



.03.2026

## COMPROMISE AMENDMENTS

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions as regards requirements for securitisation exposures (C10-0119/2025 - COM(2025)0825)

**Rapporteur:**

### Covering all text of the Commission proposal

New or amended text is in ***bold italics***

Deletions to the original text are indicated by ~~strikethrough~~.

Deletions to the previous text of the compromise are indicated by ~~***strikethrough bold and italics***~~

Where text is not amended, the compromise maintains the text of the **Draft Report/Commission proposal**.

### Overview of versions sent:

Version 1 sent on 16.03.2026

Version 2 sent on 01 04 2026 **changes appear in blue**

**Version 3 sent on 15 04 2026** changes appear in yellow  
**Version 4 sent on 22 04 2026** changes appear in grey  
**Version 5 sent on 29 04 2026** changes appear in

## **Compromise Amendment A (CA A)**

**If CA A is adopted, the following amendments fall:**

### **Articles**

- Art. 161(1): AM 87,
- Covered bonds:
  - Art. 129(4): AM 4, AM 86;
  - Art. 161(1): AM 88;
- Art. 242, point 6: AM 5; AM 89 to 92;
  - point 10: AM 93;
  - point 18: AMs 94 to 96;
- Art. 243(2): AM 6; AMs 97 to 102;
- Art. 243(3): AMs 7 to 13; AMs 103 to 132;
- Art. 243(4): AMs 14 to 19; AMs 133 to 161;
- Art. 243(5): AMs 162 to 169;
- Art. 244(7): AM 20; AMs 170 to 172;
- Art. 245(1): AMs 173 to 175;
- Art. 245(3): AMs 176 to 178;
- Art. 245(5): AM 179;
- Art. 245a(new): AM 180;
- Art. 248(1): AM 181 to AM 184;
- Art. 249(3): AM 185;
- Art. 259: AMs 186 to 187;
- Art. 259(1): AM 21; AMs 188 to 192;
- Art. 259(1a) and (1b): AMs 22 to 25; AMs 193 to 199;
- Art. 260: AM 200;
- Art. 260(1): AMs 26 to 29; AMs 201 to 210;
- Art. 260(2): AMs 30; AMs 211 to 227;
- Art. 261: AMs 228;
- Art. 261(1): AM 31; AMs 229 to 232;
- Art. 261(1a) and (1b): AMs 32 to 35; AM 233 to 239;
- Art. 261(1c): AM 240 to 241;
- Art. 261(2): AM 36;
- Art. 262: AM 242;
- Art. 262(1): AMs 37 to 39; AMs 243 to 249;
- Art. 262(2): AMs 40 to 43; AMs 250 to 254;
- Art. 262(2a): AMs 255 to 256;
- Art. 263: AM 257;
- Art. 263(2): AM 44; AMs 258 to 259; AM 299;
- Art. 263(2a) and (2b): AM 45; AMs 260 to 261;
- Art. 263(3): AM 46 (withdrawn); AM 262; AMs 300 to 301;
- Art. 263(3a) and (3b): AM 47; AMs 263 to 264;
- Art. 264: AM 265;
- Art. 264(2): AM 48; AM 266; AM 302;

- Art. 264(2a) and (2b): AM 49; AMs 267 to 268;
- Art. 264(3): AM 50 (withdrawn); AM 269; AMs 303 to 304;
- Art. 264(3a) and (3b): AM 51; AMs 270 to 271;
- Art. 264(3c) new: AM 272;
- Art. 268(2a) new: AM 273;
- Art. 269(3): AM 274;
- Art. 269a(5): AMs 275 to 278;
- Art. 428p(3a) new (NSFR): AMs 279, AM 280;
- Art. 465(13) – **Grandfathering p-factor**: AMs 281 to 282;
- Art. 494ca (new): **Grandfathering**: ~~AMs 283 to 284~~;
- Art. 500a: AMs 285 to 287;
- Art. 506d(1): AM 52; AMs 288 to 292;
- Art. 506d(2): AMs 293 to 294;
- UCITS Directive: Art. 56(2): AM 53; AMs 295 to 297.

*Article 1*  
**Amendments to Regulation (EU) No 575/2013**

Regulation (EU) No 575/2013 is amended as follows:

(1) in Article 238(2), the following subparagraph is added:

‘A positive incentive shall be considered to be present in time call options only when contractual clauses at origination include terms in respect of which it can be expected that such terms have been included in the transaction documentation to increase the advantageousness of exercising the time call option.’;

(2) Article 242 is amended as follows:

~~(a) — point (6) is replaced by the following:~~

~~‘(6) ‘senior securitisation position’ means a position with the attachment point above  $K_{IRB}$  or  $K_A$  and backed or secured by a first claim on the whole of the underlying exposures, disregarding for these purposes amounts due under interest rate or currency derivative contracts, fees or other similar payments, and irrespective of any difference in maturity with one or more other senior tranches with which that position shares losses on a pro-rata basis;’~~

[AM 5 Seekatz; AM 89 Ferber; AM 90 Doherty; AM 91 Zijlstra; AM 92 Heinäluoma]]

**(aa) — point 10 is replaced by the following:**

**(10) ‘simple, transparent and standardised securitisation’ or ‘STS securitisation’ means a securitisation satisfying the requirements set out in Article 18 of Regulation (EU) 2017/2402 or a securitisation recognised as equivalent pursuant to Article 28a of that Regulation.**

[AM 93 Navarette, Benjumea Benjumea]

(b) point (18) is deleted;

(3) Article 243 is amended as follows:

(a) the title of the Article is replaced by the following:

*‘Article 243*

**Criteria for differentiated capital treatment’**

(b) in paragraph 2, point (b) is amended as follows:

(1) point (ii) is replaced by the following:

‘(ii) 60 % on an individual exposure basis where the exposure is a loan secured by a commercial mortgage;’;

(2) point (iii) is ~~deleted~~ replaced by the following;

*(iii) 130 % on an individual exposure basis where the exposure is a project finance exposure during the pre-operational phase;'*

[AM 100 Seekatz, AM 101 Winzig, AM 99 Zijlstra]

(ba) in paragraph 2, the following subparagraph is added:

*'In the case of trade receivables, point (a) of the first subparagraph shall not apply where the credit risk of those trade receivables is fully covered by eligible credit protection in accordance with Chapter 4, provided that the protection provider is an institution, an investment firm, an insurance undertaking or a reinsurance undertaking.'*

[AM 6 Seekatz, AM 102 Ferber]

(c) the following paragraphs 3, 4 and 5 are added:

3. A Senior position in *an* STS securitisation shall be eligible for the treatment set out in Article 260(2) and Article 262(2), ~~Article 264(2a) and Article 264(3a)~~ where *the securitisation is a traditional securitisation, including of auto or equipment loans and leases or an ABCP positions securitisation of trade receivables, or a synthetic securitisation fulfilling the following requirements at the origination date are met:*

*(a) for a position in an ABCP securitisation programme or ABCP transaction:*

*(b1) the requirements of the Article 243(1)*

*(e2) at the origination date and on an ongoing basis thereafter, the attachment point of the senior securitisation position is determined as follows:*

*(i) if the securitisation features a sequential amortisation of the tranches:*

*$A \geq 1.51 * K_A$ , when using SEC-SA or SEC-ERBA, or*

*$A \geq 1.1 * K_{IRB}$  (EL \* WAL of the initial reference securitised portfolio + UL), when using SEC-IRBA.*

[AM 119 Boyer et al]

*(ii) for other than sequential amortisation of tranches, including pro-rata with performance related triggers:*

*$A \geq 1.5 * K_A$ , when using SEC-SA or*

*$A \geq 1.5 * K_{IRB}$ , when using SEC-IRBA.*

**(db)** for a position *in* a securitisation other than ABCP securitisation programme or ABCP transaction:

**(ea1)** the requirements of the Article 243(2);

**(fb2)** ~~at the origination date and on an ongoing basis thereafter~~, the attachment point of the senior securitisation position is determined as follows:

~~(i) if the securitisation features a sequential amortisation of the tranches:~~

$A \geq 1.5 \cdot K_A$ , when using SEC-SA ~~or SEC-ERBA~~, or

$A \geq 1.1 \cdot K_{IRB}$  (EL \* WAL of the initial reference securitised portfolio + UL), when using SEC-IRBA.

[AM 133 Boyer et al]

~~(ii) for other than sequential amortisation of tranches, including pro-rata with performance related triggers:~~

$A \geq 1.5 \cdot K_A$ , when using SEC-SA or

$A \geq 1.5 \cdot K_{IRB}$ , when using SEC-IRBA.

**A position *in* a synthetic securitisation other than ABCP securitisation, where a guarantee as referred to in Article 26e(8), point (aa) is provided, is not eligible for the treatment under this paragraph.**

***In case of trade receivables for a position in a securitisation other than ABCP securitisation, point (a), point (2) and point (b), point (2), of the first subparagraph shall not apply where the credit risk of those trade receivables is fully covered by eligible credit protection in accordance with Chapter 4, provided that in that case the protection provider is an institution, an investment firm, an insurance undertaking or a reinsurance undertaking.***

[AMs 7 - 13 Seekatz; AM 103 Boyer; AM 105 Crosetto et al; AM 108 Crosetto; AM 111 - 114, AM 116; AM 117; AM 118 ; AM 120; AMs 125 - 128; AM 130 Boyer et al]

4. A senior securitisation position in a non-STS securitisation shall be eligible for the treatment set out in Article 259(1b) *and*, Article 261(1b), ~~Article 263(2a) and Article 263(3a)~~ where the **securitisation is a traditional securitisation, including ABCP positions, or a synthetic securitisation fulfilling** following requirements **are met**, at the origination date ~~and on an ongoing basis thereafter~~:

[AM 14 Seekatz, AM 135 Ferber, AM 136 Kubin, AM137 Crosetto et al, AM 138 Zijlstra, AM 139 Boyer]

**(a) for ~~an synthetic on-balance-sheet~~ securitisation:**

(1) the requirement of Article 26c(5) of Regulation (EU) 2017/2402 and the requirements of Commission Delegated Regulation (EU) 2024/920;

(2) the requirements of Article 26e(8), *point (a), (b) or (c), 26e(9) and (10)* of Regulation (EU) 2017/2402;

[AM 140 Ferber, AM 141 Doherty]

(3) the attachment point of the senior securitisation position is determined as follows:

*(i) if the securitisation features a sequential amortisation of the tranches:*

$A \geq 1.51 * K_A$ , when using SEC-SA *or SEC-ERBA*, or

[AM 16 Seekatz, AM 144 Ferber, AM 145 Crosetto et al; AM 146 Boyer]

$A \geq 1.1 * K_{IRB}$  (EL \* WAL of the initial reference securitised portfolio + UL), when using SEC-IRBA;

[AM 147 Boyer et al]

*(ii) for other than sequential amortisation of tranches, including pro-rata with performance related triggers:*

$A \geq 1.5 * K_A$ , when using SEC-SA or

$A \geq 1.5 * K_{IRB}$ , when using SEC-IRBA.

(4) the requirement of Article 243(2), point (a) of this Regulation;

~~(5) the position is not a position of investor;~~

[AM 17 Seekatz; AM 149 Boyer et al; AM 150 Ferber; AM 151 Crosetto et al]

**(b) for an ABCP ~~securitisation programme or ABCP transaction:~~**

(1) the requirements of Article 24(17), point (b), of Regulation (EU) 2017/2402;

[AM 153 Crosetto et al]

(2) the attachment point of the senior securitisation position is determined as follows:

*(i) if the securitisation features a sequential amortisation of the tranches:*

$A \geq 1.15 * K_A$ , when using SEC-SA *or SEC-ERBA*, or

$A \geq 1.1 * K_{IRB}$  (EL \* WAL of the initial reference securitised portfolio + UL), when using SEC-IRBA;

[AM 154 Crosetto]

~~(ii) for other than sequential amortisation of tranches, including pro-rata with performance related triggers:~~

~~$A \geq 1.5 * K_A$ , when using SEC-SA or~~

~~$A \geq 1.5 * K_{IRB}$ , when using SEC-IRBA.~~

(3) the requirements of Article 243(1), point (b) of this Regulation;

~~(4) the position is not a position of investor;~~ [AM 157 Boyer et al]

[AM 18 Seekatz, AM 152 Ferber]

(c) for non-ABCP traditional securitisation:

(1) the requirements of Article 21(4), point (b), and Article 21(5) of Regulation (EU) 2017/2402;

(2) the attachment point of the senior securitisation position is determined as follows:

~~(i) if the securitisation features a sequential amortisation of the tranches:~~

~~$A \geq 1.15 * K_A$ , when using SEC-SA or SEC-ERBA, or~~

~~$A \geq 1.1 * K_{IRB}$  (EL \* WAL of the initial reference securitised portfolio + UL), when using SEC-IRBA;~~

~~(ii) for other than sequential amortisation of tranches, including pro-rata with performance related triggers:~~

~~$A \geq 1.5 * K_A$ , when using SEC-SA or~~

~~$A \geq 1.5 * K_{IRB}$ , when using SEC-IRBA.~~

(3) the requirement of Article 243(2), point (a), of this Regulation;

~~the position is not a position of investor.~~ [AM 161 Boyer]

[AM 19 Seekatz, AM 158 Ferber]

5. For the purposes of paragraphs 3 and 4, the WAL (weighted average life) of the initial reference portfolio shall be calculated by time-weighting, until the expected maturity of the transaction, only the repayments of principal amounts from the securitised exposures, without taking into account any payments relating to fees or interest to be paid by the obligors of the securitised exposures, and, in case of synthetic securitisations, without taking into account any prepayment assumptions. For a transaction with a replenishment period, the WAL shall be the sum of the remaining replenishment period plus the remaining weighted average life of the reference portfolio measured from the end of that replenishment period. The WAL shall be no greater than five years.’;

(4) Articles 244 and 245 are replaced by the following:

‘Article 244

*Traditional securitisation*

1. The originator institution of a traditional securitisation may exclude the securitised exposures from its calculation of risk-weighted exposure amounts and, where relevant, expected loss amounts where all of the following conditions are met:
  - (a) a significant credit risk associated with the securitised exposures has been transferred to third parties, or the originator institution applies a 1250 % risk weight to all securitisation positions that institution holds in the securitisation or deducts those securitisation positions from Common Equity Tier 1 items in accordance with Article 36(1), point (k);
  - (b) the conditions for the effective risk transfer on the securitised exposures referred to in paragraph 4 of this Article are met.
2. Significant credit risk shall be considered transferred to third parties where after the allocation of the lifetime expected loss of the underlying exposures to the tranches of the securitisation, the share of weighted amounts of unexpected losses of the underlying exposures allocated to the securitisation positions that the originator institution has transferred to third parties is at least 50% of all the weighted amounts of unexpected losses of the underlying exposures allocated to all the securitisation tranches in accordance with the following formula:

$$\frac{\sum_i RWEA_i \times UL_{trans_i}}{\sum_i RWEA_i \times UL_i} \geq 0.5$$

where:

- $RWEA_i$  is the risk-weighted exposure amount of tranche  $i$
- $UL_i$  is the amount of unexpected losses allocated to tranche  $i$  where the unexpected loss equals the risk-weighted exposure amounts that would be calculated by the originator institution under Chapter 2 or Chapter 3, as applicable, in respect of the underlying exposures as if they had not been securitised multiplied by 8 %.
- $UL_{trans_i}$  is the amount of  $UL_i$  allocated to the transferred securitisation positions in tranche  $i$

For the purposes of this formula, the risk-weighted exposure amounts that would be calculated under Chapter 3 shall not include the amount of expected losses associated with all the underlying exposures of the securitisation, including defaulted underlying exposures that are still part of the pool.

3. By way of derogation from paragraph 2, competent authorities may require *in individual exceptional cases* the originator institution ~~on a case-by-case basis~~ to transfer to third parties a weighted amount of unexpected losses larger than the 50% referred to in that paragraph, or object to the significant credit risk transfer. The measures referred to in this paragraph may be imposed to address failings in the management of systems and controls or other internal governance failures of the originator institution, including remedial action plans not yet completed following supervisory examinations, or where the competent authority deems the credit risk

transferred under paragraph 2 as insufficient to address certain special or complex features of the securitisation, or leading to disproportionate capital relief.

[AM 168 Seekatz];

4. In addition to the requirements set out in paragraphs 1, 2, and 3, all of the following conditions for the effective risk transfer shall be met:
- (a) the transaction documentation reflects the economic substance of the securitisation;
  - (b) the securitisation positions do not constitute payment obligations of the originator institution;
  - (c) the underlying exposures are placed beyond the reach of the originator institution and its creditors in a manner that meets the requirement set out in Article 20(1) of Regulation (EU) 2017/2402;
  - (d) the originator institution does not retain control over the underlying exposures;
  - (e) the securitisation documentation does not contain terms or conditions that require the originator institution to alter the underlying exposures to improve the average quality of the pool or increase the yield payable to holders of positions or otherwise enhance the positions in the securitisation in response to a deterioration in the credit quality of the underlying exposures;
  - (f) where applicable, the transaction documentation makes it clear that the originator or the sponsor may only purchase or repurchase securitisation positions or repurchase, restructure or substitute the underlying exposures beyond their contractual obligations where such arrangements are executed in accordance with prevailing market conditions and the parties to them act in their own interest as free and independent parties (arm's length);
  - (g) the securitisation transaction does not exhibit any structural features that prevent or significantly undermine the effective transfer of credit risk to third parties on a sustainable basis or, where any of those features is present, the transaction exhibits adequate safeguards;
  - (h) where there is a clean-up call option, that option shall also meet all of the following conditions:
    - (1) that option can be exercised at the discretion of the originator institution;
    - (2) that option may only be exercised when 10 % or less of the original value of the underlying exposures remains unamortised;
    - (3) that option is not structured to avoid allocating losses to credit enhancement positions or other positions held by investors in the securitisation and is not otherwise structured to provide credit enhancement;
  - (i) the originator institution has received an opinion from a qualified legal counsel confirming that the securitisation complies with the conditions set out in point (c) of this paragraph.

For the purposes of point (d), it shall be considered that control is retained over the underlying exposures where the originator has the right to repurchase from the

transferee the previously transferred exposures in order to realise their benefits or if it is otherwise required to re-assume transferred risk. The originator institution's retention of servicing rights or obligations in respect of the underlying exposures shall not of itself constitute control of the exposures.

5. The conditions for significant credit risk transfer referred to in paragraphs 2 and 3 shall be met at the time of origination of the securitisation covering the lifetime of the transaction in both base-case and stress-case conditions, provided that no structural changes are made to the transaction after origination. The requirements referred to in paragraph 4 shall be met on an ongoing basis. The originator institution shall submit a self-assessment to the competent authority to demonstrate the fulfilment of the conditions for effective and, where applicable, significant credit risk transfer referred to in paragraphs 1 to 4.
6. For certain transactions that do not exhibit problematic features, competent authorities may apply a fast-track simplified assessment process.
7. The EBA shall develop regulatory technical standards to specify:
  - (a) the conditions for the fulfilment of the significant credit risk transfer requirement referred to in paragraph 2 of this Article and Article 245(2), **with respect to in particular**: [AM 170 Seekatz]
    - (1) the calculation of the lifetime expected losses of the underlying exposures and their allocation **to the tranches of the securitisation** for the purposes of paragraph 2 of this Article and Article 245(2);  
[AM 171 Heinäluoma et al]
    - (2) the allocation of the unexpected losses of the securitised exposures to the securitisation tranches for the purposes of paragraph of this Article and Article 245(2);
    - (3) the calculation of the weighted amounts of unexpected losses in relation to the allocation of the unexpected losses of the securitised exposures to the securitisation tranches of paragraph of this Article and Article 245(2);
  - (b) the structural features and safeguards referred to in Article 244(4), point (g) and Article 245(4), point (f), respectively, in particular the coverage of the legal clauses for the early termination of securitisations;
  - (c) the minimum requirements for the self-assessment by the originator institution referred to in Article 244(5) and Article 245(5), including the specification of the scenarios to be applied;
  - (d) the conditions for the competent authorities to apply Article 244(2) and (3) and Article 245(2) and (3) in relation to securitisation transactions and originator institutions;
  - (e) the high level principles for the process for the review and assessment of the conditions for the fulfilment of the credit risk transfer requirement in accordance with Article 244(1) to (4) and Article 245(1) to (4), and the high level principles for certain securitisations to qualify for a fast-track simplified assessment process referred to in Article 244(6) and Article 245(6);

- (f) the necessary adjustments for the application of Article 244 and 245 to NPE securitisations.

***The objective of those regulatory technical standards shall be to enhance clarity and predictability in the assessment of significant credit risk transfer, while maintaining proportionality and operational efficiency for supervised entities. When developing those draft regulatory technical standards, EBA shall ensure that, in all cases, those standards do not result in a material increase in the supervisory burden for credit institutions.***

[AM 20 Seekatz]

The EBA shall submit those draft regulatory technical standards to the Commission by [18 months after the date of entry into force].

Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

8. By 31 March of each year, competent authorities shall notify to the EBA all the securitisations assessed in accordance with paragraphs 1 to 7 in the previous year. The notification shall convey all the information needed to calculate the ratio under paragraph 2 and on relevant structural features. The information shall at least provide a breakdown on the size, thickness and amounts of tranches, portfolio LGD, EL, LTEL and UL, WAL of the underlying exposures and risk weights of the tranches, and information on whether the measures referred to in paragraph 3 were applied.

