
Press release

AFME publishes 'EU Securitisation back on track' paper

05 June 2024

The Association for Financial Markets in Europe (AFME) has today published its position paper 'EU Securitisation back on track' paper, which outlines its five-point plan to revive the securitisation market in the EU.

In this paper, AFME aims to describe the different ways that securitisation can be used as a tool to support EU growth and strategic objectives, identify the regulatory hurdles that currently impede its impact and finally sets out a five point package of reforms to boost the trajectory of EU securitisation. These reforms importantly maintain the existing safeguards embedded within the regulation that prevents the proliferation of high leverage products under the banner of securitisation that originated in the US in the run up to the Global Financial Crisis.

This package proposes measures that, when combined, should increase both the supply and demand for the product by:

1. Increasing risk sensitivity within the bank prudential framework
2. Reviving demand from the insurance sector by adjusting Solvency II calibrations
3. Adjusting the treatment of securitisation within the Liquidity Coverage Ratio
4. Introducing proportionality for investors conducting regulatory due diligence and,
5. Fine-tuning regulatory reporting requirements and simplifying STS criteria for both traditional and synthetic securitisations.

Speaking on the second day of [Global ABS](#), the largest annual gathering of the securitisation industry and policy makers taking place this week in Barcelona, **Adam Farkas, Chief Executive of AFME**, said: *"In recent months, we have been encouraged by the recognition shown by European policymakers of the vitally important role that securitisation can play in order for Europe to remain competitive and to be economically prosperous. We look forward to engaging with the European policy community and market participants to address and resolve current regulatory hurdles and support the return of a healthy securitisation market able to deliver the significant funding needs of Europe over the coming years"*.

Shaun Baddeley, Head of Securitisation at AFME, added: *"As policy makers have come to acknowledge the valuable role that securitisation can play, there is increasing recognition that the combined effect of certain provisions within both the EU Securitisation Regulation and the EU Bank and Insurance Prudential Capital Frameworks have disincentivised EU investors and limited utility of the product as a funding tool by EU issuers. This consensus has grown in regard to the contribution securitisation can make to financing EU growth."*

AFME's 'EU Securitisation back on track' position paper is available [here](#).

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Notes:

AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. 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. Follow us on Twitter [@AFME_EU](https://twitter.com/AFME_EU)