

France: EIB Group and BNP Paribas launch new securitisation operation to support French companies facing the consequences of the COVID-19 crisis



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The EIB Group, made up of the European Investment Bank (EIB) and European Investment Fund (EIF), and BNP Paribas have announced the signature of a synthetic securitisation to support French small and medium-sized enterprises (SMEs) and mid-caps hit by the consequences of an unprecedented pandemic crisis.

The operation, supported by the [European Fund for Strategic Investments](#) (EFSI), consists of an EIB Group guarantee on an existing portfolio of loans to SMEs and mid-caps. This credit protection enables BNP Paribas to free up part of the regulatory capital allocated to this portfolio and to deploy €515 million of new loans to SMEs and mid-caps in France over the next two years.

The financing operations may take the form of bank loans or leasing

transactions. The beneficiaries of this financing will have access to favourable financial terms via an onlending deal granted by the EIB.

This operation falls under the European Fund for Strategic Investments (EFSI), the central pillar of the Investment Plan for Europe. It will make it possible to strengthen support for SMEs and mid-caps hit by the consequences of the COVID-19 health crisis by meeting their cash flow and investment recovery needs. As a European operator recognised for its expertise in synthetic securitisations, the EIF was in charge of structuring the operation on behalf of the EIB.

"I am delighted to announce this new securitisation transaction with BNP Paribas," said EIB Vice-President **Ambroise Fayolle**. *"In the face of the economic consequences of the pandemic crisis, it is our responsibility to strengthen support for weakened companies with a solution tailored to their most pressing financing requirements. By doing so, we will help safeguard economic activity and promote investment recovery."*

EIF Chief Executive **Alain Godard** added: *"The EIF is pleased to work with BNP Paribas and the EIB to provide additional financing access to SMEs and mid-caps. Combining the EIF's investment structuring expertise with efficient EFSI fund deployment by the EIB offers a competitive financing solution for BNP Paribas that will serve to boost the supply of finance in the real economy. In these difficult times, it is important for us to work with trusted partners to provide vital support to French businesses."*

European Commissioner for the Economy **Paolo Gentiloni**, said: *"This agreement between the EIB Group and BNP Paribas in France, supported by the Investment Plan for Europe, is good news for SMEs and mid-caps hit hard by the coronavirus crisis. By enabling new loans to be unlocked on favourable terms for companies, this agreement is a clear signal of our steadfast support for businesses in these difficult times."*

"With this operation, we are happy to be able to commit to providing €515 million in new financing with reduced rates to SMEs and mid-caps over the next two years. This enables us to continue offering concrete and effective solutions to help companies to cope with the health crisis. As we have since the beginning of the pandemic, we will tirelessly maintain our role of supporting and advising our clients as well as all our financing and investment efforts to serve the economy," said Head of French Retail Banking and Member of the Executive Board of BNP Paribas **Marguerite Bérard**.

This is the third securitisation transaction between the EIB Group and BNP Paribas since 2015.

[About BNP Paribas](#)

BNP Paribas is a top-ranking bank in Europe with an international profile. It operates in 71 countries and has almost 199 000 employees, including more than 151 000 in Europe. The Group ranks highly in its three core areas of activity: Domestic Markets and International Financial Services (whose retail banking networks and financial services are grouped together under Retail

Banking & Services) and Corporate & Institutional Banking, centred on corporate and institutional clients. The Group helps all of its clients (retail, associations, businesses, SMEs, large corporates and institutional) to implement their projects by providing them with services in financing, investment, savings and protection. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the leader in the field of consumer lending in Europe. BNP Paribas is also rolling out its integrated retail banking model across the Mediterranean countries and in Turkey and Eastern Europe and has a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas enjoys leading positions in Europe, a strong presence in the Americas and has a solid and fast-growing network in the Asia/Pacific region.

Venezuela: Declaration by the High Representative on behalf of the European Union



The Venezuelan elections of 6 December 2020 for the National Assembly regrettably went ahead without a national agreement on electoral conditions. The European Union considers that the elections failed to comply with the international standards for a credible process and to mobilise the Venezuelan people to participate. The lack of political pluralism and the way the elections were planned and executed, including the disqualification of opposition leaders, do not allow the EU to recognise this electoral process as credible, inclusive or transparent, nor do they allow its outcome to be considered as representative of the democratic will of the Venezuelan people. The EU deeply regrets that the National Assembly assumed its mandate on 5 January on the basis of these non-democratic elections.