#### *Article 245*

##### *Synthetic securitisation*

1. The originator institution of a synthetic securitisation may calculate risk-weighted exposure amounts, and, where relevant, expected loss amounts with respect to the underlying exposures in accordance with Articles 251 and 252, where ***all either*** of the following conditions ***are is*** met:

[AM 173 Seekatz]

- (a) significant credit risk associated with the securitised exposures has been transferred to third parties, or the originator institution applies a 1250 % risk weight to all securitisation positions that institution holds in the securitisation or deducts those securitisation positions from Common Equity Tier 1 items in accordance with Article 36(1), point (k);
- (b) the conditions for the effective risk transfer on the securitised exposures referred to in paragraph 4 of this Article are met.
2. Significant credit risk shall be considered transferred to third parties where after the allocation of the lifetime expected loss of the underlying exposures to the tranches of the securitisation the share of weighted amounts of unexpected losses of the underlying exposures allocated to the securitisation positions that the originator institution has transferred to third parties is at least 50% of all the weighted amounts of unexpected losses of the underlying exposures allocated to all the securitisation tranches in accordance with the following formula:

$$\frac{\sum_i RWEA_i \times UL_{trans_i}}{\sum_i RWEA_i \times UL_i} \geq 0.5$$

where:

- RWEA<sub>i</sub> is the risk-weighted exposure amount of tranche i
- UL<sub>i</sub> is the amount of unexpected losses allocated to tranche i where the unexpected loss equals the risk-weighted exposure amounts that would be calculated by the originator institution under Chapter 2 or Chapter 3, as applicable, in respect of the underlying exposures as if they had not been securitised multiplied by 8 %.
- UL<sub>trans<sub>i</sub></sub> is the amount of UL<sub>i</sub> allocated to the transferred securitisation positions in tranche i

For the purposes of this formula, the risk-weighted exposure amounts that would be calculated under Chapter 3 shall not include the amount of expected losses associated with all the underlying exposures of the securitisation, including defaulted underlying exposures that are still part of the pool.

3. By way of derogation from paragraph 2, competent authorities may **in individual exceptional cases** require the originator institution **on a case-by-case basis** to transfer to third parties a weighted amount of unexpected losses larger than the 50 % referred to in that paragraph, or object to the significant risk transfer. Competent authorities may impose the measures referred to in this paragraph where necessary to address failings in the management of systems and controls or other internal governance failures of the originator institution, including remedial action plans not yet completed following supervisory examinations, or where the competent authority deems the credit risk transferred under paragraph 2 as insufficient to address certain special or complex features of the securitisation, or leading to a disproportionate capital relief.

[AM 176 Seekatz]

4. In addition to the requirements set out in paragraphs 1, 2, and 3, all of the following conditions for the effective risk transfer shall be met:
  - (a) the transaction documentation reflects the economic substance of the securitisation;
  - (b) the credit protection by virtue of which credit risk is transferred complies with Article 249;
  - (c) the securitisation documentation does not contain terms or conditions that:
    - (1) impose significant materiality thresholds below which credit protection is deemed not to be triggered if a credit event occurs;
    - (2) allow for the termination of the protection due to deterioration of the credit quality of the underlying exposures;
    - (3) require the originator institution to alter the composition of the underlying exposures to improve the average quality of the pool; or

- (4) increase the institution's cost of credit protection or the yield payable to holders of positions in the securitisation in response to a deterioration in the credit quality of the underlying pool;
  - (d) the credit protection is enforceable in all relevant jurisdictions;
  - (e) where applicable, the transaction documentation makes it clear that the originator or the sponsor may only purchase or repurchase securitisation positions or repurchase, restructure or substitute the underlying exposures beyond their contractual obligations where such arrangements are executed in accordance with prevailing market conditions and the parties to them act in their own interest as free and independent parties (arm's length);
  - (f) the securitisation transaction does not exhibit any structural features that prevent or significantly undermine the effective transfer of credit risk to third parties on a sustainable basis or, where any of those features is present, the transaction exhibits adequate safeguards;
  - (g) where there is a clean-up call option, that option meets all the following conditions:
    - (1) that option may be exercised at the discretion of the originator institution;
    - (2) that option may only be exercised when 10 % or less of the original value of the underlying exposures remains unamortised;
    - (3) that option is not structured to avoid allocating losses to credit enhancement positions or other positions held by investors in the securitisation and is not otherwise structured to provide credit enhancement;
  - (h) where there is a time call option, the option is only exercisable after a period measured from the closing date of a transaction corresponding to the initial weighted average life of the securitised exposures, or after a period measured from the end of the replenishment period of a transaction corresponding to the weighted average life at the end of that replenishment period;
  - (i) the originator institution has received an opinion from a qualified legal counsel confirming that the securitisation complies with the conditions set out in point (d) of this paragraph.
5. The conditions for significant credit risk transfer referred to in paragraphs 2 and 3 shall be met at the time of origination of the securitisation covering the lifetime of the transaction in both base-case and stress-case conditions, provided that no structural changes are made to the transaction after origination. The requirements referred to in paragraph 4 shall be met on an ongoing basis. The originator institution shall submit a self-assessment to the competent authority to demonstrate the fulfilment of the conditions for effective and, where applicable, significant credit risk transfer referred to in paragraphs 1 to 4.
6. For certain transactions that do not exhibit problematic features, competent authorities may apply a fast-track simplified assessment process.
7. By 31 March of each year, competent authorities shall notify to the EBA all the securitisations for which a self-assessment has been received in accordance with the

paragraphs 1 to 6 in the previous year. The notification shall convey all the information needed to calculate the ratio under paragraph 2 and on relevant structural features. The information shall at least provide a breakdown on the size, thickness and amounts of tranches, portfolio LGD, EL, LTEL and UL, WAL of the underlying exposures and risk weights of the tranches, and information on whether the measures referred to in paragraph 3 were applied.’;

(5) Article 248(1) is amended as follows:

(a) point (b) is replaced by the following:

‘(b) the exposure value of an off-balance sheet securitisation position shall be its nominal value less any relevant specific credit risk adjustments on the securitisation position in accordance with Article 110, multiplied by the relevant conversion factor as set out in this point (b). The conversion factor shall be 100 %, except in the case of cash advance facilities **and of liquidity facilities to securitisation positions that are in a warehousing phase**. To determine the exposure value of the undrawn portion of the cash advance facilities, a conversion factor of ~~40% may be applied to the nominal amount of a liquidity facility. A conversion factor of 10% 0%~~ may be applied to the nominal amount of a liquidity facility that is unconditionally cancellable provided that repayment of draws on the facility are senior to any other claims on the cash flows arising from the underlying exposures. **To determine the exposure value of liquidity facilities to securitisation positions that are in a warehousing phase, a conversion factor of 40% may be applied to the nominal amount of a liquidity facility.**

**EBA shall develop draft regulatory technical standards to specify the conditions for the application of the conversion factor of 40%.**

**EBA shall submit those draft regulatory technical standards to the Commission by [18 months after the entry into force].**

**Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.’;**

~~[AM 182 Crosetto et al; AM 183 Falcione, Martusciello, AM 184 Boyer et al:~~

(b) point (d) is replaced by the following:

‘(d) an originator institution may deduct from the exposure value of a securitisation position which is assigned a 1 250 % risk weight in accordance with Sub-Section 3, or which is deducted from Common Equity Tier 1 in accordance with Article 36(1), point (k), the amount of the specific credit risk adjustments on the underlying exposures in accordance with Article 110, and any non-refundable purchase price discounts connected with such underlying exposures to the extent that such discounts have caused the reduction of own funds.

The amount of the specific credit risk adjustments may be deducted in accordance with the first subparagraph of point (d) from the exposure value of a securitisation position which is assigned a risk weight lower than 1250 %, provided the position has an attachment point lower than  $K_{IRB}$  or  $K_A$ . In that case, securitisation position shall be considered as two securitisation positions for the purposes of this point (d): the position with A equal to  $K_{IRB}$  or  $K_A$  and the junior position with A below  $K_{IRB}$  or  $K_A$  and D equal to  $K_{IRB}$  or  $K_A$ , and the specific credit risk adjustments may be deducted only from the exposure value of the securitisation position which is the junior position with A below  $K_{IRB}$  or  $K_A$  and D equal to  $K_{IRB}$  or  $K_A$ .’;

(c) point (e) is replaced by the following:

‘(e) the exposure value of a contractually designated synthetic excess spread shall include, as applicable, the following:

- (1) any income from the securitised exposures already recognised by the originator institution in its income statement under the applicable accounting framework that the originator institution has contractually designated to the transaction as synthetic excess spread and that is still available to absorb losses;
- (2) any synthetic excess spread that is contractually designated by the originator institution in any previous periods and that is still available to absorb losses;
- (3) any synthetic excess spread that is contractually designated by the originator institution for the current contractual period and that is still available to absorb losses;
- (4) any synthetic excess spread contractually designated by the originator institution for future contractual periods.

For the purposes of this point (e), any amount that is provided as collateral or credit enhancement in relation to the synthetic securitisation and that is already subject to an own funds requirement in accordance with this Chapter shall not be included in the exposure value.’;

(d) the second, third and fourth subparagraphs are deleted.

(6) Article 254 is amended as follows:

(a) in paragraph 1, point (c) is replaced by the following:

‘(c) where the SEC-SA may not be used, in accordance with paragraphs 2 and 4 of this article, an institution shall use the SEC-ERBA in accordance with Articles 263 and 264 for rated positions or positions in respect of which an inferred rating may be used.’;

(b) paragraph 5 is replaced by the following:

‘5. Without prejudice to paragraph 1, points (b) and (c), of this Article, an institution may apply the Internal Assessment Approach to calculate risk-weighted exposure amounts in relation to an unrated position in an ABCP programme or ABCP transaction in accordance with Article 266, provided that the conditions set out in Article 265 are met. Where an institution has received permission to apply the

Internal Assessment Approach in accordance with Article 265(2), and a specific position in an ABCP programme or ABCP transaction falls within the scope of application covered by such permission, the institution shall apply that approach to calculate the risk-weighted exposure amount of that position.’;

(7) in Article 255, paragraph 6 is replaced by the following:

‘6. Where an institution applies the SEC-SA under Sub-Section 3, that institution shall calculate KSA by multiplying the risk-weighted exposure amounts in respect of the non-defaulted exposures that would be calculated under Chapter 2 as if they had not been securitised by 8 %, divided by the sum of the exposure values of the non-defaulted underlying exposures. KSA shall be expressed in decimal form between zero and one.

For the purposes of this paragraph, non-defaulted exposures shall exclude underlying exposures that are in default as referred to in Article 261(2).

For the purposes of this paragraph, institutions shall calculate the exposure value of the underlying exposures gross of any specific credit risk adjustments and additional value adjustments in accordance with Articles 34 and 110 and other own funds reductions.’;

(8) In Article 256, the following paragraph is added:

‘7. The outstanding balance of the pool of underlying exposures in the securitisation shall, for the purpose of the paragraph 1 and 2, be reduced by the amount of losses already allocated to the tranches in respect of the defaulted exposures that are included in the securitised portfolio.’;

(9) Article 259 is amended as follows:

(a) the introductory wording is replaced by the following:

‘Under the SEC-IRBA, the risk-weighted exposure amount for a securitisation position shall be calculated by multiplying the exposure value of the position calculated in accordance with Article 248 by the applicable risk weight determined as follows:’

(b) the text ‘where:  $p = \max [0,3; (A + B*(1/N) + C*K_{IRB} + D * LGD + E*M_T)]$ ’ is replaced by the following:

‘Where:

$p = \min (0.8 \text{ } 0.5 \text{ } 1, \max [0.325; 0.7 *(A + B*(1/N) + C*K_{IRB} + D*LG D + E*MT)])$  for *an originator or sponsor exposure to* a senior securitisation position, or

[AM 21 Seekatz, AM 190 Crosetto et al, AM 191 Boyer et al.]

$p = \min (1, \max [0.3; 1 *(A + B*(1/N) + C*K_{IRB} + D*LG D + E*MT)])$  for other exposures.’;

(c) the following paragraphs 1a, **1b** and **1cb** are inserted:

‘1a. The risk-weighted exposure amount for a **synthetic** senior securitisation position calculated in accordance with paragraph 1 shall be subject to a floor calculated as follows:

[AM 22 Seekatz; AM 195 Crosetto et al]

Floor = ~~max~~ **min** (12% 15%; **max** (12% 10%, 12% 15% \* K<sub>IRB</sub> \* 12.5))

[AM 23 Seekatz, AM 196 Boyer et al]

- 1b. The risk-weighted exposure amount for a **synthetic** senior securitisation position calculated in accordance with paragraph 1 **and compliant that complies** with the criteria referred to in Article 243(4), **or for a traditional senior securitisation position**, shall be subject to a floor calculated as follows:

[AM 24 Seekatz]

Floor = ~~min~~ **max** (15% 10%; **max** (10% 8%, 12% 15% \* K<sub>IRB</sub> \* 12.5).);

[AM 25 Seekatz, AM 198 Crosetto et al, AM 199 Boyer et al]

***1c. The risk weight for a non-senior securitisation position shall be subject to a floor of 15%. In addition, the risk weight shall be no lower than the risk weight applicable to the senior tranche of the same securitisation.***

- (d) paragraph 7 is replaced by the following:

‘7. Where the position is backed by a mixed pool and the institution is able to calculate K<sub>IRB</sub> on at least 95 % of the underlying exposure amounts in accordance with Article 258(1), point (a), the institution shall calculate the capital charge for the pool of underlying exposures as:

$$d \cdot K_{IRB} + (1 - d)K_A$$

- (10) Article 260 is replaced by the following:

*Article 260*

#### **Treatment of STS securitisations under the SEC-IRBA**

1. Under the SEC-IRBA, the risk weight for a position in an STS securitisation shall be calculated in accordance with Article 259, subject to the following modifications:

$p = \min$  (0.4 0.5 0.25,  $\max$  [0.2 0.1; 0.3\*(A + B\*(1/N) + C\*K<sub>IRB</sub> + D\*LGD + E\*M<sub>T</sub>)]) for a senior securitisation position **of originator or sponsor**

[AM 26 Seekatz, AM 203 Boyer et al]

$p = \min$  (0.4 0.5 0.25,  $\max$  [0.2 0.1; 0.5\*(A + B\*(1/N) + C\*K<sub>IRB</sub> + D\*LGD + E\*M<sub>T</sub>)]) for a non-senior **originator or sponsor** position

[AM 27 Seekatz, AM 206 Boyere et al.]

~~$p = \min$  (0.5,  $\max$  [0.3; 0.5\*(A + B\*(1/N) + C\*K<sub>IRB</sub> + D\*LGD + E\*M<sub>T</sub>)]) for other positions~~ [AM 28 Seekatz]

The risk-weight floor for a **synthetic** senior securitisation position = ~~max~~ **min** (10% 7%; **max** (7% 5%, 7% 10% \* K<sub>IRB</sub> \* 12.5)).

[AM 29 Seekatz, AM 208 Boyer et al, AM 209 Crosetto et al]

**The risk weight for a non-senior securitisation position shall be subject to a floor of 15%. In addition, the risk weight shall be no lower than the risk weight applicable to the senior tranche of the same securitisation.**

2. ~~Under the SEC-IRBA, the risk weight for a position in an STS securitisation compliant with the criteria laid down in the Article 243(3) shall be calculated in accordance with Article 259, subject to the following modifications:~~

~~$p = \min(0.5, \max\{0.2; 0.3*(A + B*(1/N) + C*K_{IRB} + D*LGD + E*MT)\})$  for a senior securitisation position of originator, sponsor or investor~~

~~$p = \min(0.5, \max\{0.2; 0.5*(A + B*(1/N) + C*K_{IRB} + D*LGD + E*MT)\})$  for a non-senior originator or sponsor position~~

~~$p = \min(0.5, \max\{0.3; 0.5*(A + B*(1/N) + C*K_{IRB} + D*LGD + E*MT)\})$  for other positions~~

The risk weight floor for a **synthetic STS** senior securitisation position **compliant with the criteria laid down in Article 243(3), or the risk weight floor for a senior position in traditional STS senior securitisation position of auto or equipment loans and leases or in an ABCP securitisation of trade receivables**, shall be **subject to a floor** calculated as follows:

~~$Floor = \min(10\%; \max(4\% \text{ } 3\% \text{ } 5\%; 7\% \text{ } 10\% * K_{IRB} * 12.5));$~~

[AM 30 Seekatz, AM 212 Gomart; AMs 213, 216, 221, 223, 226 Crosetto et al; AMs 217, 220, and 224 Boyer et al]

- (11) Article 261 is amended as follows:

- (a) paragraph 1 is amended as follows:

- (1) the introductory wording is replaced by the following:

‘Under the SEC-SA, the risk-weighted exposure amount for a securitisation position shall be calculated by multiplying the exposure value of the position calculated in accordance with Article 248 by the applicable risk weight determined as follows:’

- (2) ‘p = 1 for a securitisation exposure that is not a re-securitisation exposure’ is replaced by the following:

‘For a securitisation position that is not a re-securitisation exposure,

~~$p = 0.4 \text{ } 0.3 \text{ } 0.6$  for a senior securitisation position **of originator or sponsor**; **calculated in accordance with this paragraph that is:**~~

~~**(i) a synthetic securitisation that complies and compliant with the criteria set out in Article 243(4); or**~~

~~**(ii) a traditional securitisation;**~~

~~$p = 0,6 \text{ } 0,5$  for other **synthetic** senior securitisation positions;~~

~~$p = 1$  for **all** other securitisation **positions**’.; [AM 31 Seekatz, AM 230 Crosetto et al]~~

- (b) the following paragraphs 1a, **1b** and **1cb** are inserted:

‘1a. The risk-weighted exposure amount for a **synthetic** senior securitisation position calculated in accordance with paragraph 1 shall be subject to a floor calculated as follows:

[AM 32 Seekatz, AM 234 Crosetto]

Floor = *min* (15%; *max* (~~10%12%~~; ~~12% 15%~~ \*K<sub>A</sub>\*12.5).

[AM 33 Seekatz, AM 235 Boyer et al, AM 236 Crosetto et al]

1b. The risk-weighted exposure amount for a **synthetic** senior securitisation position calculated in accordance with paragraph 1 **and compliant that complies** with the criteria set out in Article 243(4) ~~or the risk-weighted exposures amount for a traditional senior securitisation position~~ shall be subject to a floor calculated as follows:

[AM 34 Seekatz; AM 237 Crosetto et al]

Floor = *min* (15%; *max* (~~8% 10%~~; ~~12% 15%~~ \* K<sub>A</sub>\*12.5).’;

[AM 35 Seekatz, AM 238 Boyer et al, AM 239 Crosetto et al]

***1c. The risk weight for a non-senior securitisation position shall be subject to a floor of 15%. In addition, the risk weight shall be no lower than the risk weight applicable to the senior tranche of the same securitisation.***

(c) In paragraph 2, the following sub-paragraphs are **is** added:

‘For the purpose of this paragraph, the nominal amount of the underlying exposures in default is the accounting value of the exposures in default minus any amounts by which the tranches have already been written down to absorb the losses on those exposures in default, or losses which have been absorbed by excess spread.’;

(d) **The following paragraph 3 is added:**

(3) **For the purpose of the calculation of the floor for a senior securitisation position in paragraph 1a and paragraph 1b, K<sub>A</sub> shall be calculated for the pool of the underlying exposures at the origination of the securitisation.’;**

[AM 240 Kubín, AM 241 Boyer et al]

**‘For the purpose of the floor formula laid down in paragraphs 1a and 1b: K<sub>A</sub> = K<sub>SA</sub> \* (1-w)+w\*0.12.’;**

[AM 36 Seekatz]

(12) Article 262 is replaced by the following:

**Treatment of STS securitisations under the SEC-SA**

1. Under the SEC-SA the risk weight for a position in **a an synthetic** STS securitisation shall be calculated in accordance with Article 261, subject to the following modifications:

[AM 37 Seekatz, AM 243 Crosetto et al]

$p = 0,25$  ~~0.3~~ for a senior securitisation position ~~of originator or sponsor~~

[AM 38 Seekatz; AM 245 Crosetto et al; AM 246 Boyer et al]

$p = 0.5$  for other securitisation exposures

risk weight floor for a senior securitisation position =  $\min (10\%; \max (5\%7\%; 7\% 10\% * K_A * 12.5))$ .

