



EUROPEAN COMMISSION

*Brussels, 19.04.2016
C(2016) 2178 final*

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 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms {COM(2015) 473 final}.

This proposal forms part of a package of ambitious measures designed to build a Capital Markets Union (CMU) in the European Union which is part of a broader strategy of measures designed 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 would like to clarify that CMU will support the other two pillars of the Investment Plan for Europe by ensuring an appropriate regulatory environment for long term and sustainable investment and financing of Europe's infrastructure. The Commission welcomes your support to progress with building a CMU as soon as possible, by removing obstacles or barriers to the free movement of capital and by building new funding channels to better mobilise and allocate capital efficiency in the Single Market. The Commission is already working on several initiatives as part of the CMU, and has already presented proposals including the Prospectus Directive and the Securitisation package of which the proposal addressed in the present Opinion is one element. The Commission is currently working on the initiatives also mentioned in the Capital Market Union Action Plan.

The securitisation package aims at establishing a European framework for simple, transparent and standardised (STS) securitisations and a regulatory framework that is better suited to reflect the risks of securitisation exposures and to differentiate between STS securitisations and other securitisation instruments.

*Mr Valeriu Ștefan ZGONEA
President of the
Camera Deputaților
Palace of the Parliament
Str. Izvor nr. 2-4, sector 5
RO – 050563 BUCHAREST*

The proposal will implement the recently revised Basel rules on securitisations thereby addressing the weaknesses revealed by the financial crisis and reducing the excessive reliance on external assessments by Credit Rating Agencies. This led during the financial crisis to huge cliff-effects in capital requirements following deterioration in the rating of securitisation instruments. With the new framework, as you underline, institutions will be incentivised to calculate capital requirements on the basis of their own estimates of risk parameters, through the so-called Internal Ratings Based Approach.

In order to further enhance the risk-sensitivity of the new framework, a differentiated treatment will be granted to STS securitisations in relation to their specific features. As a result, investors will be encouraged to re-enter the securitisation market, as a differentiated framework will send a clear signal that risks are better calibrated and, therefore, the likelihood of a systemic crisis reoccurring will be significantly reduced.

The specific calibration of capital requirements for STS securitisations largely builds on the work done by several renowned EU institutions, with particular regard to the report of the EBA of June 2015.

The Commission welcomes the Camera Deputaţilor's support for the aims of the proposal and considers re-starting EU securitisation markets as an important tool to respond to the long-term financing needs of the EU economy.

The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process involving both the European Parliament and the Council in which the Romanian government is represented.

The Commission hopes that the points made above address the concerns raised by 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*