Interinstitutional files:
2020/0151(COD)

Brussels, 07 December 2020

WK 14312/2020 INIT

LIMITE

EF
ECOFIN
SURE
CODEC

WORKING PAPER

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

WORKING DOCUMENT

From:	Presidency
To:	Working Party on Financial Services (Securitisation)
Subject:	CMRP Securitisation - updated 4CT - securitisation regulation - Feedback by Wednesday 9 December, 13:00

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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 pandemic

(Text with EEA relevance)

2020/0151(COD)

Document dated: TM 8: 08 December 2020

Key	
	Identical text

Nr.	Ref.	COM	Council	EP	Compromise
1	Title	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
2	Citation 1	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,
3	Citation 2	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,

Nr.	Ref.	COM	Council	EP	Compromise
4	Citation 3	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,
5	Citation 4	Having regard to the opinion of the European Central Bank,	Having regard to the opinion of the European Central Bank,	Having regard to the opinion of the European Central Bank,	Having regard to the opinion of the European Central Bank,
6	Citation 5	Having regard to the opinion of the European Economic and Social Committee,	Having regard to the opinion of the European Economic and Social Committee,	Having regard to the opinion of the European Economic and Social Committee,	Having regard to the opinion of the European Economic and Social Committee,
7	Citation 6	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,
8		Whereas:	Whereas:	Whereas:	Whereas:
9	Recital 1	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European economic and social committee and the Committee of the regions of 27 March 2020 entitled 'Europe's moment: Repair and Prepare for the Next Generation'[1]	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European economic and social committee and the Committee of the regions of 27 ~~March~~ ***May*** 2020 entitled 'Europe's moment: Repair and Prepare for the Next Generation'[1]	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European economic and social committee and the Committee of the regions of 27 March 2020 entitled 'Europe's moment: Repair and Prepare for the Next Generation'[1]	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European economic and social committee and the Committee of the regions of 27 ~~March~~ ***May*** 2020 entitled 'Europe's moment: Repair and Prepare

[1] COM/2020/456 final of 27.5.2020.
[1] COM/2020/456 final of 27.5.2020.
[1] COM/2020/456 final of 27.5.2020.

Nr.	Ref.	COM	Council	EP	Compromise
		stressed that liquidity and access to finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label "Capital Markets Recovery Package".	stressed that liquidity and access to finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label "Capital Markets Recovery Package".	stressed that liquidity and access to finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label "Capital Markets Recovery Package".	for the Next Generation'[1] stressed that liquidity and access to finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label "Capital Markets Recovery Package".
10	Recital 2	(2) The severe economic shock caused by the COVID-19 pandemic and the exceptional containment measures have a far-reaching impact on the economy. Businesses are facing disruption in supply chains, temporary closures and reduced demand, while households are confronted with unemployment and a fall in income. Public authorities at Union and Member State	(2) The severe economic shock caused by the COVID-19 pandemic and the exceptional containment measures have a far-reaching impact on the economy. Businesses are facing disruption in supply chains, temporary closures and reduced demand, while households are confronted with unemployment and a fall in income. Public authorities at Union and Member State level	(2) The severe economic shock caused by the COVID-19 pandemic and the exceptional containment measures have a far-reaching impact on the economy. Businesses are facing disruption in supply chains, temporary closures and reduced demand, while households are confronted with unemployment and a fall in income. Public authorities at Union and Member State	(2) The severe economic shock caused by the COVID-19 pandemic and the exceptional containment measures have a far-reaching impact on the economy. Businesses are facing disruption in supply chains, temporary closures and reduced demand, while households are confronted with unemployment and a fall in income. Public authorities at Union and Member State level

[1] COM/2020/456 final of 27.5.2020.

Nr.	Ref.	COM	Council	EP	Compromise
		level have taken decisive actions to support households and solvent undertakings in withstanding the severe but temporary slowdown in economic activity and the resulting liquidity shortages.	have taken decisive actions to support households and solvent undertakings in withstanding the severe but temporary slowdown in economic activity and the resulting liquidity shortages.	level have taken decisive actions to support households and solvent undertakings in withstanding the severe but temporary slowdown in economic activity and the resulting liquidity shortages.	have taken decisive actions to support households and solvent undertakings in withstanding the severe but temporary slowdown in economic activity and the resulting liquidity shortages.
11	Recital 3	(3) It is important that credit institutions and investment firms ('institutions') employ their capital where it is most needed and the Union regulatory framework facilitates their doing so while ensuring that institutions act prudently. In addition to the flexibility provided in the existing rules, targeted changes to Regulation (EU) No 2017/2402 should ensure that the Union securitisation framework provides for an additional tool to foster economic recovery in the aftermath of the COVID-19 pandemic.	(3) It is important that credit institutions and investment firms ('institutions') employ their capital where it is most needed and the Union regulatory framework facilitates their doing so while ensuring that institutions act prudently. In addition to the flexibility provided in the existing rules, targeted changes to Regulation (EU) No 2017/2402 should ensure that the Union securitisation framework provides for an additional tool to foster economic recovery in the aftermath of the COVID-19 pandemic.	(3) It is important that credit institutions and investment firms ('institutions') employ their capital where it is most needed and the Union regulatory framework facilitates their doing so while ensuring that institutions act prudently. In addition to the flexibility provided in the existing rules, targeted changes to Regulation (EU) No 2017/2402 should ensure that the Union securitisation framework provides for an additional tool to foster economic recovery in the aftermath of the COVID-19 pandemic.	(3) It is important that credit institutions and investment firms ('institutions') employ their capital where it is most needed and the Union regulatory framework facilitates their doing so while ensuring that institutions act prudently. In addition to the flexibility provided in the existing rules, targeted changes to Regulation (EU) No 2017/2402 should ensure that the Union securitisation framework provides for an additional tool to foster economic recovery in the aftermath of the COVID-19 pandemic.
12	Recital 4	(4) The extraordinary circumstances of the COVID-19 crisis and the unprecedented magnitude of challenges triggered a call for	(4) The extraordinary circumstances of the COVID-19 crisis and the unprecedented magnitude of challenges triggered a call for	(4) The extraordinary circumstances of the COVID-19 crisis and the unprecedented magnitude of challenges triggered a call for	(4) The extraordinary circumstances of the COVID-19 crisis and the unprecedented magnitude of challenges triggered a call for

Nr.	Ref.	COM	Council	EP	Compromise
		immediate action to ensure that institutions have the ability to channel sufficient funds to businesses and so to help absorbing the economic shock caused by the COVID-19 pandemic.	immediate action to ensure that institutions have the ability to channel sufficient funds to businesses and so to help absorbing the economic shock caused by the COVID-19 pandemic.	immediate action to ensure that institutions have the ability to channel sufficient funds to businesses and so to help absorbing the economic shock caused by the COVID-19 pandemic.	immediate action to ensure that institutions have the ability to channel sufficient funds to businesses and so to help absorbing the economic shock caused by the COVID-19 pandemic.
13	Recital 4a (new)			***(4a) In particular, the COVID-19 crisis risks increasing the number of non-performing exposures (NPEs), and increases the need for them to be traded on the market. Additionally, in the context of a crisis, it is vital that risks are moved away from the systemically important parts of the financial system and that lenders strengthen their capital position. While synthetic securitisation is one way of achieving this, banks should in parallel seek to increase their capital position by raising new own capital.***	[PT 01 12 2020: agreed, TM text proposal] [TM 20 11 2020: Text proposal by TM] ***(4a) In particular, the COVID-19 crisis risks increasing the number of non-performing exposures (NPEs), and increases the need for institutions to manage and deal with their NPEs. One instrument for doing so is to trade them ~~to be traded~~ on the market through securitisation. Additionally, in the context of a crisis, it is vital that risks are moved away from the systemically important parts of the financial system and that lenders strengthen their capital position. Synthetic securitisation is one way of achieving this, next to, for***

Nr.	Ref.	COM	Council	EP	Compromise
					<u>example, raising new own funds.</u> ***~~While synthetic securitisation is one way of achieving this, banks should in parallel seek to increase their capital position by raising new own capital.~~***
14	Recital 4b (new)			***(4b) Securitisation special purpose entities (SSPEs) should only be established in third countries that are not listed by the European Union as high-risk third countries having strategic deficiencies in their regime on anti-money laundering and counter terrorist financing or as non-cooperative jurisdictions for tax purposes.***	[PT 01 12 2020: agreed EP text] [TM 19 11 2020] ***(4b) Securitisation special purpose entities (SSPEs) should only be established in third countries that are not listed by the ~~European~~ Union as high-risk third countries having strategic deficiencies in their regime on anti-money laundering and counter terrorist financing or as non-cooperative jurisdictions for tax purposes.***
15	Recital 5	(5) As pointed out by the European Banking Authority ('EBA') in its Opinion on the Regulatory Treatment of Non-Performing Exposure	(5) As pointed out by the European Banking Authority ('EBA') in its Opinion on the Regulatory Treatment of Non-Performing Exposure	(5) As pointed out by the European Banking Authority ('EBA') in its Opinion on the Regulatory Treatment of Non-Performing Exposure	[TM 23 11 2020: to be further discussed in TM after political agreement on Treatment of NPE Securitisation, Art. 269a CRR - see also line 64]

Nr.	Ref.	COM	Council	EP	Compromise
		Securitisation[1], the risks associated with the assets backing non-performing asset (NPE) securitisations are economically distinct from those of securitisations of performing assets. The NPEs are securitised at a discount on their nominal or outstanding value and reflect the market's assessment of, inter alia, the likelihood that the debt workout process will generate sufficient cash flows and asset recoveries. The risk for investors is, therefore, that the debt workout of the assets generates insufficient recoveries to cover the net value at which those NPEs have been purchased. The actual risk loss for investors does, therefore, not represent the nominal value of the portfolio, but the discounted	Securitisation[2], the risks associated with the assets backing non-performing asset (NPE) securitisations are economically distinct from those of securitisations of performing assets. The NPEs are securitised at a discount on their nominal or outstanding value and reflect the market's assessment of, inter alia, the likelihood that the debt workout process will generate sufficient cash flows and asset recoveries. The risk for investors is, therefore, that the debt workout of the assets generates insufficient recoveries to cover the net value at which those NPEs have been purchased. The actual ***loss*** risk ~~loss~~ for investors does, therefore, not represent the nominal value of the portfolio, but the	Securitisation[3], the risks associated with the assets backing non-performing asset (NPE) securitisations are economically distinct from those of securitisations of performing assets. The NPEs are securitised at a discount on their nominal or outstanding value and reflect the market's assessment of, inter alia, the likelihood that the debt workout process will generate sufficient cash flows and asset recoveries. The risk for investors is, therefore, that the debt workout of the assets generates insufficient recoveries to cover the net value at which those NPEs have been purchased. The actual risk loss for investors does, therefore, not represent the nominal value of the portfolio, but the discounted	

[1] Opinion of the European Banking Authority to the European Commission on the Regulatory Treatment of Non-Performing Exposure Securitisations, EBA-OP-2019-13, published on 23 October 2019.

[2] Opinion of the European Banking Authority to the European Commission on the Regulatory Treatment of Non-Performing Exposure Securitisations, EBA-OP-2019-13, published on 23 October 2019.

[3] Opinion of the European Banking Authority to the European Commission on the Regulatory Treatment of Non-Performing Exposure Securitisations, EBA-OP-2019-13, published on 23 October 2019.

Nr.	Ref.	COM	Council	EP	Compromise
		value, net of the price discount at which the underlying assets are transferred. It is therefore appropriate, in the case of NPE securitisations, to calculate the amount of the risk retention on the basis of that discounted value.	discounted value, net of the price discount at which the underlying assets are transferred. It is therefore appropriate, in the case of NPE securitisations, to calculate the amount of the risk retention on the basis of that discounted value. ***However, in the specific case of the use of the retention option according to which 5% of the nominal value of each of the tranches sold or transferred to investors are retained an amendment of the requirements is not necessary as the nominal value of the securitisation tranches already reflects the net value of the non-performing assets, because the nominal values of the tranches were determined based on the discounted price of the non-performing assets.***	value, net of the price discount at which the underlying assets are transferred. It is therefore appropriate, in the case of NPE securitisations, to calculate the amount of the risk retention on the basis of that discounted value.	
16	Recital 6	(6) The risk retention requirement aligns the interests of issuers and investors in the performance of the underlying assets. Typically, in securitisations of	(6) The risk retention requirement aligns the interests of ~~issuers~~***originators, sponsors and original lenders that are involved in a securitisation*** and investors in	(6) The risk retention requirement aligns the interests of issuers and investors in the performance of the underlying assets. Typically, in securitisations of	[TM 20 11 2020: Council text introducing more precision, by replacing the not defined term "issuer". Mimicking existing wording of current STSR

Nr.	Ref.	COM	Council	EP	Compromise
		performing assets, the prevalent interest on the sell-side is that of the originator, who is often also the original lender. In NPE securitisations, however, originators seek to offload the defaulted assets from their balance sheets, as they may no longer wish to be associated with those defaulted assets in any way. In those cases, the special servicer of the assets has more substantive interest in the workout of the assets and value recovery.	the performance of the underlying assets. Typically, in securitisations of performing assets, the prevalent interest on the sell-side is that of the originator, who is often also the original lender. In NPE securitisations, however, originators seek to offload the defaulted assets from their balance sheets, as they may no longer wish to be associated with those defaulted assets in any way. In those cases, the ~~special~~ servicer of the assets has more substantive interest in the workout of the assets and value recovery.	performing assets, the prevalent interest on the sell-side is that of the originator, who is often also the original lender. In NPE securitisations, however, originators seek to offload the defaulted assets from their balance sheets, as they may no longer wish to be associated with those defaulted assets in any way. In those cases, the special servicer of the assets has more substantive interest in the workout of the assets and value recovery.	Recital 10, no change in content, alignment] (6) The risk retention requirement aligns the interests of ~~issuers~~***originators, sponsors and original lenders that are involved in a securitisation*** and investors in the performance of the underlying assets. Typically, in securitisations of performing assets, the prevalent interest on the sell-side is that of the originator, who is often also the original lender. In NPE securitisations, however, originators seek to offload the defaulted assets from their balance sheets, as they may no longer wish to be associated with those defaulted assets in any way. In those cases, the ~~special~~ servicer of the assets has more substantive interest in the workout of the assets and value recovery.
17	Recital 7	(7) Before the financial crisis, some securitisation activities followed an "originate to distribute" model. In that model, assets of	(7) Before the financial crisis, some securitisation activities followed an "originate to distribute" model. In that model, assets of	(7) Before the financial crisis ***of 2008***, some securitisation activities followed an "originate to distribute" model. In that	[TM 03 12 2020, TM to provide text for lines 17, 55-57, 65-69 and 293, 294] (7) Before the financial crisis ***of 2008***, some

Nr.	Ref.	COM	Council	EP	Compromise
		inferior quality were selected for securitisation to the detriment of investors, who ended up with more risk then they might have intended to undertake. The requirement to verify the credit granting standards used in the creation of the securitised assets was introduced to prevent such practices for the future. For NPE securitisations however, that verification of credit granting standards should take into account the specific circumstances including the purchase of those non-performing assets and the type of securitisation. It is therefore necessary to amend the verification of credit granting standards to enable the investor to carry out a due diligence on the quality and performance of the non-performing assets in order to make a sensible and well-informed investment decision.	inferior quality were selected for securitisation to the detriment of investors, who ended up with more risk then they might have intended to undertake. The requirement to verify the credit granting standards used in the creation of the securitised assets was introduced to prevent such practices for the future. For NPE securitisations, however, ~~that verification of~~ ***the*** credit granting standards ~~should take into account~~ ***applicable at origination of the securitised assets are of minor importance due to*** the specific circumstances including the purchase of those non-performing assets and the type of securitisation. ***Instead, the application of sound standards in the selection and pricing of the exposures are more important factors with respect to investments in NPE securitisations.*** It is therefore necessary to amend the verification of credit granting standards to enable the	model, assets of inferior quality were selected for securitisation to the detriment of investors, who ended up with more risk then they might have intended to undertake. The requirement to verify the credit granting standards used in the creation of the securitised assets was introduced to prevent such practices for the future. For NPE securitisations however, that verification of credit granting standards should take into account the specific circumstances including the purchase of ***NPEs*** and the type of securitisation. It is therefore necessary to amend the verification of credit granting standards to enable the investor to carry out a due diligence on the quality and performance of the ***NPEs*** in order to make a sensible and well-informed investment decision***, while safeguarding that the abuse of the exemption does not take place. Given that specific***	securitisation activities followed an "originate to distribute" model. In that model, assets of inferior quality were selected for securitisation to the detriment of investors, who ended up with more risk then they might have intended to undertake. The requirement to verify the credit granting standards used in the creation of the securitised assets was introduced to prevent such practices for the future. For NPE securitisations, however, ~~that verification of~~ ***the*** credit granting standards ~~should take into account~~ ***applicable at origination of the securitised assets are of minor importance due to*** the specific circumstances including the purchase of those non-performing assets and the type of securitisation. ***Instead, the application of sound standards in the selection and pricing of the exposures are more important factors with respect to investments in NPE***