[AM 39 Seekatz, AM 248 Boyer et al, ]

***The risk weight for a non-senior securitisation position shall be subject to a floor of 15%. In addition, the risk weight shall be no lower than the risk weight applicable to the senior tranche of the same securitisation.***

2. Under the SEC-SA the risk weight for a position in **a-an synthetic** STS securitisation that complies with the criteria set out in Article 243(3) **or the risk-weight for a traditional STS securitisation of auto or equipment loans and leases or for an ABCP securitisation of trade receivables** shall be calculated in accordance with Article 261, subject to the following modifications: [AM 40 Seekatz]

$p = 0.25$  ~~0.3~~ for a senior securitisation position ~~of originator, sponsor or investor~~

[AM 41 Seekatz; AM 251 Boyer et al]

$p = 0.5$  for other securitisation exposures

risk weight floor for a senior securitisation position =  $\min (10\% 6\%; \max (4\% 3\% 5\%; 7\% 10\% * K_A * 12.5))$ .';

[AM 42 Seekatz; AM 253 Boyer et al, AM 254 Crosetto et al]

3. ***For the purpose of the calculation of the floor for a senior securitisation position in paragraph 1 and paragraph 2,  $K_A$  shall be calculated for the pool of the underlying exposures at the origination of the securitisation.'***

[AM 255 Boyer et al, AM 256 Kubin]

***For the purpose of calculating the risk-weight floor laid down in this Article,  $K_A$  in the floor formula is***

$$K_A = K_{SA} * (1-w) + w * 0.12.$$

[AM 43 Seekatz]

- (13) Article 263 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. For exposures with short-term credit assessments or where a rating based on a short-term credit assessment may be inferred in accordance with paragraph 7, the following risk weights shall apply:

Table 1

Credit quality step	1	2	3	All other ratings
Risk weight	Senior tranche: <b>12% 10%</b> <del>Max (12%; 15% *K<sub>A</sub>*12.5)</del> [AM 44 Seekatz] Non-senior tranche: 15 %	50 %	100 %	1250 %

**(b) — the following paragraphs 2a and 2b are inserted:**

**‘2a. For a position in senior securitisation position tranche with CQS1 in a securitisation that complies, compliant with the criteria set out in Article 243(4), the risk weight shall be calculated as follow:**

**Max (10 %; 15% \*K<sub>A</sub>\*12.5) 8%**

**2b. Where an institution is not able to use the formula set out in the Table 1 or under paragraph 2a, because it is not able to calculate K<sub>A</sub>, a risk weight of 15 % shall apply to the relevant exposure.’;**

[AM 45 Seekatz; AM 260 Heinäluoma et al]

(c) paragraph 3 is replaced by the following:

‘3. For exposures with long-term credit assessments or when a rating based on a long-term credit assessment may be inferred in accordance with paragraph 7, the risk weights set out in Table 2 shall apply, adjusted as applicable for tranche maturity (M<sub>T</sub>) in accordance with Article 257 and paragraph 4 of this Article and for tranche thickness for non-senior tranches in accordance with paragraph 5 of this Article:

Table 2 [AM 300 Seekatz]

Credit quality step	Senior tranche, <b>position of originator or sponsor</b>		<b>Senior tranche, position of investor</b>		Non-senior (thin) tranche	
	Tranche maturity (M <sub>T</sub> )		<b>Tranche maturity (M<sub>T</sub>)</b>		Tranche maturity (M <sub>T</sub> )	
	1 year	5 year	<b>1 year</b>	<b>5 year</b>	<b>1 5</b> year	<b>5 4</b> year

1	<del>12% 10%</del> Max (12 %; 15% *K <sub>A</sub> *12.5)		<del>12% 10%</del> Max (12 %; 15% *K <sub>A</sub> *12.5)	<del>20 %</del>	15 %	70 %
2	<del>12% 10%</del> Max (12 %; 15% *K <sub>A</sub> *12.5)	<del>15% 18%</del>		<del>30 %</del>	15 %	90 %
3	17 %	24 %	25 %	40 %	30 %	120 %
4	18 %	29 %	30 %	45 %	40 %	140 %
5	24 %	34 %	40 %	50 %	60 %	160 %
6	34 %	45 %	50 %	65 %	80 %	180 %
7	40 %	46 %	60 %	70 %	120 %	210 %
8	51 %	62 %	75 %	90 %	170 %	260 %
9	62 %	73 %	90 %	105 %	220 %	310 %
10	80 %	96 %	120 %	140 %	330 %	420 %
11	124 %	140 %	140 %	160 %	470 %	580 %
12	140 %	160 %	160 %	180 %	620 %	760 %
13	176 %	201 %	200 %	225 %	750 %	860 %
14	230 %	256 %	250 %	280 %	900 %	950 %
15	286 %	312 %	310 %	340 %	1050 %	1050 %
16	348 %	388 %	380 %	420 %	1130 %	1130 %
17	424 %	465 %	460 %	505 %	1250 %	1250 %
All other	1250 %	1250 %	1250 %	1250 %	1250 %	1250 %

**(d) the following paragraphs 3a and 3b are inserted:**

~~3a. For in position by originator or sponsor in senior tranche with CQS1, or CQS2 with tranche maturity of 1 year, in a securitisation that complies with the criteria set out in Article 243(4), the risk weight shall be calculated as follows:~~

~~Max (10 %; 15% \*K<sub>A</sub>\*12.5)~~

~~3b. Where an institution is not able to use the formula set out in the Table 2 or under the paragraph 3a, because it is not able to calculate K<sub>A</sub>, a risk weight of 15 % shall apply to the relevant exposure.’;~~

[AM 47 Seekatz; AM 263 Heinäuloma et al]

**3a. For a senior securitisation position compliant with the criteria set out in Article 243(4) with CQS1 with any tranche maturity, or CQS2 with tranche maturity of 1 year, the risk weight shall be 8%.**

**3ab. For a position in a senior tranche in a Investors in traditional securitisation of auto or equipment loans and leases, and traditional or in an securitisation of trade receivables, the investor positions shall be treated as positions of originators with regard to the risk weights laid down in Table 2, and the risk weight for CQS1 with any tranche maturity, or CQS2 with tranche maturity of 1 year in Table 2 shall be 10%.**

(14) Article 264 is amended as follows:

(a) paragraph 2 is replaced by the following:

- ‘2. For exposures with short-term credit assessments or where a rating based on a short-term credit assessment may be inferred in accordance with Article 263(7), the following risk weights shall apply:

Table 3 [AM 48 Seekatz]

Credit quality step	1	2	3	All other ratings
Risk weight	Senior tranche: <b>7% 5%</b> <i>Max (7%; 10%*K<sub>A</sub>*12.5)</i> Non-senior tranche: 10%	30 %	60 %	1250 %

*(b) — the following paragraphs 2a and 2b are inserted:*

*‘2a. For a position in senior tranche with CQS1 in a securitisation that complies with the criteria set out in Article 243(3), the risk weight shall be calculated as follows:*

$$\text{Max (5%; 10% * K}_A \text{ * 12.5)}$$

*2b. Where an institution is not able to use the formula set out in Table 3 or under the paragraph 2a, because it is not able to calculate K<sub>A</sub>, a risk weight of 10 % shall apply to the relevant exposures.’;*

[AM 49 Seekatz; AM 267 Heinäluoma et al]

(c) paragraph 3 is replaced by the following:

- ‘3. For exposures with long-term credit assessments or where a rating based on a long-term credit assessment may be inferred in accordance with Article 263(7), risk weights shall be determined in accordance with Table 4, adjusted for tranche maturity (M<sub>T</sub>) in accordance with Article 257 and Article 263(4) and for tranche thickness for non-senior tranches in accordance with Article 263(5):

Table 4 [AM 303 Seekatz]

Credit quality step	Senior tranche ( <i>position of originator or sponsor, or of investor in a securitisation-compliant with Article 243(3)</i> )		<i>Senior tranche (other positions of investor)</i>		Non-senior (thin) tranche	
	Tranche maturity (M <sub>T</sub> )		<i>Tranche maturity (M<sub>T</sub>)</i>		Tranche maturity (M <sub>T</sub> )	
	1 year	5 year	<i>1-year</i>	<i>5-year</i>	1 year	5 year
1	<b>7% 5%</b> <i>Max (7%; 10%*K<sub>A</sub>*12.5)</i>		<i>Max (7%; 10%*K<sub>A</sub>*12.5)</i>		15 %	40 %
2	<b>7% 5%</b> <i>Max (7%; 10%*K<sub>A</sub>*12.5)</i>	10 %	<i>Max (7%; 10%*K<sub>A</sub>*12.5)</i>	<b>15 %</b>	15 %	55 %
3	10 %	12 %	<b>15 %</b>	<b>20 %</b>	15 %	70 %
4	10 %	16 %	<b>15 %</b>	<b>25 %</b>	25 %	80 %

5	12 %	20 %	<b>20 %</b>	<b>30 %</b>	35 %	95 %
6	20 %	28 %	<b>30 %</b>	<b>40 %</b>	60 %	135 %
7	23 %	28 %	<b>35 %</b>	<b>40 %</b>	95 %	170 %
8	31 %	38 %	<b>45 %</b>	<b>55 %</b>	150 %	225 %
9	38 %	45 %	<b>55 %</b>	<b>65 %</b>	180 %	255 %
10	47 %	58 %	<b>70 %</b>	<b>85 %</b>	270 %	345 %
11	106 %	118 %	<b>120 %</b>	<b>135 %</b>	405 %	500 %
12	118 %	138 %	<b>135 %</b>	<b>155 %</b>	535 %	655 %
13	150 %	174 %	<b>170 %</b>	<b>195 %</b>	645 %	740 %
14	207 %	229 %	<b>225 %</b>	<b>250 %</b>	810 %	855 %
15	258 %	280 %	<b>280 %</b>	<b>305 %</b>	945 %	945 %
16.	311 %	351 %	<b>340 %</b>	<b>380 %</b>	1015 %	1015 %
17	383 %	419 %	<b>415 %</b>	<b>455 %</b>	1250 %	1250 %
All other	1250 %	1250 %	<b>1250 %</b>	<b>1250 %</b>	1250 %	1250 %

**For a position in a senior tranche in a traditional securitisation of auto or equipment loans and leases, and ABCP securitisations of trade receivables, the risk weight for CQS1 with any tranche maturity, or CQS2 with tranche maturity of 1 year in Table 4 shall be 5% 4%.**

*(d) — the following paragraphs 3a and 3b is added:*

*~~‘3a. For a position in senior tranche with CQS1, or CQS 2 with tranche maturity of 1 year, in a securitisation that complies with the criteria set out in Article 243(3), the risk weight shall be calculated as follows:~~*

*~~Max (5 %; 10% \*K<sub>A</sub>\*12.5)~~*

*~~3b. When an institution is not able to use the formula set out in Table 4, because it is not able to calculate K<sub>A</sub>, a risk weight of 10 % shall apply to the relevant exposure.’;~~*

[AM 51 Seekatz; AM 270 Heinäluoma et al]

(15) Article 268 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. An institution may apply a maximum capital requirement for the securitisation position it holds equal to the capital requirements that would be calculated under Chapter 2 or 3 in respect of the underlying exposures had they not been securitised.

For the purposes of this Article, the IRB Approach capital requirement shall include the amount of the expected losses associated with those exposures calculated under Chapter 3 and that of unexpected losses. For originator institutions, the expected losses shall be net of any specific credit risk adjustments on the underlying exposures.’;

(b) paragraph 3 is replaced by the following:

‘3. The maximum capital requirement shall be the result of multiplying the amount calculated in accordance with paragraphs 1 or 2 by the largest proportion of interest that the institution holds in the relevant tranches (V), expressed as a percentage and calculated as follows:

- (a) for an institution that has one or more securitisation positions in a single tranche, V shall be equal to the ratio of the nominal amount of the securitisation positions that the institution holds in that given tranche to the nominal amount of the tranche;
- (b) for an institution that has securitisation positions in different tranches, V shall be equal to the maximum proportion of interest across tranches.

For the purposes of point (b), the proportion of interest for each of the different tranches shall be calculated as set out in point (a).

By way of derogation from the first and second subparagraphs, institutions may disregard the interest of any tranche whose securitisation positions held by the institution are assigned a 1250 % risk weight in accordance with Subsection 3 or are deducted from Common Equity Tier 1 in accordance with Article 36(1), point (k). In that case, the maximum capital requirements shall be the sum of the amount calculated in accordance with paragraphs 1 or 2, net of the exposure values of the securitisation positions which were disregarded in the determination of V, multiplied by V plus the sum of the exposure values of the securitisation positions which were disregarded in the determination of V.’;

(16) in Article 270, paragraphs 2, 3 and 4 are deleted;

**(16a) in Article 428p the following paragraph is inserted:**

***‘(3a) In the case of securitisation in accordance with Regulation (EU) No. 2017/2402, originator institutions may apply, the stable funding factor required for securitisation positions held, even if the securitised exposures are accounted for on balance sheet of institution, instead of the stable funding factor provided for securitised exposures.’***

[AM 279 Crosetto et al, AM 280 Falcone, Martusciello]

**(16aa) in Article 428 ag the following point is added:**

***‘(j) traditional securitisation positions as defined in Article 2, point 9 of Regulation (EU) 2017/2402 that are retained by the originator, and only beyond the minimum requirement for the material net economic interest that applies to the originator of the securitisation, as specified in Article 6 of that Regulation’.***

**(16a) Article 500a is amended as follows:**

**(a) in paragraph 1, the introductory wording is replaced by the following:**

***‘By way of derogation from Article 114(2), until 31 December 2026, for exposures to the central governments and central banks of Member States, where those***

*exposures are denominated and funded in the domestic currency of another a non-euro Member State, except euro, the following apply:’*

*(b) paragraph 3 is replaced by the following:*

*‘3 By way of derogation from point (ii) of point (a) of Article 150(1a), after receiving the prior permission of the competent authorities and subject to the conditions laid down in Article 150, institutions may also apply the Standardised Approach to exposures to central governments and central banks, where those exposures are assigned a 0 % risk weight under paragraph 4 of this Article.’*

*(c) the following paragraphs are added:*

*‘4. By way of derogation from Article 114(2), until 31 December 2034, for exposures to the central governments and central banks of non-euro Member States, where those exposures are denominated and funded in euro, the following apply:*

*(a) until 31 December 2030, the risk weight applied to the exposure values shall be 0 % of the risk weight assigned to those exposures in accordance with Article 114(2);*

*(b) in 2031, the risk weight applied to the exposure values shall be 20 % of the risk-weight assigned to those exposures in accordance with Article 114(2);*

*(c) in 2032, the risk weight applied to the exposure values shall be 40 % of the risk-weight assigned to those exposures in accordance with Article 114(2);*

*(d) in 2033, the risk weight applied to the exposure values shall be 60 % of the risk-weight assigned to those exposures in accordance with Article 114(2);*

*(e) in 2034, the risk weight applied to the exposure values shall be 80 % of the risk-weight assigned to those exposures in accordance with Article 114(2).’*

*‘5. By way of derogation from Articles 395(1) and 493(4), competent authorities may allow institutions to incur exposures referred to in paragraph 4 of this Article, up to the following limits:*

*(a) 100 % of the institution’s Tier 1 capital until 31 December 2031;*

*(b) 80 % of the institution’s Tier 1 capital between 1 January and 31 December 2032;*

*(c) 60 % of the institution’s Tier 1 capital between 1 January and 31 December 2033;*

*(d) 40 % of the institution’s Tier 1 capital between 1 January and 31 December 2034;*

*The limits referred to in points (a), (b), (c) and (d) of the first subparagraph of this paragraph shall apply to exposure values after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403.’*

[AM 285 Györi et al, AM 286 Mureşan et al, AM 287 Maląg]

(17) Article 506b is deleted;

(18) Article 506d is replaced by the following:

**Prudential treatment of securitisation and covered bonds**

1. By [5 4 years after the date of entry into force], the Commission, after having consulted the EBA, shall assess the overall situation and dynamics of the Union securitisation market, and report on the appropriateness and effectiveness of the Union prudential securitisation framework, including on the financing of the real economy **and the use of buybacks and dividend payments by credit institutions**, differentiating between different types of securitisations, including between synthetic, traditional and NPE securitisations, between originators and investors, between STS and non-STS transactions, and between different methods for calculation of risk-weighted exposure amounts **as well as monitor the effects of the reforms into the covered bond markets.**

[AM 52 Seekatz; AM 288 Heinäluoma et al; AM 290 Pietikäinen]

As part of the review, the Commission shall assess the impact on financial stability. The Commission shall also monitor the use of the transitional arrangement referred to in Article 465(13) and assess the extent to which the application of the output floor to securitisation exposures would affect the capital reduction obtained by originator institutions in transactions for which a significant risk transfer has been recognised, would excessively reduce the risk sensitivity and would affect the economic viability of new securitisation transactions.

In particular, the Commission shall consider whether a more fundamental change to the risk-weight formulas and functions would make it possible to achieve more risk sensitivity, achieve more proportionate levels of capital non-neutrality, mitigate cliff effects and address structural limitations of the current framework, taking into account the historic credit performance of securitisation transactions in the Union and the reduced model and agency risks of the securitisation framework.

**In addition the Commission should consider, in order to maintain an appropriate balance between the prudential treatment of securitisation and covered bonds, whether it is necessary to adjust the risk weights for covered bonds.**

The Commission shall submit that report to the European Parliament and the Council, together with a legislative proposal, where appropriate.

2. The EBA shall submit a report to the Commission, by [2 years after entry into force], to monitor the developments and dynamics of the Union securitisation market resulting from the amended prudential framework, focusing on the role of the credit institutions as originators of SRT transactions and as investors. The analysis shall differentiate between different types of securitisations, including between synthetic, traditional and NPE securitisations, and between STS and non-STS transactions. The report shall also analyse the impact of the amended prudential framework **and whether it has contributed to an additional and more affordable** lending by credit institutions to **the real economy, such as** households and businesses, including SMEs **and include an assessment of the amended prudential framework's impact on credit institutions use of buy-backs and dividend pay-out to investors.**

[AM 294 Heinäluoma et al]

**The report shall also include an assessment of potential effects on the covered bonds market.**

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**p-Factor**

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AM 282 Ferber – checks ongoing whether/how to include.

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**Grandfathering : Art. 494ea (new)**

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**Article 494ea**

**Grandfathering of existing securitisations**

*Securitisations issued before...[the date of entry into force of this amending Regulation] shall continue to be subject to the rules applicable on...[the day before the date of entry into force of this amending Regulation]. By way of derogation, institutions may choose to apply the new regime from...[the date of entry into force of this amending Regulation] to those existing transactions on an optional and irrevocable basis.*

[AM 283 Winzig]

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**Covered Bonds : Added to Review Clause in Art. 506d**

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**(-1a) in Article 129(4), table 1 is replaced by the following:-**

Credit quality step	1	2	3	4	5	6
Risk weight	5%	20%	20%	50%	50%	100%

[AM 4 Seekatz, AM 86 Ferber]

**(-1b) in Article 161(1), point (d) is replaced by the following :-**

*‘(d) covered bonds eligible for the treatment set out in Article 129(4) or (5) may be assigned an LGD value of 11.25%, or an LGD value of 5.625% for covered bonds that qualify for credit quality step 1’*

[AM 88 Seekatz]

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UCITS Limit

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*[Article 1a*

*Amendment to Directive 2009/65/EC*

*Directive 2009/65/EC is amended as follows:*

*In Article 56(2), the following subparagraph is added:*

*'By way of derogation from the first subparagraph, point (b), a UCITS may acquire no more than **15%20%** of the securities in a securitisation issued in accordance with Regulation (EU) 2017/2402 by a single issuing body ~~and no more than 50 percent where such positions are in STS securitisations where such positions are in public securitisations as defined in Article 2, point (32), of that Regulation.~~'*

[AM 53 Seekatz; AM 295 Boyer et al; AM 296 Kelleher; AM 294 Ferber; AM 295 Navarette et al]]

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*Article 2*

This Regulation shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## **Compromise Amendment B (CA B) - Grandfathering**

**If CA B is adopted, the following amendments fall:**

AM 283 Winzig, AM 284 Ferber, AM 74 Winzig, AM 85 Ferber.

### **Article 494ca**

#### **Grandfathering of existing securitisations**

*Securitisations issued before...[the date of entry into force of this amending Regulation] shall continue to be subject to the rules applicable on...[the day before the date of entry into force of this amending Regulation]. By way of derogation, institutions may choose to apply the new regime from...[the date of entry into force of this amending Regulation] to those existing transactions on an optional and irrevocable basis.*

[AM 283 Winzig]

*(11 a) To ensure a smooth transition for existing market participants ~~and to maintain legal certainty~~, securitisations that were issued before the date of application of this Regulation should continue to be governed by the rules in force at the time of their inception. However, to allow for flexibility and to avoid a fragmented prudential treatment, institutions should be granted the option to voluntarily apply the new framework to these outstanding transactions if they deem it beneficial.*

[AM 74 Winzig]

## **Compromise Amendment C (CA C)**

**If CA B is adopted, the following amendments fall:**

### **Recitals:**

- Recital 2: AMs 59 to 60;
- Recital 3: AMs 61 to 62;
- Recital 4: AMs 63 to 65;
- Recital 5: AM 1; AMs 66 to 68;
- Recital 6: AM 2; AMs 69 to 73;
- ~~Recital 6a: AM 74;~~
- Recital 7: AM 75 to 76;
- Recital 8a: AM 77;
- Recital 9: AM 78 to 79;
- Recital 10a (new): AM 80 to 81;
- Recital 11a (new): AM 3; AMs 82 to 84;
- ~~Recital 14a (new): AM 85;~~

Whereas:

- (1) Securitisation transactions are an important part of well-functioning financial markets as they help to diversify credit institutions' funding sources and enable the release of regulatory capital which can then be reallocated to support additional lending. Furthermore, securitisations provide credit institutions and other market participants with additional investment opportunities with specific risk-return trade-offs. This makes possible both greater portfolio diversification and the redistribution of risk in the wider financial system. It also facilitates the flow of funding to businesses and individuals both within Member States and on a cross-border basis throughout the Union.
- (2) The Union needs significant investment to remain resilient and competitive. The securitisation framework can contribute to a more diversified financial system and greater risk-sharing. However, there are material impediments to the issuance of and investment in securitisations. These impediments weigh on the development of the securitisation market. The regulatory capital requirements laid down in Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>1</sup> for institutions originating, sponsoring or investing in securitisations are not sufficiently risk sensitive, ~~and they also incorporate an unjustified level of conservatism~~. The current requirements fail to accurately recognise the good credit performance of Union securitisations and the risk mitigants that have been implemented in the Union's regulatory and supervisory frameworks for securitisation. These frameworks have significantly reduced the agency and model risks embedded in securitisation transactions.

