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From:	General Secretariat of the Council
On:	12 December 2025
To:	Permanent Representatives Committee
Subject:	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 - *Mandate for negotiations with the European Parliament*

2025/0826 (COD)

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[1], 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.

(2) It is important that financial institutions **deploy** 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.

▌

(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.

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[1] 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).

(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.**

(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 **compliance of** sell-side entities, **that are established within the Union**, **with certain** requirements **of** Regulation (EU) 2017/2402. Investors should, however, still verify whether **transactions that involve** sell-side entities **established in third countries, comply with requirements corresponding to those of** Regulation (EU) 2017/2402.

(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) **Where** compliance with the STS requirements is already subject to **the assessment by a third party verifier, it is redundant to oblige investors to further verify the STS requirements. Therefore, the requirement on** investors to verify compliance with **the STS criteria should be removed where a securitisation has received a positive assessment of STS compliance from a third party authorised and supervised under Article 28. However, a positive assessment of** compliance with the STS criteria **should not absolve** investors **of their responsibility to assess the risk and features of each securitisation position they invest in**.

(8) Investors should be allowed to conduct simplified due diligence to investments in repeat transactions where key risk characteristics are already well understood. ▌ That change should ensure consistency in due diligence practices while facilitating investor participation in well-known and transparent structures.

(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[2], 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[3]. 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 **central governments or central banks, regional governments, local authorities and public sector entities,** 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**, multilateral development banks and the Union** inherently possess characteristics that mitigate the need to ▌ fulfil the risk retention requirement. These transactions carry an assurance by the guarantor, who carries out due diligence processes before affording such a guarantee. ▌ Furthermore, the essence of a guarantee is the assumption of risk by the guarantor**, which assumes the junior risk on behalf of public policy objectives, by designing programs where it defines the asset eligibility and ensures ongoing oversight over the life of the transaction**. 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.

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2 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).

3 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).

(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,** the delegating institutional investor should**, therefore, assess and monitor the effectiveness of the delegate's ability to perform the delegated** due diligence **tasks**. That specification is intended to reflect established regulatory practice and to ensure that obligations are fulfilled effectively while maintaining clear lines of accountability.

(12) The disclosure requirements should consider the granularity of the underlying pool of exposures ▌ . In addition, it is important to consider the ▌ maturity of the underlying exposures. Loan level disclosure for highly-granular pools of ▌ 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 **highly-granular pools of short-term** exposures ▌ should not need to encompass reporting at the level of each individual underlying exposure. However, 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[4] 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 **target a burden** reduction of at least 35% ▌. 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. 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[5]. 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 **securitisation** repositories. 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 the confidentiality of private transactions, data from those transactions should not be publicly disclosed.

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4 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).

5 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).

(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 further specify the information that the originator, sponsor and SSPE are to provide to comply with the **transparency** 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[6], Regulation (EU) No 1094/2010 of the European Parliament and of the Council[7] and Regulation (EU) No 1093/2010 of the European Parliament and of the Council[8]. 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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6 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).

7 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)

8 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)

(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 **STS** securitisations involving exposures from multiple Member States, the requirement of homogeneity, as defined at present, is considered as an obstacle for SMEs securitisations **to qualify for the STS label**. To overcome that obstacle, a pool of underlying exposures ▌ where at least 70 % of the exposures at origination consists of exposures to SMEs**, should be able to consist of exposures from multiple Member States**. That ▌ 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 **also** be allowed to include ▌ exposures ▌ from different Member States **and to other types of obligors that are not considered SME**, 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[9] 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 ▌ clarity and consistency in specific requirements with some technical adjustments.

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[9] 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).

(18) To ensure the consistent selection of the underlying exposures in **an STS** 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 **an STS** 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 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 ▌ to be funded ▌ for on-balance-sheet synthetic securitisation under the STS **framework** 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 **or reinsurers** 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**, rather than the standard formula,** 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 and have a current credit quality step** 3 or better. When it comes to diversification, the insurance or reinsurance undertaking should **have significant** business activities in ▌ 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**, or, under certain conditions, its parent,** should have total assets above EUR **15** billion.

(23) Third-party verifiers have a role in assessing the compliance of securitisations **with** 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. It is therefore appropriate to lay down that competent authorities are also responsible for the ongoing supervision of such third-party verifiers and adequately empowered to do so.