Nr.	Ref.	COM	Council	EP	Compromise
			investor to carry out a due diligence on the quality and performance of the non-performing assets in order to make a sensible and well-informed investment decision.	***risks of regulatory arbitrage may arise with NPE Securitisation, specific information should be provided to competent authorities and a specific duty to monitor compliance is introduced***.	***securitisations.*** It is therefore necessary to amend the verification of credit granting standards to enable the investor to carry out a due diligence on the quality and performance of the non-performing assets in order to make a sensible and well-informed investment decision, ***while safeguarding that the abuse of the ~~exemption~~ derogation does not take place.*** ***~~Given that specific risks of regulatory arbitrage may arise~~ Therefore for ~~with~~ NPE Securitisation, ~~specific information should be provided to~~ the competent authorities should review the application of sound standards for selection and pricing of the exposures. ~~and a specific duty to monitor compliance is introduced~~***.
18	Recital 8	(8) An on-balance-sheet synthetic securitisation involves transferring the credit risk of a set of loans, typically large corporate loans or SME	(8) ~~An on-balance-sheet~~ ***A*** synthetic securitisation involves transferring the credit risk of a set of loans, typically large corporate loans or SME	(8) An on-balance-sheet synthetic securitisation involves transferring the credit risk of a set of loans, typically large corporate loans or SME	[TM 23 11 2020, Council text: making definition clearer] (8) ~~An on-balance-sheet~~ ~~***A***~~ **S**ynthetic securitisation***s*** involve~~s~~ transferring the credit

Nr.	Ref.	COM	Council	EP	Compromise
		loans, by a credit protection agreement where the originator buys credit protection from the investor. The credit protection is achieved by the use of financial guarantees or credit derivatives while the ownership of the assets remains with the originator and it is not transferred to a securitisation special purpose entity, as is the case in traditional securitisations. The originator as protection buyer commits to pay a credit protection premium, which generates the return for investors. In turn, the investor as protection seller commits to pay a specified credit protection payment at the occurrence of a pre-determined credit event.	loans, by a credit protection agreement where the originator buys credit protection from the investor. The credit protection is achieved by the use of financial guarantees or credit derivatives while the ownership of the assets remains with the originator and it is not transferred to a securitisation special purpose entity, as is the case in traditional securitisations. The originator as protection buyer commits to pay a credit protection premium, which generates the return for investors. In turn, the investor as protection seller commits to pay a specified credit protection payment at the occurrence of a pre-determined credit event.	loans, by a credit protection agreement where the originator buys credit protection from the investor. The credit protection is achieved by the use of financial guarantees or credit derivatives while the ownership of the assets remains with the originator and it is not transferred to a securitisation special purpose entity, as is the case in traditional securitisations. The originator as protection buyer commits to pay a credit protection premium, which generates the return for investors. In turn, the investor as protection seller commits to pay a specified credit protection payment at the occurrence of a pre-determined credit event.	risk of a set of loans, typically large corporate loans or SME loans, by a credit protection agreement where the originator buys credit protection from the investor. The credit protection is achieved by the use of financial guarantees or credit derivatives while the ownership of the assets remains with the originator and it is not transferred to a securitisation special purpose entity, as is the case in traditional securitisations. The originator as protection buyer commits to pay a credit protection premium, which generates the return for investors. In turn, the investor as protection seller commits to pay a specified credit protection payment at the occurrence of a pre-determined credit event.
19	Recital 9	(9) It should be ensured that the overall complexity of the securitisations structures and associated risks are appropriately mitigated and that no regulatory incentives	(9) It should be ensured that the overall complexity of the securitisations structures and associated risks are appropriately mitigated and that no regulatory incentives	(9) It should be ensured that the overall complexity of the securitisations structures and associated risks are appropriately mitigated and that no regulatory incentives	(9) It should be ensured that the overall complexity of the securitisations structures and associated risks are appropriately mitigated and that no regulatory incentives

Nr.	Ref.	COM	Council	EP	Compromise
		are provided to originators to prefer synthetic securitisations over traditional securitisations. The requirements for simple, transparent and standardised (STS) on-balance-sheet synthetic securitisations should therefore be highly consistent with the STS criteria for traditional true sale securitisations.	are provided to originators to prefer synthetic securitisations over traditional securitisations. The requirements for simple, transparent and standardised (STS) on-balance-sheet ~~synthetic~~ securitisations should therefore be highly consistent with the STS criteria for traditional true sale securitisations.	are provided to originators to prefer synthetic securitisations over traditional securitisations. The requirements for simple, transparent and standardised (STS) on-balance-sheet synthetic securitisations should therefore be highly consistent with the STS criteria for traditional true sale securitisations.	are provided to originators to prefer synthetic securitisations over traditional securitisations. The requirements for simple, transparent and standardised (STS) on-balance-sheet ~~synthetic~~ securitisations should therefore be highly consistent with the STS criteria for traditional true sale securitisations.
20	Recital 10	(10) However, there are certain requirements for STS traditional securitisations that do not work for STS synthetic securitisation transactions due to inherent differences between those two types of securitisation, in particular due to the fact that in synthetic securitisations the risk transfer is achieved via a credit protection agreement instead of a sale of the underlying assets. Therefore, the STS criteria should be adapted where necessary in order to take these differences into account. Furthermore, it is necessary to introduce a set of new requirements, specific to	(10) However, there are certain requirements for STS traditional securitisations that do not work for STS ~~synthetic securitisation transactions~~ ***on-balance-sheet securitisations*** due to inherent differences between those two types of securitisation, in particular due to the fact that in synthetic securitisations the risk transfer is achieved via a credit protection agreement instead of a sale of the underlying assets. Therefore, the STS criteria should be adapted where necessary in order to take these differences into account. Furthermore, it is necessary to introduce a set of	(10) However, there are certain requirements for STS traditional securitisations that do not work for STS synthetic securitisation transactions due to inherent differences between those two types of securitisation, in particular due to the fact that in synthetic securitisations the risk transfer is achieved via a credit protection agreement instead of a sale of the underlying assets. Therefore, the STS criteria should be adapted where necessary in order to take these differences into account. Furthermore, it is necessary to introduce a set of new requirements, specific to	(10) However, there are certain requirements for STS traditional securitisations that do not work for STS ~~synthetic securitisation transactions~~ ***on-balance-sheet securitisations*** due to inherent differences between those two types of securitisation, in particular due to the fact that in synthetic securitisations the risk transfer is achieved via a credit protection agreement instead of a sale of the underlying assets. Therefore, the STS criteria should be adapted where necessary in order to take these differences into account. Furthermore, it is necessary to introduce a set of

Nr.	Ref.	COM	Council	EP	Compromise
		synthetic securitisations, to ensure that the STS framework only targets on-balance-sheet synthetic securitisations and that the credit protection agreement is structured to adequately protect the position of both the originator and the investor. This new set of requirements should seek to address counterparty credit risk for both the originator and the investor.	new requirements, specific to synthetic securitisations, to ensure that the STS framework only targets on-balance-sheet synthetic securitisations and that the credit protection agreement is structured to adequately protect the position of both the originator and the investor. This new set of requirements should seek to address counterparty credit risk for both the originator and the investor.	synthetic securitisations, to ensure that the STS framework only targets on-balance-sheet synthetic securitisations and that the credit protection agreement is structured to adequately protect the position of both the originator and the investor. This new set of requirements should seek to address counterparty credit risk for both the originator and the investor.	new requirements, specific to synthetic securitisations, to ensure that the STS framework only targets on-balance-sheet synthetic securitisations and that the credit protection agreement is structured to adequately protect the position of both the originator and the investor. This new set of requirements should seek to address counterparty credit risk for both the originator and the investor.
21	Recital 11	(11) Object of the credit risk transfer should be exposures originated or purchased by a Union regulated institution within its core lending business activity and held on its balance sheet or, in the case of a group structure, on its consolidated balance sheet at the closing date. This requirement of the originator to hold the securitised exposures on the balance sheet should exclude arbitrage securitisations from the scope of the STS label.	(11) Object of the credit risk transfer should be exposures originated or purchased by a Union regulated institution within its core lending business activity and held on its balance sheet or, in the case of a group structure, on its consolidated balance sheet at the closing date. This requirement of the originator to hold the securitised exposures on the balance sheet should exclude arbitrage securitisations from the scope of the STS label.	(11) Object of the credit risk transfer should be exposures originated or purchased by a Union regulated institution within its core lending business activity and held on its balance sheet or, in the case of a group structure, on its consolidated balance sheet at the closing date. This requirement of the originator to hold the securitised exposures on the balance sheet should exclude arbitrage securitisations from the scope of the STS label.	(11) Object of the credit risk transfer should be exposures originated or purchased by a Union regulated institution within its core lending business activity and held on its balance sheet or, in the case of a group structure, on its consolidated balance sheet at the closing date. This requirement of the originator to hold the securitised exposures on the balance sheet should exclude arbitrage securitisations from the scope of the STS label.

Nr.	Ref.	COM	Council	EP	Compromise
22	Recital 11a (new)			***(11a) It is important that the interests of originators, sponsors, and original lenders that are involved in a securitisation are aligned. The risk retention requirement pursuant to this Regulation, which applies to all types of securitisations, works to align these interests. As a minimum, the originator, sponsor or original lender should retain on an ongoing basis a material net economic interest in the securitisation of not less than 5 % for all types of securitisations, including on-balance-sheet synthetic securitisations. Higher risk retention ratios may be justified, however, and it should be noted that some market participants use risk retention rates of 10 or up to 20%.***	[PT 01 12 2020] [TM 03 12 2020: TM: text proposal.] ***(11a) It is important that the interests of originators, sponsors, and original lenders that are involved in a securitisation are aligned. The risk retention requirement pursuant to Regulation (EU) 2017/2402, which applies to all types of securitisations, works to align these interests. Such a requirement should also apply to STS on-balance sheet securitisations. As a minimum, the originator, sponsor or original lender should retain on an ongoing basis a material net economic interest in the securitisation of not less than 5 % ~~for all types of securitisations, including on-balance-sheet synthetic securitisations.~~*** ***Higher risk retention ratios may be ~~justified~~ justifiable~~, however,~~ and have been observed in the market. ~~it~~***

Nr.	Ref.	COM	Council	EP	Compromise
					~~***should be noted that some market participants use risk retention rates of 10 or up to 20%.***~~
23	Recital 12	(12) The originator should make sure that it does not hedge the same credit risk more than once by obtaining credit protection in addition to the credit protection provided by the synthetic securitisation. In order to ensure its robustness, the credit protection agreement should meet the credit risk mitigation requirements laid down in Article 249 of Regulation (EU) No 575/2013 of the European Parliament and of the Council[4] that have to be met by institutions seeking significant risk transfer	(12) The originator should make sure that it does not hedge the same credit risk more than once by obtaining credit protection in addition to the credit protection provided by the ~~synthetic~~ ***STS on-balance-sheet*** securitisation. In order to ensure its robustness, the credit protection agreement should meet the credit risk mitigation requirements laid down in Article 249 of Regulation (EU) No 575/2013 of the European Parliament and of the Council[5] that have to be met by institutions seeking	(12) The originator should make sure that it does not hedge the same credit risk more than once by obtaining credit protection in addition to the credit protection provided by the synthetic securitisation. In order to ensure its robustness, the credit protection agreement should meet the credit risk mitigation requirements laid down in Article 249 of Regulation (EU) No 575/2013 of the European Parliament and of the Council[6] that have to be met by institutions seeking significant risk transfer	(12) The originator should make sure that it does not hedge the same credit risk more than once by obtaining credit protection in addition to the credit protection provided by the ~~synthetic~~ ***STS on-balance-sheet*** securitisation. In order to ensure its robustness, the credit protection agreement should meet the credit risk mitigation requirements laid down in Article 249 of Regulation (EU) No 575/2013 of the European Parliament and of the Council[7] that have to be met by institutions seeking significant

4 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance (OJ L 176, 27.6.2013, p. 1).

5 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance (OJ L 176, 27.6.2013, p. 1).

6 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance (OJ L 176, 27.6.2013, p. 1).

7 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance (OJ L 176, 27.6.2013, p. 1).

Nr.	Ref.	COM	Council	EP	Compromise
		through a synthetic securitisation.	significant risk transfer through a synthetic securitisation.	through a synthetic securitisation.	risk transfer through a synthetic securitisation.
24				***(12a) Fitting within the STS framework may, but does not necessarily, mean that a transaction involves significant risk transfer. STS synthetic securitisation products do not therefore necessarily qualify for significant risk transfer and relevant authorities should assess these two issues separately.***	[TM 02 12 2020: drop of EP amendment]
25				***(12b) Transactions for balance-sheet synthetic securitisation are allowed to feature non-sequential amortisation in order to avoid disproportionate costs of protection of the underlying exposures and the evolution of the portfolio. However, to ensure that significant risk transfer is not undermined, certain performance-related triggers should determine the application of sequential amortisation.***	[TM 03 12 2020: Recital to 155ff] ***(12b) ~~Transactions for~~ <u>STS on</u> balance-sheet ~~synthetic~~ securitisation may ~~are allowed to~~ feature non-sequential amortisation in order to avoid disproportionate costs of protection of the underlying exposures and the evolution of the portfolio.*** ***<u>Certain performance-related triggers should determine the application of sequential amortisation in order to</u>***

Nr.	Ref.	COM	Council	EP	Compromise
					ensure that tranches providing credit protection have not already been amortised when significant losses occur at the end of the transaction and therefore ultimately to ensure that significant risk transfer is not undermined. ~~***However, to ensure that significant risk transfer is not undermined, certain performance-related triggers should determine the application of sequential amortisation.***~~
26	Recital 13	(13) To avoid conflicts between the originator and the investor and to ensure legal certainty in terms of the scope of the credit protection purchased for underlying exposures, such credit protection should reference clearly identified reference obligations, giving rise to the underlying exposures, of clearly identified entities or obligors. Therefore, the	(13) To avoid conflicts between the originator and the investor and to ensure legal certainty in terms of the scope of the credit protection purchased for underlying exposures, such credit protection should reference clearly identified reference obligations, giving rise to the underlying exposures, of clearly identified entities or obligors. Therefore, the	(13) To avoid conflicts between the originator and the investor and to ensure legal certainty in terms of the scope of the credit protection purchased for underlying exposures, such credit protection should reference clearly identified reference obligations, giving rise to the underlying exposures, of clearly identified entities or obligors. Therefore, the	(13) To avoid conflicts between the originator and the investor and to ensure legal certainty in terms of the scope of the credit protection purchased for underlying exposures, such credit protection should reference clearly identified reference obligations, giving rise to the underlying exposures, of clearly identified entities or obligors. Therefore, the

