



2025/0825(COD)

.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

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## 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;
  - o point 10: AM 93;
  - o 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- Art. 263(3): AM 46 (withdrawn); AM 262; AMs 300 to 301;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.

**Commented [AM1]:** **Note:** To be voted in separate COMP B.

*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;’;

**Commented [AM2]:** Note: Equivalence of STS Label: Art. 28a (new) SecReg on „Equivalence of STS Label’ was not taken on board. Deletion of this point in the CRR COMP is a follow-up change.

(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 fullfilling* 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:~~

~~$A \geq 1.5 * K_A$ , 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.~~

Commented [AM3]: Note: Re-instating the Commission proposal.

(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:~~

~~$A \geq 1.5 * K_A$ , 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 133 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.~~

Commented [AM4]: Note: Re-instating the COM proposal.

~~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.~~

Commented [AM5]: Note: UFCP should not be eligible as STS resilient

~~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:~~

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

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

~~$A \geq 1.1 \cdot K_{IRB}$  (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:~~

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

~~$A \geq 1.5 \cdot K_{IRB}$ , 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:~~

~~$A \geq 1.5 \cdot K_A$ , 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 154 Crosetto]

**Commented [AM6]:** **Note:** Going back to COM proposal, while excluding UFCP as guarantee.

**Commented [RM7]:** **Note:** Re-instating drafting and parameter values of original COM proposal.

**Commented [RM8]:** **Note:** Re-instating the drafting and parameter values of the COM proposal

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

~~$A \geq 1.5 * K_{A_i}$  when using SEC-SA or~~

~~$A \geq 1.5 * K_{IRB_i}$  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;~~

~~$A \geq 1.15 * K_{A_i}$  when using SEC-SA or SEC-ERBA, or~~

~~$A \geq 1.1 * K_{IRB_i}$  (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;~~

~~$A \geq 1.5 * K_{A_i}$  when using SEC-SA or~~

~~$A \geq 1.5 * K_{IRB_i}$  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:

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‘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<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 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

**Commented [AM10]:** Note: Same change introduced in Art. 245(3): „in individual cases“

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*i*</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.

**Commented [AM11]:** Same change introduced in Art. 244(3): „in individual cases“.

[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 Falcone, 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:

$p = \min (0.8 \text{ } \underline{0.5-1}$ ,  $\max [0.325; 0.7 *(A + B*(1/N) + C*K_{IRB} + D*LGD + E*MT)])$  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.]

$p = \min (1, \max [0,3; 1 *(A + B*(1/N) + C*K_{IRB} + D*LGD + E*MT)])$  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 =  $\max \min (12\% - 15\%; \max (12\% - 10\%, 12\% - 15\% * K_{IRB} * 12.5))$

[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 =  $\min \max (15\% - 10\%; \max (10\% - 8\%; 12\% - 15\% * K_{IRB} * 12.5))$ ;

[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.***

**Commented [A12]:** Note: Inclusion of additional subparagraph in Art. 259, since COM proposal does not address the RW floor for non-senior securitisation positions. See also additions in Arts 260, 261 and 262.

- (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  $K_{IRB}$  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:

$$\square \cdot \square_{\square\square\square} + (1 - \square) \square_A$$

- (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:

$p = \min (0.4 - 0.5 - 0.25, \max [0.2 - 0.1; 0.3 * (A + B * (1/N) + C * K_{IRB} + D * LGD + E * M_T)])$  for a senior securitisation position **of originator or sponsor**

[AM 26 Seekatz, AM 203 Boyer et al]

$p = \min (0.4 - 0.5 - 0.25, \max [0.2 - 0.1; 0.5 * (A + B * (1/N) + C * K_{IRB} + D * LGD + E * M_T)])$  for a non-senior **originator or sponsor** position

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

***$p = \min (0.5, \max [0.3; 0.5 * (A + B * (1/N) + C * K_{IRB} + D * LGD + E * M_T)])$  for other positions*** [AM 28 Seekatz]

The risk-weight floor for a **synthetic** senior securitisation position =  $\max \min (10\% - 7\%; \max (7\% - 5\%, 7\% - 10\% * K_{IRB} * 12.5))$ .

[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.**

**Commented [A13]:** Note: Inclusion of additional subparagraph in Art. 260(1), since COM proposal does not address the RW floor for non-senior securitisation positions. See also addition in Art. 262(1).

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:

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

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

**Commented [AM14]:** Note: 5% as in COM proposal.

- (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,

$p = 0.4$  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;~~

$p = 0.6$  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 1c 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.***

**Commented [A15]:** Note: Inclusion of additional subparagraph in Art. 261, since COM proposal does not address the RW floor for non-senior securitisation positions. See also additions in Arts 259, 261 and 262.

- (c) In paragraph 2, the following sub-paragraphs are 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 Kubin, 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:

Article 262

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.**

Commented [A16]: Note: RW floor for non-senior securitisation position was not specified. See also AM to Art. 260(1).

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 =  $\min(10\% 6\%; \max(4\% 3\% 5\%; 7\% 10\% * K_A * 12.5))$ .

Commented [AM17]: Note: RW floor value as in COM proposal: 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 Kubín]

**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:

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- (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 COSI in a securitisation that complies, compliant 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) 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>	1 5 year	5 1 year

**Commented [AM18]:** Note: Resilient concept not applicable to SEC-ERBA.

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

Commented [AM19]: Note: Resilient concept not applicable for SEC-ERBA.

(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:~~

~~*Max (5%; 10% \* K<sub>A</sub> \* 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>		<del>Senior tranche (other positions of investor)</del>		Non-senior (thin) tranche	
	Tranche maturity (M <sub>T</sub> )		<del>Tranche maturity (M<sub>T</sub>)</del>		Tranche maturity (M <sub>T</sub> )	
	1 year	5 year	<del>1 year</del>	<del>5 year</del>	1 year	5 year
1	<b>7% 5%</b> <i>Max (7 %; 10% * K<sub>A</sub> * 12.5)</i>		<del><i>Max (7 %; 10% * K<sub>A</sub> * 12.5)</i></del>		15 %	40 %
2	<b>7% 5%</b> <i>Max (7 %; 10% * K<sub>A</sub> * 12.5)</i>	10 %	<del><i>Max (7 %; 10% * K<sub>A</sub> * 12.5)</i></del>	<del>15 %</del>	15 %	55 %
3	10 %	12 %	<del>15 %</del>	<del>20 %</del>	15 %	70 %
4	10 %	16 %	<del>15 %</del>	<del>25 %</del>	25 %	80 %

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

**Commented [AM20]:** **Note:** Following technical input provided concerning treatment of retained securitisation positions under the NSFR (AM 279 and AM 280).

*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 Malag]

(17) Article 506b is deleted;

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

*Article 506d*

***Prudential treatment of securitisation and covered bonds***

**Commented [AM21]:** Note: AMs 4, 86 and 88 are now covered by the review.

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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**Commented [AM22]:** Note: The Article on „Grandfathering“ will be not part of COMP A and will be together with the corresponding Recital voted as separate COMP B (see below).

**Commented [AM23]:** Note: Instead of changing the risk weights of covered bonds this issue is introduced into the Review clause of Art. 506d above.

UCITS Limit

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**Commented [A24]:** Note: The wording and the threshold of 20% follows the ECB Opinion on the MISP Master Directive - link: [here](#).

*[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]