Joint Association paper on the Review of the Securitisation Framework

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Introduction

The undersigned associations represent global financial institutions with a significant presence in, and commitment to, the EU. Global asset managers and banks play a critical role in supporting the EU economy. Asset managers provide long-term capital that drives business expansion, infrastructure development, and innovation. By directing client assets into capital markets, they help fund EU companies and projects, creating jobs and promoting sustainable economic growth.

Global banks, in turn, support the real economy by broadening access to credit, enhancing lending and savings options, and offering innovative digital financial services that contribute to greater market diversification. Together, these institutions promote financial wellbeing across the EU by helping citizens save, invest, and plan for the future – all while effectively bridging private savings with long-term economic prosperity.

We truly believe that it is of utmost importance to effectively review the framework for securitisation to support the European Commission's goals of fostering the securitisation market in the EU while achieving the objectives of simplification and competitiveness for market participants, investors, and retail consumers. We consider that the Review of the Securitisation Framework should bring meaningful legislative changes to avoid detrimental consequences for both consumers and financial institutions.

We share the Commission's commitment to revitalize the EU securitisation market as we believe that it can significantly contribute to the Savings and Investments Union (SIU) by unlocking lending capacity, and broadening investment opportunities for EU investors. However, we believe that specific sections of the Commission's proposal may have the unintended consequences of hindering the development of a resilient, globally-linked European securitisation market.

This position paper focuses on a selected number of key issues related to the Review of the Securitisation Framework which are particularly relevant and require timely attention. Several industry proposals, addressed in other papers, are not considered in this position. This does not indicate our disagreement but rather reflects the need to prioritise the most pressing issues.

Below, we outline some key facts that we would like to be taken in consideration in the upcoming political debates.

Lack of global market access for EU investors

Since the global financial crisis, the EU securitisation market struggled to regain momentum. This limited banks' ability to manage their balance sheets effectively and restricted investors' access to a diverse set of financial instruments, slowing the progress towards deeper EU capital markets. In this context, we think that a review of the securitisation framework is necessary in improving banks' liquidity management, strengthening the EU's financial system and offering investors expanded opportunities to access transparent, high-quality assets in the market through robust secured funding structures.

The Commission's proposal for the Review of the Securitisation Framework recognises that the current Securitisation Regulation (SECR) is overly conservative and unnecessarily complex, particularly in relation to due diligence requirements. The existing regime relies heavily on rigid, standardised disclosure templates which significantly restrict the ability of EU investors to access global products. While the Commission's Review introduces some welcome simplifications to the due diligence regime for EU securitisations, these improvements do not extend to investments in securitisations issued by non-EU entities. As a result, the burden remains on EU investors to ensure that such global products comply with SECR rules, which not only has regulatory liability implications but also disrupts cross-border investment flows and creates an obstacle to investors' ability to diversify their portfolios in both the EU and non-EU markets. In practice, this acts as a deterrent for many investors, reducing participation in both EU and global securitisation markets and ultimately constraining the growth and competitiveness of the EU market as a whole.

More specifically, the Commission's proposal risks reinforcing these barriers by requiring EU investors to assess the legal compliance of third-country entities. This approach places EU investors, especially small and medium-sized ones, at a clear competitive disadvantage. These investors rely on access to a broader, more diversified pool of securitisation instruments to build resilient portfolios, but may lack the resources to manage an overly complex compliance process that differentiates among products with the same risk profiles, but different geographies, and places upon investors certain quasi-supervisory (and arguably disproportionate) regulatory requirements. It further deters global investors from allocating securitisation to EU-based strategies – discouraging EU investment from participating in global securitisation markets. Without more prudent (including risk-sensitive) and proportionate rules, the proposal risks deterring new investors from entering the EU securitisation market altogether and existing investors from engaging in securitisation markets for EU investors, stifling wider EU capital market growth and reducing its depth. Tailoring due diligence requirements to focus on meaningful, risk-relevant information would support broader participation, better capital allocation, and a more dynamic EU securitisation market.

Unnecessary barriers and stringent reporting templates

A clear, open, and well-functioning Securitisation Framework can increase cross-border investment flows and ensure Europe remains a competitive and global financial actor. The European Securitisation Framework enables investors to further diversify their portfolios and achieve competitive returns. However, under the current proposal, EU investors will continue to not have access to certain non-EU securitisations or face a disproportionate administrative burden when investing in non-EU securitisations.

