



JOINT COMMITTEE OF THE EUROPEAN
SUPERVISORY AUTHORITIES

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PRESS RELEASE

Joint Committee of ESAs publishes its recommendations on securitisation

The Joint Committee of the three European Supervisory Authorities (ESAs) has published a [report](#) detailing its findings and recommendations regarding the disclosure requirements and obligations relating to due diligence, supervisory reporting and retention rules in existing EU law on Structured Finance Instruments (SFIs).

In this Report, the Joint Committee is making a series of recommendations which should be considered in light of further work on the transparency requirements of SFIs, and the European Commission public consultation on securitisation. The Report states that these recommendations should not be introduced in isolation and should take into account the already existing requirements for disclosure, due diligence and reporting for comparable instruments.

The main recommendations of the report are:

- due diligence requirements should be harmonised within the EU;
- standardised investor reports should reflect the dynamics of SFIs and be stored in a centralised public space;
- all type of investors should be empowered to effectively conduct their own stress tests; and
- a harmonised due diligence and disclosure framework should be complemented with a comprehensive regime for supervision and enforcement.

Steven Maijor, Chair of the European Securities and Markets Authority (ESMA) and current Chairman of the Joint Committee, said:

“The proper functioning of the market for securitisations would benefit from the proposed measures aimed at ensuring consistency regarding disclosure and due diligence requirements across existing EU legislation on Structured Finance Instruments. Implementation of these measures, supported by an appropriate supervision and enforcement framework, will contribute to restoring investor confidence in this sector while increasing its efficiency”.

Main Recommendations

Following a thorough analysis, the Joint Committee is of the opinion that the due diligence requirements should be harmonised across EU sectorial legislation with the common view that, irrespective of the type of investors, due diligence should be seen as a dynamic process which starts with the investment decision and ends when the SFI matures or is divested. In particular, the Joint Committee recommends that investors' due diligence requirements are reflected in the SFI disclosure requirements.

In addition, the report recommends that investor reports should be standardised and stored in a centralised public space. Measures should be implemented to help investors in conducting effective stress tests on all types of SFIs. An adequate level of transparency should be ensured irrespective of the place where the issuer, originator and sponsor are established and the nature of the SFIs. In order to avoid discrepancies, the Joint Committee also advises to review the use of different definitions and key terms across the relevant sectorial legislation.

Finally, the report highlights the necessity of complementing a harmonised due diligence and disclosure framework with a comprehensive framework for supervision and enforcement regarding SFIs.



Notes for editors

1. [JC/2015/022](#) Joint Committee Report on Securitisation
2. The Joint Committee is a forum for cooperation that was established on 1st January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), collectively known as the three European Supervisory Authorities (ESAs).
3. Through the Joint Committee, the three ESAs cooperate regularly and closely and ensure consistency in their practices. In particular, the Joint Committee works in the areas of supervision of financial conglomerates, accounting and auditing, micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products and measures combating money laundering. In addition to being a forum for cooperation, the Joint Committee also plays an important role in the exchange of information with the European Systemic Risk Board (ESRB).

Further information:

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