

**ASF response
to the Consultation Paper on the EBA benchmark rate
under Annex II of the Mortgage Credit Directive (2014/17/EU).**

As a unique representative body of all the French specialised credit institutions and financial institutions which represents 290 entities, ASF contributes to an appropriate recognition of the specialised financial activities like equipment and real estate leasing, factoring, consumer credit and auto loans and leases, mutual guarantee societies which – with an outstanding of more than €215 billion in 2014 – accounts for about 20% of total amount of credits to the real economy in France.

Question 1: Do you agree with the EBA's approach to deliver the EBA benchmark rate by publishing a formula from which creditors can calculate the rate? If not, outline why you disagree and suggest an alternative approach including the reasons for the suggestion.

We do agree with the EBA's approach.

Question 2: Do you agree with the proposed EBA formula? If not, outline why you disagree and specify how the formula could be improved.

Most French institutions are currently using external references to determine residential loans variable rates. Against this background they're not expected to use the EBA reference rate. Yet, the proposed formula is satisfying.

ASF concern is about the effect on the consumer of a stressed simulation based on the EBA reference rate as regard to the French rule of maximum authorized rate ("taux d'usure"). In fact it could lead to a situation where the rate to be used in the European Standardised Information Sheet, calculated on the basis of EBA's formula, is above the authorized interest rate in France. From this point of view, it is essential that it is clearly established that the ESIS remains a non-contractual document and that EBA's reference rate, used as an illustrative example of a stressed situation, is purely informative.

Question 3: Do you agree with the underlying rate to be input into the proposed EBA formula If not, outline why you disagree and suggest alternative rate, including the reasons for the suggestion.

We agree with the underlying rate to be input into the formula.