(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 **the supervision of compliance** with the applicable requirements under ▌ Regulation **(EU) 2017/2402, which should be compatible with a risk-based supervisory approach**. **Such an approach does not preclude the verification of selected requirements also at the level of individual transactions, as considered appropriate by competent authorities.**

▌

(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 **are** 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 ▌ 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 **take** 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. ▌ This will be instrumental in ▌ developing supervisory capacity and preparedness to support **the anticipated growth of the market**. Assigning a stewardship role to EBA in this supervisory capacity aligns with the strategic vision of an efficient and simplified regulatory landscape.

▌

(29a) In order to avoid negative consequences for financial stability, the eligibility of unfunded credit protection for STS on-balance-sheet securitisations should be accompanied by an appropriate macroprudential oversight. In particular, the European Systemic Risk Board (ESRB), established by Regulation (EU) No 1092/2010 of the European Parliament and of the Council should monitor macroprudential risks associated with the provision of unfunded credit protection under the STS label. In order to facilitate ESRB's macroprudential monitoring of EU's securitisation markets, it should be assured that ESRB has access to relevant information. It is therefore necessary to further enhance the data sharing between the ESRB, competent authorities and the ESAs. In order not to impose additional administrative burdens on competent authorities, data requests by the ESRB should be directed at the EBA, EIOPA or ESMA and concern information already available to the ESAs, thus shielding the competent authorities from the burden of having to process additional data requests.

(29b) By amending the criteria for homogeneity of assets and the credit protection agreement, this Regulation broadens the scope of transactions that can meet the STS criteria. It should be possible for existing securitisations that meet the revised STS criteria to be able to use the 'STS' designation. For these transactions, the STS requirements that refer to taking certain actions prior to issuance or before pricing, should be read as referring to prior to the notification to ESMA.

(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 **4** 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 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.

(30a) EU securitisations are inherently diversified and benefit from robust regulatory safeguards. Undertakings for Collective Investments in Transferrable Securities (UCITS) would benefit from greater flexibility to invest in EU securitisations. For this reason, and to further encourage the development of the EU securitisation market, it is appropriate to increase the current 10% limit laid down in Directive 2009/65/EC on debt securities issued by a single entity to 50% when UCITS invest in public securitisations issued in accordance with Regulation (EU) 2017/2402. This amendment is made without prejudice to other liquidity, investment and diversification requirements applicable to UCITS under Directive 2009/65/EC. As part of the review of Regulation (EU) 2017/2402, the Commission should carry out an assessment of the impact of this measure on the liquidity of UCITS' investment portfolios, as well as of the desirability and viability of further adjustments to that limit.

(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,

HAVE ADOPTED THIS REGULATION:

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**,** originators, sponsors, original lenders, servicers**, securitisation repositories, third parties verifying STS compliance** and securitisation special purpose entities.;'

(2) in Article 2, the following points (32) **to (35**) are added:

'(32) 'public securitisation' means a securitisation **where 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[1];**

▌

(33) 'private securitisation' means a securitisation that does not meet **the criterion** laid down in point (32).

(34) "repeat transactions" mean a sequence of securitisation transactions that exhibit all of the following criteria:

(a) they have the same originator(s);

(b) they are backed by pools of exposures that have the same proportion of asset types reflected in the pools;

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

(35) 'highly-granular pools of short-term exposures' means a pool of exposures where no single exposure represents more than 0.005 % of the overall pool and every exposure has an original maturity of one year or less.

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[1] **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).'**

(3) Article 5 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) point (c) is deleted;

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

‘(e) if established in a third country, the originator, sponsor or SSPE ▌ has made available **at least** the information **listed in** Article 7(1)**, which would have been applicable if these entities were established within the Union,** in accordance with the frequency ▌ provided for in that paragraph;

(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.;’

(b) paragraph 3 is amended as follows:

(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 **amended as follows:**

‘**With regard to a securitisation notified as STS in accordance with Article 27, the compliance of that securitisation with the requirements provided for in Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e, and Article 27. Institutional investors may rely to an appropriate extent on the STS notification pursuant to Article 27(1) and on the information disclosed by the originator, sponsor and SSPE on the compliance with the STS requirements, without solely or mechanistically relying on that notification or information.**

By derogation from the first sentence of the previous subparagraph, institutional investors shall not be required to conduct due diligence on the requirements provided in Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e, and Article 27, where the originator, sponsor or SSPE has used the services of a third party authorised and supervised under Article 28 to assess whether a securitisation complies with Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e and the third party has assessed that the securitisation is in compliance with these requirements.;'

(c) paragraph 4 is amended as follows:

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

(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.;’

(iii) the following point (h) is added:

'(h) in the case of investments in repeat transactions, provided that the investor has already purchased a securitisation position in a previous transaction in the preceding 36 months, document the due diligence solely on the elements of the transaction that have changed since the last issuance.'

(d) the following paragraph 4a is 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.

