

- CHAIRMAN -

To the
Members of the EFMLG

3 November 2005

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Dear colleagues,

Item 2 of the EFMLG meeting of 14 November 2005

Preparations of the EFMLG report on legal obstacles to cross-border securitisations: state of play

At its March 2005 meeting, the EFMLG emphasised the need for a further harmonisation on a European level and the development of clear and convenient rules regarding cross-border securitisations and discussed the draft mandate proposed by the EFMLG sub-group on securitisation (the sub-group). The mandate was approved in May 2005 and the final version of a detailed questionnaire on the legal obstacles to cross-border securitisations was circulated to the EFMLG Members. The purpose of this exercise is to prepare an EFMLG Report assessing the replies to the questionnaire with a view to identifying possible recommendations to overcome these obstacles. As you will remember, the exercise was limited to the 15 jurisdictions corresponding to the EU “old” Member States. This is due to the fact that, except perhaps Poland, there is no specific securitisation framework in place in the new EU Member States.

As a first remark, I would like to congratulate the EFMLG members for the resources devoted to this complex exercise and the quality of the contributions received. This input is essential in order to enable the sub-group to identify the legal obstacles to cross-border securitisations and prepare possible recommendations and I urge those colleagues who did not yet have the possibility to provide their contribution to do so by the next weeks.

For your review, please find attached in **Annex 1** the current set of replies to the EFMLG questionnaire (which currently cover 12 jurisdictions). It is noted that the changes appearing in revision marks in these documents correspond to the suggestions of the ECB juristes-linguistes in order to harmonise the presentation of the answers and facilitate their reading. We would be grateful if we could receive your comments **by 15 December cob.**

Furthermore, on the basis of the input already received, the sub-group has prepared a series of documents which could serve as possible annexes to the future EFMLG Report which is under preparation (**Annex 2 to the cover letter**). In addition to the charts of securitisation structures provided by the EFMLG contributors, these proposed annexes provide for (i) an inventory of EU domestic legal framework on securitisation (for the 25 Member States); (ii) a typology of securitisation vehicles as well (iii) some elements regarding the supervision of securitisation vehicles in the EU (for the 15 old Member States). Comments from the EFMLG are also welcome on these documents **by mid-December.**

The sub-group currently assesses the replies received and prepares a first draft of the EFMLG Report which could be submitted to the EFMLG at its next meeting early 2006. The Report will also include an assessment of the various on-going EU regulatory initiatives which have an impact on securitisation activities (e.g. the Prospectus Directive, the UCITS Directive, the Consumer Credit revised proposal for a Directive, the Capital Adequacy Directive).

For your information, I should add that contacts have been taken by the sub-group with rating agencies and a meeting is planned by the sub-group with the rating agency Standard & Poor's (S&P's) in the course of the next weeks in order to discuss (i) the S & P's European Legal Criteria 2005 as well (ii) as the views of the rating agency regarding the legal obstacles to cross-border securitisations in the EU.

The EFMLG members participating to the sub-group will up-date the group on the status of these different activities and inform us about the next steps of the initiative at the Madrid's meeting.

With best regards,

[signed]

Antonio Sáinz de Vicuña

Chairman

Annexes:

- EFMLG draft replies to the questionnaire on legal obstacles to cross-border securitisations;
- Draft annexes to the EFMLG Report on legal obstacles to cross-border securitisations.