this would be overly burdensome and expensive for the originators (real economy companies). Investors can be informed upon request about the contents of the verified aspects. In case of a revolving pool where assets are constantly replaced (e.g. trade or lease receivables), the verification of a sample of underlying assets should be repeated once a year by the sponsor bank or an appropriate and independent party. The size of each sample should be sufficient to adequately reflect the pool.
20	Investors and prospective investors should have readily available access to data on the historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, covering a historical period representing a significant stress or where such period is not available, at least 5 years of historical performance. The basis for claiming similarity to exposures being securitised should also be disclosed.	Amendment: This should not apply to multi-seller ABCP programmes. Rationale: As per criterion 22, investors will have information about the materially relevant data on the credit quality and performance of underlying assets. Each ABCP programme reports on a pool-by-pool basis about the performance, compliance with triggers, credit enhancement and pool description. Furthermore each ABCP programme provides information on the full support by the sponsor bank as well as general information on the ABCP programme. As a result of the ongoing changes in such programmes (additions/removals of pools, permanent replenishment in each pool) and the coverage (at least 100%) through liquidity support by the sponsor bank, historical data of single pools is neither practically available from the companies nor relevant for investors.
21	Investors and prospective investors should have readily available access to data on the underlying individual assets on a loan-by-loan level, at inception, before the pricing of the securitisation, and on an ongoing basis. Cut-off dates of this disclosure should be aligned with those used for investor reporting purposes.	Amendment: This should not apply to multi-seller ABCP programmes because of the specific structure of these programmes. Rationale: As per criterion 22 investors will have information about the materially relevant data of the underlying assets on an aggregated basis (e.g. asset type, industry of sellers, currencies, geographical distribution, etc.). Loan-by-loan-level data on trade receivables is practically not deliverable, already outdated and potentially not sensible to disclose. It may even be critical in terms of the business secrets of the corporate sellers. Furthermore, investors do not benefit from such data as they rely primarily on the liquidity support of the sponsor/liquidity bank. Aggregated pool data has proven to be fully sufficient.
22	Investor reporting should occur at least on a quarterly basis. As part of investor reporting the following information should also be disclosed: • All materially relevant data on the credit quality and performance of underlying assets, including data allowing investors to clearly identify debt restructuring, debt forgiveness, forbearance, payment holidays, delinquencies and defaults in the pool; • Data on the cash flows generated by underlying assets and by the liabilities of the securitisation, including separate disclosure of the securitisation’s income and disbursements, i.e. scheduled principal, scheduled interest, prepaid principal, past due interest and fees and charges; • The breach of any waterfall triggers and the changes in waterfall that this entails	Confirmed However, please refer to our comment in relation to cash flow data for ABCP programmes made in relation to criterion 18.
Credit risk criteria		

Number	Criterion	Answer with regard to transaction type: trade and leasing
A	Underlying exposures should be originated in accordance with sound and prudent credit granting criteria. Such criteria should include at least an assessment of the borrower's creditworthiness in accordance with paragraphs 1 to 4, 5(a) and 6 of Article 18 of Directive 2014/17/EU or Article 8 of Directive 2008/48/EC, as applicable.	*Amendment:* Sentence 2 should only be relevant for such original lenders or originators that are covered by the respective directives. It should not be relevant in particular for the securitisation of trade receivables. The requirements for sound and prudent issuance of credit should take into account the nature of the receivables (e.g. trade receivables). *Rationale:* According to Article 2 of the Directive 2008/48/EC, the directive only applies to credit agreements but not to trade or (most) leasing receivables. Accordingly the originators (mainly corporates) – which are usually not finance institutions – do not have to comply with the directive. A carve-out for such originators is necessary.