▌

(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 another institutional investor authority to make investment management decisions that might expose it to a securitisation, the ▌ institutional investor may instruct **that managing party** to fulfil its obligations under this Article in respect of any exposure to a securitisation arising from those decisions. **Member States shall ensure that, where an** institutional investor **is instructed** under this **paragraph to fulfil the obligations of another institutional investor and fails to do so, any sanction under Articles 32 and 33 or relevant sectorial legislation** shall **be imposed on the managing party and not on** the institutional investor **who is exposed to the securitisation. Before instructing the managing party to fulfil its obligations under this Article, the institutional investor shall ensure that the managing party has prior experience in conducting due diligence obligations for its own account or on account of other parties**.’

(4) Article 6 is amended as follows:

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

‘(f) the Union.’

(b) **Paragraphs 5a, 5b and 5c are** inserted:

‘(5a) Paragraph 1 shall not apply **to securitisations** where the **first-loss** tranche**,** representing **not less than** 15% of the nominal value of the securitised exposures**, is fully** held or **fully** guaranteed by **an entity referred to in** points (a)**, (b) and (d)** to (f) of paragraph 5 **and meeting all of the following conditions:**

(a) the eligibility criteria for the securitised exposures are established and approved by the entity referred to in points (a), (b) and (d) to (f) of paragraph 5 prior to the creation of the securitisation positions, and no other party has discretion to alter or override such criteria;

(b) the entity referred to in in points (a), (b) and (d) to (f) of paragraph 5 exercises oversight of the securitised exposures in light of the established eligibility criteria throughout the life of the securitisation;

(c) the securitisation comprises only two tranches, with a single tranche senior to the first-loss position;

(d) the securitisation does not qualify as a NPE securitisation;

(e) the entity referred to in points (a), (b) and (d) to (f) of paragraph 5 holds or 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) and (d) to (f) of paragraph 5.'

(5b) By way of derogation from the fifth sentence in paragraph 1, in the case of NPE securitisations the risk retention requirement shall be deemed satisfied for tranches that are not subordinated to any other tranches and that are either held or fully, unconditionally, and irrevocably guaranteed by one of the entities listed under points (a), (b) and (d) to (f) of paragraph 5.

(5c) 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 point (3) of Article 2 of Regulation (EU) 2015/1017;

(b) The first-loss tranche is guaranteed by an entity referred to in points (a), (b) and (d) to (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 the creation of the exposures, and 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) and (d) to (f) of paragraph 5.''

(5) Article 7 is amended as follows:

(a) in paragraph 1 the fourth subparagraph is replaced by the following:

'In the case of an ABCP **transaction** or of a securitisation of highly-granular pools of short-term exposures, 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.;'

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

‘Private securitisations shall be subject to a distinct **transparency** framework that acknowledges their unique characteristics, differing from public securitisation, in a dedicated and simplified **transparency** template. That dedicated and simplified **transparency** template shall ensure that essential information relevant to ▌ competent authorities is adequately **made available**, without imposing the full extent of **tranparency** 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.].’

(ba) the following paragraph 2a 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 point (3) of Article 2 of Regulation (EU) 2015/1017;

(b) The first-loss tranche is guaranteed by an entity referred to in points (a), (b) and (d) to (f), paragraph 5 of Article 6;

(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 the creation of the exposures, and 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) and (d) to (f), paragraph 5 of Article 6.;'

(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 of information for the holder of the securitisation position and for supervisors;

(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.

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) Article 9 is amended as follows:

The following paragraph 5 is inserted:

'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 point (3) of Article 2 of Regulation (EU) 2015/1017;

(b) The first-loss tranche is guaranteed by an entity referred to in points (a), (b) and (d) to (f), paragraph 5 of Article 6;

(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 the creation of the exposures, and 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) and (d) to (f), paragraph 5 of Article 6.'

(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 Article 7(1) 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.'

(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[1];

(h) the Single Resolution Board established by Regulation (EU) No 806/2014 of the European Parliament and of the Council[1];

(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.

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[1] 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, 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).

[1] 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).'

(b) in paragraph 2, point (a) is deleted.

