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FBF Response to BCBS-IOSCO Consultative Document on Criteria for identifying simple, transparent and comparable securitisations

The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of all credit institutions authorized as banks and doing business in France, i.e. more than 390 commercial, cooperative and mutual banks. FBF member banks have more than 38,000 permanent branches in France. They employ 370,000 people in France and around the world, and service 48 million customers.

The French Banking Federation welcomes the opportunity to comment on the BCBS / IOSCO's proposal regarding Criteria for identifying simple, transparent and comparable (STC) securitisations. The FBF would like to stress the important work performed by the BCBS / IOSCO to understand the securitisation market, and to welcome the initiative of the joint authorities to try to promote the securitisation market through the introductions of STC criteria, which should boost the securitisation market liquidity and thus increase the financing of the economy.

As a matter of fact, securitisation already faces a strong increase in the regulatory burden following the 2007/2008 crisis (CRD2 in Europe introducing risk retention clauses since 2010, and Basel 2.5 since 2011, etc.). The new fundamental review of the securitisation framework published at the end of 2014 will also represent a heavy challenge (for example, the new 15% floor doubles the capital charge for well-performing and best rated securitisation previously charged 7%). Any regulatory initiative designed to mitigate the impediments of the securitisation market and reducing the stigma attached to it is more than welcome and deeply necessary.

Before answering specific questions, we would like to make some general comments on the proposed approach.

1. Number and relevance of criteria

Our view is that even if each proposed criteria may be relevant for specific cases, we fear that the majority of existing securitisations would fail one or several criteria details, leading to a large non-applicability of the label. The BCBS / IOSCO's consultative document propose criteria to select STC but the same set of detailed criteria are unrealistically aimed to be applied to all asset classes of securitisations.

Therefore, we strongly recommend to limit the number of criteria or alternatively to adjust the set of criteria for each underlying asset class.

2. Incentives

We observe that there have been several initiatives for labelling securitisation, and there are different proposals to segregate eligible securitisation versus non eligible, e.g. securitisations eligible to the liquidity buffer in the LCR, or securitisations labelled PCS ("Prime Collateralised Securities"). Nevertheless, the volumes treated on the market and the production remain very slow. In order to be efficient **we urge the definition of STC securitisations should be coupled with a more favourable prudential treatment:**

(a) a European SSFA[1] which would be calibrated closer to neutrality of capital before and after securitisation, and

(b) a lower Risk Weight floor.

We recommend:

As far as solvency is concerned: more favourable treatment should be conditional on compliance with all STC criteria.

As far as liquidity ratio and buffers are concerned: more favourable treatment should be limited to liquid bonds, based on market observations.

As far as the leverage ratio is concerned: originators should benefit from a reduction in total exposure up to the amount of funding received, without consideration to accounting re-consolidation due to limited risk transfer.

3. STC – only for public transactions?

As well as giving more liquidity to the ABS market, the initiative should be applicable to private and "club" deals. However confidentiality or commercial issues in trade receivable transactions or risk transfer securitisations would prevent most or all of them from qualifying with the proposed STC criteria.

[1] http://www.riskcontrollimited.com/wp-content/uploads/2015/02/How_to_Revive_the_European_Securitisation_Market.pdf

4. Ease and certainty of obtaining qualification status

In order for STC criteria to fulfil their role to promote a market of quality securitisations, the qualification should be easily and clearly available to all participants and avoid undue concerns about uncertainty: sponsors and arrangers should have clear visibility about the steps needed to achieve qualification in a timely manner, prior to issuance. Investors should be able to rely on easily obtainable information regarding the status of each securitisation available in the market. Establishment of a central register and certification by an independent third party could provide the best practical solutions.

5. Not excluding ABCP and synthetic securitisations

We consider that ABCP, liquidity lines provided to ABCP conduits and specific types of synthetic securitisations can be simple, transparent and comparable securitisation positions and therefore should not be de facto excluded from the proposed framework. **We recommend that some criteria be adapted to fit with these private securitisation positions.**

ANSWERS TO SPECIFIC QUESTIONS

QUESTION 1: Do respondents agree that the criteria achieve the goals they aim to achieve? In particular, do respondents believe that the criteria could help investors to identify "simple", "transparent" and "comparable" securitisations?

