

Brussels, 19 March 2018

Leaseurope and Eurofinas response to the European Securities and Markets Authority (ESMA) consultation on disclosure requirements and operational standards.

Eurofinas and Leaseurope, the voices of consumer credit and leasing providers at European level, welcome the opportunity to respond to ESMA consultation on disclosure requirements and operational standards.

General Comments:

We agree with ESMA proposed templates for Auto Loans and Leases Underlying Exposures (Annex 5), Consumer Loans Underlying Exposures (Annex 6), Leases Underlying Exposures (Annex 8) and Non-Asset Backed Commercial Paper Securitisation Investor Report (Annex 10). However, we are concerned with the templates for ABCPs (Annexes 9 and 11). We provide more detailed comments in our response to question 6.

Regarding legacy securitisations it is important to have the option to continue using existing formats in ongoing transactions for both non-STS securitisations and STS securitisations. This should apply not only to asset classes that already have corresponding templates as per Article 8(b) CRA3 together with Article 4 of the delegated act 2015/3 of 30 September 2014, but also to asset classes not mentioned there. It should be therefore clarified in item 13 of the ESMA consultation paper that all legacy securitisations are exempted from the obligation to use the templates in Annexes 2 to 11.

All legacy STS securitisations already need to comply with the STS Notification Requirements. An additional obligation to provide information in accordance with the STS Disclosure Requirements would therefore require additional work and costs. This could disincentivise originators and sponsors from declaring legacy securitisations that are STS-compliant.

We would also point out that legacy STS securitisations (i.e. issued before 1 January 2019) have to meet the Disclosure Requirements pursuant to Article 7(1) STS Regulation, even without the use of the templates contained in Annexes 2 to 11, due to Article 22(5) of the STS Regulation. We therefore suggest ESMA to exclude these type of transactions from the application of Annexes 2 to 11.

Private transactions for which no repository is provided should also be exempted from the use of the templates provided by Annexes 2 to 11. This should apply independently of whether they meet the STS requirements when they were issued. Complying with the information obligations

set out in Article 7(1) for issues made after 1 January 2019, should be possible in a form of our own choice.

Responses to ESMA Questions:

Q 6: Do you agree with the reporting of ABCP underlying exposures to be segmented at the trans-action level?

Q 7: Do you have any views on the contents of the ABCP securitisation underlying exposure requirements, found in the template located in Annex 9 in the ITS (Annex V to this consultation paper)?

Q 9: Do you have any views on these proposed investor report sections? Are there additional fields that should be added? Are there fields that should be adjusted or removed? Please always include field codes when referring to specific fields.

We would like to emphasise that in Europe most ABCP transactions and ABCP programmes are private securitisations. According to recital (3) of the draft RTS, the reporting templates therefore should not apply. However, recital (6) states that investor report's templates were generally developed for ABCP securitisations as well. We are concerned that there is no reference in the proposed ESMA's draft to the fact that the templates do not apply to private securitisations.

We would seek ESMA's clarification on this point as our interpretation is that the templates do not apply to private transactions. In our view, this can be inferred from Article 7(2) STS Regulation paragraph 4th, according to which the information under Article 7(1) STS Regulation is not entered in a repository but must be made available by the reporting entity.

ABCP programme sponsors will in general act as the reporting entity and will provide their own respective formats and technical implementations. Requiring sponsors to apply a specific data format will require an additional effort, which in our opinion is not necessary. We think that the reporting templates in Annexes 9 and 11 should only provide guidance for private securitisations, but the sponsor should be allowed to use their own reporting template.

Regarding the content of the data fields mentioned in Annexes 9 and 11, we think that some amendments are required to make the disclosure framework workable for ABCPs in Europe. It is crucial that certain business secrets of the originators are not made publicly available. It is also instrumental that the framework takes into account the fully supported nature of the ABCP.

For this reason, we think that certain details should be further clarified. In this context, we had the opportunity to review True Sale International (TSI) response to the consultation. Leaseurope & Eurofinas endorse the amendments put forward by TSI in questions 7 and 9.

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About us

The membership of our two Federations covers institutions specialised in one or more of the following activities:

- Lending to consumers, for instance via personal loans, credit cards or lease/hire purchase agreements
- Leasing to businesses of all asset types, including machinery and industrial equipment, ICT and others assets
- Motor finance, granted to individuals or businesses, either in the form of loans or leases

The consumer credit, asset finance and leasing markets have developed to respond to business investment and consumption needs as well as to accompany the development of local industrial production and distribution. The types of institutions represented by the Federations include specialised banks, bank-owned subsidiaries, the financing arms of manufacturers as well as other, independently-owned institutions.

Specialised financial services providers across the European Union (EU)/European Economic Area (EEA) encompass a diversity of organisations of different legal nature (i.e. credit institutions, financial institutions) and with various operational characteristics (independent companies, subsidiaries of banks, captive finance companies of manufacturers). All share a very high degree of specialisation and have a very limited mix of business activities compared to traditional mainstream banking organisations.

In 2016, the leasing firms represented through **Leaseurope's membership helped European businesses invest in assets worth more than 334 billion EUR**, reaching 779 billion EUR of outstandings at the end of the year¹. Leasing is used by more European SMEs than any individual category of traditional bank lending taken altogether (around 40% of all European SMEs make use of leasing which is more than any other individual form of lending)² and is also extremely popular amongst larger corporates³. It is also extremely useful to support the public sector (e.g. leasing to schools, hospitals, etc.).

¹ Leaseurope 2016 Annual Statistical Enquiry

² Oxford Economics, *The Use of Leasing Amongst European SMEs*, 2015; Eurostat, *Access to Finance Statistics*, 2011; International Finance Corporation *Leasing in Development: Guidelines for Emerging Economies*, 2009; European Investment Fund *The importance of leasing for SME finance*, 2012; and UEAPME, *UEAPME Newsflash*, 2012

³ European Central Bank, *Survey on the Access to Finance of Small and Medium-Sized Enterprises in the Euro Area*, April 2013

In 2016, consumer credit providers that are members of **Eurofinas helped support European consumption by making more than 457 billion EUR goods, services, home improvements and private vehicles available to individuals**, reaching 1.024 trillion EUR of outstandings at the end of the year⁴. Consumer lending is procyclical and is highly positively correlated with households' disposable income⁵. By providing access to finance to individuals and households, consumer credit supports the social and economic well-being of millions of consumers across Europe.

Eurofinas and Leaseurope are entered into the European Transparency Register of Interest Representatives with ID n° 83211441580-56 and 430010622057-05

⁴ Eurofinas 2016 Annual Statistical Enquiry

⁵ Eurofinas, *Consumer Credit, Helping European Households Finance their Tomorrow*, 2015