Nr.	Ref.	COM	Council	EP	Compromise
		reference obligations on which protection is purchased should be clearly identified at all times, via a reference register, and kept up to date. This requirement should also be indirectly part of the criterion defining the balance-sheet securitisation and excluding arbitrage securitisation from the STS framework.	reference obligations on which protection is purchased should be clearly identified at all times, via a reference register, and kept up to date. This requirement should also be indirectly part of the criterion defining the ***STS on-***balance-sheet securitisation and excluding arbitrage securitisation from the STS framework.	reference obligations on which protection is purchased should be clearly identified at all times, via a reference register, and kept up to date. This requirement should also be indirectly part of the criterion defining the balance-sheet securitisation and excluding arbitrage securitisation from the STS framework.	reference obligations on which protection is purchased should be clearly identified at all times, via a reference register, and kept up to date. This requirement should also be indirectly part of the criterion defining the ***STS on-***balance-sheet securitisation and excluding arbitrage securitisation from the STS framework.
27	Recital 14	(14) Credit events triggering payments under the credit protection agreement should include at least those referred to in Article 178 of Regulation (EU) No 575/2013. Those events are well-known and recognisable from the market's perspective and should serve to ensure consistency with the prudential framework. Forbearance measures, which consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments, should not preclude the triggering of the	(14) Credit events triggering payments under the credit protection agreement should include at least those referred to in ~~Article 178~~ ***Part Three, Title II, Chapter 4*** of Regulation (EU) No 575/2013. Those events are well-known and recognisable from the market's perspective and should serve to ensure consistency with the prudential framework. Forbearance measures, which consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments, should not	(14) Credit events triggering payments under the credit protection agreement should include at least those referred to in Article 178 of Regulation (EU) No 575/2013. Those events are well-known and recognisable from the market's perspective and should serve to ensure consistency with the prudential framework. Forbearance measures, which consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments, should not preclude the triggering of the	[TM 02 12 2020, see lines 193-196] (14) Credit events triggering payments under the credit protection agreement should include at least those referred to in ~~Article 178~~ ***Part Three, Title II, Chapter 4*** of Regulation (EU) No 575/2013. Those events are well-known and recognisable from the market's perspective and should serve to ensure consistency with the prudential framework. Forbearance measures, which consist of concessions towards a debtor that is experiencing or about to experience difficulties in

Nr.	Ref.	COM	Council	EP	Compromise
		credit protection event. Restructuring should be excluded as a credit event in the case of financial guarantees in order to avoid that the financial guarantees could be treated as a derivative in accordance with the relevant accounting standards.	preclude the triggering of the credit protection event. ~~Restructuring should be excluded as a credit event in the case of financial guarantees in order to avoid that the financial guarantees could be treated as a derivative in accordance with the relevant accounting standards.~~	credit protection event. Restructuring should be excluded as a credit event in the case of financial guarantees in order to avoid that the financial guarantees could be treated as a derivative in accordance with the relevant accounting standards.	meeting its financial commitments, should not preclude the triggering of the credit protection event. ~~Restructuring should be excluded as a credit event in the case of financial guarantees in order to avoid that the financial guarantees could be treated as a derivative in accordance with the relevant accounting standards.~~
28	Recital 15	(15) The right of the originator as protection buyer to receive timely payments on actual losses should be adequately protected. Accordingly, the transaction documentation should provide for a sound and transparent settlement process for the determination of actual losses in the reference portfolio to prevent the originator from being underpaid. As working out the losses may be a lengthy process and to ensure timely payments to the originator, interim payments should be made at the latest six months after such credit	(15) The right of the originator as protection buyer to receive timely payments on actual losses should be adequately protected. Accordingly, the transaction documentation should provide for a sound and transparent settlement process for the determination of actual losses in the reference portfolio to prevent the originator from being underpaid. As working out the losses may be a lengthy process and to ensure timely payments to the originator, interim payments should be made at the latest six months after such credit	(15) The right of the originator as protection buyer to receive timely payments on actual losses should be adequately protected. Accordingly, the transaction documentation should provide for a sound and transparent settlement process for the determination of actual losses in the reference portfolio to prevent the originator from being underpaid. As working out the losses may be a lengthy process and to ensure timely payments to the originator, interim payments should be made at the latest six months after such credit	(15) The right of the originator as protection buyer to receive timely payments on actual losses should be adequately protected. Accordingly, the transaction documentation should provide for a sound and transparent settlement process for the determination of actual losses in the reference portfolio to prevent the originator from being underpaid. As working out the losses may be a lengthy process and to ensure timely payments to the originator, interim payments should be made at the latest six months after such credit event has

Nr.	Ref.	COM	Council	EP	Compromise
		event has occurred. Furthermore, there should be a final adjustment mechanism to ensure that interim payments cover actual losses and to prevent that those interim losses do not overpay to the detriment of investors. The loss settlement mechanism should also clearly specify the maximum extension period that should apply to the workout process for those exposures and such extension period should be no longer than two years. That loss settlement mechanism should, thus, ensure the effectiveness of the credit protection arrangement from the originator's perspective, and give investors legal certainty on the termination date of their obligation to make payments, contributing to a well-functioning market.	event has occurred. Furthermore, there should be a final adjustment mechanism to ensure that interim payments cover actual losses and to prevent that those interim losses do not overpay to the detriment of investors. The loss settlement mechanism should also clearly specify the maximum extension period that should apply to the workout process for those exposures and such extension period should be no longer than two years. That loss settlement mechanism should, thus, ensure the effectiveness of the credit protection arrangement from the originator's perspective, and give investors legal certainty on the termination date of their obligation to make payments, contributing to a well-functioning market.	event has occurred. Furthermore, there should be a final adjustment mechanism to ensure that interim payments cover actual losses and to prevent that those interim losses do not overpay to the detriment of investors. The loss settlement mechanism should also clearly specify the maximum extension period that should apply to the workout process for those exposures and such extension period should be no longer than two years. That loss settlement mechanism should, thus, ensure the effectiveness of the credit protection arrangement from the originator's perspective, and give investors legal certainty on the termination date of their obligation to make payments, contributing to a well-functioning market.	occurred. Furthermore, there should be a final adjustment mechanism to ensure that interim payments cover actual losses and to prevent that those interim losses do not overpay to the detriment of investors. The loss settlement mechanism should also clearly specify the maximum extension period that should apply to the workout process for those exposures and such extension period should be no longer than two years. That loss settlement mechanism should, thus, ensure the effectiveness of the credit protection arrangement from the originator's perspective, and give investors legal certainty on the termination date of their obligation to make payments, contributing to a well-functioning market.
29	Recital 16	(16) Having a third-party verification agent is a widespread market practice that enhances legal certainty in the transaction for all parties	(16) Having a third-party verification agent is a widespread market practice that enhances legal certainty in the transaction for all parties	(16) Having a third-party verification agent is a widespread market practice that enhances legal certainty in the transaction for all parties	(16) Having a third-party verification agent is a widespread market practice that enhances legal certainty in the transaction for all parties

Nr.	Ref.	COM	Council	EP	Compromise
		involved, thus decreasing the likelihood of disputes and litigations that could arise in relation to the loss allocation process. To enhance the soundness of the transaction's loss settlement mechanism, a third-party verification agent should be appointed to carry out a factual review of the correctness and accuracy of certain aspects of the credit protection when a credit event has been triggered.	involved, thus decreasing the likelihood of disputes and litigations that could arise in relation to the loss allocation process. To enhance the soundness of the transaction's loss settlement mechanism, a third-party verification agent should be appointed to carry out a factual review of the correctness and accuracy of certain aspects of the credit protection when a credit event has been triggered.	involved, thus decreasing the likelihood of disputes and litigations that could arise in relation to the loss allocation process. To enhance the soundness of the transaction's loss settlement mechanism, a third-party verification agent should be appointed to carry out a factual review of the correctness and accuracy of certain aspects of the credit protection when a credit event has been triggered.	involved, thus decreasing the likelihood of disputes and litigations that could arise in relation to the loss allocation process. To enhance the soundness of the transaction's loss settlement mechanism, a third-party verification agent should be appointed to carry out a factual review of the correctness and accuracy of certain aspects of the credit protection when a credit event has been triggered.
30	Recital 17	(17) Credit protection premiums should depend only on the outstanding size and credit risk of the protected tranche. Non-contingent premiums should not be permitted in STS on-balance-sheet securitisations as they could be used to undermine the effective risk transfer from the originator as protection buyer to the protection sellers. Other arrangements, such as up-front premium payments, rebate mechanisms or overly complex premium structures, should also be prohibited for	(17) Credit protection premiums should depend only on the outstanding size and credit risk of the protected tranche. Non-contingent premiums should not be permitted in STS on-balance-sheet securitisations as they could be used to undermine the effective risk transfer from the originator as protection buyer to the protection sellers. Other arrangements, such as up-front premium payments, rebate mechanisms or overly complex premium structures, should also be prohibited for	(17) Credit protection premiums should depend only on the outstanding size and credit risk of the protected tranche. Non-contingent premiums should not be permitted in STS on-balance-sheet securitisations as they could be used to undermine the effective risk transfer from the originator as protection buyer to the protection sellers. Other arrangements, such as up-front premium payments, rebate mechanisms or overly complex premium structures, should also be prohibited for	(17) Credit protection premiums should depend only on the outstanding size and credit risk of the protected tranche. Non-contingent premiums should not be permitted in STS on-balance-sheet securitisations as they could be used to undermine the effective risk transfer from the originator as protection buyer to the protection sellers. Other arrangements, such as up-front premium payments, rebate mechanisms or overly complex premium structures, should

Nr.	Ref.	COM	Council	EP	Compromise
		STS on-balance-sheet securitisations.	STS on-balance-sheet securitisations.	STS on-balance-sheet securitisations.	also be prohibited for STS on-balance-sheet securitisations.
31	Recital 18	(18) To ensure the stability and continuity of credit protection, the early termination of an STS balance-sheet synthetic securitisation by the originator should only be possible in certain limited, well-defined circumstances. Whilst the originator should be entitled to close out the credit protection early upon the occurrence of certain specified regulatory events, those events should constitute actual changes in legislation or taxation with a material adverse effect on the originator's capital requirements or the economics of the transaction relative to the parties' expectation at the time of entering the transaction and provided that such changes could not have been reasonably anticipated at that time. STS balance-sheet synthetic securitisations should not feature complex call clauses for the originator,	(18) To ensure the stability and continuity of credit protection, the early termination of an STS ***on-***balance-sheet ~~synthetic~~ securitisation by the originator should only be possible in certain limited, well-defined circumstances. Whilst the originator should be entitled to close out the credit protection early upon the occurrence of certain specified regulatory events, those events should constitute actual changes in legislation or taxation with a material adverse effect on the originator's capital requirements or the economics of the transaction relative to the parties' expectation at the time of entering the transaction and provided that such changes could not have been reasonably anticipated at that time. STS ***on-***balance-sheet ~~synthetic~~ securitisations should not feature complex call clauses for the originator,	(18) To ensure the stability and continuity of credit protection, the early termination of an STS balance-sheet synthetic securitisation by the originator should only be possible in certain limited, well-defined circumstances. Whilst the originator should be entitled to close out the credit protection early upon the occurrence of certain specified regulatory events, those events should constitute actual changes in legislation or taxation with a material adverse effect on the originator's capital requirements or the economics of the transaction relative to the parties' expectation at the time of entering the transaction and provided that such changes could not have been reasonably anticipated at that time. STS balance-sheet synthetic securitisations should not feature complex call clauses for the originator,	(18) To ensure the stability and continuity of credit protection, the early termination of an STS ***on-***balance-sheet ~~synthetic~~ securitisation by the originator should only be possible in certain limited, well-defined circumstances. Whilst the originator should be entitled to close out the credit protection early upon the occurrence of certain specified regulatory events, those events should constitute actual changes in legislation or taxation with a material adverse effect on the originator's capital requirements or the economics of the transaction relative to the parties' expectation at the time of entering the transaction and provided that such changes could not have been reasonably anticipated at that time. STS ***on-***balance-sheet ~~synthetic~~ securitisations should not feature complex call clauses for the originator, in particular

Nr.	Ref.	COM	Council	EP	Compromise
		in particular very short-dated time calls with the aim of temporarily changing the representation of their capital position on a case by case basis.	in particular very short-dated time calls with the aim of temporarily changing the representation of their capital position on a case by case basis.	in particular very short-dated time calls with the aim of temporarily changing the representation of their capital position on a case by case basis.	very short-dated time calls with the aim of temporarily changing the representation of their capital position on a case by case basis.
32	Recital 19	(19) Synthetic excess spread is widely present in certain types of transactions, and it is a helpful mechanism for both investors and originators, in order to reduce the cost of the credit protection and the exposure at risk respectively. In this regard, synthetic excess spread is essential for some specific retail asset classes, such as small and medium-sized enterprises (SME) and consumer lending, that show both higher yield and credit losses than other asset classes, and for which the securitised exposures generate excess spread to cover for those losses. However, where the amount of synthetic excess spread subordinated to the investor position is too high, it is possible that under no	(19) Synthetic excess spread is widely present in certain types of transactions, and it is a helpful mechanism for both investors and originators, in order to reduce the cost of the credit protection and the exposure at risk respectively. In this regard, synthetic excess spread is essential for some specific retail asset classes, such as small and medium-sized enterprises (SME) and consumer lending, that show both higher yield and credit losses than other asset classes, and for which the securitised exposures generate excess spread to cover for those losses. However, where the amount of synthetic excess spread subordinated to the investor position is too high, it is possible that under no	(19) Synthetic excess spread is widely present in certain types of transactions, and it is a helpful mechanism for both investors and originators, in order to reduce the cost of the credit protection and the exposure at risk respectively. In this regard, synthetic excess spread is essential for some specific retail asset classes, such as small and medium-sized enterprises (SME) and consumer lending, that show both higher yield and credit losses than other asset classes, and for which the securitised exposures generate excess spread to cover for those losses. However, where the amount of synthetic excess spread subordinated to the investor position is too high, it is possible that under no	(19) Synthetic excess spread is widely present in certain types of transactions, and it is a helpful mechanism for both investors and originators, in order to reduce the cost of the credit protection and the exposure at risk respectively. In this regard, synthetic excess spread is essential for some specific retail asset classes, such as small and medium-sized enterprises (SME) and consumer lending, that show both higher yield and credit losses than other asset classes, and for which the securitised exposures generate excess spread to cover for those losses. However, where the amount of synthetic excess spread subordinated to the investor position is too high, it is possible that under no realistic scenario the investor

Nr.	Ref.	COM	Council	EP	Compromise
		realistic scenario the investor in the securitisation positions will experience any losses, resulting in no effective risk transfer. To mitigate supervisory concerns and further standardise this structural feature, it is important to specify strict criteria for STS balance-sheet synthetic securitisations and to ensure full disclosure on the use of synthetic excess spread.	realistic scenario the investor in the securitisation positions will experience any losses, resulting in no effective risk transfer. To mitigate supervisory concerns and further standardise this structural feature, it is important to specify strict criteria for STS ***on-***balance-sheet ~~synthetic~~ securitisations and to ensure full disclosure on the use of synthetic excess spread.	realistic scenario the investor in the securitisation positions will experience any losses, resulting in no effective risk transfer. To mitigate supervisory concerns and further standardise this structural feature, it is important to specify strict criteria for STS balance-sheet synthetic securitisations and to ensure full disclosure on the use of synthetic excess spread.	in the securitisation positions will experience any losses, resulting in no effective risk transfer. To mitigate supervisory concerns and further standardise this structural feature, it is important to specify strict criteria for STS ***on-***balance-sheet ~~synthetic~~ securitisations and to ensure full disclosure on the use of synthetic excess spread.
33	Recital 20	(20) Only high quality credit protection arrangements should be eligible for STS balance-sheet synthetic securitisations. In the case of unfunded credit protection, this should be ensured by restricting the scope of eligible protection providers to those entities that are eligible providers in accordance with Regulation (EU) No 575/2013 and recognised as counterparties with a 0% risk-weight in accordance with Title II, Part Three, Chapter 2 of that Regulation. In the case	(20) Only high quality credit protection arrangements should be eligible for STS ***on-***balance-sheet s ~~synthetic~~ ecuritisations. In the case of unfunded credit protection, this should be ensured by restricting the scope of eligible protection providers to those entities that are eligible providers in accordance with Regulation (EU) No 575/2013 and recognised as counterparties with a 0% risk-weight in accordance with Title II, Part Three, Chapter 2 of that Regulation. In the case	(20) Only high quality credit protection arrangements should be eligible for STS balance-sheet synthetic securitisations. In the case of unfunded credit protection, this should be ensured by restricting the scope of eligible protection providers to those entities that are eligible providers in accordance with Regulation (EU) No 575/2013 and recognised as counterparties with a 0% risk-weight in accordance with Title II, Part Three, Chapter 2 of that Regulation. In the case	(20) Only high quality credit protection arrangements should be eligible for STS ***on-***balance-sheet ~~synthetic~~ *s*ecuritisations. In the case of unfunded credit protection, this should be ensured by restricting the scope of eligible protection providers to those entities that are eligible providers in accordance with Regulation (EU) No 575/2013 and recognised as counterparties with a 0% risk-weight in accordance with ***Part Three,*** Title II, ~~Part Three,~~ Chapter 2 of that Regulation. In

