FESE Position on the Securitisation Review

Brussels, 20th August 2025

Introduction

FESE fully supports the European Commission's initiative to review the EU securitisation framework and revive it as a vital building block for the success of the SIU project. We recognise the potential of a more effective securitisation market to support capital redeployment in favour of economic growth, the digital and green transitions, innovation, and financial resilience across the EU. At the same time, a proper balance must be struck between maintaining financial stability and avoiding regulatory complexity.

Following the Commission's proposed measures, FESE would like to draw attention to the definitions of public and private securitisations. As it stands, Art. 2 of the Commission proposal to the Securitisation Regulation defines public securitisation as anything that meets any of the following provisions: (i) requires a prospectus; (ii) is admitted to trading on EU trading venues; (iii) is provided to a broad range of investors on a take-it-or-leave-it basis. With this paper, FESE would like to raise some concerns on the Commission's definition of public securitisations, and put forward some proposals that could contribute to the policy objectives of reviving the securitisation framework, whilst protecting the investors and financial stability.

The risk of misclassifying 'public' vs 'private' securitisations

A shift away from EU venues

FESE welcomes the European Commission's objective to ease the reporting burden for issuers, but warns that it could be undermined if the mere act of listing on an EU trading venue becomes a sufficient criterion for securitisations to be qualified as public. In many cases a listing of notes on a trading venue does not necessarily correlate to a transaction which is "public" in nature and will place an unnecessary operational burden and costs on originators and issuers to comply with the public transaction reporting requirements. Given that many investors opt for listings for reasons unrelated to broad investor access or higher liquidity, such an approach could unintentionally prompt issuers of private securitisations to prefer listings on venues established outside of the EU. This outcome would run counter to the goals of the SIU project by diminishing the appeal of EU financial market infrastructures and reducing regulatory transparency for EU authorities and supervisors.

Several non-EU listing venues provide the flexibility that issuers of private securitisations often seek, but without falling under EU supervision. If issuers increasingly opt for these venues, it would reduce the visibility of such transactions for EU authorities and diminish the overall transparency of the private securitisation market. This would ultimately be a setback for effective oversight and would negatively impact the competitiveness of EU capital markets.

A misleading overreach in definitions

The proposed criteria in the Commission proposal risk overextending the definition of public securitisation by capturing a significant number of transactions that are, in essence, private. Many of these transactions, though listed on FESE Members' markets, tend to be highly negotiated with investors, are expected to involve limited liquidity throughout their lifecycle, and often require confidentiality on key commercial terms. Listings in such cases

are not intended to facilitate broad distribution or active trading. They serve alternative purposes, such as meeting specific investor requirements, enabling access to familiar settlement procedures and clearing through provided by a CCP, or achieving tax parity with other debt instruments, all while maintaining transparency under EU supervision.

Maintaining listing as a sufficient criterion for public securitisation risks transforming the public label into an overly broad "catch-all" category. This would subject private deals, where investors are provided with all necessary information in a tailored manner, to extensive public reporting requirements, thus undermining the rationale behind simplified templates for private transactions. The resulting regulatory overreach could therefore increase compliance costs while deterring issuance activity within the EU, ultimately impairing EU competitiveness.

A well-calibrated 'public' securitisation framework

To avoid unnecessary disincentives while boosting the EU securitisation market, the criteria used to define public securitisation must be carefully calibrated. The classification should apply exclusively to securitisations that are designed for broad distribution, whether listed or not. This approach would ensure that regulatory requirements remain proportionate to the transaction's actual distribution model and risk profile. This would safeguard the efficiency and appeal of private securitisations, while maintaining transparency where it is most needed. We therefore recommend the following adaptations/alternatives to be considered:

1. Removing the second trigger (newly proposed Article 2(32)(b) of the Securitisation Regulation) of the current proposal to qualify a securitisation as public, i.e. an admission to trading of the securitisation notes on a Union-regulated market, an MTF or an OTF. Listing in and of itself (other than on a regulated market – in which case a prospectus would anyway be required) is not a good indicator of the public or private nature of a transaction, and the simplest approach would be to eliminate that as a test entirely.
2. Additionally, introducing qualitative and quantitative dimensions to the criteria in Article 2(32)(c). For example, referencing "a broad and diversified range of investors" and acknowledging that any distribution to retail would automatically qualify the securitisation as public.

Conclusion

While FESE supports the objective of alleviating reporting burdens for issuers, using EU listing as a defining criterion for public securitisation introduces the risk of unintended consequences. In particular, it could shift activity to non-EU venues and lead to the misclassification of essentially private transactions. Such outcomes would run counter to the objectives of the SIU by weakening the efficiency of the EU's financial market infrastructure. To avoid this, the definition of public securitisation should be grounded in clearer, risk-based criteria that reflect the actual nature and distribution intent of the transaction.

FESE remains committed to contributing constructively to this important initiative and looks forward to continued engagement in support of a balanced and effective securitisation market.