

VALDIS DOMBROVSKIS

Vice-President of the European Commission

Brussels, 19.08.2016
(2016) 4032994

Dear Mr Rosen,

Thank you for your letter of 6th June 2016 to former Commissioner Hill in which you expressed your concerns regarding the latest proposals of the Basel Committee on Banking Supervision related to the prudential treatment of specialised lending exposures under the Standardised Approach. In particular, you argue that the proposed calibration for object finance exposures would be overly conservative, in relation to the actual riskiness of this specific asset type and would discourage long-term funding for investments in transport.

As you know, the Commission is fully committed to promoting sustainable long-term funding sources for investments in sectors critical to Europe's future, including in the area of cross-border and sustainable transport. This is one of the main objectives of the Capital Markets Union project. Let me also refer to our proposal to promote simple, transparent and standardised securitisations and to make it more attractive and cheaper for insurers to invest in infrastructure projects.

The Commission is actively involved in the different workstreams of the BCBS and, as a member with observer status, supports Member states efforts to have European specificities properly reflected in all internationally-agreed standards. This is also the case for the Task Force on the review of the Standardised Approach, where the capital treatment of specialised lending exposures is being discussed.

In parallel, the Commission has already started an analysis of the adequacy of the prudential framework applicable to specialised lending exposures on the basis of the outcomes of the Call for Evidence and the public consultation on the impact of the CRR and CRD IV on long term finance launched in 2015. In particular the Commission will examine whether the evidence warrants an adjustment to the capital requirements which support sound bank lending to infrastructure and long term investments.

In relation to this, the data and examples included in your letter will provide valuable input to the Commission's on-going assessment of the potential adjustments to the capital treatment of specialised lending exposures.

Yours sincerely,



Valdis Dombrovskis

Mr. Howard Rosen
Rail Working Group
c/o Howard Rosen Solicitors
Baarerstrasse 98, PO Box 7262
CH-6302 Zug