
Press release

AFME & Paris EUROPLACE call for action to ensure Securitisation can support the economic recovery and green and digital transitions

31 May 2022

Following a [High-Level Forum](#) organised by the Association for Financial Markets in Europe (AFME) and Paris EUROPLACE discussing the role that securitisation can play in helping to meet Europe's financing needs, the two organisations have jointly called for the Commission and co-legislators to step up efforts to finalise the European securitisation framework and make it fit for purpose.

This event takes place ahead of a key report due in the autumn from the European Supervisory Authorities (ESAs), which have been tasked with advising the Commission on how the prudential framework has performed relative to its stated purpose and the objective of revising EU securitisation markets. AFME and Paris Europlace urge the ESAs not to miss this opportunity to introduce more proportionality and risk sensitivity in the regulatory framework, so that European savings can be mobilised to finance the European economy. This must include targeted measures to revive the market, including a recalibration of capital charges, and better treatment for issuers and investors.

Adam Farkas, Chief Executive at the Association for Financial Markets in Europe (AFME), said: *"We are concerned that time is running out in the current legislative cycle to effect the necessary changes to make European securitisation an attractive asset class and to halt the steady decline of EU ABS. Securitisation is being held back by a regulatory framework that was developed in the aftermath of the global financial crisis and is heavily coloured by experiences in the US sub-prime mortgage market and products which no longer exist or have been prohibited by the European regulatory framework. In order for securitisation to reach its true potential in funding the green transition, supporting growth in the digital economy and providing private capital to businesses, an understanding of the crucial role that EU capital markets must play in functioning EU ABS markets is crucial in driving targeted adjustments to EU prudential regulation."*

Arnaud de Bresson, Managing Director, Paris Europlace, said: *"We need a more efficient and competitive securitisation framework in Europe because it can unlock funding to help support Europe's economic recovery and its huge financing needs in light of the war in Ukraine and in the post-Covid environment. European authorities should consider securitisation as a high priority in the context of accelerating the implementation of the European Capital Markets Union, and more especially due to the over reliance on bank financing in Europe and the need to develop new financing channels through capital markets. The review of investor needs and attracting investors via the necessary simplification of the rules must be a priority."*

Jean Lemierre, Chairman of the Board of Directors at BNP Paribas, said: *"As a large European bank, BNP Paribas is highly committed to support the growing financing needs of the European economy. Banks are best placed to originate and analyse the risk of those financings, given their credit risk expertise and local presence. But, given the impact on their capital requirements, they need tools to transfer part of these assets to investors. Securitization could be part of the solution, if existing regulatory hurdles are addressed."*

During the Forum, speakers discussed why securitisation is important - to support the financing of the European economy in light of the huge financing needs deriving from the war in Ukraine and in the post-Covid economic recovery, as well as supporting the green and digital transition. Industry insiders referred to the importance of private securitisation through bank lending to enable incumbent corporates to diversify their

funding base and for disruptors to scale up their businesses prior to accessing capital markets. They invariably saw securitisation as an effective tool to transition their businesses to contribute to the green economy. Over the course of the day, panellists also discussed the need for targeted regulatory reforms in both EU securitisation regulation and the Prudential Frameworks.

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu.

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About Paris EUROPLACE:

Paris EUROPLACE is the Paris financial services-led body, in charge of developing and promoting Paris as an international financial center. Paris EUROPLACE is chaired by Augustin de ROMANET, Chairman and CEO, Aéroports de Paris (ADP). Paris EUROPLACE brings together all financial services industry stakeholders and is the voice for its 400+ members, corporate issuers, investors, banks and financial intermediaries, professional associations, attorneys and accountants, consulting firms, etc., as well as the financial market authorities. For more information please visit the Paris EUROPLACE website: <https://www.paris-europlace.com/en>.

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