We generally concur with the analysis and are very interested in some of the proposals. We approve that the number of criteria remains restrained and wide enough in their definition not to exclude in practice too many securitisation structures, although some of them need to be clarified at this early stage. We also approve that the proposed criteria – even though the "asset risk" category includes generic criteria in relation to the underlying asset pool - intentionally do not address the ultimate credit risk of underlying securitisation pools, and keep the focus on simplicity, transparency and comparability.

However, **we would like to point out that some criteria will lead in practice to add additional burden for the originators, in particular in terms of documentation, IT systems and historical data, or legal fees.** For example, criteria 2 regarding the asset performance history, or criteria 11 dealing with documentation disclosure and legal review, will heavily complicate the structuration (please refer to our detailed comments in Q2).

Combined with all the existing and upcoming prudential constraints that increased the capital consumption of securitisation transactions, securitisation transactions will become too costly to structure for originators in order to remain competitive against all other financial instruments already available on the market: Starting with covered bonds, which are very close in terms of risks and financial components, but benefit from a much better prudential treatment.

The BCBS and IOSCO are well aware that current securitisation transactions have nothing to do with the pre-crisis kind of structures: the purpose of this consultation is exactly trying to promote simple and transparent structures in order to restart the securitisation as an economy-financing tool. We would like to emphasise that this will not be possible without an incentive in terms of prudential treatment and capital consumption.

This is why we strongly encourage – as is mentioned in the December 2014 BCBS document "Revisions to the securitisation framework" - to consider the current document regarding simple, transparent, comparable securitisation and the comprehensive review of the securitisation as a whole, and to differentiate capital requirement treatment for "qualifying" securitisation positions versus other securitisation positions. In this perspective, the FBF proposes that securitisation assets complying with the STC criteria be subject to:

(a) a European SSFA which would be calibrated closer to neutrality of capital before and after securitisation, and

(b) a lower Risk Weight floor.

We also believe that an important step in achieving the goals of the STC initiative in the European Union would be the existence of an independent body or organisation that would certify the STC eligibility of ABS for all of the European Union. This would ensure a homogenous interpretation and application of the STC criteria, across all European Union jurisdictions and over the life of each transaction. Moreover the STC eligibility of the ABS could be made available to the market as a whole, in a similar way to the list of ECB-eligible assets on the ECB website, thus saving the originator and/or investors the time and effort in checking the STC eligibility themselves. The certification by an independent third party would also provide comfort to the regulator in terms of the quality, consistency and impartiality of the analysis. A situation of this kind exists between the ECB and the European Data Warehouse, which certifies the quality of the loan level data for all ECB-eligible ABS.

QUESTION 2: Do respondents agree with the STC criteria set out in the annex of this paper? In particular, are they clear enough to allow for the development by the financial sector of simple, transparent and comparable securitisations? Or do respondents think they are too detailed as globally applicable criteria? The annex provides guidance on each criterion.

Please see below our analysis on some criteria (no comments were made to the criteria not mentioned in the list below):

Criteria 1: Nature of the Assets

The criterion on the nature of the assets and its homogeneity is relevant. However, it should be defined in a flexible way notably concerning the asset class, the jurisdiction, the legal system and the currency.

Effectively, it is usual that in one transaction several categories of products and / or customers are securitized or concerned (e.g. auto loan ABS) and different legal systems can be included (e.g. UK transaction including English law, Scottish law and Northern Irish law).

In addition, we don't understand why there is an exclusion of transactions with different currencies if these transactions are covered by appropriate mitigant(s) or hedging.

Criteria 2: Asset performance history

The requirement of performance data for a time period long enough to permit meaningful evaluation by investors may exclude a significant number of transactions from the STC label such as new asset classes transactions or for traditional asset classes in new jurisdictions but also some traditional asset classes transactions such as RMBS transactions for which we do not have more than 3/5 years of historical data.

Moreover the requirement of « verifiable » data would lead to important costs and delays notably because of the possible regulatory, accounting, calculation or IT changes over a long time period, whereas the data are already validated by the originator / seller.

We recommend such requirement should be amended to introduce some flexibility and not to exclude such transactions that meet otherwise all other STC criteria.

