



EUROPEAN COMMISSION

*Brussels, 21.3.2016
C(2016) 1586 final*

Dear President,

The Commission would like to thank the Senát for its Opinion on the Proposal for a Regulation of the European Parliament and of the Council laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 {COM(2015) 473 final}, the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms {COM(2015) 472 final}, and the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Action Plan on Building a Capital Markets Union {COM(2015) 468 final}.

These proposals form part of a package of measures designed to build a Capital Markets Union (CMU) in the European Union. The CMU Action Plan supports our work to strengthen Europe's economy, stimulate investment, create jobs and boost growth, including through the creation of the European Fund for Strategic Investments.

The Commission concurs fully with the clearly stated expectations of the Senát as to the ways in which a Capital Markets Union can strengthen the European economy and improve the availability of finance for corporate investment. The Commission welcomes the positive stance of the Senát towards the proposed step-by-step approach to building a Capital Markets Union. The Commission shares the Senát's views that the interests of the Member States with smaller or less developed capital markets should be duly reflected so that the CMU can become a success for all.

*Mr Milan ŠTĚCH
President of the Senát
Valdštejnské náměstí 17/4
CZ – 118 01 PRAGUE 1*

The Commission agrees with the view expressed by the Senát that potential risks and vulnerabilities associated with securitisation have to be assessed and monitored. The European framework for simple, transparent and standardised securitisation will be established in close cooperation with the European Supervisory Authorities (ESAs) and national supervisors. The Commission shares as well the Senát's view that transparency is essential to ensure that institutional investors perform proper due diligence before investing in these products. In this sense, the proposal provides for a clear mechanism to allocate key responsibilities among the main entities involved in the securitisation process so that the necessary information will always be made available by one of the entities designated as responsible to fulfil this requirement. The Commission also notes that the existing legislation in place, for example in the area of asset management, already requires institutional investors to be transparent to their end investors, including to retail investors, about the type of products in which they invest.

The Opinion of the Senát has been made available to the Commission's representatives in the ongoing negotiations with the co-legislators.

Following the adoption of a general approach by the Council in December 2015, discussions concerning the proposal are now underway in the European Parliament.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Senát and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Lord Hill
Member of the Commission*