



**MINISTRY OF INDUSTRY, BUSINESS  
AND FINANCIAL AFFAIRS**

Maria Luís Albuquerque  
Commissioner for Financial Services and the Savings and In-  
vestments Union  
European Commission

**MINISTER FOR INDUSTRY,  
BUSINESS AND FINANCIAL  
AFFAIRS**

**Response from the Danish Government to the Commission's targeted con-  
sultation on the EU securitisation framework**

Dear Commissioner Albuquerque,

Thank you for the opportunity to respond to the Commission's public consultation on the functioning of the EU securitisation framework.

Well-functioning and diverse funding markets are important for underpinning growth, employment, and innovation in Europe. To ensure this, financial regulation must be effective and efficient while at the same time safeguarding financial stability. Thus, we welcome initiatives aiming at simplifying and improving the regulatory framework.

Therefore, Denmark is ready to consider simplifications and adjustments to certain requirements relating to the EU securitisation framework. We would like to emphasize the following points.

**A proposal should be based on thorough assessments of risks and impacts**

An important guiding principle should be that the regulation should continue to contain and mitigate the risks for issuers of and investors in securitisations. It is a fundamental principle that the regulation and capital requirements need to be risk-based and reflect actual risk-levels. Any changes to the prudential requirements should be based on thorough analyses and assessments of the impact on potential risks to avoid unintended consequences in terms of reduced robustness and resilience of the markets.

We have a shared responsibility to make sure that any substantial change is based on specific problems or identified gaps in the regulation. The work should be supported by impact assessments to underpin that any changes have the intended impact and implications both for the private and public sector.

**An appropriate role as part of the wider European funding landscape**

Another guiding principle should be to avoid negative impact on well-functioning markets, in particular the covered bonds markets, which already play an important and stabilising role in the European funding landscape. An increased role for securitisations should not come at the expense of already well-functioning funding instruments such as covered bonds, as little real value would be added in terms of an increase in total funding supply.

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Any changes to the securitisation framework should continue to reflect that securitisations are different instruments to covered bonds and that they distribute risks differently. We need to keep in mind the history of securitisations. We have practical and hard-learned lessons from the past and we must ensure that changes to the regulation do not risk jeopardising financial stability or investor protection.

#### **Continuation of a market- and principle-based approach**

Although standardisation and platforms could be relevant to explore – especially identification of barriers that cannot be mitigated by private market participants themselves – we do not see a role for state guarantees or other public financial support for securitisations. Selective public support for securitisations would promote securitisations at the expense of well-functioning funding sources operating on market-based conditions and competing on their own merits. This would distort the effective allocation of resources in a harmful way and could increase risks in the funding markets, while using scarce public resources that could have otherwise contributed more effectively to public policy goals.

#### **Information sharing and cooperation between competent authorities**

Finally, we consider the existing supervisory setup on securitisation broadly suitable. If evidence points to shortcomings and possible improvements, we are open to explore this. We would favour proportionate adjustments to the existing setup rather than fundamental changes. Possible shortcomings could likely be effectively remedied through increased information sharing and strengthening mutual dialogue and cooperation between competent authorities rather than establishing new structures.

We are at your disposal for any questions or comments that you and your services might have. We look forward to a fruitful dialogue on these important issues.

Yours sincerely,



Morten Bødskov

Minister for Industry, Business, and Financial Affairs