Criteria 4: Consistency of underwriting

The implementation of the "non-deteriorating underwriting standards" criteria should not imply a limitation of the originator's ability to change its underwriting standards depending on market and economic conditions. This criterion seems also to be redundant with the retention criteria.

Criteria 5: Asset selection and transfer

1 -The requirement of prohibition of active selection or cherry picking should not exclude the compliance with eligibility criteria, which could increase or reduce the credit risk of the asset pool compared to the overall originator's portfolio. In particular, there are cases where an originator may want to securitize more risky assets (e.g., LTVs above a threshold) in order to transfer risk, and thereby reduce risk of their portfolios.

The most important element is that the selection is transparent in the respect of the given eligibility criteria and that there is no cherry picking on individual loans, or only to the benefit of the investor (improvement of the asset, for example to improve the quality of the data in the securitized pool).

We recommend that securitisations for which the underlying asset pool is 'cherry picked' or managed should not be excluded if it is clear in the eligibility criteria that the result of the management / cherry picking process is an improved pool of assets (e.g. replacement of an asset by a better rated asset, exclusion of loans with insufficient information).

2 - The requirement of "true sale" or effective assignment of rights **should not be applicable for synthetic securitisation** where there is no assignment of assets and so the "true sale" is not an issue.

The "true sale" criterion excludes de facto every synthetic securitisation from eligibility to STC, in particular risk-transfer securitisations originated by banks. These transactions represent a strong tool supporting the economy since they help reducing banks' balance sheet exposures, allowing them to originate new loans.

Some criteria might be adapted to fit with private synthetic securitisation (criteria 5, 7, 8, 9, 10, 13), but some others are already required by regulators while assessing the transactions.

The question of synthetic securitisations in relation with the STC label has to be analysed following three distinct angles:

a) Use of synthetic transfer to create an arbitrage or a short position;
b) Use of synthetic transfer to mitigate specific cases of impossible or very cumbersome true sale;
c) Use of synthetic transfer to organize a specific risk transfer, and where usually only a junior or mezzanine tranche is transferred to specialised institutions such as hedge funds.

Clearly, case a) has to be ruled out of SST as it is not linked to the real economy, and a simple criteria to avoid arbitrage is to impose on the originator using synthetic transfer to actually hold the underlying cash assets, and commit to hold these assets for so long as the synthetic transaction is in place.

Case b), for public transactions, should not be ruled out of STC as long as counterparty risk mitigation is properly in place. For example, having all the securitized exposures fully collateralised in cash in a segregated account, or having all the underlying assets pledged to the securitisation SPV should be adequate counterparty risk mitigants, without reducing the simplicity of the structure.

Case c) is a powerful risk transfer tool and is widely used by originating banks to reduce their risk exposure on portfolios of assets. In such transactions, originating banks keep full control of the securitized assets on their balance sheet, and retain some securitisation tranches, including in particular the senior tranche. The main regulatory issue here is the treatment of the retained securitisation tranches held by the originating banks. The lack of true sale is not detrimental at all, as they continue to hold and control the assets.

In short, we believe Synthetic Securitisations should not be excluded from the STC eligibility:

- **In case c) here above, when the underlying assets are held on the balance sheet of the credit institution that originated the assets and holds residual securitisation positions.**
- **In case b) here above, when the synthetic transfer is accompanied by strong additional counterparty risk mitigation.**

<u>Criteria 8: Currency and interest rate asset and liability mismatches</u>

Some securitisation transactions such as some auto loans, revolving credit cards or trade receivables transactions do not have any derivatives for hedging / mitigating interest rate and/or currency risks. In such transactions the interest rate and/or currency risks are covered with other means such as specific reserves, additional or specific credit enhancement / subordination or a level of excess spread high enough (i.e. up to 10%) for rating agencies to be comfortable with such interest and/or currency risks hedging / mitigating. **Such securitisation transactions should not be excluded for the STC label.**

Criteria 9: Payment priorities and observability

1 - The requirement for junior liabilities to be paid after senior liabilities have been paid is confusing as the reference should be made to the priorities of payment (e.g. interest on junior notes may be paid before the principal of senior notes depending of the applicable priority of payments). **Such requirement should be amended in order to give reference to applicable and separate priority of payments.**