B	The pool of exposures to be securitised should be such that the largest aggregated exposure to a single obligor does not exceed 1% of the value of the aggregate outstanding balance. For the purposes of this calculation, loans or leases to a group of connected clients, as referred to in Article 4(39) of the CRR, should be considered as exposures to a single obligor.	Amendment: For the securitisation of trade or leasing receivables this criterion should not apply if the receivables pool is fully protected by a third party (e.g. by a credit insurance company) or by a fully supported liquidity facility within an ABCP programme. For the purposes of the securitisation of leasing receivables, residual values should not be counted as an obligor for the purpose of fulfilling this granularity criterion but each lease object should be treated separately. Rationale: Within the trade receivables pools of multi-seller ABCP programmes the exposure to a single debtor is subject to the business policy and customer base of the corporate originator (e.g. automotive suppliers which naturally only have a small number of customers whereas trading companies may have thousands). It would not be appropriate to declare a whole ABCP programme ineligible for SST on account of single transactions with higher concentrations. This is even more relevant if the portfolio is covered by commercial credit insurance and, where, in addition, the entire ABCP programme is fully supported by the sponsor bank – see also criterion 4. In the case of leasing transactions with (predetermined) residual values, the manufacturer or an affiliate usually covers the credit risk of the residual value. This should not be regarded as an obligor but as a seller-related risk.
C	The underlying exposures should fulfil each of the following criteria: i. They have to be exposures to individuals or undertakings that are resident, domiciled or established in an EEA jurisdiction, and ii. At the time of inclusion they have to meet the conditions for being assigned, under the Standardised Approach and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than: a. [40%] on a weighted average basis where the exposure is a loan secured by a residential mortgage or fully guaranteed residential loan, as referred to in paragraph 1(e) of Article 129 of the CRR; b. [50%] on an individual loan basis where the exposure is a loan secured by a commercial mortgage c. [75%] on an individual loan basis where the exposure is a retail exposure d. [100%] on an individual loan basis for any other exposures. iii. Under (a) and (b) loans secured by lower ranking security rights on a given asset should only be included in the securitisation if all loans secured by prior ranking security rights on that asset are also included in the securitisation. Under (a) no loan in the securitised portfolio should be characterised by a loan-to-value ratio higher than 100%.	Amendment: For the securitisation of trade or leasing receivables criterion i. should not apply if the credit exposure is covered by a third party (e.g. by a credit insurance company or by a fully supported liquidity facility within an ABCP programme) which is domiciled in an EEA jurisdiction. For liquidity facilities within multi-seller ABCP programmes and where the criterion does apply, there should be a threshold level (e.g. 25%) for exposures that may be domiciled outside an EEA jurisdiction Criterion ii. should only apply if the original lender or the originator is an institution supervised under Directive 2013/36/EU (CRR). Rationale: Corporates that have high export rates should not be excluded from ABCP financing or be forced to obtain credit insurance coverage. From our experience, this would exclude, in particular, much of German industry as it has a strong export focus and many "Mittelstand" companies that are selling globally. Furthermore corporates do not determine risk weights in accordance with the CRR. The criterion only applies to the securitisation of loans originated by credit institutions. Accordingly, real economy companies cannot be obliged to generate and/or select trade receivables that have certain minimum risk weights (under the standardised approach of the CRR). Criterion ii. should therefore only apply to the securitisation of loans originated by supervised institutions under the CRR. Clarification: Where a securitisation position is allocated to a specific pool or transaction (e.g. pool-specific liquidity facilities), the term "underlying exposure" should only relate to the relevant specific pool. Where no such allocation is given (e.g. ABCPs covered by all pools), underlying exposures should be the sum of all relevant receivables backing such securitisation positions.
Questions		
1	Do you agree with the identified impediments to the securitisation market?	For the ABCP market, we believe that real economy originators may benefit from refinancing via the securitisation of trade and lease receivables (e.g. via ABCP programmes or similar structures) only if the necessary amendments are made to ensure that specific criteria for the simple, standard and transparent securitisation of trade and lease receivables are made. We further believe that, in particular, the requirements regarding loan-by-loan data and disclosure would introduce a barrier preventing the real economy from securitising their receivables (and from using diversified and asset-based financing). Without the necessary amendments only the securitisation of loans by credit institutions can effectively fulfil the relevant criteria, and the refinancing costs for real economy originators who wish to securitise would increase significantly.