This is further aggravated by the suggested disclosure regime under Article 7 SECR, which requires investors in non-EU assets to report on the basis of predefined templates. In practice, this is a burdensome exercise which requires market participants to follow a rigid format and disclose information that may not be meaningful in the context of a given transaction or add significant value to investors, or indeed that may already be available to investors in another format (i.e. via trustee reports). While non-EU issuers stand ready to provide all relevant information in existing (non-template) formats, they are understandably not interested in additionally completing the burdensome templates required under the Securitisation Regulation solely to "tick the box" of a formalistic regulatory requirement – often requiring information that does not reflect the underlying asset profile in the relevant jurisdiction. As a result, and in light of the additional compliance burden mentioned above, EU investors are left with much narrower investment choices to the detriment of the efficiency of their investment strategy. More generally, the regulatory choice of prioritising format over substance is not in line with the key objectives of the SIU (i.e., simplifying terms and conditions for market participants and ensuring the competitive stance of European investors).

The resulting imbalance narrows investment opportunities, hinders innovation, weakens competition, and diminishes the EU's attractiveness as a global investment hub in this field. To address this, the framework should adopt a comprehensive, risk-based approach that avoids prudentially unjustified geographic barriers. High-quality securitisations from non-EU jurisdictions that operate under robust transparency and prudential standards should be treated on par with EU-originated instruments. Moreover, the requirement to provide all relevant information under prescriptive and predetermined regulatory templates needs to be deleted in favour of ensuring that all substantial information is at the disposal of the investor in a way that enables the investor to fully assess the risk of the underlying assets. This would enable EU investors to compete on a more level playing field and make investment decisions based on material risks, not compliance box-ticking.

Disproportionate sanctioning regime

The Commission's proposal on the Securitisation Framework introduces in Article 32(1), first subparagraph, titled "Administrative sanctions and remedial measures", an amendment to include that "*an institutional investor, other than the originator, sponsor or original lender, has failed to meet the requirements provided for in Article 5*".

The proposed amendment would give National Competent Authorities (NCAs) new powers to impose sanctions on EU investors for failing to comply with an already overly complex and rigid due diligence regime that arbitrarily distinguishes compliance obligations between EU and non-EU securitisations. The introduction of these new parallel yet differing compliance procedures contradicts the core aims of the framework review: simplification and improved market competitiveness. It exposes investors to disproportionate legal and reputational risks that would further discourage investment in the EU securitisation market rather than support its revitalisation.

Investors are already subject to comprehensive oversight by their national regulators, who have sufficient powers to monitor compliance and enforce sanctions, regardless of whether transactions involve EU or non-EU entities. Rather than fostering confidence and growth, the new sanctions regime could have the opposite effect of deterring investment, especially from smaller EU investors or those yet to enter the EU securitisation market. This creates an unnecessary barrier to entry and risks stalling the development of demand among EU investors.

Moreover, adding a layer of administrative sanctions would only serve to discourage institutional investors from engaging in this asset class, irrespective of the origin of the securitisation. This amendment runs counter to the goals of the review by introducing unnecessary complexity and deterrents at a time when revitalising the EU securitisation market should be the priority. For these reasons, we strongly recommend that the amendment be removed.

Conclusions

We welcome the positive steps in the European Commission's proposal on the capital treatment of securitisations under both the banking and insurance rules (CRD6/CRR3 and Solvency II) and to the due diligence rules under the Securitisation Regulation.

However, the EU securitisation market can only succeed if it incentivises both issuers and investors. For investors, success depends on first, efficient compliance processes based on rules that are clear, proportionate, and streamlined, and second, diversified investment opportunities. The current proposal risks undermining both. By imposing unnecessary burdens without delivering meaningful benefits, it discourages investment and limits diversification. That, in turn, keeps demand for securitisations in the EU weak and perpetuates a vicious cycle in which low demand constrains issuance and issuance fails to expand demand. Unless these issues are resolved, the EU market will struggle to grow.

We recommend co-legislators to adjust the amendments in the following ways:

- **Amend Article 5 to apply the same proportional, risk-based due diligence to EU and non-EU securitisations, recognising existing robust frameworks (UCITS, AIFMD, Solvency II), and prioritising material risk oversight over "tick-the-box" compliance.**
- **Delete reporting templates regardless of the origin of the securitisation asset and as long as investment is based upon investors receiving and being able to monitor relevant information that enables risk assessment of the assets in line with their risk appetite, and also that would ensure compliance with all the substantive rules of the EU Securitisation framework.**
- **Remove the proposed new sanctioning regime for investors to ensure legal risk remains proportionate and does not further deter investor participation.**

By removing unnecessary barriers and ensuring access to the global market, the EU can broaden investment opportunities, enhance consumer choice while maintaining robust investor protection measures.

About us

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