

**BANKING AND FINANCE**

DG Financial Stability, Financial Services and Capital Markets Union

Meeting date and place

Meeting held on 22/04/2016 in SPA 2 08/056

Participating organisation(s) & representative(s)

Head of the PCS Secretariat - Prime Collateralised Securities (PCS) UK Limited (TRN: 225892115033-33)

Main issues discussed

and the securitisation team met from the Prime Collateralised Securities (PCS).

shared his views on the latest developments on the Securitisation field (he was just back from the Eurofi meetings in Amsterdam). He is concerned by the current situation in the EP. The current regulatory uncertainty is not helping and some large investment banks are closing their ABS desks (e.g. Nomura).

He highlighted two issues:

Synthetics:

considers the developments and inclusion of STS criteria for synthetics in the Regulation as premature. It could certainly be done but at a later stage. Regulators and market participants would need time to develop such framework.

He gave further background on the call from a Dutch Pension Fund (PGM) to develop STS framework for synthetics. This group is vocal but is in a very specific situation. This financial group has developed a sophisticated business model whereby it invests only in synthetics instruments. Therefore it is concerned that the implementation of a STS framework (limited to true sale) may limit the issuance of synthetics securitisation by banks (the prudential incentives will be limited).

Third country regime:

There is no urgent need for a third country equivalence regime in the Securitisation proposal. It should be developed at a later stage taking into account developments in non-EU countries. Enforcement and supervision aspects of the STS framework are essential to overcome the stigma. These aspects would be difficult to address if US authorities do not implement their own legislative/regulatory framework. In addition, underlined that US originators are only selling a very tiny part of US deals to EU investors. The absence of third-country equivalence provision would not distort the market.

COM mentioned the reply from the Commissioner to the EP questionnaire which was posted on the FISMA website.

Directorate or unit

FISMA 01

Author of minutes**Validator and validation date**

validated the minutes on 02/05/2016