Nr.	Ref.	COM	Council	EP	Compromise
		of funded credit protection, the originator as protection buyer and the investors as protection sellers should have recourse to high quality collateral, which should refer to collateral of any form which may be assigned a 0% risk weight under the Title II, Part Three, Chapter 2 of Regulation (EU) No 575/2013, subject to appropriate deposit or custody arrangements. When the collateral provided is in the form of cash, it should be held either with a third-party credit institution or on deposit with the protection buyer, subject in both cases to a minimum credit quality standing.	of funded credit protection, the originator as protection buyer and the investors as protection sellers should have recourse to high quality collateral, which should refer to collateral of any form which may be assigned a 0% risk weight under ~~the Title II,~~ Part Three, ***Title II,*** Chapter 2 of Regulation (EU) No 575/2013, subject to appropriate deposit or custody arrangements. When the collateral provided is in the form of cash, it should be held either with a third-party credit institution or on deposit with the protection buyer, subject in both cases to a minimum credit quality standing.	of funded credit protection, the originator as protection buyer and the investors as protection sellers should have recourse to high quality collateral, which should refer to collateral of any form which may be assigned a 0% risk weight under the Title II, Part Three, Chapter 2 of Regulation (EU) No 575/2013, subject to appropriate deposit or custody arrangements. When the collateral provided is in the form of cash, it should be held either with a third-party credit institution or on deposit with the protection buyer, subject in both cases to a minimum credit quality standing.	the case of funded credit protection, the originator as protection buyer and the investors as protection sellers should have recourse to high quality collateral, which should refer to collateral of any form which may be assigned a 0% risk weight under ~~the Title II,~~ Part Three, ***Title II,*** Chapter 2 of Regulation (EU) No 575/2013, subject to appropriate deposit or custody arrangements. When the collateral provided is in the form of cash, it should be held either with a third-party credit institution or on deposit with the protection buyer, subject in both cases to a minimum credit quality standing.
34	Recital 21	(21) Member States should designate the competent authorities that would be responsible to supervise the requirements that on-balance-sheet synthetic securitisation have to meet in order to qualify for the STS designation. The competent authority could be the same as	(21) Member States should designate the competent authorities that would be responsible to supervise the requirements that ~~on-balance-sheet~~ ***the*** synthetic securitisation have to meet in order to qualify for the STS designation. The competent authority could be the same as	(21) Member States should designate the competent authorities that would be responsible to supervise the requirements that on-balance-sheet synthetic securitisation have to meet in order to qualify for the STS designation. The competent authority could be the same as	(21) Member States should designate the competent authorities that would be responsible to supervise the requirements that ~~on-balance-sheet~~ ***the*** synthetic securitisation have to meet in order to qualify for the STS designation. The competent authority could be the same as

Nr.	Ref.	COM	Council	EP	Compromise
		the one designated to supervise the compliance of originators, sponsors and SSPEs with the requirements that traditional securitisations have to meet in order to acquire the STS designation. Like in the case of traditional securitisations, such competent authority could be different from the competent authority responsible to supervise the compliance of originators, original lenders, SSPEs, sponsors and investors with the prudential obligations incumbent under Articles 5 to 9 of Regulation (EU) 2017/2402, and the compliance of which, given the prudential dimension of those obligations, was specifically entrusted to the competent authorities in charge of the prudential supervision of the relevant financial institutions.	the one designated to supervise the compliance of originators, sponsors and SSPEs with the requirements that traditional securitisations have to meet in order to acquire the STS designation. Like in the case of traditional securitisations, such competent authority could be different from the competent authority responsible to supervise the compliance of originators, original lenders, SSPEs, sponsors and investors with the prudential obligations incumbent under Articles 5 to 9 of Regulation (EU) 2017/2402, and the compliance of which, given the prudential dimension of those obligations, was specifically entrusted to the competent authorities in charge of the prudential supervision of the relevant financial institutions.	the one designated to supervise the compliance of originators, sponsors and SSPEs with the requirements that traditional securitisations have to meet in order to acquire the STS designation. Like in the case of traditional securitisations, such competent authority could be different from the competent authority responsible to supervise the compliance of originators, original lenders, SSPEs, sponsors and investors with the prudential obligations incumbent under Articles 5 to 9 of Regulation (EU) 2017/2402, and the compliance of which, given the prudential dimension of those obligations, was specifically entrusted to the competent authorities in charge of the prudential supervision of the relevant financial institutions.	the one designated to supervise the compliance of originators, sponsors and SSPEs with the requirements that traditional securitisations have to meet in order to acquire the STS designation. Like in the case of traditional securitisations, such competent authority could be different from the competent authority responsible to supervise the compliance of originators, original lenders, SSPEs, sponsors and investors with the prudential obligations incumbent under Articles 5 to 9 of Regulation (EU) 2017/2402, and the compliance of which, given the prudential dimension of those obligations, was specifically entrusted to the competent authorities in charge of the prudential supervision of the relevant financial institutions.
35	Recital 21a (new)			***(21a) The EBA warns that the introduction of a specific STS framework for balance sheet synthetic securitisation***	[TM 03 12 2020: Corresponding recital to lines 296-304 (Art. 31(2a)new:

Nr.	Ref.	COM	Council	EP	Compromise
				(BSSS) needs to be diligently accompanied by supervision to avoid negative consequences. Specifically, the ESRB should monitor macroprudential risks associated with synthetic securitisation and assess whether risks are sufficiently moved out of the systemic part of our financial system.	Text proposal from TM, finalisation] ***(21a) ~~The EBA warns that~~ The introduction of a specific framework for <u>STS</u> on-balance sheet ~~synthetic~~ securitisation ~~(BSSS)~~ should be accompanied by an appropriate macroprudential oversight ~~needs to be diligently accompanied by supervision~~ to avoid negative consequences <u>to financial stability.</u>*** ***Specifically, the ESRB should monitor macroprudential risks associated with synthetic securitisation and assess whether risks are sufficiently moved out of the systemic part of our financial system.***
36	Recital 21b (new)			***(21b) For the purpose of integrating sustainability-related transparency requirements in this Regulation, the EBA, in close cooperation with the European Supervisory Authority (European Securities and Markets***	

Nr.	Ref.	COM	Council	EP	Compromise
				Authority) (ESMA) and the European Supervisory Authority (European Insurance and Occupational Pensions Authority) (EIOPA), should be mandated to publish a report on developing a specific 'sustainable securitisation' framework. That report should duly assess in particular the introduction of sustainability factors, the implementation of proportionate disclosure and due diligence requirements, the content, methodologies and presentation of information in relation to environmental, social and governance-related adverse impacts, and any potential effects on financial stability, the scaling up of the Union securitisation market and bank lending capacity. Based on the EBA report the Commission should submit a report to the European Parliament and the Council on the creation of a specific	

Nr.	Ref.	COM	Council	EP	Compromise
				sustainable securitisation framework, together with a legislative proposal, if appropriate.	
37	Recital 22	(22) Regulation (EU) No 2017/2402 should therefore be amended accordingly.	(22) Regulation (EU) No 2017/2402 should therefore be amended accordingly.	(22) Regulation (EU) No 2017/2402 should therefore be amended accordingly.	(22) Regulation (EU) No 2017/2402 should therefore be amended accordingly.
38	Recital 23	(23) Since the objectives of this Regulation, namely to extend the STS securitisation framework to on-balance-sheet synthetic securitisation and to remove regulatory obstacles to securitisation of NPEs to further increase lending capacities without lowering the prudential standards for bank lending, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, 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	(23) Since the objectives of this Regulation, namely to extend the STS securitisation framework to ~~on-balance-sheet~~ synthetic securitisation and to remove regulatory obstacles to securitisation of NPEs to further increase lending capacities without lowering the prudential standards for bank lending, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, 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	(23) Since the objectives of this Regulation, namely to extend the STS securitisation framework to on-balance-sheet synthetic securitisation and to remove regulatory obstacles to securitisation of NPEs to further increase lending capacities without lowering the prudential standards for bank lending, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, 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	(23) Since the objectives of this Regulation, namely to extend the STS securitisation framework to ~~on-balance-sheet~~ synthetic securitisation and to remove regulatory obstacles to securitisation of NPEs to further increase lending capacities without lowering the prudential standards for bank lending, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, 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

Nr.	Ref.	COM	Council	EP	Compromise
		Regulation does not go beyond what is necessary in order to achieve those objectives,	what is necessary in order to achieve those objectives,	Regulation does not go beyond what is necessary in order to achieve those objectives,	what is necessary in order to achieve those objectives,
39		HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:
40		Article 1	Article 1	Article 1	*Article 1*
41		Amendment to Regulation (EU) No 2017/2402	Amendment to Regulation (EU) No 2017/2402	Amendment to Regulation (EU) No 2017/2402	Amendment to Regulation (EU) No 2017/2402
42		Regulation (EU) No 2017/2402 is amended as follows:	Regulation (EU) No 2017/2402 is amended as follows:	Regulation (EU) No 2017/2402 is amended as follows:	Regulation (EU) No 2017/2402 is amended as follows:
43	*Art. 1 – para. 1 – point 1* **Art. 2 - points 24-28**	(1) in Article 2, the following points (24), (25), (26), (27) and (28) are added:	(1) in Article 2, the following points (24), (25), (26), (27) and (28) are added:	(1) in Article 2, the following points (24), (25), (26), (27)***,*** (28) ***and (28a)*** are added:	
44	*Art. 1 – para. 1 – point 1* **Art. 2 - point 24**	"(24) 'non-performing exposure (NPE) securitisation' means a securitisation backed by a pool of non-performing exposures that meet the conditions set out in Article 47a(3) of Regulation 575/2013 and the value of which makes up at least 90% of the pool's value at the time of origination;	"(24) 'non-performing exposure (NPE) securitisation' means a securitisation backed by a pool of non-performing exposures that meet the conditions set out in Article 47a(3) of Regulation ***(EU) No*** 575/2013 and the ***nominal*** value of which makes up at least 90% of the pool's ***nominal*** value at the time of origination ***and at a later time where assets are added to or removed from the underlying***	"(24) 'non-performing exposure (NPE) securitisation' means a securitisation backed by a pool of non-performing exposures that meet the conditions set out in Article 47a(3) of Regulation ***(EU)*** 575/2013 and the value of which makes up ***not less than*** 90% of the pool's ***nominal*** value at the time of origination ***and at any subsequent date on which assets are added to or***	[TM 23 11 2020, Council text: "or any other relevant reason": Reasoning: to ensure that pool remains to be built with NPEs and to capture all possible reason, Wording in line with Basel Technical Amendment of 26 November 2020: link: here)] "(24) 'non-performing exposure (NPE) securitisation' means a securitisation backed by a pool of non-performing exposures that meet the

Nr.	Ref.	COM	Council	EP	Compromise
			pool due to replenishment, restructuring or any other relevant reason;	***removed from the underlying pool due to replenishment of the pool or restructuring of the securitisation***;	conditions set out in Article 47a(3) of Regulation ***(EU) No*** 575/2013 and the ***nominal*** value of which makes up ***not less than*** ~~at least~~ 90% of the pool's ***nominal*** value at the time of origination ***and at a later time where assets are added to or removed from the underlying pool due to replenishment, restructuring or any other relevant reason***;
45	*Art. 1 – para. 1 – point 1* **Art. 2 - point 25**	(25) 'credit protection agreement' means an agreement concluded between the originator and the investor to transfer the credit risk of securitised exposures from the originator to the investor by the use of credit derivatives or financial guarantees, whereby the originator commits to pay a credit protection premium to the investor and the investor commits to pay a credit protection payment to the originator in case one of the contractually defined events occurs;	(25) 'credit protection agreement' means an agreement concluded between the originator and the investor to transfer the credit risk of securitised exposures from the originator to the investor by the use of credit derivatives or ~~financial~~ guarantees, whereby the originator commits to pay a credit protection premium to the investor and the investor commits to pay a credit protection payment to the originator in case one of the contractually defined ***credit*** events occurs;	(25) 'credit protection agreement' means an agreement concluded between the originator and the investor to transfer the credit risk of securitised exposures from the originator to the investor by the use of credit derivatives or financial guarantees, whereby the originator commits to pay a credit protection premium to the investor and the investor commits to pay a credit protection payment to the originator in case one of the contractually defined events occurs;	[TM 23 11 2020] (25) 'credit protection agreement' means an agreement concluded between the originator and the investor to transfer the credit risk of securitised exposures from the originator to the investor by the use of credit derivatives or ~~financial~~ guarantees, whereby the originator commits to pay a credit protection premium to the investor and the investor commits to pay a credit protection payment to the originator in case one of the contractually defined ***credit*** events occurs;

Nr.	Ref.	COM	Council	EP	Compromise
46	*Art. 1 – para. 1 – point 1* **Art. 2 - point 26**	(26) 'credit protection premium' means the amount the originator has committed under the credit protection agreement to pay to the investor for the credit protection promised by the investor;	(26) 'credit protection premium' means the amount the originator has committed under the credit protection agreement to pay to the investor for the credit protection promised by the investor;	(26) 'credit protection premium' means the amount the originator has committed under the credit protection agreement to pay to the investor for the credit protection promised by the investor;	(26) 'credit protection premium' means the amount the originator has committed under the credit protection agreement to pay to the investor for the credit protection promised by the investor;
47	*Art. 1 – para. 1 – point 1* **Art. 2 - point 27**	(27) 'credit protection payment' is the amount the investor has committed under the credit protection agreement to pay to the originator in case a credit event defined in credit protection agreement has occurred;	(27) 'credit protection payment' ~~is~~***means*** the amount the investor has committed under the credit protection agreement to pay to the originator in case a ***contractually defined*** credit event defined in ***the*** credit protection agreement has occurred;	(27) 'credit protection payment' is the amount the investor has committed under the credit protection agreement to pay to the originator in case a credit event defined in credit protection agreement has occurred;	[TM 23 11 2020, Council text] (27) 'credit protection payment' ~~is~~***means*** the amount the investor has committed under the credit protection agreement to pay to the originator in case a ***contractually defined*** credit event defined in ***the*** credit protection agreement has occurred;
48	*Art. 1 – para. 1 – point 1* **Art. 2 - point 28**	(28) 'synthetic excess spread' means the amount committed in the transaction documentation by the originator to cover losses of the referenced portfolio that might occur during the life time of the transaction.;"	(28) 'synthetic excess spread' means the amount ~~committed in~~ ***that, according to*** the ~~transaction~~ documentation ***of a synthetic securitisation, is contractually designated*** by the originator to cover ***any*** losses of the ~~referenced portfolio~~ ***securitised exposures*** that might occur during the life time of the transaction.;"	(28) 'synthetic excess spread' means the amount ***that, according to the*** documentation ***of a synthetic securitisation, is contractually designated*** by the originator to cover losses of the ***securitised exposures*** that might occur during the life time of the transaction;	[TM 27 11 2020, (see line 212: DLA does final consistency check): use of term **maturity vs life** to be aligned in line 175, 199, 208, 210, 224 and 236] (28) 'synthetic excess spread' means the amount ***that, according to the*** documentation ***of a synthetic securitisation, is contractually designated*** by the originator to cover losses of the ***securitised***