2	Should synthetic securitisations be excluded from the framework for simple standard and transparent securitisations? If not, under which conditions/criteria could they be considered simple standard and transparent?	Not relevant for ABCP programmes (or similar structures).
3	Do you believe the default definition proposed under Criterion 5 (ii) above is appropriate? Would the default definition as per Article 178 of the CRR be more appropriate?	Please refer to our response to criterion 5.
4	Do you believe that, for the purposes of standardisation, there should be limits imposed on the type of jurisdiction (such as EEA only, EEA and non-EEA G10 countries, etc): i) the underlying assets are originated and/or ii) governing the acquisition process of the SSPE of the underlying assets is regulated and/or iii) where the originator or intermediary (if applicable) is established and/or iv) where the issuer/sponsor is established?	For the purposes of standardisation within ABCP structures, the type of jurisdiction of (i) the underlying assets, (ii) the acquisition of assets and (iii) the originator or intermediary is not relevant if the sponsor/liquidity bank or another third party (e.g. credit insurance company) covers the risk. However, we believe that for the purposes of standardisation the jurisdiction of the sponsor/liquidity bank should be limited to the EEA.
5	Does the distribution of voting rights to the most senior tranches in the securitisation conflict with any national provision? Would this distribution deter investors in non-senior tranches and obstacle the structuring of transactions?	Please refer to our response to criterion 13.
6	Do you believe that, for the purposes of transparency, a specific timing of the disclosure of underlying transaction documentation should be required? Should this documentation be disclosed prior to issuance?	Please refer to our comment on disclosure requirements. We believe that such criteria should reflect the justified interests of real economy originators to protect their business secrets.
7	Do you agree that granularity is a relevant factor determining the credit risk of the underlying? Does the threshold value proposed under Criterion B pose an obstacle to the structuring of securitisation transactions in any specific asset class? Would another threshold value be more appropriate?	We believe that granularity is a relevant factor for the credit quality only where there is no full protection provided either by a credit insurance company and/or by the sponsor.
8	Do you agree with the proposed criteria defining simple standard and transparent securitisations? Do you agree with the proposed credit risk criteria? Should any other criteria be considered?	We believe that the specifics of the securitisation of trade and lease receivables via private placements and ABCP-programmes should be reflected. The current proposal only reflects the securitisation of loans originated by credit institutions. It does not reflect the reality of the ABCP market. The fact that real economy originators have different processes (which by their very nature are not identical to bank processes), different IT systems, different customer structures, smaller portfolios and business secrets which need to be protected, the proposed amendments would be necessary in order not to block them from a securitisation of their trade and lease receivables. Otherwise the definition of simple, standard and transparent securitisation such that it can only be fulfilled by large ABS bond transactions would contradict the interests of (small and medium-sized) real economy originators.
9	Do you envisage any potential adverse market consequences of introducing a qualifying securitisation framework for regulatory purposes?	We expect significant adverse market consequences for the real economy if ABCP programmes and similar structures are – by definition – excluded from being simple, standard and transparent. Please refer to our short introduction above.
10	How should capital requirements reflect the partition between qualifying and non-qualifying?	We believe that the currently applicable risk weights which were applied during the last crisis would be appropriate for qualifying securitisations.
11	What is a reasonable calibration across tranches and credit quality steps for qualifying securitisations? Would re-allocating across tranches the overall capital applicable to a given transaction by reducing the requirement for the more junior tranche and increasing it for the more senior tranches other than the most senior tranche be a feasible solution?	Please refer to our answer to question 10.
12	Considering that rating ceilings affect securitisations from certain countries, how should the calibration of capital requirements on qualifying and non-qualifying securitisations be undertaken, while also addressing this issue?	Not relevant for ABCP programmes (or similar structures).