2 – The requirement that investor reports should contain information that allows investors to easily ascertain the likelihood of a trigger being breached or reversed is a big concern as such events are absolutely not predictable. It has to be understood here that the breach of a trigger acts as an early warning: usually when a trigger is breached a remedy period starts in order to find a solution and only if no solution is implemented at the end of the period does the transaction amortize. **Such requirement should be amended (for example "Investor reports should contain information that allows investors to monitor the evolution over time of the indicators that are subject to triggers") or removed.**

3- Last point, concerning the early amortisation events associated to the performance of the underlying assets, this criterion should be drafted in order to include some flexibility in the structuring, i.e. to define a level or threshold of deterioration of the performance of the assets in a reasonable way, e.g. not from the first euro of unexpected loss.

We recommend that the criterion should include a materiality threshold in order to reflect market practice so as to avoid a minor deterioration in the underlying assets triggering an early amortisation.

Criteria 10: Voting and enforcement rights

The requirement concerning voting rights may be an issue for more junior tranches' investors if it is required that all voting rights are allocated to the most senior classes. In the current market, securitisations are generally designed to allocate enhanced voting rights to the most senior tranches of credit risk, but certain decisions (e.g. identity of special servicers) are more appropriately allocated to junior tranches investors when they are likely to be more affected than the senior tranches. Removing the control of junior tranches' investors over decisions most likely to affect their recovery would certainly lead to reduced demand for those junior tranches.

It is also important to note that some decisions have to be taken by all investors without any distinction of seniority and require approval of each class separately. For example for decisions that affect the economics of the transaction such as the maturity, the interest rate or the principal amount, it would not be justified to allow only the most senior tranche to decide modifications without the approval of the mezzanine and junior tranches. **Such requirement should be removed or amended not to deter junior noteholders to invest in securitisation transactions.**

Criteria 11: Documentation disclosure and legal review

The preliminary version (red version) of the Offering circular is distributed to investors during the marketing phase. Concerning the remaining legal documentation, it seems difficult to disclose it before the closing date as the documents are not yet in agreed form.

In order to take into account our comment we propose the following amendment:

To help investors to fully understand the terms, conditions, legal and commercial information prior to investing in a new offering and to ensure that this information is set out in a clear and effective manner for all programmes and offerings, ~~*sufficient initial offering documentation*~~ ***standardized prospectuses***[2] *should be provided to investors* (and readily available to potential investors on a continuous basis) within a reasonably sufficient period of time prior to issuance ***and main transaction documents should be available from the closing date***, such that the investor is provided with full disclosure of the legal and commercial information and comprehensive risk factors needed to make informed investment decisions. These should be composed such that readers can readily find, understand and use relevant information.

Then regarding the requirement of review by an independent third party law firm , the drafting counsel already provides legal opinions for the benefit of the issuer, and ultimately for the benefit of the Noteholders. The legal review as well as the credit review is conducted by each investor independently.

Therefore we do not recommend requiring a review by an independent third party law firm. It would lengthen the structuring process and add an additional cost for the deal. **We recommend removing this criterion.**

Criteria 12: Alignment of interest

The requirement for a party with a fiduciary responsibility to investors to review and confirm to the investors the material economic exposure retained by the originator or sponsor is problematic as we anticipate that most of the fiduciary companies will be unwilling to review and confirm in writing such compliance as amongst others they are not part of the commercial terms of the securitisation transactions or they cannot make a declaration or give a commitment on behalf of a third party.

We recommend such requirement should be removed.

Criteria 13: Fiduciary and contractual responsibilities

It is important that the remuneration paid by the Issuer to the servicer and the parties having a fiduciary responsibility be sized to meet their responsibilities during the full life of the transaction.

The servicer may be incentivized to recover the non-performing receivables. However, it does not seem necessary to incentivize the servicer regarding the performing ones. Regarding the parties having a fiduciary responsibility, we do not see why the remuneration would depend on the performance of the portfolio.

In order to take into account our comment we submit the following drafting proposal:

[2] It is already a MIFID (Markets in Financial Instruments Directive 2004/39/EC) requirement in EU.

