

Brussels, 26 October 2021

**Leaseurope comments to the EBA consultation on draft regulatory technical standards (RTS) setting out criteria for the identification of shadow banking entities for the purposes of reporting large exposures.**

Leaseurope, the voice of leasing and automotive rental at European level, welcomes the opportunity to comment on the EBA draft RTS setting out criteria for the identification of shadow banking entities.

**Leaseurope response to the EBA questions:**

**Question 1: Do you agree with the conditions of Article 1 paragraph 2 for identifying an entity as a non-shadow banking entity? Please provide reasons if you do not agree with any of the conditions or have comments with regard to any of them.**

We agree with the conditions of Article 1 paragraph 2 for identifying an entity as a non-shadow banking entity. We understand that according to paragraph 44 of the consultation paper and recital 1 of the RTS draft, exposures to financial institutions should not be treated as exposures to shadow banks as long as these financial institutions are supervised and approved in accordance with Article 119 (5) of the CRR and are subject to requirements comparable to those for institutions.

We welcome that these type of financial institutions are not intended to be identified as shadow banks. However, in our opinion from a legal point of view the intention of the EBA to exclude those institutions from being classified as shadow banks is not yet evident without further ado in the wording of Article 1 para. 2 of the RTS draft. Therefore, in order to avoid misinterpretations of the RTS, we suggest to add a clear specification within Article 1 paragraph 2.

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## About us

Leaseurope brings together 46 member associations representing the leasing, long term and/or short term automotive rental industries in the 32 European countries in which they are present. The scope of products covered by Leaseurope members' ranges from hire purchase and finance leases to operating leases of all asset categories (automotive, equipment, machinery, ICT and real estate). It also includes the short term rental of cars, vans and trucks. It is estimated that Leaseurope represents over 90% of the European leasing market.

Asset finance and leasing markets have developed to respond to business investment and consumption needs as well as to accompany the development of local industrial production and distribution. The types of institutions represented by the Federation include specialised banks, bank-owned subsidiaries, the financing arms of manufacturers as well as other, independently-owned institutions.

In 2020, the leasing firms represented through **Leaseurope's membership helped European businesses and other customers invest in assets that is estimated worth more than 352 billion EUR, reaching about 715 billion EUR** of outstandings at the end of the year<sup>1</sup>. Leasing is used by more European SMEs than any individual category of traditional bank lending taken altogether (around 43% of all European SMEs make use of leasing which is more than any other individual form of lending)<sup>2</sup> and is also popular amongst larger corporates<sup>3</sup>. Leasing is also useful to support the public sector (e.g. leasing to schools, hospitals, etc.).

**Leaseurope is entered into the European Transparency Register of Interest Representatives with ID n° 430010622057-05**

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<sup>1</sup> Leaseurope 2020 Annual Statistical Enquiry.

<sup>2</sup> Oxford Economics, *The Use of Leasing Amongst European SMEs*, 2015;

<sup>3</sup> European Commission, *Survey on the Access to Finance of Enterprises-Apr. – Oct. 2019*