[AM 60 Heinäluoma et al]

- (3) Capital requirements for securitisations under Regulation (EU) No 575/2013 should be amended to increase the risk sensitivity ~~and reduce excessive capitalisation~~ by better aligning the capital treatment with the underlying risks. In addition, targeted amendments should be introduced to mitigate undue discrepancies between the capital requirements under two different approaches: the securitisation internal ratings-based approach (SEC-IRBA) and the securitisation standardised approach (SEC-SA). Such mitigation should increase the participation of smaller and medium-sized credit institutions that make use of the standardised approach.

[AM 62 Heinäluoma et al]

- (4) Risk weight floors are minimum risk weights that credit institutions must apply to their *senior* securitisation exposures, even where the capital calculations suggest a lower risk weight could be applied. Risk weight floors for senior positions of securitisations should be made more risk sensitive, making it possible to reflect the riskiness of the underlying pool of exposures of each specific securitisation. Senior securitisation positions of securitisation of low-risk portfolios should be allowed to benefit from lower risk weight floors than senior securitisation positions in securitisations of higher-risk portfolios. This new approach, which would mean that risk weight floors *for senior securitisation positions* are calculated based on a specific formula, should replace the existing approach *for senior positions* where risk weight floors are set at flat levels, irrespective of the credit quality of the underlying pool of exposures. The new formula

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<sup>1</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>).

should make it possible to reflect the simple, transparent and standardised (STS) or non-STS status of a securitisation. To avoid excessive reductions of the capital requirements, a minimum threshold to the risk weight floors should be introduced.

- (5) To provide for more risk sensitivity in the securitisation framework, while maintaining a prudent regulatory treatment, it is necessary to adjust, under the SEC-IRBA approach, the formula for the (p) factor to reduce the floor and to reduce the scaling factor, and to introduce a cap to the (p) factor, ~~mainly for the senior securitisation positions of originator/sponsor credit institutions~~. For the same reason, under the SEC-SA approach, it is necessary to reduce the (p) factor, for senior securitisation positions. Changes to the (p) factor for non-senior securitisation positions should **not occur-be minimal**, to prevent undercapitalisation of these positions. Changes to the (p) factor for positions of investors in non-STS securitisations ~~and in non-senior securitisation positions of STS~~ securitisations should be minimal, as those positions do not feature reduced agency and model risks.
  - (6) Senior securitisation positions are resilient if the securitisation satisfies a set of eligibility criteria at the origination date ~~and on an ongoing basis thereafter~~. This set of eligibility criteria ensures the protection of the senior securitisation position and mitigates agency and model risks. Such resilient securitisation positions should benefit from additional reductions to the risk weight floors and to the (p) factor, compared with positions that do not satisfy the eligibility criteria. ~~Positions of credit institution investors in senior securitisation positions of non-STS securitisations should not be allowed to benefit from those further reductions, as they are not characterised by reduced agency and model risk.~~
- [AM 2 Seekatz]
- (7) Because of the changes to the risk weight floor for senior securitisation positions and to the (p) factor under the SEC-IRBA and SEC-SA approaches, the risk weights in the look-up tables under SEC-ERBA should be recalibrated accordingly.
  - (8) Changes to the framework for significant risk transfer (SRT) should be introduced to address limitations identified in that framework in relation to the current mechanical tests measuring the significance of the risk transferred through securitisation, specific structural features of securitisation transactions that may be detrimental to complying with the SRT requirements, and processes applied by competent authorities to assess SRT, and to make that framework more consistent and predictable. The predictability of the SRT supervisory assessments should be increased by laying down the main elements of the SRT assessment in Regulation (EU) No 575/2013, including the broad design of the new SRT test. The way in which the technical details of the test should be implemented, the requirements for the structural features of the transactions, and the principles of the assessment process should all be specified in regulatory technical standards developed by the European Banking Authority (EBA).
  - (9) A new principle-based approach test should be introduced to replace the existing mechanical tests, to measure the significance of the risk transferred through securitisation. **Competent authorities should in individual cases be able to increase the minimum amount of transferred unexpected losses under the PBA**. Given its very limited use, the current permission-based approach, where the SRT is achieved through a permission granted by the competent authority, should be removed and should no longer be allowed. To further streamline the SRT assessment, and to increase transparency and predictability for originators, a new requirement should be introduced for originators to submit a self-assessment to demonstrate that the requirements related

to the SRT are met, including in stress conditions. As part of the self-assessment, originators should develop a cash-flow model analysis to provide evidence on the resilience of the SRT.

[AM 79 Seekatz]

- (10) To increase the efficiency of the SRT supervisory assessments, the principles of SRT supervisory assessments should be harmonised at Union level. The EBA should specify such principles in the regulatory technical standards, which should also include high-level principles for a fast-track process for qualifying securitisations.
- (11) Targeted amendments should be introduced in specific provisions of Regulation (EU) No 575/2013 to improve technical consistency and provide further clarifications on the rationale underlying certain provisions of the current framework. To ensure the consistent interpretation of Article 254(2) by the competent authorities and credit institutions across the Union, it should also be specified that that Article is aimed at avoiding the mandatory use of SEC-ERBA in relation to transactions for which the rating is capped due to the sovereign ceiling – and not the risk profile of the transactions – is the prevalent driver in determining the risk weights under that approach.
- (11b) *Public financing through the issuance of government bonds denominated in the domestic currency of another Member State has been necessary to support public measures to fight the consequences of the severe, double economic shock caused by the COVID-19 pandemic and Russia’s war of aggression against Ukraine. These consequences are still perceptible and adequate public financing may remain necessary. The concerned Member States should also have sufficient time to regularise the level of public financing that has been necessary to address these exceptional situations. Therefore, to avoid unnecessary constraints on institutions investing in such bonds, it is appropriate to prolong the transitional arrangements for exposures to central governments and central banks of non-euro Member States, where those exposures are denominated and funded in euro, with respect to the treatment of such exposures under the credit risk framework and under the large exposure limits.***

[AM 82 Muresan et al, AM 83 Kubin]

- (12) Regulation (EU) No 575/2013 should therefore be amended accordingly.
- (13) Since the objective of this Regulation cannot be sufficiently achieved by the Member States and, by reason of its scale and effects, can be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (14) By 5 4 years after the entry into force, the Commission, after consulting the EBA, should consider whether a more fundamental change to the risk weight formulae and functions should be introduced in the medium/long-term to make it possible, in a comprehensive manner, to allow for more risk sensitivity, to achieve more proportionate levels of capital non-neutrality, to mitigate cliff effects, and to address the structural limitations of the current framework,

## ***COMP D Recitals (15a new) – (32)***

*If COMP D adopted, the following amendments fall: AMs 6-9 Seekatz; AM 82 Winzig; AM 83 Heinäluoma, Papandreou, Fernández, Repasi; AM 84 Toussaint; AM 85 Doherty; AM 86 Heinäluoma, Papandreou, Fernández, Repasi; AM 87 Kubin; AM 89-90 Boyer, Yon-Courtin; AM 91 Boyer, Yon-Courtin, Kelleher; AM 92 Zijlstra, Pimpie; AM 93 Doherty; AM 94 Gomart; AM 95-96 Ferber; AM 97-98 Zijlstra; AM 99 Kubin; AM100 Zijlstra, Pimpie; AM 101 Heinäluoma, Papandreou, Fernández, Repasi; AM 102-103 Boyer, Yon-Courtin; AM 104-105 Heinäluoma, Papandreou, Fernández, Repasi; AM 106-108 Boyer, Yon-Courtin; AM 109 Heinäluoma, Papandreou, Fernández, Repasi; AM 110-111 Toussaint*

- (16) To support access to market-based financing for SMEs, and to facilitate the development of cross-border securitisations involving exposures from multiple Member States, the criteria for the homogeneity of asset pools should be revised. While it is possible to have securitisations involving exposures from multiple Member States, the requirement of homogeneity, as defined at present, is considered as an obstacle for SMEs securitisations. To overcome that obstacle, a pool of underlying exposures should be deemed homogeneous where at least 70 % of the exposures at origination consists of exposures to SMEs. That lower threshold recognises the specific financing needs and characteristics of SMEs and ensures that mixed pools with a predominant SME component can benefit from the legal certainty and operational efficiencies associated with homogeneous pools. The remaining portion of the pool should be allowed to include other types of exposures, also from different Member States, without affecting the securitisation's status as STS.
- (17) In 2021, Regulation (EU) 2017/2402 was amended by Regulation (EU) 2021/557 of the European Parliament and of the Council<sup>1</sup> to extend the STS framework to synthetic securitisations. As indicated in the report of the Joint Committee of European Supervisory Authorities, that extension of the STS label has led to satisfactory results in terms of opening the way for new issuance and encouraging greater activity in this market segment. However, the practical implementation of the STS requirements has revealed the necessity to further improve the clarity and consistency in specific requirements with some technical adjustments.
- (18) To ensure the consistent selection of the underlying exposures in a securitisation and to enable investors to assess the credit risk of the asset pool prior to investment, active portfolio management on a discretionary basis of a securitisation exposure is prohibited. Article 26b of Regulation (EU) 2017/2402 contains an exhaustive list of permitted management activities and stipulates that certain activities should not be considered active portfolio management on a discretionary basis and therefore not be prohibited. It is necessary to update that list to include removals due to sanctions imposed on an entity during the life of the transaction or fraudulent practices, or amendments to the loan due to a change in the law affecting the enforceability, which are outside the control of the originator. Both circumstances would have an impact on the enforceability of the

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<sup>1</sup> Regulation (EU) 2021/557 of the European Parliament and of the Council of 31 March 2021 amending Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation to help the recovery from the COVID-19 crisis (OJ L 116, 6.4.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/557/oj>).

underlying exposures (beyond the control of the originator) and the removal of those underlying exposures should not be considered as active portfolio management on a discretionary basis.

- (19) The criteria relating to standardisation laid down in Article 26c of Regulation (EU) 2017/2402 outline the mechanisms for loss allocation to securitisation position holders and determine the application of various amortisation methods to tranches. The central aim of those criteria is to ensure that non-sequential amortisation is employed only when accompanied by distinctly specified contractual triggers. Those triggers are intended to prompt a switch to sequential payments based on the hierarchy of seniority, thereby protecting the transaction from the premature amortisation of credit enhancement in the event of a decline in credit quality. Such premature amortisation could expose originators holding those tranches to risks associated with a diminishing credit enhancement cushion. However, those criteria fail to adequately consider the loss-bearing capacity of tranches subordinated to the protected tranches within a securitisation, leading to misapplication when interpreted literally in the context of synthetic securitisations that include mezzanine tranches. Those criteria inadvertently assume that all associated losses fall solely on the protected tranche, and thus ignoring an assignment to more junior tranches. It should therefore be specified that, in instances where junior tranches absorb portions of the underlying exposure losses, their loss-bearing capacities should be taken into consideration for the application of the criteria.
- (20) Article 26e(3) of Regulation (EU) 2017/2402 currently specifies that the credit protection premiums to be paid under the credit protection agreement are to be structured as contingent on the outstanding nominal amount of the performing securitised exposures at the time of the payment and reflect the risk of the protected tranche. To ensure the effectiveness of the credit protection agreement from the originators' perspective and at the same time provide legal certainty for investors on the termination date to make payments by specifying the maximum extension period for the debt workout, it should be specified that only credit protection premiums contingent on the size of the outstanding tranche and credit risk of the protected tranche are allowed.
- (21) Article 26e(7) of Regulation (EU) 2017/2402 specifies the conditions under which an originator may commit synthetic excess spread as credit enhancement for investors. One of those conditions is that, for originators not using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio is to be clearly determined in the transaction documentation. In order to specify the requirements for the synthetic excess spread committed by the originator and available as credit enhancement for the investors, a specific criterion has been introduced in the 2021 amendment to Regulation (EU) 2017/2402. The application of this criterion has shown that it requires further clarification. In addition, an inconsistency has been identified regarding the requirements for originators not using the IRB Approach. That requirement should be amended to align with the intent to set a cap, equivalent to one year's expected loss, on the total amount of synthetic excess spread that the originator should commit per year, thereby ensuring consistency and clarity in the application of that provision.
- (22) The current criterion requiring credit protection is to be funded in the STS framework for on-balance-sheet synthetic securitisation under the STS regime has limited the ability of insurance or reinsurance companies to participate in the on-balance-sheet STS securitisation market. That is detrimental to the development of the STS market and the

ability of originators to transfer credit risk outside the banking system. Allowing unfunded credit protection to be eligible for the STS label should, however, not undermine the quality of the STS label or the reliability of the credit protection agreement, nor should it create incentives for inexperienced or undiversified insurance or reinsurance undertakings to become exposed to high levels of risk. It is therefore appropriate to put in place safeguards to ensure that participation is limited to insurers with a certain level of robustness and diversification. Therefore, eligibility for providing unfunded credit protection under the STS label should be accompanied by requirements related to diversification, solvency, risk measurement, and minimum size of the protection provider. Specifically, when it comes to risk measurement, the insurance or reinsurance undertaking should use an approved internal model to calculate capital requirements for such credit protection agreements. When it comes to solvency, the insurance or reinsurance undertaking should comply with the Solvency Capital Requirement and Minimum Capital Requirement referred to in Articles 100 and 128 of Directive 2009/138/EC, respectively, and should have been assigned to credit quality step 2 or better **at the time the credit protection was first recognised**. When it comes to diversification, the insurance or reinsurance undertaking should ~~effectively operate~~ **have significant** business activities in ~~at least two~~ classes of non-life insurance **that are not correlated with the provision of credit protection**, which should reduce overexposure to any single risk type. Finally, when it comes to minimum size, ~~the insurance or reinsurance undertaking should have~~ **the value of the total assets of the insurance or reinsurance undertaking should be laid down at solo and consolidated level and should take account of the market structure** above EUR 20 billion.

- (23) Third-party verifiers have a role in assessing the compliance of securitisations to the STS criteria. Regulation (EU) 2017/2402 only requires third-party verifiers to be authorised by national competent authorities. Such authorisation is, however, of limited assurance if competent authorities are not in position to assess whether those third-party verifiers continue to comply with the conditions for their authorisation on an ongoing basis. **To ensure consistency in the supervision of third party verifiers and monitoring on an ongoing basis**, it is therefore appropriate to lay down that ~~competent authorities are also~~ **ESMA** is responsible for the **authorisation and** ongoing supervision of such third-party verifiers and adequately empowered to do so. **This would also strengthen investor confidence and ensure a level playing field in terms of authorisation requirements and ongoing supervision and eliminate the risk of regulatory arbitrage across Member States.** (AM 89 and 103 Boyer, Yon-Courtin)
- (24) To ensure the effective implementation and enforcement of Regulation (EU) 2017/2402, it is necessary to clarify the responsibilities of competent authorities in supervising the compliance of all relevant parties involved in a securitisation. Competent authorities should oversee the conduct of originators, sponsors, original lenders, and SSPEs. ~~This includes verification of whether individual securitisation transactions comply with the applicable requirements under this Regulation.~~ (AM 7 Seekatz; AM 90 Boyer, Yon-Courtin)
- (25) In order to strengthen compliance with, and to enhance the effectiveness of, Regulation (EU) 2017/2402, the scope of sanctioning powers under Article 32 of that Regulation should be broadened to explicitly include infringements of due diligence obligations. Institutional investors play a key role in ensuring the soundness and transparency of the securitisation market by conducting appropriate due diligence before and during their exposures. To ensure consistent enforcement across the Union of those due diligence requirements, it should be specified that failure to comply with those requirements is to

be subject to remedial measures and administrative sanctions by competent authorities. ***However, if the sanctioning regime for infringements of the due diligence requirements is too harsh, new investors might be disincentivised from participation. Therefore, a more proportionate sanctioning regime vis-à-vis institutional investors as compared to the sanctions applicable to the sell-side requirements would be better suited to achieve the objective of widening the investor base in securitisation markets.***  
(AM 8 Seekatz)

- (26) Fostering supervisory convergence is essential to the proper functioning and further development of the securitisation market which brings together a wide range of economic actors often based in different jurisdictions, even for the same transaction. The involvement of several competent authorities, combined with the current complexity of the decision-making process, highlights the need to strengthen the supervisory coordination. Simplifying and reinforcing existing frameworks for supervisory coordination, where feasible, should support the broader aim of simplification in regulation and supervision. Stronger convergence can be achieved by using more efficiently and effectively existing powers that allocated to the ESAs and the competent authorities. This outcome should be also supported by giving a more prominent role to the EBA, which should assume permanent stewardship of supervision coordination issues for the securitisation market in the Union.
- (27) The Joint Committee Securitisation Committee, composed of market and prudential competent authorities, should focus on issues stemming from supervision and should facilitate and promote supervisory convergence through common supervisory practices. The current mandate of the JCSC should be reviewed to put emphasis on supervisory convergence and work related to Article 44 of this Regulation. The JCSC can meet in different formats or establish subgroups for specific tasks according to the issues to be discussed. The EBA should provide the secretariat and a vice-chairperson for the Joint Committee Securitisation Committee on a permanent basis, deputising and supporting the chairperson in the exercise of his or her duties. In the absence of the chairperson, the vice-chairperson should perform the tasks of the chairperson, including in situations where no chairperson is elected. Representatives to this body from participating market and prudential competent authorities should have the appropriate level of knowledge and experience in matters under discussion. The regular monitoring of the state of the market and evaluation of the supervisory securitisation framework in the Union through monitoring reports, development of guidelines and regular peer reviews would further strengthen the supervisory framework promoting best (supervisory) practices.
- (28) Given that securitisation activity in the Union is primarily concentrated in the banking sector, it is appropriate that the EBA assumes the permanent stewardship role in the Joint Committee Securitisation Committee. In the exercise of its permanent role in the Joint Committee Securitisation Committee, the EBA should attach particular attention to nourishing strong and collaborative working relationships with the European Securities Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) and duly taking account of their sectoral perspectives. It should be expected that such reinforced supervisory coordination will result in more robust and consistent supervision of the securitisation market in the Union. In this capacity, the EBA should also lead the work on the development of the disclosure templates as provided for in Article 7 of this Regulation. This will be instrumental in preparing the market for the anticipated growth and developing supervisory capacity and preparedness to support this expansion. Assigning a stewardship role to EBA in

this supervisory capacity aligns with the strategic vision of an efficient and simplified regulatory landscape.