To increase the likelihood that the servicer executes its duties in full on a timely basis on the non-performing part of the receivables, the remuneration of the servicer should be such that it is incentivized in the recovery process of the non-performing receivables (for example with a specific servicing fee on the non performing receivables or as the case may be, through a remuneration based on the available excess spread).

Which additional criteria would respondents consider necessary, if any, and what additional provisions would be useful or necessary to support the use of the criteria? What are respondents' views on the "additional considerations" set out under some criteria in the annex? Should they become part of the criteria?

The FBF sees no additional criteria to the proposed framework.

Are there particular criteria that could hinder the development of sustainable securitisation markets due, for example, to the costliness of their implementation?

We think that the following criteria for the STC securitisation could be costly for the originator :

- A too strict definition of homogeneity of the securitized assets could reduce the size of some transactions and therefore increase the cost for these transactions;
- A too long period of time for historical data could lead to important cost and additional delay;
- Certification process for "verifiable data" could be costly;
- Disclosure process of all underlying contracts could imply some potential cost;
- A too strict criterion on the consistency of the underwriting criteria would lead to avoid revolving periods in many transactions;
- The review of the legal documentation by an independent third legal advisor.

QUESTION 3 : What are respondents' views on the state of short-term securitisation markets and the need for initiatives with involvement from public authorities?

Do respondents consider useful the development of differentiating criteria for ABCP, in a manner similar to that of term securitisations?

We consider that ABCP can be simple, transparent and comparable (STC) securitisation vehicles.

Asset-backed commercial paper ('ABCP') conduits

Cash securitisation using ABCP conduits is a simple and efficient tool for banks to provide financing for a wide range of clients and assets. Using conservatively-sized dynamic credit enhancement, ABCP programs enable banks to extend low-risk secured financing to their clients, and corporates to raise stable and diversified financing through monetization of their assets. Investors have always had a real appetite even in difficult periods, as they value the strength of the structuring, the support of the bank liquidity line (both in liquidity and credit risk) and the diversification.

ABCP conduits assets are "high quality assets"

The assets funded in ABCP conduits are simple assets of good quality and short term. The main part of the underlying assets, funded in multi seller ABCP conduit in EMEA, is trade and auto receivables (70%[3]). The tranching technique enables supporting banks to leave most credit risk with the corporate originator of the assets and play their traditional role of transferring funding to the real economy. The quality of the credit enhancement is always dependent on a thorough analysis of the underlying assets and is calibrated in a very conservative way, following rating agencies criteria. No losses have ever been registered by French banks in relation to trade receivables securitisation transactions financed through their ABCP conduits.

Failing to recognize this low risk in corresponding very low capital charge would have a direct consequence: more capital will immediately increase the price for the clients. In some cases, capital applied to ABCP conduits transactions could even be higher than if bank were lending on an unsecured basis to the corporate. In those circumstances, it is obvious that a structure transaction would no longer make sense, and the client would borrow unsecured, increasing the final risk for the banks sector. Multi-seller ABCP conduit are covered at least by a 100% liquidity facility and did not have commercial paper investors suffer losses due to liquidity crisis (contrary to SIVs).

As a result we recommend that the main criteria for simple standard and transparent ABCP, at the ABCP level, should be:

(a) full support, full coverage (of at least 100% of Commercial Papers issued) by liquidity line;

(b) maturity of Commercial Paper no longer than 397 days ;

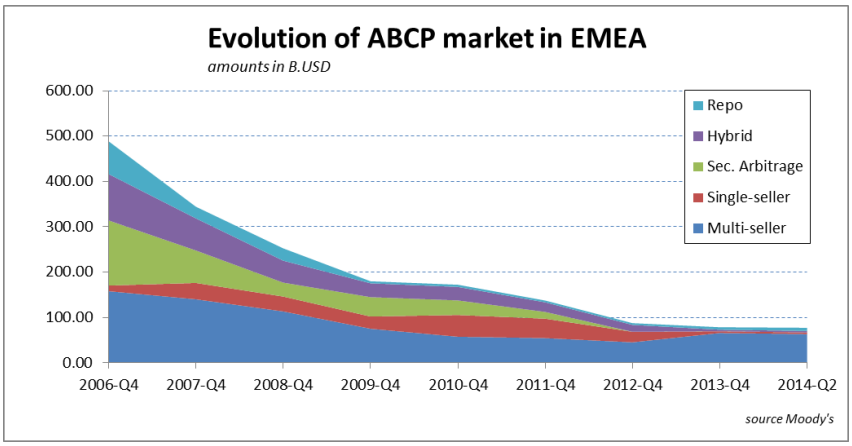
The BCBS and IOSCO would particularly welcome any data and descriptions illustrating the state of short-term securitisation markets by jurisdiction and the views of respondents on concrete comparable criteria that could be applied to short-term securitisations.