(8) Article 20 is amended as follows:

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

'Without prejudice to the first sentence of the first subparagraph, 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 the exposures in the pool are to obligors established in Member States;

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

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

(b) 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;;'

(9) Article 22 is amended as follows:

(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.;’

(10) Article 24 is amended as follows:

(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;;’

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

'Without prejudice to the first sentence of the first subparagraph, 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 the exposures in the pool are to obligors established in Member States;

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

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

(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, the following subparagraph is added:

'Without prejudice to the first sentence of the first subparagraph, 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 the exposures in the pool are to obligors established in Member States;

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

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

(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;;'

(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.;'

(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:

(i) the undertaking uses an internal model approved in accordance with Articles 112 and 113 of Directive 2009/138/EC for the calculation of capital requirements for such guarantees;

(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 **a credit assessment by a recognised ECAI which was credit quality step 2 or above at the time the credit protection was first recognised and is currently** credit quality step 3 or **above, in line with the mapping set out in Article 136 of Regulation (EU) No 575/2013**;

(iii) 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)(e) of** Directive 2009/138/EC**, except those that contain insurance or reinsurance activity in the non-life classes of insurance of "Credit", "Suretyship" 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**;

(iv) **any of the following conditions is fulfilled:**

(1) the value of the total assets, calculated in accordance with article 75 of Directive 2009/138/EC, of the insurance or reinsurance undertaking providing the unfunded credit protection exceeds EUR 15 billion; or

(2) 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), points (a) or (b), of Directive 2009/138/EC, and all of the following criteria are met:

- **the value of the total assets, calculated in accordance with Article 75 of Directive 2009/138/EC, of the parent undertaking of that group exceeds EUR 15 billion, and that parent undertaking complies with the requirements in points (aa)(i) to (iii) of this paragraph; and**

- **one of the following is met:**

  (a) 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 is unable to meet its obligations under the co-insurance arrangement, within timeframes consistent with the undertaking's solvency and liquidity needs; or

(b) there are contractually binding financial arrangements between the parent undertaking and the subsidiary undertaking, in the form of reinsurance or ancillary own funds, that ensure the parent undertaking is able to provide capital and liquidity support to the insurance undertaking up to at least the full amount of claims arising under the unfunded credit protection business, and within timeframes consistent with the undertaking's solvency and liquidity needs.;'

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

'(c) 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) in Article 27(2), the last sentence of the first subparagraph is deleted;

(14) in Article 28(1), 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 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 shall grant the authorisation if the following conditions are met:;’

(15) Article 29 is amended as follows:

(-a) paragraph 3 is replaced by the following:

'Where originators, original lenders, servicers and SSPEs are supervised entities in accordance with Directives 2003/41/EC, 2009/138/EC, 2009/65/EC, 2011/61/EU and 2013/36/EU and Regulation (EU) No 1024/2013, the relevant competent authorities designated according to those acts, including the ECB with regard to specific tasks conferred on it by Regulation (EU) No 1024/2013, shall supervise compliance with the obligations set out in Articles 6, 7, 8 and 9 of this Regulation;'

(-aa) paragraph 4 is replaced by the following:

'For originators, original lenders, servicers and SSPEs established in the Union and not covered by the Union legislative acts referred to in paragraph 3, Member States shall designate one or more competent authorities to supervise compliance with the obligations set out in Articles 6, 7, 8 and 9. Member States shall inform the Commission and ESMA of the designation of competent authorities pursuant to this paragraph by 1 January 2019. That obligation shall not apply with regard to those entities that are merely selling exposures under an ABCP programme or another securitisation transaction or scheme and are not actively originating exposures for the primary purpose of securitising them on a regular basis;'

▌

(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, **servicers,** SSPEs and original lenders with this Regulation in accordance with Article 29.;’

(b) paragraph 5 is deleted.

(16a) Article 31 is amended as follows:

Subparagraphs 1 and 2 of paragraph 3 are replaced by the following:

'Without prejudice to paragraph 2 of this Article and to the report referred to in Article 44, the ESRB shall, in close cooperation with the ESAs, publish by [36 months after the date of entry into force of this amending Regulation] a report assessing the impact of STS on-balance-sheet securitisations on financial stability, and any potential systemic risks, such as risks created by concentration and inter-connectedness among non-public credit protection sellers.

The report referred to in the first subparagraph shall take into account the specific features of synthetic securitisation, namely its typical bespoke and private character in financial markets, and shall examine whether the treatment of STS on-balance-sheet securitisation, with a particular focus on credit protection agreements meeting the conditions of Article 26e, paragraph 8, point (aa), is conducive to overall risk reduction in the financial system and to better financing of the real economy.'

(17) In Article **32, point (a) in paragraph 1**, first subparagraph **is amended as follows**:

'an originator, sponsor, servicer or original lender has failed to meet the requirements provided for in Article 6;'

(18) Article 36 is amended as follows:

(a) **a new** paragraph **1a is inserted:**

‘1a. The ESRB, the competent authorities referred to in Article 29 and ESMA, the EBA and EIOPA shall share information to carry out their duties pursuant to Article 30 to 34. To facilitate the sharing of information the ESRB, ESMA, the EBA and EIOPA shall cooperate closely and exchange information.’