- (29) In case of cross-border securitisations, appointing a lead supervisor would streamline the supervision of compliance with Regulation (EU) 2017/2402 and ensure consistency and better coordination among the different competent authorities. The lead supervisor should be appointed from among the competent authorities of the entities involved in the transaction, with the decision taken by the competent authorities concerned. In case of disagreements the matter should be dealt with at the level of the Joint Committee Securitisation Committee. Whenever a new transaction involves entities supervised by the same competent authorities, the lead previously appointed can keep that role.
- (29a) *In line with the European Commission's objectives of simplification, reducing reporting burdens, ensuring consistent and effective supervision across the Union and advancing the Savings and Investments Union agenda, EBA should be responsible for supervising compliance with Articles 18 to 27 of this Regulation by originators, sponsors, and SSPEs to ensure consistent supervision and enforcement at Union level. To fulfil this role and the role of ESMA in authorising and supervising third party verifiers, ESMA should be granted the necessary investigatory and enforcement powers, including the ability to request information, carry out on-site inspections and impose administrative measures and sanctions where appropriate.*** (AM 101 Heinäluoma, Papandreou, Fernández, Repasi; AM 102 and 106 Boyer, Yon-Courtin)
- (29b) *To ensure appropriate funding of its new supervisory tasks, in accordance with this Regulation, EBA and ESMA should be empowered to levy annual fees on entities submitting STS notifications and on third party verifiers. Those fees should reflect EBA's and ESMA's supervisory costs and be proportionate to the turnover of the entity, relative to the total turnover of all such entities for that period.*** (AM 104 Heinäluoma, Papandreou, Fernández, Repasi; AM 107 Boyer, Yon-Courtin)
- (29c) *Close cooperation and timely information exchange between ESMA, national competent authorities, and the European Central Bank - particularly in relation to the supervision of significant institutions under Articles 6 to 9 - should be ensured. Governance-related findings and risk indicators should be shared to avoid duplication and ensure an efficient and coordinated supervisory approach across prudential and investor protection mandates.*** (AM 105 Heinäluoma, Papandreou, Fernández, Repasi; AM 108 Boyer, Yon-Courtin)
- (30) It is important to ensure that the regulatory framework for securitisations remains effective and adapts to the evolving financial landscape. For that reason, the Commission should comprehensively review the impact and functionality of this Regulation within 5 years after its adoption, with careful attention to its influence on the securitisation market and its broader economic implications. That review should focus on critical aspects, including market dynamics, the accessibility of credit in particular for SMEs, investments, and the interconnectedness of financial institutions which is vital for maintaining the stability of the financial sector. Combining insights from the reports referred to in **Article 31 and Article 44** of Regulation (EU) 2017/2402 and further analyses, the Commission should determine the necessity for legislative updates to safeguard the role of Regulation (EU) 2017/2402 in supporting a resilient and dynamic economy within the European Union. (AM 109 Heinäluoma, Papandreou, Fernández, Repasi)

- (31) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States given that securitisation markets operate globally and that a level playing field in the internal market for all institutional investors and entities involved in securitisation should be ensured but, by reason of their scale and effects, can be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (32) Regulation (EU) 2017/2402 should therefore be amended accordingly,

## ***COMP C Recitals (1) – (15) and (22a new)***

*If COMP C adopted, the following amendments fall: AMs 1-AM 5 Seekatz; AM 58 Heinäluoma, Papandreou, Fernández, Repasi; AM 59-61 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 62 Zijlstra; AM 63 Ferber; AM 64 Zijlstra, Pimpie; AM 65 Boyer, Yon-Courtin, Kelleher; AM 66 Gomart; AM 67 Zijlstra, Pimpie; AM 68 Heinäluoma, Papandreou, Fernández, Repasi; AM 69 Kubin; AM 70-72 Toussaint; AM 73 Kubin; AM 74 Heinäluoma, Papandreou, Fernández, Repasi; AM 75 Boyer, Yon-Courtin, Kelleher; AM 76 Zijlstra, Pimpie; AM 77 Doherty; AM 78 Heinäluoma, Papandreou, Fernández, Repasi; AM 79 Toussaint; AM 80 Heinäluoma, Papandreou, Fernández, Repasi; AM 81 Boyer, Yon-Courtin, Kelleher; AM 88 Boyer, Yon-Courtin, Kelleher*

Proposal for a

### **REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,  
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,  
Having regard to the proposal from the European Commission,  
After transmission of the draft legislative act to the national parliaments,  
Having regard to the opinion of the European Central Bank,  
Having regard to the opinion of the European Economic and Social Committee,  
Acting in accordance with the ordinary legislative procedure,  
Whereas:

- (1) Securitisation can boost investment by allowing banks to transfer risks to those that are able to bear them and thereby free up their capital, which they could use for additional lending to households and businesses, including small and medium-sized enterprises (SMEs). Regulation (EU) 2017/2402 of the European Parliament and of the Council<sup>1</sup>, covering both simple, transparent and standardised (STS) and non-STS securitisations, has strengthened market transparency, safety, and standardisation. At the same time, that Regulation should be further simplified to more fully exploit the benefits that securitisations can offer.

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<sup>1</sup> Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35, ELI: <http://data.europa.eu/eli/reg/2017/2402/oj>).

- (2) It is important that financial institutions employ their capital where it is most needed to reach the Union's economic goals and funding the real economy. In addition to the flexibility provided for by the existing rules, targeted changes to Regulation (EU) 2017/2402 would ensure that the Union securitisation framework better supports investments in the economy and facilitates lending to businesses.
- (3) To enhance transparency and to ensure consistent regulatory treatment aiming at reducing costs for issuers, a definition of public and of private securitisation should be introduced. ~~The scope of public securitisations should cover transactions where the underlying notes are admitted to trading on regulated markets, Multilateral Trading Facilities (MTFs), Organised Trading Facilities (OTFs), or any other trading venue in the Union, and transactions marketed to investors under non-changeable terms and conditions where the package is offered on a "take-it-or-leave-it" basis and investors have no direct contact with the originators or sponsor and can therefore not directly receive necessary information to conduct due diligence without the originator or sponsor disclosing any commercially sensitive information to the market. *A securitisation should be deemed public whenever a prospectus is required to be published or where the underlying pool of exposures is actively managed by the originator or sponsor.*~~ Defining those types of transactions as public, by virtue of their accessibility to a broad range of investors, should ensure that such transactions are subject to the appropriate transparency requirements and regulatory scrutiny and contribute to better market oversight and functioning.
- (4) Due diligence requirements should be proportionate to the risk profile of securitisation positions. Investor due diligence should therefore be focused on the risks characteristics and structural features that can materially affect the performance of the securitisation, avoiding duplicative, overly burdensome or generic obligations that may not be meaningful across different types of securitisation. For the same reason, due diligence obligations should be streamlined, thus reducing unnecessary costs for investors — particularly in lower-risk securitisations — and fostering more proportionate and risk-sensitive investor behaviour in the securitisation market.
- (4a) *The due diligence requirements applicable to securitisations issued by third-country entities currently oblige such issuers to comply with the Union's disclosure requirements, in particular the use of the standardised disclosure templates laid down in the delegated acts under Regulation (EU) 2017/2402. This obligation creates unnecessary barriers to investment, as it requires third-country issuers to replicate the Union's regime even where equivalent or substantially similar information is already provided under their domestic framework. To avoid limiting investment opportunities for EU investors and to support the development of a strong investor base for securitisations within the Union, the requirements should be adjusted so that EU investors, as part of their due diligence, verify that third-country issuers provide information which is substantively equivalent to the transparency standards set out in accordance with Regulation (EU) 2017/2402, without mandating formal adherence to the Union's disclosure templates.* (AM 64 Zijlstra, Pimpie; AM 65 Boyer, Yon-Courtin, Kelleher; AM 66 Gomart)
- (5) Originators, original lenders, sponsors or securitisation special purpose entities (SSPEs) (the 'sell-side entities') that are established in the Union are already subject to supervision in the Union and can be sanctioned in case they breach their obligations under Regulation (EU) 2017/2402. It is therefore appropriate that investors are no longer required to verify whether Union sell-side entities, where those entities are

responsible on behalf of the sell-side parties in the transaction, comply with due diligence requirements set in Regulation (EU) 2017/2402. Investors should, however, still verify whether *transactions that involve sell side entities established in third countries* have complied with their obligations for which third countries' sell-side entities are responsible under Regulation (EU) 2017/2402. (AM 68 Heinäluoma, Papandreou, Fernández, Repasi)

- (6) Senior tranches, typically benefiting from substantial credit enhancement and posing lower risk, should require a less extensive due diligence review than junior or mezzanine tranches, which bear higher risk and greater exposure to losses. That proportional approach supports more efficient allocation of resources by investors and avoids excessive burdens for low-risk investments.
- (7) Since compliance with the STS requirements is already subject to separate regulatory oversight and notification, the obligation for investors to verify compliance with those requirements is redundant. Moreover, verifying compliance with the STS criteria is not relevant for all types of investors. The corresponding requirement should therefore be deleted.
- (8) Investors should be allowed to conduct simplified due diligence to investments in repeat transactions where key risk characteristics are already well understood. For those purposes, investment in repeat transactions should be considered as investment in securitisation positions issued by the same originator, backed by the same type of underlying assets, exhibiting the same structural features, and offering the same or lower level of credit risk compared to previous investments. ~~That change~~ ***For that purpose, a definition of repeat transactions should be introduced in Regulation (EU) 2017/2402. Those changes*** should ensure consistency in due diligence practices while facilitating investor participation in well-known and transparent structures. (AM 2 Seekatz)
- (9) Multilateral development banks can play a significant role in facilitating investor access to securitisation markets, enhancing liquidity, and supporting the objectives of the Savings and Investments Union. Where a securitisation position is fully, unconditionally and irrevocably guaranteed by a multilateral development bank listed in Article 117(2) of Regulation (EU) 575/2013 of the European Parliament and of the Council<sup>2</sup>, the credit risk arising from the securitisation position is effectively transferred from the pool of underlying assets to the guarantor, resulting in a 0% risk weight of such exposure. In addition, such securitisation position is categorised as Level 1 asset under Article 10(1), point (g), of Commission Delegated Regulation (EU) 2015/61<sup>3</sup>. In such cases, it is appropriate to exempt institutional investors, except the entity providing the guarantee, from their due diligence requirements in full under Regulation (EU) 2017/2402.
- (10) Transactions where the first loss tranche is either held or guaranteed by the Union, national promotional banks or institutions within the meaning of point (3) of Article 2 of Regulation (EU) 2015/1017 of the European Parliament and of the Council<sup>4</sup> inherently possess characteristics that mitigate the need to carry out the full due

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<sup>2</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/201 (OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>).

<sup>3</sup> Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions (OJ L 11, 17.1.2015, p. 1, ELI: [http://data.europa.eu/eli/reg\\_del/2015/61/oj](http://data.europa.eu/eli/reg_del/2015/61/oj)).

diligence and fulfil the risk retention requirement. These transactions carry an assurance by the guarantor, who carries out due diligence processes before affording such a guarantee. This assessment removes the need for the institutional investors to perform a full due diligence assessment under Regulation (EU) 2017/2402. Furthermore, the essence of a guarantee is the assumption of risk by the guarantor. Therefore, it is appropriate to lift the risk retention requirement. These changes are expected to crowd in private investment in derisked structures with a public guarantee.

- (11) An institutional investor that delegates the authority to make investment management decisions to another institutional investor should be able to instruct the delegate to perform the due diligence obligations set out in Regulation (EU) 2017/2402. ***In such cases*** ~~However, such delegation should not transfer legal responsibility.~~ the delegating institutional investor should remain ultimately responsible for ensuring compliance with the ***assess and monitor the effectiveness of the delegate's ability to perform the delegated*** due diligence ~~tasks~~ requirements. That specification is intended to reflect established regulatory practice and to ensure that obligations are fulfilled effectively while maintaining clear lines of accountability. (AM 75 Boyer, Yon-Courtin, Kelleher)
- (11a) ***The “sole purpose test” is an important safeguard to avoid loopholes on risk retention. However, its implementation needs to be recalibrated to avoid creating obstacles for businesses, which are considered as economically suitable to act as retainers. The EBA should in greater detail specify the criteria whereby an entity should not be considered to have been established or to operate for the sole purpose of securitising exposures. In particular, those criteria should ensure that entities acting as an originator, that provide SME loans, consumer credit or residential mortgages, and that can demonstrate that securitising exposures is a means to finance their business or that of an entity belonging to the same group, which is centred on the provision of goods or non-financial services, should be deemed to satisfy the “sole purpose test”. When an entity does not meet the criteria as set out in a delegated regulation adopted pursuant to this Regulation, the actual purpose for which the entity was established and operates should be examined by the competent authority on a case-by-case basis to ascertain that it has a real substance and is suitable to perform the role of a retainer in a securitisation transaction.***
- (12) The disclosure requirements should consider the granularity of the underlying pool of exposures, i.e. how many loans are in the underlying pool. ~~In addition, it is important to consider the average maturity of the underlying exposures.~~ Loan level disclosure for highly-granular pools of ~~very short term~~ exposures can be particularly costly and entails a considerable burden for issuers, often without offering significant benefits in terms of additional information to investors. Therefore, disclosure requirements for securitisations of ~~credit card exposures and certain types of~~ ***underlying exposures*** ~~consumer loans~~ should not need to encompass reporting at the level of each individual underlying exposure. ***At the same time, the degree of granularity of underlying exposures which justifies aggregated reporting might differ from asset class to asset class. Therefore mapping the granularity of pools of exposures allowing for aggregated reporting to specific underlying asset classes, including mortgages,***

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<sup>4</sup> Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1).

*corporate loans, credit cards, consumer loans, auto loans and trade receivables should be trusted to the EBA.* However, *in duly justified cases, the* competent authorities should still have the possibility to ask for additional information to ensure that they have a complete overview of the market, including on the exposures that constitute the underlying pool, in carrying out their duties under Regulation (EU) 2017/2402.

- (13) The current reporting templates<sup>5</sup> both for public and private securitisations are too costly and burdensome. The burden on entities when complying with their reporting obligations should be therefore reduced, without undermining the goal of providing transparency to the market. The reporting templates should be streamlined to reduce the number of mandatory data fields. The revision of the template should aim to bring a reduction of at least 35% of mandatory data fields. The conversion of certain mandatory fields into voluntary fields could add further flexibility, but appropriate attention should be given to ensure that that does not compromise data quality or usability.
- (14) The reporting framework should account for the specific characteristics of private securitisations. A dedicated and simplified reporting template for private securitisations should be developed *since it should not be required to report the same amount of information for private securitisations as for public securitisations.* In specifying the details of reporting requirements, the information required to be reported should be aligned as closely as possible with other well-established templates, in particular with the guide on the notification of securitisation transactions developed by the European Central Bank in accordance with Article 6(5), point (a), of Council Regulation (EU) No 1024/2013<sup>6</sup>. Any future changes to the European Central Bank guide should be assessed and the reporting templates may need to be reviewed, where appropriate. To allow for basic visibility for supervisors over the private market, private securitisations should report to repositories. *Leveraging securities repositories for private securitisations will allow national competent authorities to reduce costs and to benefit from existing reporting infrastructure established under the EU securitisation regulation.* Private securitisations should not need to report the same amount of information as public securitisations. Requiring private transactions to report to securitisation repositories, using a simplified template, would improve supervisory oversight and market monitoring. However, to ~~maintain~~ *ensure the required high level of* the confidentiality of private transactions, data from those transactions should not be publicly disclosed. (AM 5 Seekatz; AM 80 Heinäluoma, Papandreou, Fernández, Repasi; AM 81 Boyer, Yon-Courtin, Kelleher )
- (15) The securitisation sub-committee of the Joint Committee of the European Supervisory Authorities (the “Joint Committee Securitisation Committee - JCSC”), referred to in Article 36(3) of Regulation (EU) 2017/2402, under the leadership of the European Banking Authority (EBA), should develop draft regulatory technical standards to

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<sup>5</sup> Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and the details of a securitisation to be made available by the originator, sponsor and SSPE and Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards with regard to the format and standardised templates for making available the information and details of a securitisation by the originator, sponsor and SSPE (OJ L 289, 3.9.2020, p. 1, ELI: [http://data.europa.eu/eli/reg\\_del/2020/1224/oj](http://data.europa.eu/eli/reg_del/2020/1224/oj)).

<sup>6</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63, ELI: <http://data.europa.eu/eli/reg/2013/1024/oj>).

further specify the information that the originator, sponsor and SSPE are to provide to comply with the reporting obligation. Those draft regulatory technical standards should take into account the usefulness of the information for the holder of the securitisation position, whether the securitisation is public or private, whether the securitisation position is of a short-term nature and, in the case of an asset-backed commercial paper programme (ABCP) transaction, whether it is fully supported by a sponsor. The Commission should be empowered to supplement Regulation (EU) 2017/2402 by adopting those regulatory technical standards by means of delegated acts pursuant to Article 290 of the Treaty on the Functioning of the European Union (TFEU) and in accordance with Regulation (EU) No 1093/2010 of the European Parliament and of the Council<sup>7</sup>, Regulation (EU) No 1094/2010 of the European Parliament and of the Council<sup>8</sup> and Regulation (EU) No 1093/2010 of the European Parliament and of the Council<sup>9</sup>. Moreover, the JCSC, under the leadership of the EBA, should develop draft implementing technical standards to specify the format for the provision of the information to repositories. The Commission should be empowered to adopt those implementing technical standards by means of an implementing act pursuant to Article 291 TFEU and in accordance with Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010.

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<sup>7</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).

<sup>8</sup> Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48)

<sup>9</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84)

**Compromise amendments**  
**on the proposal for a regulation of the European Parliament and of the Council**  
**amending Regulation (EU) 2017/2402 (Securitisation Regulation)**

***COMP A on scope, definitions, due diligence, risk retention, transparency***  
***securitisation repository***  
***(Article 1 - Article 17)***

*If COMP A adopted, the following amendments fall:* AMs 10-24 Seekatz, AM 112 Zijlstra, Pimpie, AM 113-114 Crosetto, Vivaldini, Nesci, Ventola, Squarta, AM 115 Toussaint, AM 116 Ferber, AM 117-118 Doherty, AM 119 Kubin, AM 120 Zijlstra, AM 121-122 Zijlstra, Pimpie, AM 123 Zijlstra, AM 124 Navarrete, Doherty, Benjumea Benjumea, AM 125-126 Crosetto, Vivaldini, Nesci, Ventola, Squarta, AM 127 Navarrete, Benjumea Benjumea, AM 128 Zijlstra, AM 129 Doherty, AM 130 Navarrete, Doherty, Benjumea Benjumea, AM 131 Crosetto, Vivaldini, Nesci, Ventola, Squarta, AM 132 Gomart, AM 133 Pereira, AM 134 Ferber, AM 135 Boyer, Yon-Courtin, Kelleher, Van Brug, AM 136 Navarrete, Doherty, Benjumea Benjumea, AM 137 Crosetto, Vivaldini, Nesci, Ventola, Squarta, AM 138 Navarrete, Doherty, Benjumea Benjumea, AM 139-142 Heinäluoma, Papandreou, Fernández, Repasi, AM 143-144 Toussaint, AM 145 Crosetto, Vivaldini, Nesci, Ventola, Squarta, AM 146 Falcone, Martusciello, AM 147 Zijlstra, Pimpie, AM 148 Boyer, Yon-Courtin, Kelleher, AM 149 Navarrete, Doherty, Benjumea Benjumea, AM 150-151 Doherty, AM 152 Boyer, Yon-Courtin, Kelleher, AM 153 Doherty, AM 154-155 Toussaint, AM 156 Heinäluoma, Papandreou, Fernández, Repasi, AM 157 Falcone, Martusciello, AM 158 Navarrete, Benjumea Benjumea, AM 159 Kubin, AM 160 Crosetto, Vivaldini, Nesci, Ventola, Squarta, AM 161 Zijlstra, AM 162 Zijlstra, Pimpie, AM 163 Heinäluoma, Papandreou, Fernández, Repasi, AM 164 Toussaint, AM 165 Navarrete, Benjumea Benjumea, AM 166 Boyer, Yon-Courtin, Kelleher, AM 167 Gomart, AM 168 Toussaint, AM 169 Crosetto, Vivaldini, Nesci, Ventola, Squarta, AM 170 Falcone, Martusciello, AM 171 Doherty, AM 172 Navarrete, Doherty, Benjumea Benjumea, AM 173 Boyer, Yon-Courtin, Kelleher, AM 174 Zijlstra, Pimpie, AM 175 Heinäluoma, Papandreou, Fernández, Repasi; AM 176 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 177 Navarrete, Benjumea Benjumea; AM 178-179 Heinäluoma, Papandreou, Fernández, Repasi; AM 180 Toussaint; AM 181 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AMs 182-183 Navarrete, Benjumea Benjumea; AM 184 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 185 Doherty; AM 186 Navarrete, Benjumea Benjumea; AM 187 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 188 - 189 Navarrete, Benjumea Benjumea; AM 190 Zijlstra; AM 191 Navarrete, Benjumea Benjumea; AM 192 Zijlstra, Pimpie

*Changes: v.02 in blue highlight*

*Changes: v.03 in grey highlight*

*Changes v.04 in green highlight*

*Changes final compromise in dark grey*

*Article 1*  
**Amendment to Regulation (EU) No 2017/2402**

Regulation (EU) 2017/2402 is amended as follows:

(1) in Article 1, paragraph 2 is replaced by the following:

‘This Regulation applies to institutional investors and to originators, sponsors, original lenders, servicers and securitisation special purpose entities.

~~*This Regulation shall not apply to securitisations that are originated by a national promotional bank or institution as defined in Article 2, point (3), of Regulation (EU) 2015/1017 where the first-loss tranche is guaranteed by any of the entities referred to in Article 6(5), points (a), (b), (d), (e) and (f), of this Regulation; the non-guaranteed tranches are fully retained by the originator until maturity and those entities have established and approved the eligibility criteria for the underlying exposures prior to their creation, whereby no other party has discretion to alter or override such criteria.*~~’ (AM 10 Seekatz);

**DEFINITIONS**

(2) ~~in~~ Article 2 is amended as follows:

*(a) in point (1), the introductory part is replaced by the following:*

*‘(1) ‘securitisation’ means a transaction or scheme whereby the credit risk associated with an underlying exposure or a pool of underlying exposures is tranced, having all of the following characteristics:’; (AM 113 Crosetto, Vivaldini, Nesci, Ventola, Squarta)*

~~*(b) point (5) is replaced by the following:*~~

~~*‘(5) ‘sponsor’ means a credit institution, as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013, whether located in the Union or not, or an investment firm authorised in accordance with Directive 2014/65/EU, or an alternative investment fund manager authorised under Directive 2011/61/EU, or a management company authorised under Directive 2009/65/EC, other than an originator, that establishes and manages a securitisation.’; (AM 116 Ferber)*~~

*(c) the following points (32) and (33) are added:*

*‘(32) ‘public securitisation’ means a securitisation that meets any of the following criteria:*

(a) ~~for which~~ a prospectus has to be drawn up ~~for that securitisation~~ pursuant to Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council<sup>1</sup>;

(b) the ~~and a securitisation is where~~ *underlying pool of exposures is actively managed by the originator or sponsor* ~~a managed CLO~~ marketed with notes constituting securitisation positions admitted to trading on a Union trading venue as defined in Article 4(1), point (24) of Directive 2014/65/EU of the European Parliament and of the Council;<sup>2</sup>;

(c) —the securitisation is marketed to investors and the terms and conditions are not negotiable among the parties.’; (AMs 11 Seekatz, AM 119 Kubin, AM 120 Zijlstra, AM 121 Zijlstra, Pimpie, AM 122 Zijlstra, Pimpie)

***(32a) ‘actively managed’ means portfolio management that is directly related to the replacement of underlying exposures transferred or assigned to the SSPE, involving sale of the underlying exposure(s) for reasons other than those listed in the case of excluded techniques, or any type of active selection of the underlying exposures on a discretionary basis not related to the sale of underlying exposures, including management of the underlying exposures for speculative purposes aiming to achieve better performance or increased investor yield, while excluding the following portfolio management techniques:***

***(a) substitution or repurchase of underlying exposures due to the breach of representations or warranties;***

***(b) replenishment of underlying exposures, that is, the addition of underlying exposures as substitute for amortised exposures during the revolving period;***

***(c) use of “ramp up” period following the transfer of the underlying exposures to the SSPE, during which the proceeds from the underlying exposures are invested into additional exposures to line up the value of the underlying exposures with the value of the securitisation obligations;***

<sup>1</sup> Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12, ELI: <http://data.europa.eu/eli/reg/2017/1129/oj>).

