ESBG RESPONSE TO THE
EBA CONSULTATION PAPER ON
DRAFT TECHNICAL STANDARDS
ON SECURITISATION RETENTION
RULES (EBA/CP/2013/14)

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The European Savings Banks Group (ESBG) welcomes the opportunity to share its views on the EBA Consultation Paper on Draft Technical Standards on securitisation retention rules (EBA/CP/2013/14). Please find below our responses to selected questions.

Q01: The EBA would like to know to what extent securitisations rely on paragraphs 25-26 of the CEBS Guidelines in order to achieve the retention commitment and would also like to understand if these transactions could also meet the requirements set out in Article 394(1) of the CRR without applying the criteria provided in Paragraphs 25 and 26 of the CEBS Guidelines on Articles 122a of Directive 2006/48/EC taking into account the definition of securitisation according to Article 4(37) of the CRR and the respective definitions of originator, sponsor or original lender.

Q02: The EBA would also like to understand if, for new securitisations there are transactions that are likely not to be able to meet the retention requirements following the CRR and associated draft RTS.

The ESBG has noted a change from the CEBS-guidelines regarding the wider definition of sponsors in CRR which now includes CLO (Collateralized Loan Obligation) asset managers and excludes entities with which alignment of interest is achieved (e.g. subordinated investors involved in the selection of exposures and the structuring of tranches) (please see page 40-41 of the consultation document). This could have a considerably negative impact on the CLO market, which has emerged during the past 12 months, as CLO managers have only limited capacity to retain 5% interest.

With regards to Article 6 of the draft standards, option a. (vertical slice) refers to the nominal value of the tranches whereas options b. to e. refer to the nominal value of securitized exposures (quoted in explanatory box relating to Article 5, in the header to Article 6, in paragraph 1, as well as in CRR). In contrast to this differentiation, the first sentence of paragraph 1. a. refers to 5% of the securitized exposures which can be different in case of over or under par sale of assets to SPV. In the 2nd sentence the text refers to option b. (revolving securitization). Hence, there is a mix up of the two options in the clause. This should be clarified.

A similar mix up like in Article 6 was recognized in Q3: Paragraph 48 CEBS copes with revolving exposures retention, reflected in Article 405 b) and not a) to which the question refers.
Q08: Are there other ways to comply with the retention options set out in Art 394 of the CRR which should be included in this RTS? Please be specific in your description of any additional ways to comply.

For CMBS (Commercial Mortgage-Backed Securities) a second independent valuation could be considered in order to apply option e. 5% first loss exposure to a B-piece investor or the owner of the properties in single loan/single borrower CMBS.

Q015: Do you consider that the information in existing templates (e.g. ECB ABS loan-level data template or Bank of England ABS transparency requirements) meet the relevant due diligence and disclosure requirements under Article 395 and Article 398 of the Regulation (EU) No xxxx/201y, respectively? Please differentiate in your response in terms of the types of underlying assets, if applicable.

Loan by loan data has to be provided “on at least an annual basis”. ECB demands quarterly loan by loan information for ABS to be accepted as collateral in Euro system credit operations. An alignment to CRR timeline especially for granular pools would make sense.
About WSBI-ESBG – The European Voice of Savings and Retail Banking

WSBI-ESBG (European Savings and retail Banking Group) is an international banking association that represents one of the largest European retail banking networks, comprising of approximately one-third of the retail banking market in Europe, with total assets of over €7,631 billion, non-bank deposits of €3,500 billion and non-bank loans of €4,200 billion (31 December 2011). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

WSBI-ESBG members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI-ESBG member banks have reinvested responsibly in their region for many decades and are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.

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