

The Securitisation Reform Compromise will not unlock significant additional risk sharing through securitisation

Dear Commissioner,

The International Association of Credit Portfolio Managers (IACPM), representing banks, investors and insurers globally sharing risk, has been actively contributing for many years to EU securitisation reforms and to the current policy discussion on safely growing the EU securitisation market.

As credit and risk professionals, we strongly support the development of a well-functioning market that can positively contribute to the EU economy by enabling banks to recycle capital into new lending.

In light of the recent vote in Parliament, we acknowledge that the Trilogues will now begin on the first file of the Savings and Investment Union - an important milestone.

As the Draghi and Letta reports suggest, funding alone will not change the macroeconomic picture. Over the last 20 years, the European Union has built a robust ecosystem enabling EU banks to share risk through private SRT securitisation on **more than €500bn of loans** and redeploy this capital into new lending. The objective of the SIU is now to further broaden this ecosystem by attracting a wider and more diversified set of risk takers, funded and unfunded, and enable banks to offer them a wider range of assets while recycling capital into real economy financing.

Following the vote in ECON on May 5, 2026, we want to share concerns, as a matter of urgency, that the ambition stated by the European Council and the European Commission to grow risk sharing in the EU securitisation market will be challenging to achieve and that proposed policy choices could potentially have unintended consequences for financial stability.

While the Parliament draft report represents progress in several areas, some of the amendments adopted in ECON will severely limit the reform's potential for both banks and their risk sharing partners (investors and insurers), and **most importantly, for the financing of the EU economy.**

After many years of constructive collaboration between the IACPM, industry participants and the EU regulatory authorities, the EU has built more than 60% global market share in risk sharing through SRT and Credit Risk Insurance. Ongoing discussions should now further consider how policy choices may practically affect banks, investors and insurer's ability to support EU financing through the SIU.

At the beginning of the SIU initiative, the goal was to safely grow the EU securitisation market and avoid complexity. However, we are now at risk of 1) the existing unfunded securitisation market disappearing to private credit or anticompetitively concentrated within a handful of providers, 2) EU investors being discouraged to operate in the SRT securitisation market and 3) failing to create a significant risk sharing market on residential mortgages, the largest asset class in EU banks' balance-sheets.

After 7 years, the unfunded insurance market represents about 15% of the EU SRT market (€6bn insured), protecting more long-term assets, smaller banks and smaller Member States. The STS safeguards exclude de facto credit insurance except two groups among the currently active SRT insurers, and their exclusion from resilient transactions will even narrow their current access to the non-STs market. **The rules should ensure a balanced framework between funded and unfunded protection providers, and avoid incentivising a shift of unfunded activity to non-European private credit markets.**

- Additionally, we are concerned that if the **due diligence** regime is too prescriptive, and an additional regime of administrative **sanctions** for non-compliance is introduced, EU investors - both funded and unfunded – will not be able to invest in non-EU securitisations, which will put them at a competitive disadvantage and discourage them for operating in the securitisation market at all.
- Finally, according to our estimates, risk sharing would only be possible on 10% of EU banks' **mortgage** outstanding. A lower risk weight floor on senior tranches and the eligibility of insurers as protection providers are necessary to unlock SRT securitisation on long term assets like mortgages.

The industry appreciates that securitisation is the first file of the Savings and Investment Union and hope we can work together to find a balanced solution that benefits the EU.

We recognize that trilogues will be pivotal to shaping whether the framework ultimately delivers on its objectives to grow EU financing. The securitisation file should not end up as another compromise, but as a proof of ambition and partnership. We believe that growth and financial stability can be combined, and it is therefore critical that the impact of technical choices made by the Council of the EU and the European Parliament are properly assessed and understood.

The IACPM and its members remain engaged to support your effort to safely grow securitisation in the EU and assess the effectiveness of the proposals in achieving the SIU goal.

I would welcome the opportunity to discuss this with you at your convenience.

Yours faithfully,



Som-lok Leung
Executive Director IACPM