<sup>2</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) (OJ L 173, 12.6.2014, p. 349, ELI: <http://data.europa.eu/eli/dir/2014/65/oj>).<sup>2</sup>;

(33) ‘private securitisation’ means a securitisation *that is not a public securitisation that does not meet any of the criteria laid down in point (32)*. (AM 12 Seekatz, AM 123 Zijlstra)

*(33a) ‘repeat transactions’ mean a sequence of securitisation transactions that fulfil all of the following criteria:*

*(a) they have the same originator or original lender;*

*(b) they are backed by the same type of underlying assets;*

*(c) they display the same overall structural features, notably concerning the number and hierarchy of tranches, credit enhancement mechanisms and cash flow distribution;*

*(d) they are presented to the market as a repeated and programmatic issuance with a similar name.’;*

(AM 13 Seekatz; AM 124 Navarrete, Doherty, Benjumea Benjumea)

## **DUE DILIGENCE**

(3) Article 5 is amended as follows:

(a) paragraph 1 is amended as follows:

*‘(-i) the introductory part and points (a) and (b) are replaced by the following:*

*1. Prior to holding a securitisation position, institutional investors, other than the originator, sponsor or original lender, shall verify that:*

*(a) where the originator or original lender established in the Union is not a credit institution or an investment firm as defined in Article 4(1), points (1) and (2), of Regulation (EU) No 575/2013, the originator or original lender grants all the credits giving rise to the underlying exposures, or generates trade receivables, on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits or trade receivables and has effective systems in place to apply those criteria and processes in accordance with Article 9(1) of this Regulation;*

*(b) where the originator or original lender is established in a third country, the originator or original lender grants all the credits giving rise to the underlying exposures, or generates trade receivables, on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits or trade receivables and has effective systems in place to apply those criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness;*'; (AM 127 Navarrete, Benjumea Benjumea);

(i) point (c) ~~is deleted~~ **is replaced by the following:**

**'(c) with regard to a securitisation notified as STS in accordance with Article 27, the compliance of that securitisation with Articles 19 to 22 or Articles 23 to 26 or Articles 26a to 26e, and Article 27.'**; (AM 14 Seekatz)

(ii) points (e) and (f) are replaced by the following:

'(e) if established in a third country, the originator, sponsor or SSPE ~~designated in accordance with Article 7(2)~~ has made available *at least* the information *listed* ~~required by~~ *in* Article 7(1), *which would have been applicable if these entities were established within the Union* in accordance with the frequency ~~and modalities~~ provided for in that paragraph; *this does not include the requirement to use standardised templates referred to in Article 7(4)*; (AM 132 Gomart, AM 134 Ferber; AM 135 Boyer, Yon-Courtin, Kelleher)

(f) if established in a third country, in the case of non-performing exposures, the originator, sponsor or original lender has applied sound standards in the selection and pricing of the exposures.';

**(iii) the following subparagraph is added:**

**'Point (c) of the first subparagraph of this paragraph shall not apply if the securitisation position has been verified by a third-party verifier authorised and supervised in accordance with Article 28.'** (AM 15 Seekatz)

(b) paragraph 3 is amended as follows:

(-i) *the introductory part* is replaced by the following:

**‘3. Prior to holding a securitisation position, an institutional investor, other than the originator, sponsor or original lender, shall carry out a proportionate due diligence assessment which enables it to assess the risks involved. That assessment shall consider at least all of the following:’;** (AM 139, Heinäluoma, Papandreou, Fernández, Repasi)

(i) point (b) is replaced by the following:

**‘(b) all the structural features of the securitisation that can materially impact the performance of the securitisation position;’;**

(ii) point (c) is deleted;

**(ia) the following subparagraph is added:**

**‘When considering the proportionality of the due diligence assessment under this paragraph, its appropriate scope and depth may be reduced by factors such as the credit risk and relative seniority of the securitisation position and related credit enhancement, and whether the securitisation position relates to a repeat transaction.’;** (AM 140 Heinäluoma, Papandreou, Fernández, Repasi)

(c) paragraph 4 is amended as follows:

(i) in point (a), the second subparagraph is deleted;

**(ia) the following point is inserted:**

**‘(ca) in the case of repeat transactions, document the due diligence solely on the elements of the transaction that have changed since the last issuance, provided that the investor has already purchased a securitisation position in a previous transaction in the past 24 months;’;** (AM 17 Seekatz)

**(ib) points (d) and (e) are replaced by the following:**

**‘(d) ensure internal reporting to its management body or an entity designated by the management body so that the management body or an entity designated by the management body is aware of the material risks arising from the securitisation position and so that those risks are adequately managed; (AM 18 Seekatz)**

(e) *be able to demonstrate to its competent authorities, upon request, that it has a comprehensive and thorough understanding of the securitisation position and its underlying exposures and that it has implemented written policies and procedures for the risk management of the securitisation position proportionate to its risk profile and for maintaining records of the verifications and due diligence in accordance with paragraphs 1 and 2 and of any other relevant information;*; (AM 141 Heinäluoma, Papandreou, Fernández, Repasi)

(ii) the following point (g) is added:

‘(g) in the case of secondary market investments, document the due diligence assessment and verifications within a reasonable period of time which in any case shall not exceed 15 calendar days after the investment.’;

*(ii a) the following subparagraph is added:*

*‘When considering the proportionality of the obligations under points (a), (b), (d) and (e) under this paragraph, an institutional investor may take into account the risk of the securitisation position and factors such as the seniority of the securitisation position and related credit enhancement and whether the securitisation position relates to a repeat transaction.’;* (AM 142 Heinäluoma, Papandreou, Fernández, Repasi)

(d) the following paragraphs 4a and 4b are inserted:

‘(4a) Paragraphs 1 to 4 shall not apply to institutional investors that hold a securitisation position where such securitisation position is guaranteed by a multilateral development bank listed in Article 117(2) of Regulation (EU) No 575/2013.

For the purposes of the first subparagraph, the guarantee shall meet the conditions of Article 213 and 215 of Regulation (EU) No 575/2013.

(4b) Paragraphs 1 and 4 shall not apply to institutional investors that hold a securitisation position where the first loss tranche representing at least 15% ~~15~~ 8% of the nominal value of the securitised exposures **for non-STIS securitisations, and**

**at least 10% of the nominal value of the securitised exposures for STS securitisations**, is either held or guaranteed by **one of the entities listed under Article 6(5), points (a) to (f)**. ~~the Union or by national promotional banks or institutions within the meaning of point (3) of Article 2 of Regulation (EU) 2015/1017 of the European Parliament and of the Council.’; (AM 145 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 146 Falcone, Martusciello;)~~ (AM 158 Navarrete, Benjumea Benjumea)

(e) paragraph 5 is replaced by the following:

‘(5) Without prejudice to paragraphs 1 to 4 of this Article, where an institutional investor has given **delegated to** another institutional investor **the** authority to make investment management decisions that might expose ~~it~~ **the delegating institutional investor** to a securitisation, ~~the delegating institutional~~ **that** investor may instruct the **delegate** ~~delegated institutional investor~~ to fulfil its **the delegating institutional investor’s** obligations under this Article in respect of any exposure to a securitisation arising from those decisions. **Member States shall ensure that, where a delegate is instructed under this paragraph to fulfil the obligations of the delegating institutional investor and fails to do so, any sanction under Articles 32 and 33 is imposed on the delegate and not on the delegating institutional investor who is exposed to the securitisation. Before instructing the delegate to fulfil its obligations under this Article, the delegating institutional investor shall ensure not be affected by the fact that the delegate has prior experience in conducting due diligence obligations for its own account or on account of other parties.** ~~institutional investor has delegated functions.~~’;

(AM 20 Seekatz; AM 148 Boyer, Yon-Courtin, Kelleher, AM 149 Navarrete, Doherty, Benjumea Benjumea, AM 150 Doherty)

## RISK RETENTION

(4) Article 6 is amended as follows:

**(-a) in paragraph 1, the second subparagraph is replaced by the following:**

~~‘For the purposes of this Article, an entity shall not be considered to be an originator where the entity has been established or operates for the sole purpose of securitising exposures. Where the competent authority assesses the establishment or operation for the sole purpose of securitising exposures and this assessment is linked to a predominant source of revenue test in accordance with the delegated act adopted under paragraph 7, first subparagraph, point (b), a threshold of 50 % or more, including revenue from the tranches held in excess of the 5 % material net economic interest requirement referred to in the first subparagraph, shall be applied to that test. An entity shall not be deemed established or operating for the sole purpose of securitising exposures where its purpose is to generate revenues from the exposures to be securitised and it enters into the securitisation transaction solely to finance or refinance these exposures.’;~~

**For the purposes of this Article, an entity shall not be considered to be an originator where the entity has been established or operates for the sole purpose of securitising exposures. For entities that provide SME loans, consumer credit or residential mortgages, and that act as originators, it shall suffice to demonstrate that securitising exposures is a means to finance their business, or that of an entity belonging to the same group, which is centred on the provision of goods or non-financial services.**

**When an entity does not meet the criteria as set out in a delegated regulation adopted pursuant to this Regulation, the actual purpose for which the entity was established and operates shall be examined by the competent authority on a case-by-case basis, to ascertain that it has a real substance and is suitable to perform the role of a retainer in a securitisation transaction.’;**

(AM 152 Boyer, Yon-Courtin, Kelleher)

(a) in paragraph 5 point (f) is added:

‘(f) the Union.’

(b) **the following paragraphs** 5a is **are** inserted:

‘(5a) ~~Paragraph 1 shall not apply where the first loss tranche representing at least 15.8%~~ of the nominal value of the securitised exposures is either held or guaranteed

by one of the entities listed under points (a) to (f) of paragraph 5.’; (AM 157 Falcione, Martusciello; AM 160 Crosetto, Vivaldini, Nesci, Ventola, Squarta;)

Paragraph 1 shall not apply where the first loss tranche representing at least 15% of the nominal value of the securitised exposures *for non-STS securitisations and at least 10% of the nominal value of the securitised exposures for STS securitisations*, is either held or guaranteed by one of the entities listed under points (a) to (f) of paragraph 5. (AM 158 Navarrete, Benjumea Benjumea)

***(5b) This Article shall not apply to synthetic securitisations that meet all of the following conditions:***

***(a) the synthetic securitisation is originated by a national promotional bank or institution as defined in Article 2, point (3), of Regulation (EU) 2015/1017;***

***(b) the first -loss tranche is guaranteed by any of the entities referred to in points (a), (b), (d), (e) and (f) of paragraph 5;***

***(c) the non-guaranteed tranches are fully retained by the originator until maturity;***

***(d) the guarantor has established and approved the eligibility criteria for the underlying exposures prior to their creation, whereby no other party has discretion to alter or override such criteria; and***

***(e) the entity referred to in point (b) guarantees the first-loss tranche on a continuous basis and cannot hedge or otherwise transfer the credit risk associated with that tranche to an entity not referred in points(a), (b), (d), (e) and (f) of paragraph 5.’;***

***(ba) paragraph 7 is amended as follows:***

***(i) in the first subparagraph, the following point is inserted:***

***‘(ba) the criteria to be fulfilled by an entity in order not to be considered to have been established or to operate for the sole purpose of securitising exposures, as referred to in paragraph 1, second subparagraph;’;***

***(ii) the second subparagraph is replaced by the following:***

***‘EBA shall submit those draft regulatory technical standards to the Commission by ... [six months after entry into force of the Regulation].’;***

## TRANSPARENCY

(5) Article 7 is amended as follows:

(a) in paragraph 1, ***the introductory sentence is replaced by the following:***

***‘1. If established within the European Union, the originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors.’;*** (AM 166 Boyer, Yon-Courtin, Kelleher; AM 167 Gomart)

***(aa)*** the fourth subparagraph is replaced by the following:

*‘In the case of an ABCP or of a securitisation of highly-granular pools of ~~short-term~~ exposures, **whether public or private, or in the case of ABCPs,** the information described in points (a), (c)(ii) and (e)(i) of the first subparagraph shall be made available in aggregate form to holders of securitisation positions and, upon request, to potential investors.*

~~*For the purposes of the fourth subparagraph, the ESMA, in close cooperation with the EBA and EIOPA, shall specify what is “highly granular” based on the characteristics of asset classes in accordance with paragraph 3. highly granular pool of exposures means a pool of exposures where the sum of the five largest single exposures, net of any eligible credit protection in accordance with Chapter 4, represents less than 5% of the total pool.’;*~~ (AM 23 Seekatz, AM 169 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 170 Falcone, Martusciello)

(b) in paragraph 2, the third subparagraph is replaced by the following:

*‘Private securitisations shall be subject to a distinct **and reduced** reporting framework that acknowledges their unique characteristics, differing from public securitisation, in a dedicated and simplified reporting template. That dedicated and simplified reporting template shall ensure that essential information relevant to ~~national~~ competent authorities is adequately reported, **while respecting strict confidentiality requirements,** without imposing the full extent of reporting*

obligations applicable to public securitisations. Private securitisations shall fulfil their obligations under this subparagraph as of [date set in the fourth subparagraphs of paragraphs 3 and 4 of this Article.]. ~~*By way of derogation from the second subparagraph of this paragraph, private securitisations shall not be subject to the obligation to report to a securitisation repository set up in accordance with Article 10 or 17 of this Regulation. The reporting obligations for private securitisations shall be fulfilled exclusively through the dedicated and simplified reporting template referred to in this paragraph and shall be made available solely to national competent authorities, without requiring submission to or publication by a securitisation repository.*~~; (AM 173 Boyer, Yon-Courtin, Kelleher; AM 175 Heinäluoma, Papandreou, Fernández, Repasi;AM-24-Seekatz)

***(ba) the following paragraph is inserted:***

***(2a) This Article shall not apply to synthetic securitisations that meet all of the following conditions:***

***(a) the synthetic securitisation is originated by a national promotional bank or institution as defined in Article 2, point (3), of Regulation (EU) 2015/1017;***

***(b) the first -loss tranche is guaranteed by any of the entities referred to in Article 6(5),points (a), (b), (d), (e) and (f);***

***(c) the non-guaranteed tranches are fully retained by the originator until maturity;***

***(d) the guarantor has established and approved the eligibility criteria for the underlying exposures prior to their creation, whereby no other party has discretion to alter or override such criteria; and***

***(e) the entity referred to in point (b) guarantees the first-loss tranche on a continuous basis and cannot hedge or otherwise transfer the credit risk associated with that tranche to an entity not referred in Article 6(5), points(a), (b), (d), (e) and (f).’;***

Article 7(3)

Transparency, mandate for ESAs

(c) paragraph 3 is replaced by the following:

‘3. The ESAs shall develop, through the Joint Committee of the European Supervisory Authorities, under the leadership of the EBA and in close cooperation with ESMA and EIOPA, draft regulatory technical standards in accordance with Articles 10 to 14 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 to specify the information that the originator, sponsor and SSPE shall provide to comply with paragraph 1, first subparagraph, points (a) and (e), and paragraph 2 taking into account:

(a) the usefulness **and comparability** of information for the holder of the securitisation position and for supervisors;

(AM 178 Eero Heinäluoma, Nikos Papandreou, Jonás Fernández, René Repasi)

(b) whether the securitisation is public or private;

(c) whether the securitisation position is of a short-term nature;

(d) in the case of an ABCP transaction, whether that transaction is fully supported by a sponsor;

***(da) the data requirements under other Union legal acts that are relevant for monitoring climate change and environmental risks, including those related to physical and transition risks.*** (AM 179 Heinäluoma, Papandreou, Fernández, Repasi)

***For the purposes of the fourth subparagraph of paragraph 1, the draft regulatory technical standards referred to in the first subparagraph of this paragraph shall map, except for ABCPs, the granularity of pools of exposures allowing for aggregated reporting to specific underlying asset classes, including mortgages, corporate loans, credit cards, consumer loans, **and** auto loans **and** trade receivables.***

The ESAs, through the Joint Committee of the European Supervisory Authorities, under the leadership of the EBA and in close cooperation with ESMA and EIOPA, shall submit those draft regulatory technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].

The Commission is empowered to supplement this Regulation by adopting the regulatory technical standards referred to in this paragraph in accordance with Articles 10 to 14 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010.

The regulatory technical standards shall enter into force [12 months] after the adoption by the Commission

At least every three years from the date of their adoption by the Commission the ESAs, through the Joint Committee of the European Supervisory Authorities, shall assess the regulatory technical standards to determine their continued relevance and accuracy, to ensure they remain effective, up to date, aligned with market practices and needs. The ESAs, through the Joint Committee of the European Supervisory Authorities, shall inform the Commission of the results of the assessment.’

(d) paragraph 4 is replaced by the following:

‘4. In order to ensure uniform conditions of application for the information to be specified in accordance with paragraph 3, the ESAs, through the Joint Committee of the European Supervisory Authorities, under the leadership of the EBA and in close cooperation with ESMA and EIOPA, shall develop draft implementing technical standards in accordance with Article 15 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 specifying the format thereof by means of standardised templates.

The ESAs, through the Joint Committee of the European Supervisory Authorities, shall submit those draft implementing technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].

The Commission is empowered to adopt the implementing technical standards referred to in this paragraph in accordance with Article 15 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010.

The implementing technical standards shall enter into force [12 months] after the adoption by the Commission.

At least every three years from the date of their adoption by the Commission the ESAs, through the Joint Committee of the European Supervisory Authorities, shall

assess the implementing regulatory technical standards to determine their continued relevance and accuracy, to ensure they remain effective, up to date, aligned with market practices and needs. The ESAs, through the Joint Committee of the European Supervisory Authorities, shall inform the Commission of the results of that assessment.’;

**(5a) in Article 9, the following paragraph is added:**

**(5) This Article shall not apply to synthetic securitisations that meet all of the following conditions:**

**(a) the synthetic securitisation is originated by a national promotional bank or institution as defined in Article 2, point (3), of Regulation (EU) 2015/1017;**

**(b) the first -loss tranche is guaranteed by any of the entities referred to in Article 6(5), points (a), (b), (d), (e) and (f);**

**(c) the non-guaranteed tranches are fully retained by the originator until maturity;**

**(d) the guarantor has established and approved the eligibility criteria for the underlying exposures prior to their creation, whereby no other party has discretion to alter or override such criteria; and**

**(e) the entity referred to in point (b) guarantees the first-loss tranche on a continuous basis and cannot hedge or otherwise transfer the credit risk associated with that tranche to an entity not referred in Article 6(5), points(a), (b), (d), (e) and (f).’;**

### **Registration of a securitisation repository**

(6) Article 10 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. A securitisation repository shall register with ESMA for the purposes of Article 7 under the conditions and the procedure set out in this Article.’;

(b) paragraph 2 is replaced by the following:

‘2. To be eligible to be registered under this Article, a securitisation repository shall be a legal person established in the Union, apply procedures to verify the completeness and consistency of the information made available to it ~~under~~ ***in accordance with*** Article 7(1)(2) of this Regulation, and meet the requirements laid down in in Articles 78 and 79, and Article 80(1), (2), (3), (5) and (6) of Regulation (EU) No 648/2012. For the purposes of this Article, references in Articles 78 and 80 of Regulation (EU) No 648/2012 to Article 9 thereof shall be construed as references to Article 7 of this Regulation.’ (AM 191 Navarrete, Benjumea Benjumea)

### **Availability of data held in a securitisation repository**

(7) Article 17 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Without prejudice to Article 7(2), the securitisation repository referred to in Article 10 shall collect and maintain details of the securitisation. It shall provide direct and immediate access free of charge to all of the following entities to enable them to fulfil their respective responsibilities, mandates and obligations:

- (a) the EBA;
- (b) EIOPA;
- (c) ESMA;
- (d) the ESRB;
- (e) the relevant members of the European System of Central Banks (ESCB), including the European Central Bank (ECB) in carrying out its tasks within a single supervisory mechanism under Regulation (EU) No 1024/2013;
- (f) the relevant authorities whose respective supervisory responsibilities and mandates cover transactions, markets, participants and assets which fall within the scope of this Regulation;
- (g) the resolution authorities designated under Article 3 of Directive 2014/59/EU of the European Parliament and the Council<sup>3</sup>;

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<sup>3</sup> *Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC,*

- (h) the Single Resolution Board established by Regulation (EU) No 806/2014 of the European Parliament and of the Council<sup>4</sup>;
  - (i) the authorities referred to in Article 29 of this Regulation;
  - (j) the Commission, upon request;
  - (k) in case of public securitisations, investors and potential investors.’
- (b) in paragraph 2, point (a) is deleted.