Nr.	Ref.	COM	Council	EP	Compromise
					exposures that might occur during the life ~~time~~ of the transaction;
49	*Art. 1 – para. 1 – point 1* **Art. 2 - point 28a (new)**			***(28a) 'sustainability factors' mean sustainability factors as defined in point (24) of Article 2 of Regulation (EU) 2019/2088 of the European Parliament and the Council[8];"***	
50	*Art. 1 – para. 1 – point 1 a (new)* **Art. 4**			***(1a) Article 4 is amended as follows:***	[TM 19 11 2020] [PT 02 12 2020: lines 51-54 agreed] ***(1a) Article 4 is amended as follows:***
51	*Art. 1 – para. 1 – point 1 a (new) - point a* **Art. 4 - point a**			***(a) point (a) is replaced by the following:***	***(a) point (a) is replaced by the following:***
52	*Art. 1 – para. 1 – point 1 a (new) - point a* **Art. 4 - point a**			"(a) the third country is listed as a high-risk ***third country having strategic deficiencies in its regime on anti-money laundering and counter***	"(a) the third country is listed as a high-risk ***third country having strategic deficiencies in its regime on anti-money laundering and counter***

[8] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

Nr.	Ref.	COM	Council	EP	Compromise
				terrorist financing, in accordance with Article 9 of Directive (EU) 2015/849;"	***terrorist financing, in accordance with Article 9 of Directive (EU) 2015/849;"***
53	*Art. 1 – para. 1 – point 1 a (new) - point b* **Art. 4 - point aa**			***(b) the following point (aa) is inserted:***	***(b) the following point (aa) is inserted:***
54	*Art. 1 – para. 1 – point 1 a (new) - point b* **Art. 4 - point aa**			***"(aa) the third country is listed in Annex I or Annex II of the EU list of non-cooperative jurisdictions for tax purposes;"***	***"(aa) the third country is listed in Annex I or Annex II of the EU list of non-cooperative jurisdictions for tax purposes;"***
55	*Art. 1 – para. 1 – point 1 a (new)* **Art. 5**		***(2) Article 5 is amended as follows:***		[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69 and 293, 294] [TM 03 12 2020: Rational for text proposal: Aim is to address the EP's concerns in terms of the abuse of the derogation provided in the second subparagraph of Article 9(1) by requiring the application of sound standards in the selection and pricing of the underlying exposures instead of requiring the application of the regular credit granting criteria under that

Nr.	Ref.	COM	Council	EP	Compromise
					Article while avoiding to impose unusual and difficult to specify processes and mechanisms on originators, sponsors and original lenders in terms of ensuring that no instances of regulatory arbitrage or abuse occur.]
56	*Art. 1 – para. 1 – point 1 a (new) - point a* **Art. 5 - para 1 - point f**		***(a) in paragraph 1 letter f is added:***		***(a) in paragraph 1 letter f is added:***
57	*Art. 1 – para. 1 – point 1 a (new) - point a* **Art. 5 - para 1 - point f**		***"In the case of non-performing exposures, as referred to in Article 47a(3) of Regulation (EU) No 575/2013, sound standards in the selection and pricing of the exposures are applied;"***		***"In the case of non-performing exposures, as referred to in Article 47a(3) of Regulation (EU) No 575/2013, sound standards in the selection and pricing of the exposures are applied;"***
58	*Art. 1 – para. 1 – point 2* **Art. 6**	(2) Article 6 is amended as follows:	(***3***) Article 6 is amended as follows:	(2) Article 6 is amended as follows:	(2) Article 6 is amended as follows:
59	*Art. 1 – para. 1 – point 2 - point a* **Art. 6 - para 1 -**	(a) in paragraph 1, the following subparagraph is added:	(a) in paragraph 1, the following subparagraph is added:	(a) in paragraph 1, the following subparagraph is added:	(a) in paragraph 1, the following subparagraph is added:

Nr.	Ref.	COM	Council	EP	Compromise
	subpara 2a (new)				
60	*Art. 1 – para. 1 – point 2 - point a* **Art. 6 - para 1 - subpara 2a (new)**	"In case of NPE securitisations, the requirement of this paragraph may also be fulfilled by the servicer.";	"In case of NPE securitisations, the requirement of this paragraph may also be fulfilled by the servicer ***provided that the servicer can demonstrate that it has expertise in servicing exposures of a similar nature to those securitised and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures***.";	"In case of ***traditional*** NPE securitisations, the requirement of this paragraph may also be fulfilled by the servicer ***that manages the pool of purchased receivables or the underlying credit exposures on a day-to-day basis. The servicer of NPE securitisations shall meet the requirements established by Article 21(8)***.";	[TM 07 12 2020] "In case of ***traditional*** NPE securitisations, the requirement of this paragraph may also be fulfilled by the servicer ***provided that the servicer can demonstrate that it has expertise in servicing exposures of a similar nature to those securitised and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures***.";
60a	*Art. 1 – para. 1 – point 2 - point a* **Art. 6 - para 1 - subpara 2b (new)**				(b) in paragraph 1, the following subparagraph is added:
60b	*Art. 1 – para. 1 – point 2 - point a* **Art. 6 - para 1 - subpara 2b (new)**				[TM 07 12 2020:If it only would be the originator, requirement could be circumvented by selection a different party as retainer; in transactions where retainer is not originator this would lead

Nr.	Ref.	COM	Council	EP	Compromise
					that two parties would retain the risk. EP: Aim to avoid originate and distribute behaviour, preference for using originator than "retainer".] ***In measuring the material net economic interest [the retainer] shall take into account any*** ***~~In calculating the 5% retention rate~~, fees that may in practice be used to reduce the effective material net economic interest ~~shall be duly taken into account.~~***
61	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 3a (new)**	(b) The following paragraph [3a] is inserted:	(b) The following paragraph [3a] is inserted:	(b) The following paragraph [3a] is inserted:	
62	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 3a (new) - subpara. 1**	"3a. By way of derogation from points (b) to (e) of paragraph 3, in the case of NPE securitisations, the retention of a material net economic interest for the purposes of those points shall not be less than 5% of the net	"3a. By way of derogation from points (b) to (e) of paragraph 3, in the case of NPE securitisations ***where a non-refundable purchase price discount was agreed at the level of the individual securitised exposures or,***	"3a. By way of derogation from points (b) to (e) of paragraph 3, in the case of NPE securitisations, the retention of a material net economic interest for the purposes of those points shall not be less than 5% of the net	

Nr.	Ref.	COM	Council	EP	Compromise
		value of the securitised exposures that qualify as non-performing exposures as referred to in Article 47a(3) of Regulation 575/2013.	***where applicable, on the level of the pool of underlying exposures***, the retention of a material net economic interest for the purposes of those points shall not be less than 5% ***of the sum*** of the net value of the securitised exposures that qualify as non-performing exposures as referred to in Article 47a(3) of Regulation ***(EU) No*** 575/2013 ***and, if applicable, the nominal value of any performing securitised exposures***.	value of the securitised exposures that qualify as non-performing exposures as referred to in Article 47a(3) of Regulation 575/2013.	
63	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 3a (new) - subpara. 1a new**			***In calculating the 5% retention rate, fees that may in practice be used to reduce the effective material net economic interest shall be duly taken into account.***	[PT 01 12 2020: TM to work on text along the lines of the COM proposal] [TM 07 12 2020 lines 22, 60b, 63, 64a to 64e, Note: Text of line 63 (Art. 6(3a)) moved to line 60b (Art. 6(1)): Reasoning: applicable to all securitisation not only NPE Securitisation: To CHECK by Trilogue parties. 1. Risk retention subpara (line 63) is meant to cover all securitisation or only NPE securitisation. In the former

Nr.	Ref.	COM	Council	EP	Compromise
					case it has to be moved to Art. 6(1) - see line 60b. Lines 64c would have to be aligned accordingly. 2. Further specification of fees: "paid to the retainer"]
64	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 3a (new) - subpara. 2**	The net value of a non-performing exposures shall result from deducting the non-refundable purchase price discount agreed at the time of origination from the exposure's nominal value or, where applicable, its outstanding value at the same time.";	The net value of a non-performing ~~exposures~~ ***exposure*** shall result from deducting the non-refundable purchase price discount agreed ***at the level of the individual securitised exposure or, where applicable, a corresponding share of the non-refundable purchase price discount agreed at the level of the pool of underlying exposures***, at the time of origination from the exposure's nominal value or, where applicable, its outstanding value at the ~~same~~ time ***of origination***.";	The net value of a non-performing exposures shall result from deducting the non-refundable purchase price discount agreed at the time of origination from the exposure's nominal value or, where applicable, its outstanding value at the same time.";	[TM 23 11 2020: see also line 15; "non-refundable purchase price discount" (NRPPD) has to be also defined within the STSR. Possible alignment with defintion in CRR. To be worked on, on technical level **after political agreement reached.** See also Basel definition in technical amendment: link here]
64a	*Art. 1 – para. 1 – point 2 - point c* **Art. 6 - para 7**				[PT 01 12 2020: TM to work on text along the lines of the COM proposal] [TM 07 12 2020 lines 22, 60b, 63, 64a to 64e]]

Nr.	Ref.	COM	Council	EP	Compromise
					(c) in paragraph 7 the following points are added
64b	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 7 point (f) new**				[TM 07 12 2020: needed to align level 2 (EBA already delivered final draft RTS) to the specifics of NPE Securitisation] ***(f) the modalities of retaining risk pursuant to paragraph 3 in the case of NPE securitisations;***
64c	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 7 point (g) new**				[TM 07 12 2020: Retainer: originator, original lender, sponsor and in case of NPE Securitisation also the servicer. TO BE CHECKED. ***(g) the impact of fees [paid to the retainer] on the effective material net economic interest within the meaning of paragraph 1.***
64d	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 7, subparagraph 2**				(d) subparagraph 2 is replaced by the following:

Nr.	Ref.	COM	Council	EP	Compromise
64e	*Art. 1 – para. 1 – point 2 - point b* **Art. 6 - para 7, subparagraph 2**				The EBA shall submit those draft regulatory technical standards to the Commission by ~~18 July 2018~~ ***…[6 months after entry into force of this Amending Regulation].***
65	*Art. 1 – para. 1 – point 2a (new)* **Art. 7 - para 1 - subpara. 1**			***(2a) In Article 7(1), the first subparagraph is amended as follows:***	[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69 and 293, 294]
66	*Art. 1 – para. 1 – point 2a (new) - point a* **Art. 7 - para 1 - subpara. 1 - point e - point iii**			***(a) in point (e), point (iii) is replaced by the following:***	[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69 and 293, 294] [TM 03 12 2020]
67	*Art. 1 – para. 1 – point 2a (new) - point a* **Art. 7 - para 1 - subpara. 1 - point e - point iii**			"(iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6; ***in the case of NPE securitisations, information on how the requirement set***	[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69 and 293, 294] [TM 03 12 2020: **line 67: EP text dropped**]

Nr.	Ref.	COM	Council	EP	Compromise
				out in Article 6(3a) subparagraph (1a) is fulfilled;	
68	*Art. 1 – para. 1 – point 2a (new) - point b* **Art. 7 - para 1 - subpara. 1 - point ea (new)**			***(b) in the first subparagraph, the following point (ea) is inserted:***	[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69 and 293, 294] [TM 03 12 2020: **line 68: EP text dropped**]
69	*Art. 1 – para. 1 – point 2a (new) - point b* **Art. 7 - para 1 - subpara. 1 - point ea (new)**			***"(ea) in the case of NPE securitisations, information on how the requirement set out in Article 9(1) is fulfilled;"***	[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69 and 293, 294] [TM 03 12 2020: **line 69: EP text dropped**]
70	*Art. 1 – para. 1 – point 3* **Art. 9 - para 1 - subpara. 1a (new)**	(3) in Article 9(1), the following subparagraph is added:	(*4*) in Article 9(1), the following subparagraph is added:	(3) in Article 9(1), the following subparagraph is added:	(3) in Article 9(1), the following subparagraph is added:
71	*Art. 1 – para. 1 – point 3* **Art. 9 - para 1 - subpara. 1a (new)**	"The requirement set out in this paragraph shall not apply to underlying exposures that are non-performing exposures as referred to in Article 47a(3) of Regulation 575/2013 at the	"~~The requirement set out in this paragraph shall not apply~~ ***By way of derogation from the first subparagraph, with regard*** to underlying exposures that are non-	"The requirement set out in this paragraph shall not apply to underlying exposures that are non-performing exposures as referred to in Article 47a(3) of Regulation 575/2013 at the	[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69, 71 and 293, 294] [TM 07 12 2020: TM to provide text for lines 17, 55-57, 65-69, 71 and 292b, 293, 294]

Nr.	Ref.	COM	Council	EP	Compromise
		time the originator purchased them from the relevant third party.;"	performing exposures as referred to in Article 47a(3) of Regulation ***(EU) No*** 575/2013 at the time the originator purchased them from the relevant third party***, sound standards shall apply in the selection and pricing of the exposures***. "	time the originator purchased them from the relevant third party ***so long as the originator cannot reasonably be expected to confirm that this requirement was fulfilled***."	COM text provided for full exemption (carve out) for all NPEs and EP text includes limited exemption for certain NPEs. Council text reasoning: intention is to allow for an exemption (amended requirement) for underlying NPEs but ensuring the investors receive sufficient information: **see line 293**] "~~The requirement set out in this paragraph shall not apply~~ ***By way of derogation from the first subparagraph, with regard*** to underlying exposures that are non-performing exposures as referred to in Article 47a(3) of Regulation ***(EU) No*** 575/2013 at the time the originator purchased them from the relevant third party***, sound standards shall apply in the selection and pricing of the exposures***. "
72	*Art. 1 – para. 1 – point 4*	(4) in Article 18(1), point (a) is replaced by the following:	(***5***) in Article 18(1), point (a) is replaced by the following:	(4) in Article 18(1), point (a) is replaced by the following:	[TM 23 11 2020] (4) in Article 18(1), point (a) is replaced by the following:

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 18 - para 1 - point a				
73	*Art. 1 – para. 1 – point 4* **Art. 18 - para 1 - point a**	“(a) the securitisation meets all the requirements of Section 1, Section 2 or Section 2a of this Chapter, and ESMA has been notified pursuant to Article 27(1).;”	“(a) the securitisation meets all the requirements of Section 1, Section 2 or Section 2a of this Chapter, and ESMA has been notified pursuant to Article 27(1).;”	“(a) the securitisation meets all the requirements of Section 1, Section 2 or Section 2a of this Chapter, and ESMA has been notified pursuant to Article 27(1).;”	“(a) the securitisation meets all the requirements of Section 1, Section 2 or Section 2a of this Chapter, and ESMA has been notified pursuant to Article 27(1).;”
74	*Art. 1 – para. 1 – point 5* **Art. 19**	(5) Article 19 is amended as follows:	(***6***) Article 19 is amended as follows:	(5) Article 19 is amended as follows:	(5) Article 19 is amended as follows:
75	*Art. 1 – para. 1 – point 5 - point a* **Art. 19 - title**	(a) the title of the article is replaced by the following:	(a) the title of the article is replaced by the following:	(a) the title of the article is replaced by the following:	(a) the title of the article is replaced by the following:
76	*Art. 1 – para. 1 – point 5 - point a* **Art. 19 - title**	“Simple, transparent and standardised traditional securitisation”;	“Simple, transparent and standardised traditional securitisation”;	“Simple, transparent and standardised traditional securitisation”;	“Simple, transparent and standardised traditional securitisation”;
77	*Art. 1 – para. 1 – point 5 - point b* **Art. 19 - para 1**	(b) paragraph 1 is replaced by the following:	(b) paragraph 1 is replaced by the following:	(b) paragraph 1 is replaced by the following:	(b) paragraph 1 is replaced by the following:
78	*Art. 1 – para. 1 – point 5 - point b*	“(1). Securitisations, except for ABCP programmes and ABCP transactions, and on-balance sheet securitisations	“(1). Securitisations, except for ABCP programmes and ABCP transactions, and ~~on-balance sheet~~ ***synthetic***	“(1). Securitisations, except for ABCP programmes and ABCP transactions, and on-balance sheet securitisations	[TM 23 11 2020] “(1). Securitisations, except for ABCP programmes and ABCP transactions, and ~~on-balance~~

