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30 August 2022

The AMF publishes a summary of its SPOT inspections on simple, transparent and standardised securitisation

Three years after the entry into force of rules to manage the development of the securitisation market in Europe, the AMF has examined the practices of five sponsors, originator and arranger. It urges investment service providers to improve the quality of their "simple, transparent and standardised securitisation" labelling and control systems.

Since 1 January 2019, the European Regulation on simple, transparent and standardised (STS) securitisation has imposed new risk retention and transparency requirements on securitisation transactions, with the aim of providing a more secure framework for growth in this market. Provided they meet the criteria defined by the regulation, certain securitisations may be awarded an optional STS quality label, which affords them more favourable prudential treatment, on condition that the European Securities and Markets Authority (ESMA) is notified in advance and that the AMF is informed.

The AMF examined compliance with these specific labelling and reporting requirements in a new series of short thematic inspections of industry practices involving five investment service providers.

The AMF focused on:

 the arrangements for determining whether a transaction is simple, transparent and standardised, and how the authorities are notified of it;

- the control system;
- the mechanism for withdrawing the label and monitoring the label.

The AMF's summary notes that there are significant shortcomings in the practices of the investment service providers in the sample, sometimes due to a lack of understanding of the regulations in force. The regulator urges investment service providers to improve the quality of their systems for awarding, controlling and withdrawing the STS label.

For example, the AMF found that some institutions had no dedicated procedures, no committee to oversee the awarding of the label, and no controls. Although the five institutions inspected do notify ESMA of all their transactions awarded the STS label, the time taken to do so is excessive. As for the information sent to the AMF, here again the time taken varies considerably, and one institution did not provide any information.

The five investment service providers inspected do not play the same role in securitisation transactions (three sponsors, one arranger and one originator). The different roles played by the institutions in the sample may therefore explain the differences in certain practices observed and presented in the summary.

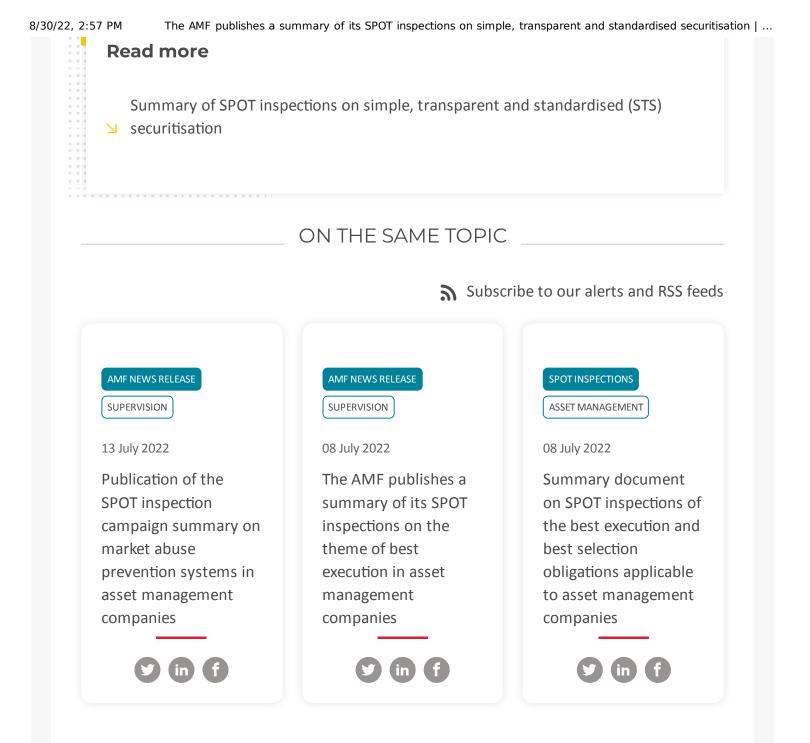
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