(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. 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 **supervision** in order to identify and remedy infringements of this Regulation, develop and promote best practices, facilitate collaboration, ▌ provide cross-jurisdictional assessments in the event of any disagreements **and foster consistent application of this Regulation**. The securitisation sub-committee shall regularly monitor the state of the market and the application of this Regulation.;’

(c) the following **paragraph 3a is** inserted:

‘3a. The securitisation sub-committee referred to in paragraph 3 shall ▌ develop guidelines to establish common supervisory procedures**, where divergent supervisory practices have been identified as an impediment to the effective application of this Regulation**.;’

▌

(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 ▌ 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. ▌ The EBA, in cooperation with ESMA and EIOPA, **may** conduct **peer reviews** 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;

(18a) Article 43b is inserted as follows:

'**Article 43b**

Transitional provisions for newly STS-designated securitisations

1. In respect of traditional securitisations the securities of which were issued before [date of entry into application], originators, sponsors and SSPEs may use the designation 'STS' or 'simple, transparent and standardised', or a designation that refers directly or indirectly to those terms, where the requirements set out in Article 18 and the conditions set out in paragraphs 2 of this Article are complied with.

2. Securitisations as referred to in paragraph 1 of this Article, other than securitisation positions relating to an ABCP transaction or an ABCP programme, shall be considered 'STS' provided that:

(a) they met, at the time of issuance of those securities, the requirements set out in Article 20(1) to (5), (7) to (9) and (11) to (13) and Article 21(1) and (3); and

(b) they meet, as of the time of notification pursuant to Article 27(1), the requirements set out in Article 20(6) and (10), Article 21(2) and (4) to (10) and Article 22(1) to (5).

3. For the purposes of point (b) of paragraph 2, the following shall apply:

(a) in Article 22(2), 'prior to issuance' shall be deemed to read 'prior to notification under Article 27(1)';

(b) in Article 22(3), 'before the pricing of the securitisation' shall be deemed to read 'prior to notification under Article 27(1)';

(c) in Article 22(5):

(i) in the second sentence, 'before pricing' shall be deemed to read 'prior to notification under Article 27(1)';

(ii) 'before pricing at least in draft or initial form' shall be deemed to read 'prior to notification under Article 27(1)';

(iii) the requirement set out in the fourth sentence shall not apply;

(iv) the requirement set out in the fourth sentence shall not apply;

4. In respect of synthetic securitisations for which the credit protection agreement has become effective before [date of entry into application], originators and SSPEs may use the designation 'STS' or 'simple, transparent and standardised', or a designation that refers directly or indirectly to those terms, only where the requirements set out in Article 18 and the conditions set out in paragraph 5 of this Article are complied with at the time of the notification referred to in Article 27(1).

5. Securitisations as referred to in paragraph 4 of this Article shall be considered to be STS provided that:

(a) they met, at the time of the creation of the initial securitisation positions, the requirements set out in Articles 26b(1) to (5), (7) to (9) and (11) and (12), Articles 26c(1) and (3), Article 26e(1), the first subparagraph of Article 26e(2), the third and fourth subparagraph of Article 26e(3), and Articles 26e(6) to (9); and

(b) they meet, as of the time of notification pursuant to Article 27(1), the requirements set out in Articles 26b(6) and (10), Articles 26c(2) and (4) to (10), Articles 26d(1) to (5) and the second to seventh subparagraph of Article 26e(2), the first, second and fifth subparagraph of Article 26e(3) and Articles 26e(4) and (5).'

(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 and to the economy of the Union.;’

(b) the second subparagraph is deleted;

(20) Article 46 is replaced by the following:

’Article 46

Review

By …[PO please insert the date: **4** 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 Article 44, and shall assess:

(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) ▌ funding EU companies and economy, in particular on access to credit for SMEs and investments;

(ii) the interconnectedness between financial institutions and the stability of the financial sector;

(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.**;**

(e) the impact and potential merits of increasing the limit of UCITS investments in securitisations issued by a single issuing body under Article 56(2) of Directive 2009/65/EC.;

(f) the impact and implications of allowing credit protection agreements meeting the conditions of Article 26e, paragraph 8, point (aa), including the appropriateness of these conditions and considering the findings in the report by ESRB referred to in Article 31, paragraph 3.; '

Article 1a

Amendment to Directive 2009/65/EC

In paragraph 2, Article 56 of Directive 2009/65/EC, the following subparagraph is added:

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

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	*For the Council*
The President	*The President*