

# News Release

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## Global Coalition of Industry Organizations Comments on Securitization Issues in The New Basel Capital Accord



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**Brussels, London, New York, Sydney, Tokyo** – In a comment letter filed yesterday, a global coalition of industry organizations and participants - including the American Securitization Forum, the Australian Securitisation Forum, The Bond Market Association, the European Securitisation Forum, the International Association of Credit Portfolio Managers, the International Swaps and Derivatives Association, and the Japanese Bankers Association – responded to proposals in the New Basel Capital Accord pertaining to securitization transactions. The commenting group applauds the Basel Committee on Banking Supervision’s goal of establishing regulatory capital requirements that are more closely aligned with risks of securitization exposures. In their letter, the global industry groups expressed their continuing concerns with several issues relating to the proposed treatment of securitizations that need to be addressed if the New Accord is to achieve its goals, without disrupting the important liquidity and risk dispersion roles that securitization now performs.

The commenting organizations’ letter highlights six key areas where they see a misalignment of capital to risk for securitization, and offers specific recommendations

to allow a more appropriate alignment of risk and minimum capital. The six key areas are as follows: (i) calibration of risk weights under the internal approach; (ii) calibration of the supervisory floor under the SFA; (iii) appropriate treatment for interest only strips; (iv) capital requirements for revolving transactions; (v) treatment of synthetic securitizations; and (vi) treatment of ABCP conduit facilities.

The comment letter includes supporting discussion and data to explain and amplify the key areas addressed. Additionally, several technical suggestions are included in the appendices to the letter.

The comment letter is a continuation of the ongoing, extensive dialogue between the Committee and securitization industry participants seeking to improve the New Accord. The commenting groups believe that there needs to be further analysis of the underlying assumptions and data relating to securitizations prior to the finalization of the New Accord. They believe that this further analysis should result in significant changes to the proposed New Accord to more appropriately calibrate regulatory capital requirements. The commenting groups intend to continue their dialogue with the Committee and its staff and to provide more specific data and analysis to support the issues addressed in the comment letter.

The full text of the comment letter may be found on the websites of the commenting groups including: [www.americansecuritization.com](http://www.americansecuritization.com), [www.europeansecuritisation.com](http://www.europeansecuritisation.com), [www.bondmarkets.com](http://www.bondmarkets.com), [www.zenginkyo.or.jp/en/index.html](http://www.zenginkyo.or.jp/en/index.html), [www.iacpm.org](http://www.iacpm.org), and [www.isda.org](http://www.isda.org).

**[The Full Text of The Comment Letter\(PDF\)](#)**