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 19 - para 1	that meet the requirements set out in Articles 20, 21, 22, shall be considered STS.”;	securitisations that meet the requirements set out in Articles 20, 21, 22, shall be considered STS.”;	that meet the requirements set out in Articles 20, 21, 22, shall be considered STS.”;	~~sheet~~ ***synthetic*** securitisations that meet the requirements set out in Articles 20, 21, 22, shall be considered STS.”;
79	*Art. 1 – para. 1 – point 5a (new)* **Art. 22**			***(5a) Article 22 is amended as follows:***	
80	*Art. 1 – para. 1 – point 5a (new) - point a* **Art. 22 - para 4 - subpara 1a (new)**			***(a) in paragraph 4, the following subparagraph is added:***	
81	*Art. 1 – para. 1 – point 5a (new) - point a* **Art. 22 - para 4 - subpara 1a (new)**			***"By derogation from the first subparagraph, originators may, from 1 June 2021 onwards, decide to publish the available information related to the principal adverse impacts on sustainability factors of the assets financed by the underlying exposures.”***	
82	*Art. 1 – para. 1 – point 5a (new) - point b*			***(b) the following paragraph is added:***	

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 22 - para 5a (new)				
83	*Art. 1 – para. 1 – point 5a (new) - point b* **Art. 22 - para 5a (new) - subpara 1**			***"5a. By 31 March 2021, the ESAs shall develop, through the Joint Committee, draft regulatory technical standards in accordance with Articles 10 to 14 of Regulations (EU) No1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 on the content, methodologies and presentation of information referred to in paragraph (4) of this Article in respect of the sustainability indicators in relation to adverse impacts on the climate and other environmental, social and governance-related adverse impacts.***	
84	*Art. 1 – para. 1 – point 5a (new) - point b* **Art. 22 - para 5a (new) - subpara 2**			***Where relevant, those draft regulatory technical standards shall mirror or draw upon the regulatory technical standards elaborated in compliance with the mandate given to the ESAs in Regulation (EU) 2019/2088, in particular as***	

Nr.	Ref.	COM	Council	EP	Compromise
				laid down in Article 2a, and Article 4(6) and (7) thereof.	
85	*Art. 1 – para. 1 – point 5a (new) - point b* **Art. 22 - para 5a (new) - subpara 3**			***The Commission is empowered to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010."***	
86	*Art. 1 – para. 1 – point 6* **Section 2A**	(6) the following Section 2a is inserted:	*(7)* the following Section 2a is inserted:	(6) the following Section 2a is inserted:	[TM 23 11 2020] (6) the following Section 2a is inserted:
87	*Art. 1 – para. 1 – point 6* **Section 2A**	"SECTION 2A REQUIREMENTS FOR SIMPLE, TRANSPARENT AND STANDARDISED ON-BALANCE SHEET SECURITISATIONS	"Section 2a Requirements for simple, transparent and standardised on-balance-sheet securitisations	"SECTION 2A REQUIREMENTS FOR SIMPLE, TRANSPARENT AND STANDARDISED ON-BALANCE SHEET SECURITISATIONS	"SECTION 2A REQUIREMENTS FOR SIMPLE, TRANSPARENT AND STANDARDISED ON-BALANCE SHEET SECURITISATIONS
88	*Art. 1 – para. 1 – point 6* **Art. 26a**	Article 26 a	Article 26 a	Article 26 a	*Article 26 a*
89	*Art. 1 – para. 1 – point 6* **Art. 26a**	Simple, transparent and standardised on-balance-sheet securitisation	Simple, transparent and standardised on-balance-sheet securitisation	Simple, transparent and standardised on-balance-sheet securitisation	*Simple, transparent and standardised on-balance-sheet securitisation*

Nr.	Ref.	COM	Council	EP	Compromise
90	*Art. 1 – para. 1 – point 6* **Art. 26a - para 1**	1. STS on-balance-sheet securitisations are synthetic securitisations that meet the requirements set out in Articles 26b to 26e.	1. ~~STS on-balance-sheet~~ ***Synthetic*** securitisations that meet the requirements set out in Articles 26b to 26e ***shall be considered STS on-balance-sheet securitisations***.	1. STS on-balance-sheet securitisations are synthetic securitisations that meet the requirements set out in Articles 26b to 26e.	[TM 23 11 2020] 1. ~~STS on-balance-sheet~~ ***Synthetic*** securitisations that meet the requirements set out in Articles 26b to 26e ***shall be considered STS on-balance-sheet securitisations***.
91	*Art. 1 – para. 1 – point 6* **Art. 26a - para 2**	2. The EBA, in close cooperation with ESMA and EIOPA, may adopt, in accordance with Article 16 of Regulation (EU) No 1093/2010, guidelines and recommendations on the harmonised interpretation and application of the requirements set out in Articles 26bto 26e.	2. The EBA, in close cooperation with ESMA and EIOPA, may adopt, in accordance with Article 16 of Regulation (EU) No 1093/2010, guidelines and recommendations on the harmonised interpretation and application of the requirements set out in Articles **26b to 26e**.	2. The EBA, in close cooperation with ESMA and EIOPA, may adopt, in accordance with Article 16 of Regulation (EU) No 1093/2010, guidelines and recommendations on the harmonised interpretation and application of the requirements set out in Articles 26b to 26e.	2. The EBA, in close cooperation with ESMA and EIOPA, may adopt, in accordance with Article 16 of Regulation (EU) No 1093/2010, guidelines and recommendations on the harmonised interpretation and application of the requirements set out in Articles **26b to 26e**.
92	*Art. 1 – para. 1 – point 6* **Art. 26b - title**	Article 26 b	Article 26 b	Article 26 b	*Article 26 b*
93	*Art. 1 – para. 1 – point 6* **Art. 26b - title**	Requirements relating to simplicity	Requirements relating to simplicity	Requirements relating to simplicity	*Requirements relating to simplicity*
94	*Art. 1 – para. 1 – point 6* **Art. 26b - para 1 - subpara 1**	1. The originator shall be an entity that is authorised or licenced in the Union. It shall be the originator with respect to the underlying exposures.	1. The originator shall be an entity that is authorised or licenced in the Union. It shall be the originator with respect to the underlying exposures.	1. The originator shall be an entity that is authorised or licenced in the Union. It shall be the originator with respect to the underlying exposures.	1. The originator shall be an entity that is authorised or licenced in the Union. It shall be the originator with respect to the underlying exposures.

Nr.	Ref.	COM	Council	EP	Compromise
95	*Art. 1 – para. 1 – point 6* **Art. 26b - para 1 - subpara 2**	An originator that purchases a third party's exposures on its own account and then securitises them shall apply to the purchased third party's exposures policies with regard to credit, collection, debt workout and servicing that are no less stringent than those that the originator applies to comparable exposures that have not been purchased.	An originator that purchases a third party's exposures on its own account and then securitises them shall apply to the purchased third party's exposures policies with regard to credit, collection, debt workout and servicing that are no less stringent than those that the originator applies to comparable exposures that have not been purchased.	An originator that purchases a third party's exposures on its own account and then securitises them shall apply to the purchased third party's exposures policies with regard to credit, collection, debt workout and servicing that are no less stringent than those that the originator applies to comparable exposures that have not been purchased.	An originator that purchases a third party's exposures on its own account and then securitises them shall apply to the purchased third party's exposures policies with regard to credit, collection, debt workout and servicing that are no less stringent than those that the originator applies to comparable exposures that have not been purchased.
96	*Art. 1 – para. 1 – point 6* **Art. 26b - para 2**	2. The underlying exposures shall be originated as part of the core business activity of the originator.	2. The underlying exposures shall be originated as part of the core business activity of the originator.	2. The underlying exposures shall be originated as part of the core business activity of the originator.	2. The underlying exposures shall be originated as part of the core business activity of the originator.
97	*Art. 1 – para. 1 – point 6* **Art. 26b - para 3 - subpara 1**	3. At the closing date, the underlying exposures shall be held on the balance sheet of the originator or of an entity of the same group of which the originator belongs.	3. At the closing ~~date~~ ***of the transaction***, the underlying exposures shall be held on the balance sheet of the originator or of an entity of the same group ~~of~~ ***to*** which the originator belongs.	3. At the closing date, the underlying exposures shall be held on the balance sheet of the originator or of an entity of the same group of which the originator belongs.	[TM 23 11 2020] 3. At the closing ~~date~~ ***of the transaction***, the underlying exposures shall be held on the balance sheet of the originator or of an entity of the same group ~~of~~ ***to*** which the originator belongs.
98	*Art. 1 – para. 1 – point 6* **Art. 26b - para 3 - subpara 2**	For the purposes of this paragraph, a group shall be either of the following:	For the purposes of this paragraph, a group shall be either of the following:	For the purposes of this paragraph, a group shall be either of the following:	For the purposes of this paragraph, a group shall be either of the following:

Nr.	Ref.	COM	Council	EP	Compromise
	- intro. part				
99	*Art. 1 – para. 1 – point 6* **Art. 26b - para 3 - subpara 2 - point a**	(a) a group of legal entities subject to prudential consolidation in accordance with Part One, Title II, Chapter 2 of Regulation (EU) No 2013/575;	(a) a group of legal entities subject to prudential consolidation in accordance with Part One, Title II, Chapter 2 of Regulation (EU) No ***575/***2013/~~575~~;	(a) a group of legal entities subject to prudential consolidation in accordance with Part One, Title II, Chapter 2 of Regulation (EU) No 2013/575;	(a) a group of legal entities subject to prudential consolidation in accordance with Part One, Title II, Chapter 2 of Regulation (EU) No ***575/***2013/~~575~~;
100	*Art. 1 – para. 1 – point 6* **Art. 26b - para 3 - subpara 2 - point b**	(b) a group as defined in point (c) of Article 212(1) of Directive 2009/138/EC.	(b) a group as defined in point (c) of Article 212(1) of Directive 2009/138/EC.	(b) a group as defined in point (c) of Article 212(1) of Directive 2009/138/EC.	(b) a group as defined in point (c) of Article 212(1) of Directive 2009/138/EC.
101	*Art. 1 – para. 1 – point 6* **Art. 26b - para 4**	4. The originator shall not double hedge the credit risk of the underlying exposures of the transaction.	4. The originator shall not ~~double~~ ***further*** hedge ***its exposure to*** the credit risk of the underlying exposures of the ~~transaction~~ ***securitisation beyond the protection obtained through the credit protection agreement***.	4. The originator shall not double hedge the credit risk of the underlying exposures of the transaction.	[TM 23 11 2020] 4. The originator shall not ~~double~~ ***further*** hedge ***its exposure to*** the credit risk of the underlying exposures of the ~~transaction~~ ***securitisation beyond the protection obtained through the credit protection agreement***.
102	*Art. 1 – para. 1 – point 6* **Art. 26b - para 5**	5. The credit protection agreement shall comply with the credit risk mitigation rules laid down in Article 249 of Regulation (EU) No 2013/575, or where that Article is not applicable, with requirements that are no less stringent that	5. The credit protection agreement shall comply with the credit risk mitigation rules laid down in Article 249 of Regulation (EU) No ***575/***2013/~~575~~, or where that Article is not applicable, with requirements that are no less	5. The credit protection agreement shall comply with the credit risk mitigation rules laid down in Article 249 of Regulation (EU) No 2013/575, or where that Article is not applicable, with requirements that are no less stringent that	5. The credit protection agreement shall comply with the credit risk mitigation rules laid down in Article 249 of Regulation (EU) No ***575/***2013/~~575~~, or where that Article is not applicable, with requirements that are no less

Nr.	Ref.	COM	Council	EP	Compromise
		the requirements of that Article.	stringent that the requirements of that Article.	the requirements of that Article.	stringent that the requirements of that Article.
103	*Art. 1 – para. 1 – point 6* **Art. 26b - para 6 - intro. part**	6. The originator shall provide representations and warranties that the following requirements have been met:	6. The originator shall provide representations and warranties that the following requirements have been met:	6. The originator shall provide representations and warranties that the following requirements have been met:	6. The originator shall provide representations and warranties that the following requirements have been met:
104	*Art. 1 – para. 1 – point 6* **Art. 26b - para 6 - point a**	(a) the originator or an entity of the group to which the originator belongs has full legal and valid title to the underlying exposures and their associated ancillary rights;	(a) the originator or an entity of the group to which the originator belongs has full legal and valid title to the underlying exposures and their associated ancillary rights;	(a) the originator or an entity of the group to which the originator belongs has full legal and valid title to the underlying exposures and their associated ancillary rights;	(a) the originator or an entity of the group to which the originator belongs has full legal and valid title to the underlying exposures and their associated ancillary rights;
105	*Art. 1 – para. 1 – point 6* **Art. 26b - para 6 - point b**	(b) where the originator is a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC, the originator or an entity which is included in the scope of supervision on a consolidated basis keeps the credit risk of the underlying exposures on their balance sheet;	(b) where the originator is a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC, the originator or an entity which is included in the scope of supervision on a consolidated basis keeps the credit risk of the underlying exposures on their balance sheet;	(b) where the originator is a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC, the originator or an entity which is included in the scope of supervision on a consolidated basis keeps the credit risk of the underlying exposures on their balance sheet;	(b) where the originator is a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC, the originator or an entity which is included in the scope of supervision on a consolidated basis keeps the credit risk of the underlying exposures on their balance sheet;
106	*Art. 1 – para. 1 – point 6*	(c) each underlying exposure complies, at the date it is included in the securitised	(c) each underlying exposure complies, at the date it is included in the securitised	(c) each underlying exposure complies, at the date it is included in the securitised	[TM 23 11 2020] (c) each underlying exposure complies, at the date

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26b - para 6 - point c	portfolio, with the eligibility criteria and with all conditions, other than the occurrence of a credit event as referred to in Article 26e, for a credit protection payment;	portfolio, with the eligibility criteria and with all conditions, other than the occurrence of a credit event as referred to in Article 26e, for a credit protection payment ***in accordance with the credit protection agreement within the securitisation documentation***;	portfolio, with the eligibility criteria and with all conditions, other than the occurrence of a credit event as referred to in Article 26e, for a credit protection payment;	it is included in the securitised portfolio, with the eligibility criteria and with all conditions, other than the occurrence of a credit event as referred to in Article 26e, for a credit protection payment ***in accordance with the credit protection agreement within the securitisation documentation***;
107	*Art. 1 – para. 1 – point 6* **Art. 26b - para 6 - point d**	(d) to the best of originator's knowledge, the contract for each underlying exposure contains an legal, valid, binding and enforceable obligation to the obligor to pay the sums of money specified in that contract;	(d) to the best of originator's knowledge, the contract for each underlying exposure contains ~~an~~ ***a*** legal, valid, binding and enforceable obligation to the obligor to pay the sums of money specified in that contract;	(d) to the best of originator's knowledge, the contract for each underlying exposure contains an legal, valid, binding and enforceable obligation to the obligor to pay the sums of money specified in that contract;	(d) to the best of originator's knowledge, the contract for each underlying exposure contains ~~an~~ ***a*** legal, valid, binding and enforceable obligation to the obligor to pay the sums of money specified in that contract;
108	*Art. 1 – para. 1 – point 6* **Art. 26b - para 6 - point e**	(e) the underlying exposures comply with underwriting criteria that are no less stringent than the standard underwriting criteria that the originator applies to similar exposures that are not securitised;	(e) the underlying exposures comply with underwriting criteria that are no less stringent than the standard underwriting criteria that the originator applies to similar exposures that are not securitised;	(e) the underlying exposures comply with underwriting criteria that are no less stringent than the standard underwriting criteria that the originator applies to similar exposures that are not securitised;	(e) the underlying exposures comply with underwriting criteria that are no less stringent than the standard underwriting criteria that the originator applies to similar exposures that are not securitised;
109	*Art. 1 – para. 1 – point 6*	(f) to the best of originator's knowledge, none of the obligors are in material breach or default of any of	(f) to the best of originator's knowledge, none of the obligors are in material breach or default of any of	(f) to the best of originator's knowledge, none of the obligors are in material breach or default of any of	(f) to the best of originator's knowledge, none of the obligors are in material breach or default of any of their

