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International Organization of Securities Commissions (IOSCO)

General Secretariat

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Global Developments in Securitization Regulation (IOSCO)

General remarks submitted by:

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1. Introduction

Beleggersvereniging VEB (*the Dutch Shareholders' Association*) was founded in 1924 with an objective to represent the interests of both retail and institutional investors. Nowadays, VEB is the largest association representing investors in the Benelux. VEB is also a founding member of EuroInvestors (now: EuroFinuse) and EuroShareholders, pan-European organisations which represent retail investors and shareholders.

The VEB favours more transparency on the financial markets and trading platforms, more clarity about where responsibilities lie and more opportunities for investors and shareholders to use their own responsibilities carefully and effectively.

VEB has read with interest the consultation paper prepared by IOSCO. VEB finds it important to present its view, as the topic of said consultation paper is important.

2. The VEB has several additions to chapter IV The Global Securitzation Market:

In most jurisdictions, there is little or no retail investment in securitization markets and investors tend to be institutional or wholesale investors. This is thought to be due to a range of factors influencing how securitization markets have developed. In certain jurisdictions there are express restrictions on marketing securitized products to retail investors and in others there are additional compliance obligations when marketing to retail investors. For instance in Japan, soliciting 'retail investors' subjects distributors to a suitability requirement. Others do not have a prohibition per se on selling to retail investors but have rules against any direct proactive marketing of securitization products to such investors (e.g. France). The limited involvement of retail investors has important regulatory implications. In particular, offers to institutional and wholesale investors do not need to comply with public offer requirements in a number of jurisdictions (eg European Union and Canada) unless the offering is to be listed on a regulated market.

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3. Comment VEB:

It is correct that there is a little or no retail investment in securitization markets. However, there are situations in which it is indeed possible to offer securitized products to (retail) investors. For these situations it is necessary to have regulations. Instruments built by securitization come with a high risk profile. These products are very complex and asks for a higher level of education and trading experience of (retail) investors. Therefore regulations should address the above mentioned issues.

As mentioned in chapter IV there are different legal obligations regarding the offering of securitized instruments to (retail) investors across Europe and worldwide. In VEB's opinion there must be a more general framework of obligations for providers of securitized instruments for the marketing, offering and selling of these products to (retail) investors.

The VEB calls IOSCO to think about these situations and bring several suggestions forward to the supervisors.

If necessary, the VEB remains open for any further comments on this issue.