

Brussels, 19 March 2018

***Leaseurope and Eurofinas response to the European Securities and Markets Authority (ESMA) consultation on STS notification.***

Eurofinas and Leaseurope, the voices of consumer credit and leasing providers at European level, welcome the opportunity to respond to ESMA consultation on STS notification.

**General Comments:**

We welcome the distinction between the reporting of public and private securitisations. We also support the differentiation between a set of information for prudential reporting and for public disclosure within the private securitisation's template.

We agree with ESMA's proposal overall. Nevertheless, we highlight that in ABCP securitisations securitisation exposures exist at both the transactions level (e.g. the liquidity facility), and at programme level (e.g. the ABCP).

Although both exposures are considered private securitisations (ABCPs do not fall under the prospectus directive), the counterparts, risk features and confidentiality aspects differ. As stated in Article 23 of STS-Regulation some liquidity facilities within an ABCP program may comply with the STS criteria while others do not. In addition, the ABCP paper may or may not comply with the STS requirements. For this reason, the general information elements for STS notifications should take into account the different characteristics of the STS-eligible liquidity lines and STS-eligible ABCP.

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 6, 7 and 8.

Finally, we are concerned with the extra costs for originators and sponsors derived by the proposed RTS. We believe that costs of implementing the new templates could be significant, in particular for ABCP sponsors. This is because the STS notification, in addition to the notification of the programme, will have to be prepared for each STS liquidity facility. Given that ABCP liquidity facilities are private, the information available is limited. Therefore, we would like to raise awareness to ESMA of the potential costs involved in preparing the STS notification for private deals.

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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 year<sup>1</sup>. 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)<sup>2</sup> and is also extremely popular amongst larger corporates<sup>3</sup>. It is also extremely useful to support the public sector (e.g. leasing to schools, hospitals, etc.).

<sup>1</sup> Leaseurope 2016 Annual Statistical Enquiry

<sup>2</sup> 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

<sup>3</sup> 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 year<sup>4</sup>. Consumer lending is procyclical and is highly positively correlated with households' disposable income<sup>5</sup>. 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***

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<sup>4</sup> Eurofinas 2016 Annual Statistical Enquiry

<sup>5</sup> Eurofinas, *Consumer Credit, Helping European Households Finance their Tomorrow*, 2015