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26b - para 6 - point f	their obligations in respect of an underlying exposure on the date on which that underlying exposure is included in the securitised portfolio;	their obligations in respect of an underlying exposure on the date on which that underlying exposure is included in the securitised portfolio;	their obligations in respect of an underlying exposure on the date on which that underlying exposure is included in the securitised portfolio;	obligations in respect of an underlying exposure on the date on which that underlying exposure is included in the securitised portfolio;
110	*Art. 1 – para. 1 – point 6* **Art. 26b - para 6 - point g**	(g) to the best of originator's knowledge, the transaction documentation does not contain any false information on the details of the underlying exposures;	(g) to the best of originator's knowledge, the transaction documentation does not contain any false information on the details of the underlying exposures;	(g) to the best of originator's knowledge, the transaction documentation does not contain any false information on the details of the underlying exposures;	(g) to the best of originator's knowledge, the transaction documentation does not contain any false information on the details of the underlying exposures;
111	*Art. 1 – para. 1 – point 6* **Art. 26b - para 6 - point h**	(h) at the date of the closing of the transaction or when the underlying exposure is included in the securitised portfolio, the contract between the obligor and the original lender in relation to that underlying exposure has not been amended in such way that the enforceability or collectability of that underlying exposures has been affected.	(h) at ~~the date of~~ the closing of the transaction or when the underlying exposure is included in the securitised portfolio, the contract between the obligor and the original lender in relation to that underlying exposure has not been amended in such way that the enforceability or collectability of that underlying exposures has been affected.	(h) at the date of the closing of the transaction or when the underlying exposure is included in the securitised portfolio, the contract between the obligor and the original lender in relation to that underlying exposure has not been amended in such way that the enforceability or collectability of that underlying exposures has been affected.	[TM 23 11 2020] (h) at ~~the date of~~ the closing of the transaction or when the underlying exposure is included in the securitised portfolio, the contract between the obligor and the original lender in relation to that underlying exposure has not been amended in such way that the enforceability or collectability of that underlying exposures has been affected.
112	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 1**	7. The underlying exposures shall meet predetermined, clear and documented eligibility criteria that do not allow for active portfolio management of those	7. The underlying exposures shall meet predetermined, clear and documented eligibility criteria that do not allow for active portfolio management of those	7. The underlying exposures shall meet predetermined, clear and documented eligibility criteria that do not allow for active portfolio management of those	7. The underlying exposures shall meet predetermined, clear and documented eligibility criteria that do not allow for active portfolio management of those

Nr.	Ref.	COM	Council	EP	Compromise
		exposures on a discretionary basis.	exposures on a discretionary basis.	exposures on a discretionary basis.	exposures on a discretionary basis.
113	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 2**	For the purpose of this paragraph, the substitution of underlying exposures that are in breach of representations or warranties or, where the securitisation includes a replenishment period, the addition of exposures that meet the defined replenishment conditions, shall not be considered active portfolio management.	For the purpose of this paragraph, the substitution of ~~underlying~~ exposures that are in breach of representations or warranties or, where the securitisation includes a replenishment period, the addition of exposures that meet the defined replenishment conditions, shall not be considered active portfolio management.	For the purpose of this paragraph, the substitution of underlying exposures that are in breach of representations or warranties or, where the securitisation includes a replenishment period, the addition of exposures that meet the defined replenishment conditions, shall not be considered active portfolio management.	[TM 23 11 2020] For the purpose of this paragraph, the substitution of ~~underlying~~ exposures that are in breach of representations or warranties or, where the securitisation includes a replenishment period, the addition of exposures that meet the defined replenishment conditions, shall not be considered active portfolio management.
114	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 3**	Any exposure added after the closing date of the transaction shall meet eligibility criteria that are no less stringent that those applied in the initial selection of the underlying exposures.	Any exposure added after the closing date of the transaction shall meet eligibility criteria that are no less stringent ~~that~~***than*** those applied in the initial selection of the underlying exposures.	Any exposure added after the closing date of the transaction shall meet eligibility criteria that are no less stringent that those applied in the initial selection of the underlying exposures.	Any exposure added after the closing date of the transaction shall meet eligibility criteria that are no less stringent ~~that~~***than*** those applied in the initial selection of the underlying exposures.
115	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 4 - intro. part**	An underlying exposure may be removed from the transaction where that underlying exposure:	An underlying exposure may be removed from the transaction where that underlying exposure:	An underlying exposure may be removed from the transaction where that underlying exposure:	An underlying exposure may be removed from the transaction where that underlying exposure:

Nr.	Ref.	COM	Council	EP	Compromise
116	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 4 - point a**	(a) has been repaid or matured otherwise;	(a) has been ***fully*** repaid or matured otherwise;	(a) has been repaid or matured otherwise;	[TM 23 11 2020, Council text] (a) has been ***fully*** repaid or matured otherwise;
117	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 4 - point b**	(b) has been disposed of during the ordinary course of the business of the originator, provided that such disposal does not constitute implicit support as referred to in Article 250 of Regulation (EU) No 575/2013;	(b) has been disposed of during the ordinary course of the business of the originator, provided that such disposal does not constitute implicit support as referred to in Article 250 of Regulation (EU) No 575/2013;	(b) has been disposed of during the ordinary course of the business of the originator, provided that such disposal does not constitute implicit support as referred to in Article 250 of Regulation (EU) No 575/2013;	(b) has been disposed of during the ordinary course of the business of the originator, provided that such disposal does not constitute implicit support as referred to in Article 250 of Regulation (EU) No 575/2013;
118	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 4 - point c**	(c) is subject to an amendment that is not credit driven, such as refinancing or restructuring of debt, and which occurs during the ordinary course of servicing of that underlying exposure;	(c) is subject to an amendment that is not credit driven, such as refinancing or restructuring of debt, and which occurs during the ordinary course of servicing of that underlying exposure;	(c) is subject to an amendment that is not credit driven, such as refinancing or restructuring of debt, and which occurs during the ordinary course of servicing of that underlying exposure;	(c) is subject to an amendment that is not credit driven, such as refinancing or restructuring of debt, and which occurs during the ordinary course of servicing of that underlying exposure;
119	*Art. 1 – para. 1 – point 6* **Art. 26b - para 7 - subpara 4 - point d**	(d) did not meet the eligibility criteria at the time it was included in the transaction.	(d) did not meet the eligibility criteria at the time it was included in the transaction.	(d) did not meet the eligibility criteria at the time it was included in the transaction.	(d) did not meet the eligibility criteria at the time it was included in the transaction.
120	*Art. 1 – para. 1 – point 6*	8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of	8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of	8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of	8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26b - para 8 - subpara 1	assets type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual credit-risk and prepayment characteristics. A pool of assets shall comprise only one asset type.	assets type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual credit-risk and prepayment characteristics. A pool of ~~assets~~ ***underlying exposures*** shall comprise only one asset type.	assets type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual credit-risk and prepayment characteristics. A pool of assets shall comprise only one asset type.	assets type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual credit-risk and prepayment characteristics. A pool of ~~assets~~ ***underlying exposures*** shall comprise only one asset type.
121	*Art. 1 – para. 1 – point 6* **Art. 26b - para 8 - subpara 2**	The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.	The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.	The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.	The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.
122	*Art. 1 – para. 1 – point 6* **Art. 26b - para 8 - subpara 3**	The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.

Nr.	Ref.	COM	Council	EP	Compromise
123	*Art. 1 – para. 1 – point 6* **Art. 26b - para 8 - subpara 4**	The underlying exposures shall not include transferable securities, as defined in point (44) of Article 4 (1) of Directive 2014/65/EU, other than corporate bonds that are not listed on a trading venue.	The underlying exposures shall not include transferable securities, as defined in point (44) of Article 4 (1) of Directive 2014/65/EU, other than corporate bonds that are not listed on a trading venue.	The underlying exposures shall not include transferable securities, as defined in point (44) of Article 4 (1) of Directive 2014/65/EU, other than corporate bonds that are not listed on a trading venue.	The underlying exposures shall not include transferable securities, as defined in point (44) of Article 4 (1) of Directive 2014/65/EU, other than corporate bonds that are not listed on a trading venue.
124	*Art. 1 – para. 1 – point 6* **Art. 26b - para 9**	9. The underlying exposures shall not include any securitisation positions.	9. The underlying exposures shall not include any securitisation positions.	9. The underlying exposures shall not include any securitisation positions.	9. The underlying exposures shall not include any securitisation positions.
125	*Art. 1 – para. 1 – point 6* **Art. 26b - para 10 - subpara 1**	10. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay. The underlying exposures shall be underwritten with full recourse to an obligor that is not an SSPE. No third parties shall be involved in the credit or underwriting decisions concerning the underlying exposures.	10. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay. The underlying exposures shall be underwritten with full recourse to an obligor that is not an SSPE. No third parties shall be involved in the credit or underwriting decisions concerning the underlying exposures.	10. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay. The underlying exposures shall be underwritten with full recourse to an obligor that is not an SSPE. No third parties shall be involved in the credit or underwriting decisions concerning the underlying exposures.	10. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay. The underlying exposures shall be underwritten with full recourse to an obligor that is not an SSPE. No third parties shall be involved in the credit or underwriting decisions concerning the underlying exposures.
126	*Art. 1 – para. 1 – point 6*	In case of securitisations where the underlying exposures are residential loans, the pool of loans shall	In case of securitisations where the underlying exposures are residential loans, the pool of loans shall	In case of securitisations where the underlying exposures are residential loans, the pool of loans shall	In case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26b - para 10 - subpara 2	not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided might not be verified by the lender.	not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided might not be verified by the lender.	not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided might not be verified by the lender.	that was marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided might not be verified by the lender.
127	*Art. 1 – para. 1 – point 6* **Art. 26b - para 10 - subpara 3**	The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU, or where applicable, equivalent requirements in third countries.	The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU, or where applicable, equivalent requirements in third countries.	The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU, or where applicable, equivalent requirements in third countries.	The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU, or where applicable, equivalent requirements in third countries.
128	*Art. 1 – para. 1 – point 6* **Art. 26b - para 10 - subpara 4**	The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.
129	*Art. 1 – para. 1 – point 6* **Art. 26b - para 11 - intro. part**	11. The underlying exposures shall not include, at the time of the selection of those exposures, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013, or	11. The underlying exposures shall not include, at the time of ~~the~~ selection of ~~those exposures,~~ exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013, or	11. The underlying exposures shall not include, at the time of the selection of those exposures, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013, or	[TM 23 11 2020, alignment with wording in 20(11) STSR] 11. The underlying exposures shall not include, at the time of ~~the~~ selection~~, of those exposures~~, exposures in default within the meaning of

Nr.	Ref.	COM	Council	EP	Compromise
		exposures to a credit-impaired debtor or guarantor who to the best of the originator's or original lender's knowledge:	exposures to a credit-impaired debtor or guarantor who to the best of the originator's or original lender's knowledge:	exposures to a credit-impaired debtor or guarantor who to the best of the originator's or original lender's knowledge:	Article 178(1) of Regulation (EU) No 575/2013, or exposures to a credit-impaired debtor or guarantor who to the best of the originator's or original lender's knowledge:
130	*Art. 1 – para. 1 – point 6* **Art. 26b - para 11 - point a - intro. part**	(a) has been declared insolvent, had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of the origination, or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of the selection of the underlying exposures, except where:	(a) has been declared insolvent, **or** had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of the origination, or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of the selection of the underlying exposures, except where:	(a) has been declared insolvent, had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of the origination, or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of the selection of the underlying exposures, except where:	[TM 23 11 2020] (a) has been declared insolvent~~,~~ **or** had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of the origination~~,~~ or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of the selection of the underlying exposures, except where:
131	*Art. 1 – para. 1 – point 6* **Art. 26b - para 11 - point a - point i**	(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of the selection of the underlying exposures;	(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of the selection of the underlying exposures;	(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of the selection of the underlying exposures;	(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of the selection of the underlying exposures;

Nr.	Ref.	COM	Council	EP	Compromise
132	*Art. 1 – para. 1 – point 6* **Art. 26b - para 11 - point a - point ii**	(ii) the information provided by the originator in accordance with point (a) and point (e)(i) of the first subparagraph of Article 7(1) 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;	(ii) the information provided by the originator in accordance with point (a) and point (e)(i) of the first subparagraph of Article 7(1) 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;	(ii) the information provided by the originator in accordance with point (a) and point (e)(i) of the first subparagraph of Article 7(1) 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;	(ii) the information provided by the originator in accordance with point (a) and point (e)(i) of the first subparagraph of Article 7(1) 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;
133	*Art. 1 – para. 1 – point 6* **Art. 26b - para 11 - point b**	(b) was at the time of origination of the underlying exposure, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or the original lender;	(b) was, at the time of origination, of the underlying exposure, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or the original lender; ***or***	(b) was at the time of origination of the underlying exposure, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or the original lender;	(b) was, at the time of origination, of the underlying exposure, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or the original lender; ***or***
134	*Art. 1 – para. 1 – point 6* **Art. 26b - para 11 - point c**	(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.

Nr.	Ref.	COM	Council	EP	Compromise
135	*Art. 1 – para. 1 – point 6* **Art. 26b - para 12 - intro part**	12. The debtors shall, at the time of the inclusion of the exposures in the transaction, have made at least one payment, except where:	12. The debtors shall, at the time of ~~the inclusion~~ ***selection*** of the ***underlying*** exposures ~~in the transaction~~, have made at least one payment, except where:	12. The debtors shall, at the time of the inclusion of the exposures in the transaction, have made at least one payment, except where:	[TM 23 11 2020, DLA: to check, see also line 137, 217, Reasoning for using "inclusion": Alignment with requirement in Art. 20(12) STSR] 12. The debtors shall, at the time of the inclusion of the ***underlying*** exposures ~~in the transaction~~, have made at least one payment, except where:
136	*Art. 1 – para. 1 – point 6* **Art. 26b - para 12 - point a**	(a) the securitisation is a revolving securitisation, backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits;	(a) the securitisation is a revolving securitisation, backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits;	(a) the securitisation is a revolving securitisation, backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits;	(a) the securitisation is a revolving securitisation, backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits;
137	*Art. 1 – para. 1 – point 6* **Art. 26b - para 12 - point b**	(b) the exposure that represents the refinancing of a exposure that is already included in the transaction.	(b) the exposure ~~that~~ represents the refinancing of ~~a~~**an** exposure that is already included in the transaction.	(b) the exposure that represents the refinancing of a exposure that is already included in the transaction.	[TM 23 11 2020, check together with line 135 and 217] (b) the exposure ~~that~~ represents the refinancing of ~~a~~**an** exposure that is already included in the transaction.
138	*Art. 1 – para. 1 – point 6* **Art. 26b - para 13 - subpara 1**	13. The EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory technical standards further specifying which	13. The EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory technical standards further specifying which	13. The EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory technical standards further specifying which	13. The EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory technical standards further specifying which

Nr.	Ref.	COM	Council	EP	Compromise
		underlying exposures referred to in paragraph 8 are deemed to be homogeneous.	underlying exposures referred to in paragraph 8 are deemed to be homogeneous.	underlying exposures referred to in paragraph 8 are deemed to be homogeneous.	underlying exposures referred to in paragraph 8 are deemed to be homogeneous.
139	*Art. 1 – para. 1 – point 6* **Art. 26b - para 13 - subpara 2**	The EBA 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 EBA 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 EBA 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 EBA shall submit those draft regulatory technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].
140	*Art. 1 – para. 1 – point 6* **Art. 26b - para 13 - subpara 3**	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 Regulation (EU) No 1093/2010.	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 Regulation (EU) No 1093/2010.	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 Regulation (EU) No 1093/2010.	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 Regulation (EU) No 1093/2010.
141	*Art. 1 – para. 1 – point 6* **Art. 26c**	Article 26 c	Article 26 c	Article 26 c	Article 26 c
142	*Art. 1 – para. 1 – point 6* **Art. 26c - title**	Requirements relating to standardisation	Requirements relating to standardisation	Requirements relating to standardisation	Requirements relating to standardisation
143	*Art. 1 – para. 1 – point 6* **Art. 26c - para 1**	1. The originator or original lender shall satisfy the risk retention requirements in accordance with Article 6.	1. The originator or original lender shall satisfy the risk retention requirements in accordance with Article 6.	1. The originator or original lender shall satisfy the risk retention requirements in accordance with Article 6.	1. The originator or original lender shall satisfy the risk retention requirements in accordance with Article 6.
144	*Art. 1 – para. 1 – point 6*	2. The interest rate and currency risks arising from the	2. The interest rate and currency risks arising from the	2. The interest rate and currency risks arising from the	2. The interest rate and currency risks arising from the

