



PCS Setting the standard for securitisation

Press Release – 27th March 2014

PCS supports the European Commission's approach to encouraging high quality securitisation through regulatory differentiation

Prime Collateralised Securities (PCS) welcomes the European Commission's response on Long-Term Financing of the Economy published today. PCS particularly welcomes both the Commission's support for high quality securitisation and the proposals for a differentiation of high quality securitisations with the view to a possible preferential regulatory treatment of such financing instruments.

PCS also notes the positive comments of the Commission on the contribution of labeling initiatives, such as ours, to enhancing investor confidence.

PCS strongly supports, and has consistently advocated, the notion of a definition of high quality securitisation which can be used across all the relevant regulatory rules. This would enable regulations to differentiate in their treatment the simple, transparent and high quality securitisations that performed well during the crisis from those that did not. This approach, set out in today's communication from the Commission, would balance the important prudential requirements with the benefits to the real economy that high quality securitisation can provide.

With the introduction by EIOPA with the support of the Commission of a definition of high quality securitisation in the proposed Solvency II rules, Europe is leading the way in the global debate to shape the future of a safe and robust securitisation market. PCS welcomes and supports the Commission's intention to provide leadership to develop such standards internationally. PCS remains committed to participating constructively in this debate and provide any assistance that should be required to the Commission and other policy makers.

Ian Bell, Head of the PCS Secretariat commented:

“By supporting the crafting of a definition of “high quality” securitisation and its harmonized use across all the relevant regulations in a way that reflects the very good performance of these financing instruments in the crisis, the Commission is leading the way in providing the conditions for a strong and safe securitisation market able to fund the growth of the European economy, and particularly its small and medium business sectors.”

-ENDS-

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Notes:

1. The PCS label, awarded by Prime Collateralised Securities (PCS), identifies asset-backed securities that comply with a set of published eligibility criteria that are indicative of simplicity, asset quality and transparency and reflect some of the best practices available in the European securitisation market. Awarded at the request of financial institutions that issue asset-backed securities, the PCS Label focuses on securitisations that fund the real economy and are compatible with good liquidity. In awarding the Label, PCS bases its decision on information provided directly and indirectly by the originator of the securitised assets.

The governing body of the PCS initiative is the Board of the PCS Association, a Belgian not-for-profit association with its seat in Brussels. The most important ways in which the PCS initiative will fulfil its mission of reinforcing asset-backed securities as a sustainable investment and funding tool to strengthen the European economy is in the awarding of the PCS label to specific asset-backed securities.

2. As of March 2014, PCS has awarded 47 labels to high quality securitisations totalling over €83.5 billion in issuance.