

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Banking Authority Draft Guidelines on the STS criteria for non-ABCP securitisation Consultation Paper

July 2018

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Banking Authority Draft Guidelines on the STS criteria for non-ABCP securitisation Consultation Paper. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) in the consultation.

GLEIF would like to respond to question 35 of the consultation:

35. Do you agree that no other requirements are necessary to be specified further? If not, please provide reference to the relevant provisions of the STS Regulation and their aspects that require such further specification.

GLEIF recommends that required use of the LEI should be specified in the Guidelines. For non-ABCP securitizations, the parties under the scope the regulation are originators, sponsors, SSPEs and institutional investors, with seller, original lender, servicer, trustee, debtor, guarantor, national competent authorities, the ESAs (EBA, ESMA, EIPOA), and third-party certifiers as other participants in this domain.

The consultation paper acknowledges the expectation that the implementation of the new EU securitization framework itself will be accompanied by considerable administrative, compliance and operational costs for both market participants and competent authorities. The Guidelines, as the subject of the consultation paper, should contribute to mitigation of such costs.

GLEIF views the drivers and benefits of using the LEI to identify parties to non-ABCP securitizations are similar to those relevant to the use of the LEI consistently to identify issuers, guarantors and offerors (with legal personality) in the EU Prospectus Regulation. GLEIF proposes, starting with SSPEs of non-ABCP securitizations, that the LEI be used consistently to identify parties to non-ABCP securitizations. This vital information, the legal entities behind the roles of entities that are party to non-ABCP securitizations, will provide the standardization and transparency sought by the guidelines for non-ABCP securitisation during normal operation and will prove invaluable during times of deterioration of credit quality, potential insolvency, identification of underlying exposures and actual default.

The EBA also could consider further parallels of standardization and digitization to the EU Prospectus Regulation for the launch of non-ABCP securitizations by requiring that each program/program tranche be assigned the ISIN (International Securities Identification Number) and that the terms of non-ABCP securitizations be captured digitally at formation. By considering this, the EBA further could contribute to mitigation of the implementation costs of the new EU securitization framework through the Guidelines.