

Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Banking Authority (EBA) with regard to the Draft Guidelines on the STS Criteria for ABCP Securitisation Consultation Paper

July 2018

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Banking Authority (EBA) with regard to the Draft Guidelines on the STS Criteria for 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 37 of the consultation:

37. 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.

The parties involved in ABCP programs are numerous. Starting with the legal entity formed for the program itself, the SSPE (Securitisation Special Purpose Entity), a typical program includes a sponsor, originator, seller, original lender, servicer, trustee, debtor, guarantor, national competent authorities, the ESAs (EBA, ESMA, EIOPA) and investors.

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 ABCP programs 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 ABCP programs, that the LEI be used consistently to identify parties to ABCP programs and transactions. This vital information, the legal entities behind the roles of entities that are party to ABCP programs, will provide transparency and consistency during normal operation of ABCP programs but 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 ABCP programs by requiring that each program/program tranche be

assigned the ISIN (International Securities Identification Number) and that the terms of ABCP programs 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.