

I am contacting you regarding the trilogues on the "securitisation package" and, more particularly, on the treatment of **asset-backed commercial paper or ABCP** programmes to express our **support to the European Parliament's approach**.

ABCP programmes play a **key role in financing corporates**, particularly by providing short-term liquidity through trade receivables securitisation. ABCPs offer a safe and efficient funding channel. They allow corporates to **diversify their financing sources**. Contrary to public asset backed security transactions that are typically domestic, ABCP trade receivables securitisations commonly have a pan-European span.

In this regard and in the context of the on-going trilogues, we **support the European Parliament's approach** on the 2 following points :

- **Maintaining fixed ERBA risk weights** : The External-ratings-based Approach (ERBA) framework assigns risk weights to securitisation exposures based on external ratings, using a simple and transparent system of fixed risk weights. This approach already ensures appropriate risk sensitivity, as higher-quality tranches receive better ratings. Introducing a variable formula is both unnecessary and potentially counterproductive. **Maintaining fixed ERBA risk weights, as proposed by the European Parliament, ensures simplicity, consistency, and proper risk sensitivity.** The Parliament also proposes **carve-outs to the Resilience framework** for auto and equipment securitisations and ABCP trade receivables programmes. This would **better align prudential treatment with the actual risk profile** of these asset classes and **avoid unintended penalisation** of highly rated transactions.
- **Aligning the Credit Conversion Factor with the treatment of off-balance sheet commitments** : Both Parliament and Council propose to align the prudential treatment of securitisation liquidity facilities with the general treatment of off-balance-sheet commitments under Article 111 of the Capital Requirements Regulation (CRR). The Council's proposal only partially achieve this objective. **The Parliament's position seeks a full alignment** with the prudential treatment of off-balance-sheet commitments. The Parliament proposal would therefore **improve consistency** between CRR and the securitisation framework, **better reflect the economic reality** of liquidity facilities, **avoid unnecessary capital consumption** and support the policy objective of **promoting securitisation financing**.

The review of the securitisation framework offers an **opportunity to support the financing of the real economy**. Considering the objectives of the Savings and Investment Union and the **huge amounts of investment needed** to finance the transitions, it is essential to adopt the right prudential treatment for ABCPs programmes.

I therefore respectfully invite you to consider the **Parliament's approach as the best solution going forward**.