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Bank for International Settlements
Basel Committee on banking Supervision
www.bis.org/bcbs/commentupload.html

Board of The International Organization of
Securities Commissions (IOSCO)

By email:
consultation-2014-10@iosco.org

Paris, the 13th of February 2015

Comments on Consultative Document
“Criteria for identifying simple, transparent and comparable securitisations”

Gentlemen,

We would like to thank you for the opportunity to provide comments on the consultative document entitled « Criteria for identifying simple, transparent and comparable securitisations ».

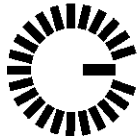
Groupe GTI, by itself and through its senior management has arranged and managed securitizations since 1982, and as such, is among the actors with the longest experience in this area. Moreover, the group is independent and its sole objective is to militate for an appropriate balance whereby securitization will remain a useful tool to finance economic growth and provide adequate diversity of financial instruments for investors.

In the context of these objectives, the entire Consultative Document can be viewed in one of the following two fashions:

- A set tautological assertions or questions, where the reader can only agree with the statement. For example, where you express that (criteria 3) “*In order to ensure that only performing credit claims and receivables... are assigned to a securitization, credit claims or receivables being transferred to the securitization may not include obligations that are in default...*”, who, in their right mind, would disagree with this statement?

This example is a faithful extract and the document contains numerous similar occurrences;

- A set of rules which, when taken together will directly defeat all the purpose of securitization. Interpreted literally, the criteria provide a guarantee that not a single



securitization will actually take place. The statements often reflect a questionable view; for example underwriting rules do vary over time and should vary over time. Requiring that all loans being securitized follow the same criteria and that the sponsor guarantees that these criteria have not varied over time is simply calling for inaction.

More generally, we must admit that we are significantly puzzled by this document. Investing in securitization ought to be an activity for professional investors knowledgeable in finance but in reading the Consultative Document one may think that the typical securitization investor is ignorant of this business entirely. If such is the case, he should not invest in securitization.

The document calls for standardization and this will further reduce investors incentive to be prudent and to perform careful due diligence. Standardization defeats the advantages of securitization because it reduces or eliminates the possibility to create custom-designed products. This would seriously impair the global efficiency of financial markets.

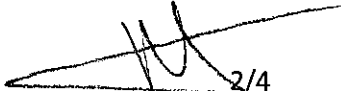
We read that investors *"highlight that standardization may be helpful... enhance efficiency and timeliness of due diligence processes"*. No professional, would ever seriously believe that a thorough due diligence can be enhanced by any type of standardization. Standardization only serves as an excuse to avoid any and all initiative; in shifting the process away from custom-thought-through investigation and towards a "box ticking process", standardization deteriorates the quality of due diligence.

These preliminary statements clarified, we now provide some summary answers to the questions themselves:

1. It is difficult to see how the criteria achieve any goal. They are sometimes totally inapplicable (for example: homogeneity is a continuous concept and any pool could always be deemed heterogeneous) or hardly effective (eg. to avoid non-performance, transfer only performing credit). Other requirements are merely impossible to satisfy (eg. enforceability against all parties).
2. We believe the criteria are too detailed, and too constraining. As such they will ensure that no securitization will be "STC", or they will induce participants to claim STC while qualification would not be warranted.

However, the concepts behind the criteria are often appropriate. Groupe GTI believes these concepts would be useful if they were presented as areas where a certain extent of reflection, research, analysis, etc. might be warranted. Investors will be encouraged to think and determine for themselves if a certain lack of homogeneity is or is not a sufficient cause to refuse to participate. Different investors have different perspectives; this is totally normal and expected in an economy where different actors have different objectives, situations, etc.

We believe the approach currently reflected will simply hinder the development of securitization.



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3. Concerning short term securitization markets, criteria do not appear to be a requirement. Rather giving some thoughts to these markets and ensuring that they are not treated worse than other securitization would be useful. For example, when ABCP programs are backed by securitization, the CP is considered a resecuritization, thereby significantly penalizing the regulatory treatment of the CP. But this is totally unjustified: in a jurisdiction like France, the securitization is just an efficient and clean way to transfer financial assets. From an economic standpoint the situation is the same as a direct sale of the receivables and the securitization only serves to overcome a legal hurdle. The CP should not be penalized for this.
4. We believe that standardization is an incentive to laziness and a glorification of incompetence. Establishing a list of points which ought to be treated or a list of features which need to be analyzed is certainly a fruitful initiative. But imposing a standard "checklist" is pushing it much too far and creates an excuse for participants to reduce their own incentives to go beyond superficial reviews.

We understand that our views are most certainly different from those of the majority and this difference is probably the result of our own history which dates back to the infancy of securitization.

Beyond these answers to the specific questions, a few of the criteria call for comments:

N° 4. Consistency

Uniformity and non deterioration are very theoretical concepts, which cannot be demonstrated.

N° 5. Asset selection and transfer

Your criterion seems to imply that only certain types of operations ("standardization"?) could be called securitization. For example requiring true sale may be excessive in certain circumstances. When the seller is of good standing and the transferred receivables are short term, the true sale may not be as important as in a situation where long term loans are transferred by a lower quality seller.

Other criteria under this section should also be tempered; otherwise no operation will ever meet any standard.

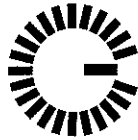
N° 6. Initial and ongoing data

Requiring review by "*an appropriate independent third party such as an independent accounting practice...*" should be tempered. It implies additional costs and hardly increased security as these independent parties never assume any real responsibility.

However, requiring a review by an auditor, as is the case in French structure, provides same real value added.

The above comments are a selection of the most striking points in the Consultative Document. As is clearly visible, they illustrate the fundamental differences between two frameworks:

- a framework simply indicating areas where some attention ought to be spent; the investor is encouraged to think for himself, determine what is or is not favorable to its

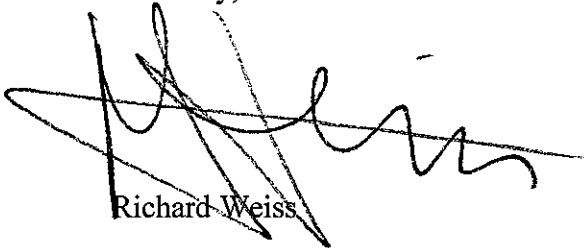


own position and to finally make a decision that he has thoroughly analyzed and thought through. This is the framework we would favor.

- a framework indicating what is favorable or less favorable, and where the investor is lead to tick boxes, necessarily irrespective of any specific situation. We believe this framework does not encourage independent analysis, and eliminates many of securitization advantages by eliminating diversity.

We would like to thank you for the opportunity to comment on the Consultative Document. If you have any question, do not hesitate to contact me by email (at: r.weiss@groupepti.com) or by telephone (at: +33 1.53.29.91.14).

Sincerely,



Richard Weiss