

82 Nassau St. #602
New York, NY 10038

646-583-0839
admin@iacpm.org

www.iacpm.org

October 31, 2019

The International Association of Credit Portfolio Managers (IACPM) appreciates the opportunity to comment on the “Draft Guidelines on the determination of the weighted average maturity (WAM) of the contractual payments due under the tranche”. IACPM members are focused on managing a bank’s credit portfolio in a way that is consistent with prudential regulatory goals. In particular, credit portfolio managers utilize synthetic securitisations as a product tool to effectively manage portfolio concentration risk.

IACPM has reviewed the letter from AFME dated October 31st, 2019 and fully support and agree with their response in its entirety.

Specifically, IACPM would like to highlight the following points from the AFME letter:

- Synthetic securitisations should be treated with the same weighted average maturity (WAM) methodology as traditional securitisations.
- We should be allowed to use some element of prepayments – a zero assumption will create fragmentation and unjustified discrimination among different countries, asset classes and executed deals.
- If data is missing or incomplete, we believe institutions should be allowed to calculate WAM using conservative assumptions. AFME has provided additional data in the response letter.
- A model validation process is not required as WAM calculations are straightforward and all parties are accustomed to managing the analysis currently.

We thank the European Banking Authority (EBA) for consulting with industry participants to gain perspective and viewpoints on weighted average maturity. We welcome the efforts to draft guidelines that are consistent with legislative text as well as transparent and pragmatic for the industry participants. IACPM remains willing to continually engage in dialogue with the European Banking Authority around the securitisation product.

Sincerely,



Som-lok Leung
Executive Director
International Association of Credit Portfolio Managers