



EUROPEAN COMMISSION

Internal Market and Services DG

FINANCIAL INSTITUTIONS

Retail issues, consumer policy and payment systems

Brussels, **26 July 2006**

MARKT/H3/JR

SUMMARY

MORTGAGE FUNDING EXPERT GROUP (MFEG)

12 JULY 2006, 10.00–17.30

AVENUE DE CORTENBERGH 107, ROOM 0/52, BE–1040 BRUSSELS

1. EXECUTIVE SUMMARY

- An additional meeting will be held on 26 September 2006.
- Agenda items 5.1 (Valuation), 5.2 (Foreclosure and land registration), 5.3 (Portfolio Standardisation) and 6. (3rd Party Enhancement) were postponed to the meeting on 26 September 2006. The rapporteurs will continue to develop the report with contributions from the Expert Group in the meantime.
- An in-depth discussion on early repayment took place covering the following issues: explanation of the basics of asset pricing; the advantages and requirements for the development of prepayment models; a discussion on the different options for transferring the prepayment risk; the calculation of prepayment indemnities; as well as provisional considerations on policy options. No conclusions were made at this stage of the discussions. A draft report will be discussed at the meeting of 26 September 2006.
- A presentation was given on data and reporting and a debate took place. There appeared to be a consensus that the barriers were not insurmountable although efficiency gains could be realised in some areas. MFEG emphasised the importance of common definitions in order to increase transparency. The draft report on portfolio standardisation will be merged with this report due to the identification of complementarities. A draft report will be discussed at the meeting of 26 September 2006.
- A presentation was given on repos markets and a debate took place. A draft report will be discussed at the meeting of 26 September 2006.

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- A presentation was given on the implementation of Basel II and its implications for mortgage funding markets. A debate took place. A draft report will be discussed at the meeting of 26 September 2006.
- The next meetings will be held on 26 and 27 September 2006.

2. PARTICIPANTS

2.1. Members

Participants: Alexander Batchvarov, Achim Dübeler, Jean-Louis Godard, Christoph Hiesberger, Brian Kane, Klaus Kristiansen, Zbigniew Krysiak, Gabriele Müller, Filomena Oliveira, Alberto Rodriguez Martinez, Hartmut Rahner, Ian Stewart, Ronald E Thompson, Leif A Vindevåg

Absent: Thierry Dufour, Jörg Etzkorn, Csaba Nagy, Antonio Torio

2.2. Observers

Participants: Annik Lambert (EMF), Rick Watson (ESF), Benedict Weller (ECB)

Absent: Stéphane Kerjean (ECB)

2.3. European Commission:

DG Internal Market and Services: Eric Ducoulombier (H3), Christine Hauner (H3), Jennifer Robertson (H3), Kai Spitzer (H1), Kristin Vandenberg (G1)
DG Economic and Monetary Affairs: Magnus Astberg