Brief description of the ABCP market in Europe

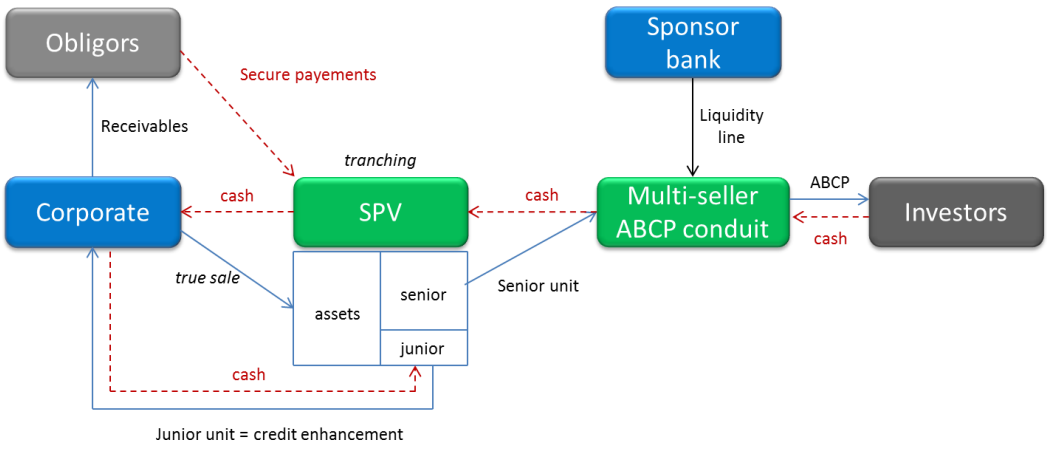
ABCP market is a key part of securitisation markets and provides an important source of funding to the real economy. According to Moody's figures, the ABCP market represents in Europe, as of June 2014, an amount of 56 B.EUR, with the vast majority of the ABCP conduits being multi-seller conduits (ie. 82%), SIVs have disappeared. Since the crisis the volume has significantly shrunk due to the exit of riskier conduits, such as arbitrage conduits and SIVs, but multi-seller ABCP conduits performed well during the crisis: no ABCP investor in a multi-seller ABCP conduit has ever suffered a loss.

It is important to make a clear distinction between pre-crisis SIVs and arbitrage conduits on the one hand and multi-seller ABCP conduits on the other hand. Pre-crisis SIVs and some securities arbitrage conduits did not benefit from 100% support from sponsoring banks. Instead, they relied on a relatively small amount of external liquidity support together with "internal liquidity" from the underlying ABS and other financial assets which, it was reckoned, could be sold to generate sufficient cash to pay the vehicles liabilities as they fell due. Since the SIVs and similar structures failed in the 2008 financial crisis, they have disappeared from the market as we can see in the following chart.

[3] Source Moody's – EMEA ABCP Market Summary: Q3 2013.
Asset Split by Asset Type – Multi-Seller Portfolios: Trade receivables: 45% + Auto loans: 14% + Auto leases: 11% = 70%. 5



On the other hand, no multi-seller ABCP conduits with full liquidity support suffered losses due to a liquidity crisis. A 100% liquidity facility provided by a bank (subject to the bank having an appropriate liquidity buffer, which is a regulatory requirement in some jurisdictions) to the ABCP conduit ensures the protection of ABCP investors. These structures assure timely payments to investors without relying on the liquidity or market value of underlying assets. Multi-seller ABCP conduits invest in the traditional asset classes, such as trade, auto receivables and are an efficient financing solution to answer working capital needs of corporates across Europe. Multi-seller ABCP conduit activity may be compared to factoring with refinancing on the market.