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*2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190, ELI: <http://data.europa.eu/eli/dir/2014/59/oj>).*

<sup>4</sup> Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014, p. 1. ELI: <http://data.europa.eu/eli/reg/2014/806/oj>).

***COMP B on STS Securitisations and unfunded credit risk guarantee for on-balance sheet securitisations; competent authorities, [supervisory fees], supervision and administrative sanctions and measures; reports and reviews; transitional provisions / application date***

**Articles 18-28; Articles 29-37; Articles 44 and 46; any final articles**

*If COMP B adopted, the following amendments fall: AMs 25-51 Seekatz; AM 193 Zijlstra, Pimpie; AM 194 Ferber; AM 195 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AMs 196-197 Toussaint; AM 198 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 199 Boyer, Yon-Courtin, Kelleher; AM 200 Van Overtveldt; AM 201 Heinäluoma, Papandreou, Fernández, Repasi; AM 202-203 Navarrete, Doherty, Benjumea Benjumea; AM 204 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 205 Zijlstra, Pimpie; AM 206 Falcone, Martusciello; AM 207 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 208-210 Navarrete, Benjumea Benjumea; AM 211 Falcone, Martusciello; AM 212 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 213-214 Toussaint; AM 215 Heinäluoma, Papandreou, Fernández, Repasi; AM 216 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 217 Boyer, Yon-Courtin, Kelleher; AMs 218-220 Toussaint; AMs 221-223 Zijlstra, Pimpie; AM 224 Heinäluoma, Papandreou, Fernández, Repasi; AM 225 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 226 Boyer, Yon-Courtin, Kelleher; AM 227 Falcone, Martusciello; AM 228 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 229 Heinäluoma, Papandreou, Fernández, Repasi; AM 230 Toussaint; AM 231 Kelleher; AM 232 Pereira; AM 233 Doherty; AM 234 Kelleher; AM 235 Doherty; AM 236 Kelleher; AM 237 Doherty; AM 238 Kelleher; AM 239 Doherty; AM 240 Winzig; AM 241 Pereira; AM 242 Zijlstra, Pimpie; AM 243 Winzig; AM 244-248 Boyer, Yon-Courtin; AM 249 Navarrete, Benjumea Benjumea; AMs 250-251 Kubin; AM 252 Zijlstra, Pimpie; AM 253 Boyer, Yon-Courtin; AM 254 Kemp; AM 255-256 Heinäluoma, Papandreou, Fernández, Repasi; AM 257 Kemp; AM 258 Zijlstra, Pimpie; AM 259-260 Boyer, Yon-Courtin; AM 261 Heinäluoma, Papandreou, Fernández, Repasi; AM 262-263 Boyer, Yon-Courtin; AM 264 Heinäluoma, Papandreou, Fernández, Repasi; AM 265 Boyer, Yon-Courtin; AM 266 Navarrete, Benjumea Benjumea; AM 267=AM 272 Doherty; AM 268 Pereira; AM 269 Boyer, Yon-Courtin, Kelleher, Van Brug; AM 270 Ferber; AM 271 Zijlstra, Pimpie; AM 273 Falcone, Martusciello; AM 274 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 275 Kubin; AM 276 Navarrete, Benjumea Benjumea; AM 277-278 Boyer, Yon-Courtin; AM 279 Zijlstra, Pimpie; AM 280 Heinäluoma, Papandreou, Fernández, Repasi; AM 281 Zijlstra, Pimpie; AM 282 Heinäluoma, Papandreou, Fernández, Repasi; AM 283 Boyer, Yon-Courtin; AM 284 Heinäluoma, Papandreou, Fernández, Repasi; AM 285 Boyer, Yon-Courtin; AM 286 Heinäluoma, Papandreou, Fernández, Repasi; AM 287 Toussaint; AMs 288-289 Heinäluoma, Papandreou, Fernández, Repasi; AM 290 Toussaint; AM 291 Heinäluoma, Papandreou, Fernández, Repasi; AM 292-295 Toussaint; AM 296 Doherty; AM 297 Navarrete, Benjumea Benjumea; AM 298 Toussaint; AM 299-300 Heinäluoma, Papandreou, Fernández, Repasi; AM 301 Winzig; AM 302-303 Doherty*

*Changes: v.03 in grey highlight*

*Changes v.04 in green highlight*

**STS non-ABCP traditional securitisations**

(8) Article 20 is amended as follows:

*(-a) paragraph 1 is replaced by the following:*

*‘1. The title to the underlying exposures shall be acquired by the SSPE or, in the case of securitisations of trade receivables where no SSPE is used, by the buyer of the underlying exposures, by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the SSPE or, in the case of securitisation of trade receivables where no SSPE is used, to the buyer of the underlying exposures, shall not be subject to severe clawback provisions in the event of the seller’s insolvency.*

*The buyer of the underlying exposers for the purposes of this Article and Article 27 shall be a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 or an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU.’; (AM 25 Seekatz; AM 194 Ferber)*

*(-aa) in paragraph 2, point (b) is replaced by the following:*

*‘(b) provisions where the SSPE or, in the case of securitisations of trade receivables where no SSPE is used, the buyer of the underlying exposures, can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.’;*

*(-ab) paragraph 7 is replaced by the following:*

*‘7. The underlying exposures transferred from, or assigned by, the seller to the SSPE or, in the case of securitisations of trade receivables where no SSPE is used, to the buyer of the underlying exposures, shall meet predetermined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purposes of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE or, in the case of securitisations of trade receivables where no SSPE is used, to the buyer of the underlying exposures, after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.’;*

- (a) in paragraph 8, the following subparagraph is added:

*‘A pool of underlying exposures shall be deemed to comply with the first sentence of the first subparagraph where **all of the following conditions are met:***

*(a) at least 70% of the exposures in the pool at origination consists of exposures to SMEs;*

*(b) all of the exposures in the pool are to obligors established in Member States;*

*(c) all of the exposures in the pool are underwritten in accordance with standards that apply similar approaches for assessing associated credit risk; and*

*(d) all of the exposures in the pool are serviced in accordance with similar procedures for monitoring, collecting and administering cash receivables;-*

*(e) the overall risk profile of the exposures remains consistent and comparable.’;*

(AM 199 Boyer, Yon-Courtin, Kelleher; AM 200 Van Overtveldt; AM 202 Navarrete, Doherty, Benjumea Benjumea)

- (b) ~~in~~ paragraph 11 **is amended as follows:**

**(i) the introductory part is replaced by the following:**

*‘The underlying exposures shall be transferred to the SSPE **or, in the case of securitisations of trade receivables where no SSPE is used, to the buyer of the underlying exposures,** after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator’s or original lender’s knowledge:’;*

**(ii) ~~in~~ point (a), ~~point (ii)~~ is replaced by the following:**

*‘(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone*

*a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE or, in the case of securitisations of trade receivables where no SSPE is used, to the buyer of the underlying exposures, except if:*

- (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE or, where relevant, to the buyer of the underlying exposures; and*
- (ii) the information provided by the originator, sponsor and/or SSPE explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring, and their performance since the date of the restructuring;’;*

***(ba) in paragraph 14, the first subparagraph is replaced by the following:***

***‘The EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory technical standards further specifying which of the underlying exposures referred to in paragraph 8, first, second and third subparagraphs, are deemed to be homogeneous.’;***

(9) Article 22 is amended as follows:

***(-a) paragraph 1 is replaced by the following:***

***‘1. The originator and the sponsor shall make available robust data on static and dynamic historical default and loss performance, such as delinquency and default data, or other adequate data that allow for a proper assessment of the risk, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Where the sponsor does not have access to such data, it shall obtain access to data from the seller. The quality of the data shall be such as to enable potential institutional investors to conduct a prudent stress test analysis. Those data shall cover a period of at least five-two years, except for data relating to trade receivables and other short-term receivables, for which the historical period shall be no shorter than three years, unless A shorter period of no less than two years may be accepted by a competent***

~~authority designated in accordance with Article 29 the EBA confirms a shorter time period requires otherwise for duly justified reasons provided that the data available is robust and enables institutional investors to conduct a prudent stress test analysis.~~’;

(AM 29 Seekatz, AM 206 Falcone, Martusciello; AM 207 Crosetto, Vivaldini, Nesci, Ventola, Squarta; AM 208 Navarrete, Benjumea Benjumea)

*(-ab) in paragraph 2, the following subparagraph is added:*

*In the case of a securitisation where information is disclosed on an aggregated basis in accordance with Article 7(1), the external verification shall focus on the accuracy of the aggregation process and the consistency of the aggregated data with the underlying internal records of the originator.*

(AM 209 Navarrete, Benjumea Benjumea)

(a) in paragraph 4, the first subparagraph is replaced by the following:

‘In case of a securitisation where the underlying exposures are residential loans or auto loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or auto loans or leases.’;

(b) paragraph 5 is replaced by the following:

‘5. The originator and the sponsor shall be responsible for compliance with Article 7. In case of a public securitisation, the information required by Article 7(1), first subparagraph, point (a), shall be made available to potential investors before pricing upon request. In case of a public securitisation, the information required by Article 7(1), first subparagraph, points (b) to (d), shall be made available before pricing at least in draft or initial form. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.’;

## **STS ABCP securitisation**

(10) Article 24 is amended as follows:

~~(a) paragraph 1 is replaced by the following:~~

~~1. The title to the underlying exposures shall be acquired by the buyer of the underlying exposures by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the buyer of the underlying exposures shall not be subject to severe clawback provisions in the event of the seller's insolvency. (AM 30 Seekatz)~~

(a) in paragraph 9, in point (a), point (ii) is replaced by the following:

‘(ii) the information provided by the originator, sponsor and SSPE explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring, and their performance since the date of the restructuring;’;

(aa) paragraph 14 is replaced by the following:

*14. The originator and the sponsor shall make available **robust** data on static and dynamic historical default and loss performance, such as delinquency and default data, ~~or other adequate data that allow for a proper assessment of the risk,~~ for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Where the sponsor does not have access to such data, it shall obtain access to **such data from the seller.** ~~, on a static or dynamic basis, on the historical performance, such as delinquency and default data, for exposures substantially similar to those being securitised. All such data shall cover a period no shorter than five years, except for data relating to trade receivables and other short-term receivables, for which the historical period shall be no shorter than three years. A shorter period of no less than two years may be accepted by competent authorities designated in accordance with Article 29 provided that the data available is robust and enables institutional investors to conduct a prudent stress test analysis. The quality of the data shall be such as to enable potential institutional investors to conduct a prudent stress test analysis. Those data shall cover a period of at least two five years except for data relating to trade receivables and other short-term receivables, for which the historical period shall be no shorter than three years, unless the EBA requires otherwise confirms a shorter time period~~*

**for duly justified reasons.** (AM 31 Seekatz; AM 211 Falcone, Martusciello; AM 212 Crosetto, Vivaldini, Nesci, Ventola, Squarta)

(b) in paragraph 15 the following subparagraph is added:

‘A pool of underlying exposures shall be deemed to comply with the first *sentence of the first* subparagraph where ***all of the following conditions are met:***

(a) at least 70% of the exposures in the pool at origination consists of exposures to SMEs;

(b) ***all of the exposures in the pool are to obligors established in Member States;***

(c) ***all of the exposures in the pool are underwritten in accordance with standards that apply similar approaches for assessing associated credit risk; and***

(d) ***all of the exposures in the pool are serviced in accordance with similar procedures for monitoring, collecting and administering cash receivables;***

(e) ***the overall risk profile of the exposures remains consistent and comparable***.’;

(AM 217 Boyer, Yon-Courtin, Kelleher)

**(ba) in paragraph 21, the first subparagraph is replaced by the following:**

***‘The EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory technical standards further specifying which underlying exposures referred to in paragraph 15, first to fourth subparagraphs, are deemed to be homogeneous.’;***

## STS on-balance-sheet securitisations

(11) Article 26b is amended as follows:

(a) in paragraph 7, in the fourth subparagraph, the following points (e) and (f) are added:

- ‘(e) has been the object of Union restrictive measures or of proven fraudulent practices;
- ‘(f) has been subject to changes in the national legal framework that would affect the enforceability of the claims of the underlying exposures.’;

(b) ~~in~~ paragraph 8 *is amended as follows:*

*(i) the third subparagraph is replaced by the following:*

*‘The underlying exposures referred to in the first subparagraph shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal or interest payments or to other payments, including commitment fees, received on a periodic basis, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.’; (AM 35 Seekatz)*

*(ii) the following subparagraph is added:*

*‘A pool of underlying exposures shall be deemed to comply with the first sentence of the first subparagraph where all of the following conditions are met:*

*(a) at least 70% of the exposures in the pool at origination consists of exposures to SMEs;*

*(b) all of the exposures in the pool are to obligors established in Member States;*

*(c) all of the exposures in the pool are underwritten in accordance with standards that apply similar approaches for assessing associated credit risk; and*

*(d) all of the exposures in the pool are serviced in accordance with similar procedures for monitoring, collecting and administering cash receivables;*

*(e) the overall risk profile of the exposures remains consistent and comparable.’;*

*(AM 226 Boyer, Yon-Courtin, Kelleher)*

(c) in paragraph 11, in point (a), point (ii) is replaced by the following:

‘(ii) the information provided by the originator, sponsor and SSPE explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring, and their performance since the date of the restructuring.’;

**(ca) in paragraph 13, the first subparagraph is replaced by the following:**

***The EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory technical standards further specifying which underlying exposures referred to in paragraph 8, first to fourth subparagraphs, are deemed to be homogeneous.***

(12) in Article 26c, in paragraph 5, the eighth subparagraph is replaced by the following:

‘Where a credit event, as referred to in Article 26e, has occurred in relation to underlying exposures and the debt workout for those exposures has not been completed, the amount of credit protection remaining at any payment date plus the amount of any retained tranches which rank junior to the tranches covered by the credit protection remaining at any payment date shall be at least equivalent to the outstanding nominal amount of those underlying exposures, minus the amount of any interim payment made in relation to those underlying exposures.’;

**(12a) in Article 26d, paragraph 1 is replaced by the following:**

‘1. *The originator shall make available robust data on static and dynamic historical default and loss performance such as delinquency and default data, ~~or other adequate data that allow for a proper assessment of the risk,~~ for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. ~~The quality of the data shall be such as to enable potential institutional investors to conduct a prudent stress test analysis.~~ Those data shall cover a period of ~~at least five two~~ years, **except for data relating to trade receivables and other short-term receivables, for which the historical period shall be no shorter than three years, unless EBA requires otherwise confirms a shorter time period for duly justified reasons.** ~~A shorter period of no less than two years may be accepted by competent authorities designated in accordance with Article 29 provided that the data available is robust and~~*

~~enables institutional investors to conduct a prudent stress test analysis.~~’ (AM 38 Seekatz; AM 227, Falcone, Martusciello; AM 228 Crosetto, Vivaldini, Nesci, Ventola, Squarta)

(13) Article 26e is amended as follows:

(a) in paragraph 3, the third subparagraph is replaced by the following:

‘The credit protection premiums to be paid under the credit protection agreement shall be structured as contingent on the outstanding size of the tranche and credit risk of the protected tranche. For those purposes, the credit protection agreement shall not stipulate guaranteed premiums, upfront premium payments, rebate mechanisms or other mechanisms that may avoid or reduce the actual allocation of losses to the investors or return part of the paid premiums to the originator after the maturity of the transaction.’;

(b) in paragraph 7, point (d) is replaced by the following:

‘(d) for originators not using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013:

(i) the total committed amount per year shall not be higher than the one-year expected loss of the portfolio for that year;

(ii) the calculation of the one-year expected loss of the underlying portfolio shall be clearly determined in the transaction documentation.’;

(c) paragraph 8 is amended as follows:

(i) the following point (aa) is inserted:

‘(aa) a guarantee meeting the requirements set out in Part Three, Title II, Chapter 4 of Regulation (EU) No 575/2013, by which the credit risk is transferred to an insurance or reinsurance undertaking that meets **all of the following** criteria ***laid down in points (i) to (iv): at the date on which the credit protection was first recognised:***

(AM 39 Seekatz; AM 231 Kelleher)

(i) the undertaking uses an ***full or partial*** internal model approved in accordance with Articles 112 and 113 of Directive

2009/138/EC for the calculation of capital requirements for such guarantees; ~~or~~

~~has an authorisation from its designated national competent authority to underwrite the risks as set out in class 14 or class 15 of Annex I of Directive 2009/138/EC; and within such authorisation, has received from its designated national competent authority a confirmation of no objection of its underwriting guarantees for the purposes of compliance with this point, following an assessment of its capital strength, its risk management framework, governance and underwriting policies;~~

(AM 40 Seekatz; AM 232 Pereira; AM 233 Doherty; AM 234 Kelleher)

- (ii) the undertaking complies with its Solvency Capital Requirement and its Minimum Capital Requirement referred to in Articles 100 and 128 of Directive 2009/138/EC, respectively, and has been assigned to credit quality *of at least step 2* ~~step 3~~ or better, *at the date on which the credit protection was first recognised*;

(AM 41 Seekatz; AM 235 Doherty; AM 236 Kelleher)

- ~~(iii) the undertaking operates business activities in at least two classes of non-life insurance within the meaning of Annex I of Directive 2009/138/EC, except those that contain insurance or reinsurance activity in the non-life classes of insurance of ‘credit’, ‘surety ship’ and ‘miscellaneous financial loss’ (AM 237 Doherty)~~

~~the undertaking’s total non-life technical provisions, net of amounts recoverable from reinsurance contracts and special purpose vehicles, across all lines of business, within the meaning of the delegated regulation adopted pursuant to Article 86(1), point (e), of Directive 2009/138/EC, except those that contain correspond to insurance or reinsurance activity in~~

*the non-life insurance classes of insurance of 'credit', 'surety ship' and 'miscellaneous financial loss', shall represent at least 40% of the total non-life technical provisions of the undertaking, net of amounts recoverable from reinsurance contracts and special purpose vehicles;*

(AM 42 Seekatz)

(iv) *the undertaking providing the credit protection is based in the Union and ~~at least one~~ either of the following conditions are fulfilled:*

- the value of the total assets, calculated in accordance with Article 75 of Directive 2009/138/EC, of the ~~by the insurance or reinsurance~~ undertaking exceeds EUR 5 10 billion; or*
- ~~where that the~~ undertaking is not part of the same group as the originator, ~~and~~ is a subsidiary of a group subject to group supervision within the meaning of Article 213(2), point (a) or (b) ~~or (c)~~, of Directive 2009/138/EC, ~~in the case of Article 213(2), point (c), of Directive 2009/138/EC where the head office of the parent undertaking is outside the Union, the Commission has adopted a delegated act in accordance with Article 260 of Directive 2009/138/EC determining that the prudential regime of the third country is equivalent to Title III of that Directive,~~ the value of the total consolidated assets ~~as stated in the latest audited financial statements of the parent undertaking of that group,~~ determined in accordance with Directive 2009/138/EC, exceeds EUR 15 billion, and the insurance undertaking can demonstrate, to the satisfaction of the supervisory authority, that, in the event that it is unable to meet its obligations under the credit protection agreement, a contractually binding commitment from its parent undertaking ensures the full and timely*

*payment of claims arising under that agreement, either directly to the originating institution or by way of financial support of an equivalent amount to the subsidiary insurance undertaking;*

~~*the unfunded credit protection is provided through a co-insurance arrangement by the parent undertaking and the subsidiary undertaking in accordance with Article 190 of Directive 2009/138/EC and there is a contractual commitment by the parent undertaking to assume the full amount of claims arising under the credit protection agreement in the event the subsidiary undertaking is unable to meet its obligations under the co-insurance arrangement, within timeframes consistent with the undertaking's solvency and liquidity needs.*~~

~~*there are financial arrangements, which may include reinsurance, ancillary own funds or a combination of financial arrangements, ensuring effective financial support by the parent undertaking to* under management *by the insurance or reinsurance undertaking for such guarantees, in the event that the latter is unable to provide timely compensation to the originating credit institution exceed 20 billion euro;* (AM 43 Seekatz; AM 238 Kelleher; AM 239 Doherty)~~

- (ii) point (c) is replaced by the following:
  - (a) another credit protection not referred to in points (a), (aa) and (b) of this paragraph in the form of a guarantee, a credit derivative or a credit linked note that meets the requirements set out in Article 249 of Regulation (EU) No 575/2013, provided that the obligations of the investor are secured by collateral meeting the requirements laid down in paragraphs 9 and 10 of this Article.’;

**(13a) Article 27 is amended as follows:**

(a) paragraphs 1 and 2 are replaced by the following:

*‘1. Originators and sponsors shall jointly notify ESMA by means of the template referred to in paragraph 7 of this Article where a securitisation meets the requirements set out in Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e (‘STS notification’). In the case of an ABCP programme, only the sponsor shall be responsible for the notification of that programme and, within that programme, of the ABCP transactions complying with Article 24. In the case of a securitisation of trade receivables where no SSPE is used, the buyer of the underlying exposures shall be responsible for the notification. In the case of a synthetic securitisation, only the originator shall be responsible for the notification.*

*The STS notification shall include an explanation by the originator and sponsor of how the STS criteria set out in Articles 20, 21 and 22, Articles 24, 25 and 26 or Articles 26b to 26e have been complied with.*

*ESMA shall inform the EBA ~~publish~~ of the STS notification and shall publish such notifications on its official website pursuant to paragraph 5. ~~and Originators and sponsors of a securitisation shall inform their competent authorities of the STS notification and designate amongst themselves one entity to be the first contact point for investors and competent authorities.~~*

*2. The originator, sponsor, ~~or~~ SSPE or the buyer of the underlying exposures referred to in paragraph 1 of this Article may use the service of a third party authorised under Article 28 to assess whether a securitisation complies with Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e. However, the use of such a service shall not, under any circumstances, affect the liability of the originator, sponsor, ~~or~~ SSPE or the buyer of the underlying exposures referred to in paragraph 1 in respect of their legal obligations under this Regulation. The use of such service shall not affect the obligations imposed on institutional investors as set out in Article 5.*

*Where the originator, sponsor, ~~or~~ SSPE or the buyer of the underlying exposures referred to in paragraph 1 uses the service of a third party authorised pursuant to Article 28 to assess whether a securitisation complies with Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e, the STS notification shall include a statement that compliance with the STS criteria was confirmed by that authorised third party. The*

*notification shall include the name of the authorised third party, its place of establishment and the name of the competent authority that authorised it.’;*

***(b) paragraphs 4 and 5 are replaced by the following:***

*‘4. . The originator and, where applicable, sponsor, shall immediately notify ESMA and inform ~~their competent authority~~ **the EBA** where a securitisation no longer meets the requirements set out in Articles 19 to 22, Articles 23 to 26, or Articles 26a to 26e.*

*5. ~~ESMA shall maintain, on its official website, a list of all securitisations which the originators and sponsors have notified it of meeting the requirements set out in Articles 19 to 22, Articles 23 to 26, or Articles 26a to 26e. ESMA shall add each securitisation so notified to that list immediately and shall update the list where the securitisations are no longer considered to be STS following a decision of ~~competent authorities~~ **the EBA** or a notification by the originator or sponsor. Where ~~the competent authority~~ **the EBA** has imposed administrative sanctions or remedial measures in accordance with Article 33a, it shall immediately notify ESMA thereof. ESMA shall immediately indicate on the list that ~~a competent authority~~ **the EBA** has imposed administrative sanctions or remedial measures in relation to the securitisation concerned.’;~~*

### **3rd party verifying STS compliance - horizontal article**

(14) ~~in~~ Article 28(1) **is amended as follows:**

***(a) paragraph 1 is amended as follows:***

***(i), in the*** first subparagraph, the introductory wording is replaced by the following:

*‘A third party as referred to in Article 27(2) shall be authorised and supervised by ~~the competent authority~~ **ESMA** to assess compliance of securitisations with the STS criteria provided for in Articles 19 to 22, Articles 23 to 26, and Articles 26a to 26e. ~~The competent authority~~ **ESMA** shall grant the authorisation if the following conditions are met:’; (AM 244 Boyer, Yon-Courtin)*

***(ii) the second subparagraph is replaced by the following:***

*'ESMA shall withdraw the authorisation when it considers the third party to be materially non-compliant with the first subparagraph.'*; (AM 245 Boyer, Yon-Courtin)

*(a) paragraphs 2 and 3 are replaced by the following:*

*'2. A third party authorised in accordance with paragraph 1 shall notify ESMA without delay of any material changes to the information provided under that paragraph, or any other changes that could reasonably be considered to affect the assessment of its competent authority.*

*3. ESMA may charge cost-based fees to the third party referred to in paragraph 1, in order to cover necessary expenditure relating to the assessment of applications for authorisation and to the subsequent monitoring of compliance with the conditions set out in paragraph 1. '*; (AMs 246 and 247 Boyer, Yon-Courtin)

~~*(14a) the following article is inserted:*~~

~~*Article 28a*~~

~~*Third-country STS equivalence*~~

~~*(1) The Commission is empowered to adopt delegated acts in accordance with Article 47 to supplement this Regulation by determining that the legal, supervisory and enforcement arrangements of a third country:*~~

~~*(a) are equivalent to the requirements laid down in Articles 19 to 22 [Non-ABCP], Articles 23 to 26 [ABCP] and Articles 26b to 26e [Synthetic], regarding the simple, transparent and standardised nature of the securitisation; and*~~

~~*(b) ensure that the securitisations originating in that third country are subject to effective supervision and enforcement on an ongoing basis.*~~

~~*2. For the purposes of paragraph 1, the Commission shall verify that the third country's arrangements are fully aligned with the "Criteria for identifying simple, transparent and comparable securitisations" (STC) published by the Basel Committee on Banking Supervision and IOSCO. Equivalence shall be granted based on the substantive outcome*~~

~~of the regulatory framework, regardless of the specific format or templates used for disclosure in that third country.~~

~~3. A securitisation originating in a third country regarding which an equivalence decision has been adopted in accordance with paragraph 1 shall be considered an STS securitisation for the purposes of this Regulation and Regulation (EU) No 575/2013 [CRR], provided that:~~

~~(a) the originator, sponsor or SSPE of that third country has received a verification from a Third Party Verifier authorised in accordance with Article 28, confirming compliance with the equivalent third-country standards; or~~

~~(b) in jurisdictions where no specific STS or STC label exists, the Third Party Verifier confirms that the transaction complies with the Basel/IOSCO STC criteria on a substance basis. (AM 249 Navarrete, Benjumea Benjumea)~~

## Designation of competent authorities

(15) ~~in Article 29, paragraphs 5, 6 and 7 are deleted.~~ is amended as follows:

(a) ~~the following paragraph 4a is inserted:~~

~~‘4a. Competent authorities responsible for the supervision of originators, sponsors and SSPEs in accordance with Directive 2013/36/EU, including the ECB with regard to specific tasks conferred on it by Regulation (EU) No 1024/2013, shall supervise compliance by originators, sponsors and SSPEs, with the obligations set out in Articles 18 to 27 of this Regulation.’;~~

(b) ~~in paragraph 5, the first sentence is replaced by the following:~~

~~‘For entities supervised by competent authorities other than the ones referred to in paragraph 4a, Member States shall designate one or more competent authorities to supervise the compliance of originators, sponsors and SSPEs with Articles 18 to 27, and the compliance of third parties with Article 28.’;~~

(15a) ~~the following article is inserted~~

~~‘Article 29a~~

~~Direct supervision of STS securitisation and third party verifiers~~

~~1. The EBA shall be responsible for supervising compliance by originators, sponsors, SSPEs and, in the case of a securitisation of trade receivables where no SSPE is used in accordance with Article 20, the buyers of the underlying~~

*exposures, with the obligations set out in Articles 18 to 27 of this Regulation and ESMA shall be responsible for supervising compliance of third parties verifying STS compliance with Article 28.*

2. *For the purposes of paragraph 1, the EBA and ESMA shall be empowered to exercise supervisory, investigatory and enforcement powers. Those powers shall be exercised in accordance with Articles 23a to 23e of Regulation (EU) No 1060/2009, which shall apply mutatis mutandis to both the EBA and ESMA, and in accordance with Article 33a of this Regulation.’; (AMs 256 Heinäluoma, Papandreou, Fernández, Repasi; AM 259 Boyer, Yon-Courtin **The supervisory, investigatory and enforcement powers conferred on EBA and ESMA pursuant to paragraphs 1 and 2 shall be exclusive with regard to the obligations referred to therein. Member States shall ensure that no national competent authority exercises parallel supervisory or sanctioning powers in respect of compliance with Articles 18 to 27 and Article 28. Any transfer of responsibilities to EBA or ESMA under this Article shall fully replace corresponding national competences, including with regard to supervisory fees.***

## **Powers of competent authorities**

- (16) Article 30 is amended as follows

~~(a) the following paragraph 1a is inserted:~~

~~‘1a. The competent authority shall supervise the compliance of originators, sponsors, SSPEs and original lenders with this Regulation in accordance with Article 29.’; (AM 44 Seekatz, AM 260 Boyer, Yon-Courtin)~~

*(aa) in paragraph 2, points (b), (c) and (e) are deleted;* (AM 261 Heinäluoma, Papandreou, Fernández, Repasi; AM 262, 263 Boyer, Yon-Courtin)

(b) paragraph 5 is deleted.

## **Administrative sanctions and administrative and remedial measures**

- (17) ~~in~~ Article 32 is amended as follows:

*(a) paragraph 1, first subparagraph, is amended as follows:*

*(i) the introductory part is replaced by the following:*

*‘Without prejudice to the right for Member States to provide for and impose criminal sanctions pursuant to Article 34, Member States shall lay down rules establishing appropriate administrative sanctions, in the case of negligence or intentional infringement, and remedial measures, applicable ~~at least~~ to situations where:’;*

*(ii) points (e) to (h) are deleted.*

*(iii) the following point (i) is added:*

*‘(i) an institutional investor, other than the originator, sponsor or original lender, has failed to meet the requirements provided for in Article 5.’;*

*(b) paragraph 2 is amended as follows:*

*(i) the introductory part is replaced by the following:*

*‘2. Member States shall confer on competent authorities the power to apply ~~at least~~ the following sanctions and measures in the event of the infringements referred to in paragraph 1.’;*

*(ii) point (d) is deleted;*

*(iii) the following point is inserted:*

*‘(fa) in the case of an institutional investor, or the delegate pursuant to Article 5(5), maximum administrative pecuniary sanctions of up to the half of the invested amount;’;*

*(iv) point (h) is deleted;*

*(v) the following subparagraph is added:*

*‘When laying down rules establishing administrative sanctions and administrative measures, Member States shall take into account any sanctions ~~and~~ measures ~~and additional risk weights~~ implemented in accordance with sectoral regulation in order to avoid duplications for the same infringement by reason of negligence or omission;’*

(AMs 46 and 48 Seekatz; AM 266 and 276 Navarrete, Bnejumea Benjumea)

*(17a) the following article is inserted:*

*Article 33a*

## ***Direct supervision of STS securitisation and third party verifiers***

***1. Where the EBA's Board of Supervisors finds that an originator, sponsor, SSPE or, in the case of securitisations of trade receivables where no SSPE is used in accordance with Article 20, the buyer of the underlying exposures has, intentionally or negligently, committed one of the infringements listed in the second subparagraph, the EBA shall adopt a decision imposing one or more of the relevant sanctions or measures listed in paragraph 3 of this Article.***

***The infringements referred to in the first subparagraph are the following:***

***(a) a securitisation is designated as STS and an originator, sponsor or SSPE of that securitisation has failed to meet the requirements provided for in Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e;***

***(b) an originator, sponsor or the buyer of the underlying exposures makes a misleading notification pursuant to Article 27(1); or***

***(c) an originator, sponsor or the buyer of the underlying exposures has failed to meet the requirements provided for in Article 27(4).***

***2. Where ESMA's Board of Supervisors finds that a third party verifying STS compliance with Article 28 has, intentionally or negligently, failed to notify material changes to the information provided in accordance with Article 28(1), or any other changes that could reasonably be considered to affect the assessment of ESMA, ESMA shall adopt a decision imposing one or more of the sanctions or measures listed in paragraph 3 of this Article.***

***3. The EBA and ESMA shall have the power to apply one or more of the following sanctions and measures in the event of infringements referred to in paragraphs 1 and 2, respectively:***

***(a) a public statement which indicates the identity of the natural or legal person and the nature of the infringement in accordance with Article 37;***

***(b) an order requiring the natural or legal person to cease the conduct and to desist from a repetition of that conduct;***

***(c) a temporary ban preventing any member of the originator's, sponsor's or SSPE's management body or any other natural person held responsible for the infringement from exercising management functions in such undertakings;***

*(d) in the case of an infringement as referred to in paragraph 1, point (a) or (b), of this Article a temporary ban preventing the originator and sponsor from notifying under Article 27(1) that a securitisation meets the requirements set out in Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e;*

*(e) in the case of a natural person, maximum administrative pecuniary sanctions of at least EUR 5 000 000 or, in the Member States whose currency is not the euro, the corresponding value in the national currency on 17 January 2018;*

*(f) in the case of a legal person, maximum administrative pecuniary sanctions of at least EUR 5 000 000, or in the Member States whose currency is not the euro, the corresponding value in the national currency on 17 January 2018 or of up to 10 % of the total annual net turnover of the legal person according to the last available accounts approved by the management body; where the legal person is a parent undertaking or a subsidiary of the parent undertaking which has to prepare consolidated financial accounts in accordance with Directive 2013/34/EU, the relevant total annual net turnover shall be the total net annual turnover or the corresponding type of income in accordance with the relevant accounting legislative acts according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking;*

*(g) maximum administrative pecuniary sanctions of at least twice the amount of the benefit derived from the infringement where that benefit can be determined, even if that exceeds the maximum amounts in points (e) and (f);*

*(h) in the case of an infringement as referred to in paragraph 2, a temporary withdrawal of the authorisation referred to in Article 28 for the third party authorised to assess the compliance of a securitisation with Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e.*

**4. The EBA and ESMA, when determining the type and level of an administrative sanction or remedial measure imposed under this Article, shall take into account the extent to which the infringement is intentional or results from negligence and all other relevant circumstances, including, where appropriate:**

*(a) the materiality, gravity and the duration of the infringement;*

*(b) the degree of responsibility of the natural or legal person responsible for the infringement;*

*(c) the financial strength of the responsible natural or legal person;*

*(d) the importance of profits gained or losses avoided by the responsible natural or legal person, insofar as they can be determined;*

*(e) the losses for third parties caused by the infringement, insofar as they can be determined;*

*(f) the level of cooperation of the responsible natural or legal person with EBA or ESMA, without prejudice to the need to ensure disgorgement of profits gained or losses avoided by that person;*

*(g) previous infringements by the responsible natural or legal person.*

*5. Any decision by the EBA or ESMA imposing administrative sanctions or remedial measures set out in paragraph 3 of this Article shall be properly reasoned, shall be notified to the person concerned and shall be subject to a right of appeal in accordance with Article 25 of Regulation (EU) No 1060/2009.*

*6. Any decision referred in paragraph 5 of this Article shall be communicated to the competent authorities designated under Article 29 for the person concerned and to the other ESAs. The EBA or ESMA shall make public any such decision on its website within 10 working days from the date on which it was adopted subject to Article 37(2), (3) and (4).*

## **Cooperation between competent authorities and the ESAs**

(18) Article 36 is amended as follows:

(a) paragraph 2 is deleted

(b) paragraph 3, is replaced by the following:

‘A specific securitisation sub-committee shall be established within the framework of the Joint Committee of the European Supervisory Authorities, within which competent authorities shall closely cooperate, in order to carry out their duties pursuant to Articles 30 to 34. The securitisation sub-committee shall be led by the EBA with the cooperation of ESMA, **and** EIOPA **and ESRB**. The EBA shall provide the secretariat and a vice-chairperson to the securitisation sub-committee on a permanent basis. The securitisation sub-committee shall foster supervisory

convergence to ensure common supervisory practices. The members of the securitisation sub-committee, under the stewardship of the EBA, shall closely coordinate their supervisory actions in order to identify and remedy infringements of this Regulation, develop and promote best practices, facilitate collaboration, foster consistent application of law and provide cross-jurisdictional assessments in the event of any disagreements. The securitisation sub-committee shall regularly monitor the state of the market and the application of this Regulation.’;

(AM 280 Heinäluoma, Papandreou, Fernández, Repasi)

(c) the following paragraphs 3a and 3b are inserted:

‘3a. The securitisation sub-committee referred to in paragraph 3 shall by [12 months after adoption] develop guidelines to establish common supervisory procedures.

**3b. Following the notification to the *Where more than one* competent *authority is notified* authorities under Article 7(1), the competent *authority responsible for the supervision* authorities of the *originator or, if there are several originators, the competent authority supervising the originator that contributes the highest proportion of underlying exposures to the securitisation*, sell-side entities in the transaction shall appoint a *be the lead supervisor for that specific securitisation. The lead supervisor shall* to coordinate actions and avoid divergences of application of this Regulation for transactions involving sell-side entities under the remit of competent authorities from more than one Member State. A Competent authority may *authorities shall* delegate the exercise of some or all of the tasks and powers referred to in this Regulation to the lead supervisor. In case the competent authorities of the sell-side entities do not reach an agreement on the appointment of the lead supervisor, the securitisation sub-committee established under paragraph 3 shall appoint the lead supervisor.’; (AM 49 Seekatz)**

(ca) paragraphs 4 and 5 are replaced by the following:

4. *Where a competent authority finds that one or more of the requirements under Articles 6 to 27 have been infringed or has reason to believe so, it shall inform the competent authority of the entity or entities suspected of such infringement, or the EBA, of its findings in a sufficiently detailed manner. The competent authorities concerned responsible for supervision of compliance with Articles 6*

*to 17 shall closely coordinate their supervision in order to ensure consistent decisions.*

- 5. *Where the infringement referred to in paragraph 4 of this Article concerns, in particular, an incorrect or misleading notification pursuant to Article 27(1), the competent authority finding that infringement shall, without delay, notify ~~the competent authority of the entity designated as the first contact point under Article 27(1)~~ the EBA of its findings. ~~The competent authority of the entity designated as the first contact point under Article 27(1)~~ shall in turn inform ESMA, the EBA and EIOPA and shall follow the procedure provided for in paragraph 6 of this Article.***

- (d) in paragraph 6, the first and second subparagraphs are replaced by the following:

‘Upon receipt of the information referred to in paragraph 4, the competent authority of the entity suspected of the infringement shall take within 15 working days any action necessary to address the infringement identified and notify the other competent authorities involved, in particular those of the originator, sponsor and SSPE, and the competent authorities of the holder of a securitisation position, where known. A competent authority that disagrees with another competent authority regarding the procedure or content of the action or inaction or that other competent authority shall notify all other competent authorities involved about its disagreement without undue delay. Where that disagreement is not resolved within three months of the date on which all competent authorities involved were notified, the matter shall be referred to the EBA in accordance with Article 19 and, where applicable, Article 20 of Regulation (EU) No 1093/2010. The conciliation period referred to in Article 19(2) of Regulation (EU) No 1093/2010 shall be one month.

Where the competent authorities concerned fail to reach an agreement within the conciliation phase referred to in the first subparagraph, the EBA shall take the decision referred to in Article 19(3) of Regulation (EU) No 1093/2010 within one month. During the procedure set out in this Article, a securitisation appearing on the list maintained by ESMA pursuant to Article 27 of this Regulation shall

continue to be considered an STS pursuant to Chapter 4 of this Regulation and shall be kept on that list.’;

(e) paragraph 7 is replaced by the following

‘7. Three years from the date of application of this Regulation, and every three years thereafter, the EBA, in cooperation with ESMA and EIOPA, shall conduct a peer review in accordance with Article 30 of Regulation (EU) No 1093/2010 on the implementation of the supervisory powers provided for in Article 30 of this Regulation.’;

(f) paragraph 8 is deleted;

## Reports and review

(19) Article 44 is amended as follows:

(a) in the first subparagraph, point (e) is replaced by the following:

‘(e) the contribution of securitisation to funding Union companies, **in particular SMEs, and households** and to the economy **and financial stability** of the Union.’; (AM 50 Seekatz; AM 286 Heinäluoma, Papandreou, Fernández, Repasi)

(b) the second subparagraph is deleted;

(20) Article 46 is replaced by the following:

### *Article 46*

#### **Review**

By ...[PO please insert the date: 5 years after date of entry into force], the Commission shall present a report to the European Parliament and the Council on the functioning of this Regulation, accompanied, where appropriate, by a legislative proposal.

That report shall consider in particular the findings of the reports referred to in **Articles 31 and 44**, and shall assess: (AM 289 Heinäluoma, Papandreou, Fernández, Repasi)

(a) the effects of this Regulation on the functioning and the development of the market for securitisations in the Union;

(b) the contribution of securitisation to:

- (i) to funding EU companies and economy, in particular on access to credit for SMEs and investments;
- (ii) **the build up of risks to the financial stability of the banking sector and the financial sector as a whole which could arise from the growth of issuances of synthetic securitisations, taking into account interconnectedness between financial institutions and the stability of the financial sector;** (AM 291 Heinäluoma, Papandreou, Fernández, Repasi)  
**(ii b) housing affordability and access to housing;** (AM 293 Toussaint)
- (c) whether in the area of STS securitisations, an equivalence regime could be introduced for third country originators, sponsors and SSPEs, including in relation to due-diligence requirements, taking into consideration international developments in the area of securitisation, in particular initiatives on simple, transparent and comparable securitisations;
- (d) the implementation of the requirements set out in Article 22(4) and Article 26d(4) and whether those requirements may be extended to securitisation where the underlying exposures are not residential loans or auto loans or leases, with a view to mainstreaming environmental, social and governance disclosures.

## *Article 2*

### **Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*