

MEMO# 28693

January 30, 2015

ICI Global Submits Letter to BCBS and IOSCO on Simple, Transparent and Comparable Securitisations

[28693]

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TO: FIXED-INCOME ADVISORY COMMITTEE No. 3-15
ICI GLOBAL REGULATED FUNDS COMMITTEE No. 3-15
INTERNATIONAL MEMBERS No. 5-15
INVESTMENT ADVISER MEMBERS No. 3-15
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 5-15
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 3-15
SEC RULES MEMBERS No. 6-15 RE: ICI GLOBAL SUBMITS LETTER TO BCBS AND IOSCO ON
SIMPLE, TRANSPARENT AND COMPARABLE SECURITISATIONS

ICI Global has submitted a comment letter to the Basel Committee on Banking Supervision (“BCBS”) and the International Organization of Securities Commissions (“IOSCO”) in response to their recent consultation regarding criteria for identifying simple, transparent and comparable securitisations (the “Consultation”).* The comment letter is attached, and is summarized below.

Background

Last year, BCBS and IOSCO established a joint Task Force on Securitisation Markets, which was charged with identifying the factors that may be hindering the development of sustainable securitisation markets and developing criteria to identify and assist in the financial industry’s development of simple and transparent securitization structures. Building on this work, BCBS and IOSCO have identified 14 non-exhaustive and non-binding criteria for simple, transparent and comparable (“STC”) securitisations to provide a basis for the industry and the regulatory community to identify certain features of securitisations that may lend themselves to less complex analysis and therefore could contribute to building sustainable securitisation markets.

Summary of Letter

ICI Global states in the comment letter that that BCBS’ and IOSCO’s development of criteria for STC securitisations can serve as an important international framework to support this effort at a high level. We believe it is critical, however, that the criteria reflect differences

in legal requirements and practices relating to asset-backed securities (“ABS”) across, and within, jurisdictions, as well as allow for the significant variability among ABS asset classes. The letter therefore recommends that BCBS and IOSCO: (i) adopt STC criteria that are less prescriptive so that they can more readily serve as global principles; and (ii) not adopt separate STC criteria for asset-backed commercial paper and other short-term securitisations.

The letter also states that ICI Global supports the development of standards that would enhance the quality and transparency of ABS disclosure, and promote comparability among ABS offerings. The letter explains that, while we understand BCBS’ and IOSCO’s reasons for also including simplicity among the proposed STC criteria, we believe this standard should be utilized cautiously. Securitisations, by their nature, contain a measure of complexity, and it would be unfortunate if the STC criteria were applied in a manner that suggested that securitisations that do not meet the STC criteria should be avoided.

Sarah A. Bessin
Associate General Counsel

[Attachment](#)

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