



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Camera Deputaților 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) 472 final}.

This proposal forms 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 with the expectations of the Camera Deputaților as to the ways in which the Commission initiative can strengthen the European economy and improve the availability of finance for corporate investment and in particular small and medium-sized enterprises (SMEs).

As stated by the Camera Deputaților in its Opinion, the potential risks and vulnerabilities associated with securitisation should be assessed and monitored. We also share your suggestion to reinforce cooperation in the EU. In view of the cross-border nature of the securitisation market, cooperation between all EU authorities is crucial. The European framework for simple, transparent and standardised securitisation will be established in close cooperation with the European Supervisory Authorities (ESAs) and national supervisors. They may in particular coordinate their work in the framework of the joint-committee of the European Supervisory Authorities.

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The Commission shares the Camera Deputaţilor's view that securitisation is not a financial instrument for retail investors and that transparency is essential to ensure that institutional investors perform proper due diligence before investing in these products. It should therefore be ensured that comprehensive and clear information is made available to investors and supervisory authorities.

The financial crisis has shown that in the past investors have relied too much on third parties, such as credit rating agencies. So the Commission proposal lays down requirements for all institutional investors to perform due diligence before investing in securitisation instruments. In addition to identifying simple, transparent and standardised (STS) securitisation, the Commission proposal lays down a set of specific and objective criteria requiring investors to carry out an assessment of their own.

We take note of the Camera Deputaţilor's concerns regarding the US subprime crisis. Following the 2007-08 crisis, EU authorities took a number of steps to strengthen the rules around securitisation and to ensure that appropriate incentives are in place to manage risk, including through higher capital requirements, due diligence and conduct of business requirements, as well as mandatory risk retention requirements. As a result of these reforms, securitisations in the EU are now more strictly regulated and the Commission proposal will maintain these safeguards protecting financial stability.

As highlighted in the Opinion of the Camera Deputaţilor, the Commission also intends to review the prudential calibration under Solvency II with a view to allowing a more risk-sensitive approach for insurers investing in STS securitisation. This approach will be proposed at a later stage as these provisions are implementing measures.

Following the adoption of a general approach by the Council in December 2015, discussions concerning the proposal are now underway in the European Parliament and the Commission expects an agreement will be reached in the near future.

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

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Lord Hill
Member of the Commission*