

Ulrich Bindseil
Director General Market Operations
European Central Bank

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Brussels, 7 April 2016

Re: Scope of Targeted Longer-Term Refinancing Operations (TLTRO II)

Dear Mr. Bindseil,

EUF, Eurofinas and Leaseurope strongly support the European Central Bank's (ECB) objective to enhance lending to the real economy and welcome the ECB's recent launch of a new series of four Targeted Longer-Term Refinancing Operations (TLTRO II).

EUF, Eurofinas and Leaseurope represent specialised financial services providers of different legal nature and with various operational characteristics. All play an integral role in financing the real economy and are a crucial source of financing for undertakings (in particular small and medium-sized enterprises), individuals and households alike. They are also one of the few alternatives to traditional bank lending.

As you will remember from our exchanges with you and your team at the end of 2014/early 2015, many firms involved in factoring, leasing, commercial and consumer credit activities fell outside the scope of the ECB's first set of TLTROs. This is because this initiative was only open to credit institutions, with the additional restriction that the borrowing limits did not include lending to the real economy by group subsidiaries that do not qualify as credit institutions.

As discussed with you, we believe these restrictions are detrimental to competition between banks and other equally supervised financial institutions. Importantly, they also introduce a different treatment between those banks operating with a "divisional model" and banks organised by "group model" where the same facilities are offered to a client by a financial company instead of a bank. We think this scheme creates an un-level playing field between market operators.

In April last year, you mentioned the possibility of reassessing the scope of the TLTRO and consider an expansion to other financial institutions which were not originally able to participate. We would therefore like to reiterate our call to extend the scope of these refinancing facilities.

As a first step, we believe it is crucial to at least extend the scope of the next TLTROs to include directly duly regulated and supervised subsidiaries of eligible credit institutions in the calculation of borrowing limits and as parts of TLTRO groups. Within the first set of operations, their portfolio could only be used by their mother credit institutions for their ECB refining operations through a “true sale” process which, as discussed with you, is too restrictive, operationally costly and complex.

In addition to the inclusion of all supervised financial intermediaries consolidated in a banking group, we think consideration should then be given to the creation of an instrument that could benefit all supervised specialised financial services providers.

We would appreciate having an opportunity to exchange with you on this and are available to meet you in Frankfurt at your earliest convenience.

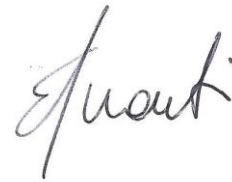
Yours sincerely,



Erik Timmermans
Chairman
EUF



Valentino Ghelli
Chairman
Eurofinas



Enrico Duranti
Chairman
Leaseurope

About Us

The EU Federation for the Factoring and Commercial Finance Industry (EUF) is the Representative Body for the Factoring and Commercial Finance Industry in the EU. The EUF is composed of national and international associations for the factoring and commercial finance industry that are active in the EU. Its members represent over 97% of the factoring industry's turnover, which amounted to 1.37 trillion Euros in 2014 and can therefore be seen as an increasingly important mechanism for the funding of the real economy and especially of SMEs, that represent 87% of the total client number. More information at www.euf.eu.com

Eurofinas, the European Federation of Finance House Associations, is the voice of consumer credit providers in the EU. As a Federation, Eurofinas brings together associations throughout Europe that represent consumer credit providers. The scope of products covered by Eurofinas members includes all forms of consumer credit products such as personal loans, linked credit, credit cards and store cards. Consumer credit facilitates access to assets and services as diverse as cars, furniture, electronic appliances, education etc. Eurofinas members financed more than 356 billion euro worth of new loans during 2014 with outstandings reaching 860 billion euros at the end of the year. More information at www.eurofinas.org

Leaseurope brings together 45 member associations representing the leasing, long term and/or short term automotive rental industries in the 33 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 and real estate). It also includes the short term rental of cars, vans and trucks. It is estimated that Leaseurope represents approximately 92% of the European leasing market. In 2014, total outstanding volume worth €729.5 billion and total new leasing volumes worth €274.2 billion were granted by the roughly 1400 firms represented through Leaseurope's members. More information at www.leaseurope.org

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