Venezuela urgently needs a political solution to end the current impasse through an inclusive process of dialogue and negotiation leading to credible, inclusive and democratic processes, including local, presidential and legislative elections. In that context, the EU will maintain its engagement with all political and civil society actors striving to bring back democracy to Venezuela, including in particular Juan Guaidó and other representatives of the outgoing National Assembly elected in 2015, which was the last free expression of Venezuelans in an electoral process.

The European Union has steadily repeated the obligation to fully guarantee the respect and protection of human rights in Venezuela and will be particularly vigilant with regard to any acts of repression, particularly against members of the opposition.

The European Union calls on the Venezuelan authorities and leaders to prioritise the interests of the Venezuelan people and to urgently come together to start a Venezuelan-led transition process, in order to find a peaceful, inclusive and sustainable solution to the political crisis. The EU stands ready to support such a process. It also stands ready to take additional targeted measures.

[ESMA launches a Common Supervisory Action with NCAs on the supervision of costs and fees of UCITS](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, is launching a Common Supervisory Action (CSA) with national competent authorities (NCAs) on the supervision of costs and fees of UCITS across the European Union (EU). The CSA will be conducted during 2021.

The CSAs aim is to assess the compliance of supervised entities with the relevant cost-related provisions in the UCITS framework, and the obligation of not charging investors with undue costs. For this purpose, the NCAs will take into account the [supervisory briefing on the supervision of costs](#) published by ESMA in June 2020.

The CSA will also cover entities employing Efficient Portfolio Management (EPM) techniques to assess whether they adhere to the requirements set out in the UCITS framework and [ESMA Guidelines on ETFs and other UCITS issues](#).

The work will be done on the basis of a common methodology developed by ESMA. While, the CSA assessment framework, including scope, methodology, supervisory expectations and timeline, results from a joint effort to carry out comprehensive supervisory action in a convergent manner.

Throughout 2021, NCAs will share knowledge and experiences through ESMA to ensure supervisory convergence in how they supervise cost-related issues, and ultimately enhance the protection of investors across the EU.

Ensuring greater convergence in the supervision of costs is an integral part of ESMA's broader efforts on the cost of retail investment products and is key to improving investors' confidence in financial markets and reducing costs associated with obtaining financial products. The topic of costs and performance for retail investment products was identified as one of the Union Strategic Supervisory Priorities for NCAs. Under [this Priority](#), ESMA said that NCAs would undertake supervisory action in 2021, coordinated by ESMA, on costs and fees charged by fund managers.

[Article – Season’s greetings from the European Parliament](#)



The Covid-19 pandemic changed lives: “2020 has been an immensely difficult year for all of us. The pandemic and our response reminded us of the importance of focusing not just on our individual needs but also of putting mutual care and support at the centre, preserving the dignity of people, and the principles of cooperation and solidarity,” said David Sassoli, President of the European Parliament. “These are values which should determine how we think and talk about Europe in the year to come.”

[ESMA promotes transparency for TLTR0 III transactions](#)

The European Securities and Markets Authority (ESMA), the EU’s securities markets regulator, issues today a [public statement](#) promoting transparency in the IFRS financial statements of banks regarding accounting for the third

series of the European Central Bank's (ECB) Targeted Longer-Term Refinancing Operations (TLTRO III).

ESMA observes that, in practice, there is diversity regarding the accounting treatment of the ECB's TLTRO III refinancing transactions by banks. ESMA believes that, given the overall volume of the TLTRO III operations, this matter may have a material effect on the financial statements of banks and may be widespread across the EU. Therefore, ESMA emphasises the importance of providing an adequate level of transparency regarding the accounting treatment of these transactions in the financial statements of banks.

The main recommendations for affected banks are:

- to provide entity-specific disclosures of the significant accounting policies and of the significant judgements and assumptions related to the TLTRO III transactions;
- to ensure transparency about risks arising from financial instruments, addressing banks' assessment of the possible achievement of conditions or covenants attached to the TLTRO III loans; and
- to disclose the carrying amount of TLTRO III liabilities at the end of the reporting period and the related interest expense.

Next steps

ESMA intends to submit questions related to this matter to the IFRS Interpretations Committee for consideration.