This graph describes how a multi-seller ABCP conduit financing basically works and enables to see that the two main actors of the conduit financing are:

(i) the ABCP investors, e.g. mostly Money Market Funds (MMF) who provide the funding, covered by a liquidity facility from the conduit sponsor, and

(ii) (ii) the liquidity line for which the bank that is at risk on the securitisation position must hold capital.

Based on that, we believe that as a sponsor bank, the securitisation position underlying the liquidity line should be eligible to the STC securitisation framework by adapting the criteria in order to include such transactions, for which the sponsor bank is also the arranger.

On the liability side of the ABCP conduit, we also think that it is important to include the commercial papers in the scope of STC securitisations, even if there are related to the short-term securitisation market, because it will help the ABCP to be more liquid (see MMF reform in Europe

It has to be understood that from a market standpoint the liquidity on a given product, like ABCP, depends from its regulatory treatment.

Focus on the liability side of the conduit – the commercial papers

Investors in ABCP are of different nature, mostly MMF in Europe, but also banks and insurance companies. As ABCP are securitisation positions, investors have to treat them accordingly to their own regulatory environment. ABCPs have then to cope with the CRR, Solvency II, AIFMD and the MMF regulation.

That is why it is also important not to exclude multi-seller ABCP conduit issuance from the scope of STC securitisations; otherwise this may clearly affect the investors' base of this product and at the end jeopardize ABCP market, even if its role as an alternative and flexible funding is appreciated by banks' clients such as corporates and very important to fund the real economy.

We invite the regulator to talk to financial auto captive companies and see how they are using ABCP to fund their activity and how it helps them to sell cars to their clients. ABCP is clearly considered by these companies as a very important source of funding.

For that reason it is important to develop specific set of criteria for ABCP market, because this product is rather simple, and investors have access to all relevant information to do their own credit risk analysis based on the fact that the product is protected by the liquidity line provided by the bank sponsor of the ABCP conduit.

Regarding multi-seller ABCP conduits the criteria should be, on our point of view, more focused on the quality of the support, than on the underlying assets (which is already taken into account at the level of the liquidity line analysis), and ensure that the funding benefits to the real economy. The ABCP should be looked at less as tranched exposures to underlying financial assets and more as secured obligations of the sponsor bank, similar to a short term covered bond.

Focus on liquidity lines provided to ABCP conduits

The liquidity facility provided by the sponsor bank to the ABCP conduit is equivalent in terms of risk for the bank to hold on its balance sheet the underlying securitisation position, and that's why the bank has to hold capital charge in front of this position. Based on that, the liquidity facility should be eligible to the STC securitisations framework, and then be eligible to a favorable capital charge treatment.

In principle these can be evaluated using the same criteria that apply to "stand alone" ABS transactions, except that, since many of them are privately negotiated, even bilateral transactions between the sponsor bank and its customer, some of the formal structural features of securities offerings will not apply.

For example, such a transaction may not have a formal offering document or an independent entity with fiduciary responsibilities, though the sponsor bank and other parties have at least as much information about and control of the transaction and the underlying assets as investors in widely-offered ABS. The Authorities should craft STC criteria according to principles that allow STC to include such transactions

Note that regarding trade receivables transactions, that are indubitably useful for financing the real economy, the ABCP conduits are the best way to finance these operations, because of the short term

nature of trade receivables and the flexibility needed to finance these transactions backed by short-term revolving assets. In this respect, ABCP funding is a perfect complement to factoring business.

QUESTION 4: What are respondents' views on the level of standardisation of securitisation transactions' documentation? Would some minimum level of standardisation of prospectuses, investor reports and key transaction terms be beneficial?

Do respondents think there are other areas that could benefit from more standardisation? Would a standardised template including where to find the relevant information in the prospectus be helpful? The BCBS and IOSCO would particularly welcome a description, by jurisdiction, of the extent to which different elements of initial documentation are standardised.

We think that standardization of the prospectus and investor reports of STC securitisation to the extent possible with a minimum of key information should be interesting for both originators and investors.

The standardization on these 2 documents could improve the transparency and the comparability of the transactions (replacing some criteria in relation to the disclosure of information, for example the criteria 11), and therefore could limit the number of the criteria and avoid the cost of their implementation.