

Joint Associations' Letter on Sanctions

7 October 2026

Dear Members of the ECON Committee,
Dear Members of the Council of the European Union,

As co-legislators enter the final stages of trilogue negotiations on the review of the EU Securitisation Framework, **we, the undersigned associations, urge you to ensure that the final agreement delivers on the review's original objectives: reviving the EU securitisation market and broadening the investor base.**

In this context, we reiterate our **strong concerns regarding the proposed introduction of sanctions** on institutional investors under Article 32 of the Securitisation Regulation ("SECR"). We fully support robust investor due diligence, effective supervision and high regulatory standards. However, introducing a dedicated investor sanctions regime under the SECR would be neither necessary nor proportionate and could deter investor participation in the European securitisation market.

Institutional investors are already subject to extensive sanctioning frameworks under applicable sectoral legislation.¹ An additional sanctions regime under the SECR would therefore create a significant risk of duplication and overlapping penalties. As recognised by the ECB, *"the imposition of administrative sanctions under the Securitisation Regulation on institutional investors in addition to punitive prudential treatment already available under existing sectoral regulatory regimes could be considered disproportionate"*.²

Moreover, limiting the relevant provision to "administrative pecuniary sanctions" would further reinforce concerns regarding duplication, because such language fails to capture non-pecuniary but nonetheless economically punitive measures that already exist under sectoral frameworks, such as the additional risk weight of 250% imposed under Article 270a of CRR for material negligence or omission in complying with key safeguards of the SECR, including Article 5.³ Investors would therefore remain exposed to multiple layers of sanctions for the same underlying breach raising concerns not only of proportionality but also of consistency with the fundamental EU law principle of "ne bis in idem".

We are also particularly concerned by proposals linking the level of potential fines to the size of investors' exposures. Such an approach would produce unintended and counterproductive outcomes, given that investors holding the most senior tranches - which generally represent the lowest-risk exposures - would often face the highest sanctions solely because of their larger notional size. This would invert the relationship between risk and sanction severity and undermine once more the principle of proportionality.

More fundamentally, SECR-specific investor sanctions risk deterring investment in an asset class that policymakers are simultaneously seeking to promote as part of efforts to deepen European capital markets and mobilise capital in support of the goals of the Savings and Investments Union.

Against this backdrop, SECR-specific investor sanctions could have a chilling effect on investment and reinforce the unjustified stigma of a product that has consistently demonstrated strong performance under the post-crisis regulatory framework, with default rates over the last 40 years comparable to, and in many cases lower than, similarly rated corporate and government bonds.⁴ They could also undermine other

¹ EU-level sectoral regimes are also supplemented at national level.

² C/2026/503 Opinion of the European Central Bank of 11 November 2025 ([here](#)).

³ Paragraph 1 of Article 270a [CRR](#) reads: "Where an institution does not meet the requirements in Chapter 2 of Regulation (EU) 2017/2402 in any material respect by reason of negligence or omission by the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250% of the risk weight, capped at 1 250 %, which shall apply to the relevant securitisation positions in the manner specified in Article 247(6) or Article 337(3) of this Regulation respectively. The additional risk weight shall progressively increase with each subsequent infringement of the due diligence and risk management provisions. The competent authorities shall take into account the exemptions for certain securitisations provided for in Article 6(5)) of Regulation (EU) 2017/2402 by reducing the risk weight they would otherwise impose under this Article in respect of a securitisation to which Article 6(5) of Regulation (EU) 2017/2402 applies."

⁴ AFME myth-busting series, episode 1 "Performance of European securitisation over 40 years" ([here](#)).

reforms intended to broaden the investor base, including changes under the UCITS and Solvency II frameworks.⁵

In light of the above considerations, we call on co-legislators to refrain from introducing SECR-specific sanctions on institutional investors. Should such sanctions nevertheless be retained, the final agreement must incorporate effective safeguards to prevent duplication with existing sectoral and prudential frameworks, ensure that any sanctions reflect the nature and severity of the infringement rather than the notional size of the exposure and avoid creating adverse effects on investor participation.

At a time when Europe is seeking to attract investments, the final framework should remove unnecessary barriers to participation and encourage investors to engage with the market confidently. Co-legislators now have an important opportunity to deliver a coherent and proportionate framework that maintains robust standards while supporting market confidence, Europe's growth and competitiveness.

Kind regards,

The Associations

Association for Financial Markets in Europe (AFME)

European Fund and Asset Management Association (EFAMA)

⁵ The recent Solvency II review was intended to increase insurers' participation in the securitisation market by reducing disproportionate prudential disincentives and encouraging the deployment of additional capital towards productive investments, including securitisation positions.