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26c - para 2 - subpara 1	securitisation and their possible effects on the payments to the originator and the investors shall be described in the transaction documentation. Those risks shall be appropriately mitigated and any measures taken to that effect shall be disclosed. Any collateral securing the obligations of the investor under the credit protection agreement shall be denominated in the same currency in which the credit protection payment is denominated.	securitisation and their possible effects on the payments to the originator and the investors shall be described in the transaction documentation. Those risks shall be appropriately mitigated and any measures taken to that effect shall be disclosed. Any collateral securing the obligations of the investor under the credit protection agreement shall be denominated in the same currency in which the credit protection payment is denominated.	securitisation and their possible effects on the payments to the originator and the investors shall be described in the transaction documentation. Those risks shall be appropriately mitigated and any measures taken to that effect shall be disclosed. Any collateral securing the obligations of the investor under the credit protection agreement shall be denominated in the same currency in which the credit protection payment is denominated.	securitisation and their possible effects on the payments to the originator and the investors shall be described in the transaction documentation. Those risks shall be appropriately mitigated and any measures taken to that effect shall be disclosed. Any collateral securing the obligations of the investor under the credit protection agreement shall be denominated in the same currency in which the credit protection payment is denominated.
145	*Art. 1 – para. 1 – point 6* **Art. 26c - para 2 - subpara 2**	In case of a securitisation using a SSPE, the amount of liabilities of the SSPE concerning the interest payments to the investors shall at any time be equal to or be less than the amount of the SSPE's income from the originator and any collateral arrangements.	In case of a securitisation using a SSPE, the amount of liabilities of the SSPE concerning the interest payments to the investors shall at ~~any time~~ ***payment date*** be equal to or be less than the amount of the SSPE's income from the originator and any collateral arrangements.	In case of a securitisation using a SSPE, the amount of liabilities of the SSPE concerning the interest payments to the investors shall at any time be equal to or be less than the amount of the SSPE's income from the originator and any collateral arrangements.	[TM 26 11 2020] In case of a securitisation using a SSPE, the amount of liabilities of the SSPE concerning the interest payments to the investors shall at ~~any time~~ ***each payment date*** be equal to or be less than the amount of the SSPE's income from the originator and any collateral arrangements.
146	*Art. 1 – para. 1 – point 6*	Except for the purpose of hedging interest rate or currency risks of the	Except for the purpose of hedging interest rate or currency risks of the	Except for the purpose of hedging interest rate or currency risks of the	Except for the purpose of hedging interest rate or currency risks of the

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26c - para 2 - subpara 3	underlying exposures, the portfolio of underlying exposures shall not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.	underlying exposures, the ~~portfolio~~ ***pool*** of underlying exposures shall not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.	underlying exposures, the portfolio of underlying exposures shall not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.	underlying exposures, the ~~portfolio~~ ***pool*** of underlying exposures shall not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.
147	*Art. 1 – para. 1 – point 6* **Art. 26c - para 3 - subpara 1 - intro. part**	3. Any referenced interest rate payments in relation to the transaction shall be based on any of the following:	3. Any referenced interest rate payments in relation to the transaction shall be based on any of the following:	3. Any referenced interest rate payments in relation to the transaction shall be based on any of the following:	3. Any referenced interest rate payments in relation to the transaction shall be based on any of the following:
148	*Art. 1 – para. 1 – point 6* **Art. 26c - para 3 - subpara 1 - point a**	(a) generally used market interest rates, or generally used sectoral rates that are reflective of the costs of funds, and shall not reference complex formulae or derivatives;	(a) generally used market interest rates, or generally used sectoral rates that are reflective of the costs of funds, and shall not reference complex formulae or derivatives;	(a) generally used market interest rates, or generally used sectoral rates that are reflective of the costs of funds, and shall not reference complex formulae or derivatives;	(a) generally used market interest rates, or generally used sectoral rates that are reflective of the costs of funds, and shall not reference complex formulae or derivatives;
149	*Art. 1 – para. 1 – point 6* **Art. 26c - para 3 - subpara 1 - point b**	(b) income generated by the collateral securing the obligations of the investor under the protection agreement.	(b) income generated by the collateral securing the obligations of the investor under the protection agreement.	(b) income generated by the collateral securing the obligations of the investor under the protection agreement.	(b) income generated by the collateral securing the obligations of the investor under the protection agreement.
150	*Art. 1 – para. 1 – point 6*	Any referenced interest payments due under the underlying exposures shall be	Any referenced interest payments due under the underlying exposures shall be	Any referenced interest payments due under the underlying exposures shall be	Any referenced interest payments due under the underlying exposures shall be

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26c - para 3 - subpara 2	based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.	based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.	based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.	based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.
151	*Art. 1 – para. 1 – point 6* **Art. 26c - para 4 - subpara 1**	4. Following the occurrence of an enforcement event in respect of the originator, the investor shall be permitted to take enforcement action, terminate the credit protection agreement or do both.	4. Following the occurrence of an enforcement event in respect of the originator, the investor shall be permitted to take enforcement action~~, terminate the credit protection agreement or do both~~.	4. Following the occurrence of an enforcement event in respect of the originator, the investor shall be permitted to take enforcement action, terminate the credit protection agreement or do both.	[PT 02 12 2020: line 151 (Art. 26c(4), subpara 1 and line 236. Council text reasoning: to avoid compliance issues with Art. 213(1), point (c) CRR, credit protection contract outside direct control of lender, Council text more conservatives, investors have less possibilities to terminate the contrac, Council texts follows EBA Report on SRT, Recommendation 4 b: Early termination clauses: link here] 4. Following the occurrence of an enforcement event in respect of the originator, the investor shall be permitted to take enforcement action~~, terminate the credit protection agreement or do both~~.
152	*Art. 1 – para. 1 – point 6*	In case of a securitisation using a SSPE, where an	In case of a securitisation using a SSPE, where an	In case of a securitisation using a SSPE, where an	In case of a securitisation using a SSPE, where an enforcement

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26c - para 4 - subpara 2	enforcement or termination notice of the credit protection agreement is delivered, no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of that SSPE, the payment of the protection payments for defaulted underlying exposures that are still being worked out at the time of the termination, or the orderly repayment of investors in accordance with the contractual terms of the securitisation.	enforcement or termination notice of the credit protection agreement is delivered, no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of that SSPE, the payment of the protection payments for defaulted underlying exposures that are still being worked out at the time of the termination, or the orderly repayment of investors in accordance with the contractual terms of the securitisation.	enforcement or termination notice of the credit protection agreement is delivered, no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of that SSPE, the payment of the protection payments for defaulted underlying exposures that are still being worked out at the time of the termination, or the orderly repayment of investors in accordance with the contractual terms of the securitisation.	or termination notice of the credit protection agreement is delivered, no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of that SSPE, the payment of the protection payments for defaulted underlying exposures that are still being worked out at the time of the termination, or the orderly repayment of investors in accordance with the contractual terms of the securitisation.
153	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 1**	5. Losses shall be allocated to the holders of a securitisation position in the order of seniority of the tranches, starting with the most junior tranche.	5. Losses shall be allocated to the holders of a securitisation position in the order of seniority of the tranches, starting with the most junior tranche.	5. Losses shall be allocated to the holders of a securitisation position in the order of seniority of the tranches, starting with the most junior tranche.	5. Losses shall be allocated to the holders of a securitisation position in the order of seniority of the tranches, starting with the most junior tranche.
154	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 2**	Sequential amortisation shall be applied to all tranches to determine the outstanding amount of the tranches at each payment date, starting from the most senior tranche.	Sequential amortisation shall be applied to all tranches to determine the outstanding amount of the tranches at each payment date, starting from the most senior tranche.	Sequential amortisation shall be applied to all tranches to determine the outstanding amount of the tranches at each payment date, starting from the most senior tranche.	Sequential amortisation shall be applied to all tranches to determine the outstanding amount of the tranches at each payment date, starting from the most senior tranche.

Nr.	Ref.	COM	Council	EP	Compromise
155	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3**	Transactions that feature non-sequential amortisation shall have triggers for the performance of the underlying exposures changing the amortisation to sequential in order of seniority. Such performance-related triggers shall include the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	Transactions ~~that~~ ***which*** feature non-sequential ~~amortisation~~ ***priority of payments*** shall ~~have~~ ***include*** triggers ~~for~~ ***relating to*** the performance of the underlying exposures ~~changing~~ ***resulting in the priority of payments reverting*** the amortisation to sequential ***payments*** in order of seniority. Such performance-related triggers shall include ***at least*** the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	Transactions that feature non-sequential amortisation shall have ***clearly specified contractual*** triggers ***related to*** the performance of ***the securitisation and*** the underlying exposures***, by virtue of which the amortisation profile of the securitisation switches*** to sequential ***amortisation*** in order of seniority. Such performance-related triggers shall include ***at least:***	[PT 01 12 2020: TM to draft text proposal for lines 155-164, on the basis COM compromise A, with in as a minimum three triggers: one basic triggere and one additional backward-looking and one foreward looking trigger] [TM 03 12 2020: Text proposal: line 25, lines 155-165] Transactions ***which*** feature non-sequential ***priority of payments*** shall include triggers related to the performance of the underlying exposures resulting in the priority of payments reverting the amortisation to sequential payments in order of seniority. Such performance-related triggers shall include as a minimum
156	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3, point (i)**			***(i) a threshold of cumulative credit losses as a percentage of lifetime expected losses (EL);***	[TM 03 12 2020: Reasoning: Basic trigger: use of "or": EBA clarified that originators may select either of the trigger] ***(i) either the increase in the cumulative amount of defaulted exposures or the***

Nr.	Ref.	COM	Council	EP	Compromise
					increase in the cumulative losses greater than a given percentage of the outstanding amount of the underlying portfolio;
157	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3, point (ii)**			***(ii) a threshold of cumulative non-matured defaults as a percentage of outstanding nominal amount of the securitisation;***	***(ii) one additional backward-looking trigger and***
158	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3, point (iii)**			***(iii) a minimum level for the weighted average credit quality of the portfolio;***	***(iii) one forward-looking trigger.***
159	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3, point (iv)**			***(iv) a maximum level of concentration in high credit risk (PD) buckets;***	
160	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3, point (v)**			***(v) a minimum level of portfolio granularity.***	

Nr.	Ref.	COM	Council	EP	Compromise
161	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3a (new)**			***Competent authorities may allow originators to disregard triggers listed in the third subparagraph where it is duly justified that such triggers are not appropriate to the securitisation structure or the class of securitised exposures. The EBA shall issue guidelines stipulating the conditions under which triggers can be disregarded.***	]
162	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3b (new)**			***The EBA shall develop draft regulatory technical standards on the specification and where relevant calibration of the performance-related triggers.***	[TM 07 12 2020 - Update of text] ***The EBA shall develop draft regulatory technical standards on the specification and where relevant calibration of the performance-related triggers.***
163	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 3b (new)**			***The EBA shall submit those draft regulatory technical standards to the Commission by 30 June 2021.***	***The EBA shall submit those draft regulatory technical standards to the Commission by 30 June 2021.***
164	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 -**			***Power is delegated to the Commission to adopt the regulatory technical standards in accordance with Articles 10 to 14 of***	***Power is delegated to the Commission to adopt the regulatory technical standards in accordance with***

Nr.	Ref.	COM	Council	EP	Compromise
	subpara 3b (new)			***Regulation (EU) No 1093/2010.***	***Articles 10 to 14 of Regulation (EU) No 1093/2010.***
165	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 4**	As tranches amortise, an amount of the collateral equal to the amount of the amortisation of those tranches shall be returned to the investors, provided the investors have collateralised those tranches.	As tranches amortise, an amount of the collateral equal to the amount of the amortisation of those tranches shall be returned to the investors, provided the investors have collateralised those tranches.	As tranches amortise, an amount of the collateral equal to the amount of the amortisation of those tranches shall be returned to the investors, provided the investors have collateralised those tranches.	As tranches amortise, an amount of the collateral equal to the amount of the amortisation of those tranches shall be returned to the investors, provided the investors have collateralised those tranches.
166	*Art. 1 – para. 1 – point 6* **Art. 26c - para 5 - subpara 5**	Where a credit event as referred to in Article 26e has occurred in relation to underlying exposures and the debt workout process for those exposures has not been completed, the amount of credit protection remaining at any payment date shall be at least equivalent to the outstanding notional amount of those underlying exposures, minus the amount of any interim payment made in relation to those underlying exposures.	Where a credit event as referred to in Article 26e has occurred in relation to underlying exposures and the debt workout process for those exposures has not been completed, the amount of credit protection remaining at any payment date shall be at least equivalent to the outstanding notional amount of those underlying exposures, minus the amount of any interim payment made in relation to those underlying exposures.	Where a credit event as referred to in Article 26e has occurred in relation to underlying exposures and the debt workout process for those exposures has not been completed, the amount of credit protection remaining at any payment date shall be at least equivalent to the outstanding notional amount of those underlying exposures, minus the amount of any interim payment made in relation to those underlying exposures.	Where a credit event as referred to in Article 26e has occurred in relation to underlying exposures and the debt workout process for those exposures has not been completed, the amount of credit protection remaining at any payment date shall be at least equivalent to the outstanding notional amount of those underlying exposures, minus the amount of any interim payment made in relation to those underlying exposures.
167	*Art. 1 – para. 1 – point 6* **Art. 26c - para 6 - intro. part**	6. The transaction documentation shall include appropriate early amortisation triggers for a termination of the revolving period, where a	6. The transaction documentation shall include appropriate early amortisation ***provisions or*** triggers for ~~a~~ termination of the revolving	6. The transaction documentation shall include appropriate early amortisation triggers for a termination of the revolving period, where a	[TM 26 11 2020] 6. The transaction documentation shall include appropriate early amortisation ***provisions or*** triggers for ~~a~~

Nr.	Ref.	COM	Council	EP	Compromise
		securitisation is a revolving securitisation, including at least the following:	period, where a securitisation is a revolving securitisation, including at least the following:	securitisation is a revolving securitisation, including at least the following:	termination of the revolving period, where a securitisation is a revolving securitisation, including at least the following:
168	*Art. 1 – para. 1 – point 6* **Art. 26c - para 6 - point a**	(a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold;	(a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold;	(a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold;	(a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold;
169	*Art. 1 – para. 1 – point 6* **Art. 26c - para 6 - point b**	(b) a rise in losses above a predetermined threshold;	(b) a rise in losses above a predetermined threshold;	(b) a rise in losses above a predetermined threshold;	(b) a rise in losses above a predetermined threshold;
170	*Art. 1 – para. 1 – point 6* **Art. 26c - para 6 - point c**	(c) a failure to generate sufficient new underlying exposures that meet the predetermined eligibility criteria during a specified period.	(c) a failure to generate sufficient new underlying exposures that meet the predetermined ~~eligibility criteria~~ ***credit quality*** during a specified period.	(c) a failure to generate sufficient new underlying exposures that meet the predetermined eligibility criteria during a specified period.	[TM 26 22 2020: Alignment with wording of for non-ABCP STS criteria: Art. 21(6), point d.] (c) a failure to generate sufficient new underlying exposures that meet the predetermined ~~eligibility criteria~~ ***credit quality*** during a specified period.
171	*Art. 1 – para. 1 – point 6* **Art. 26c - para 7 - intro. part**	7. The transaction documentation shall clearly specify:	7. The transaction documentation shall clearly specify:	7. The transaction documentation shall clearly specify:	7. The transaction documentation shall clearly specify:

Nr.	Ref.	COM	Council	EP	Compromise
172	*Art. 1 – para. 1 – point 6* **Art. 26c - para 7 - point a**	(a) the contractual obligations, duties and responsibilities of the servicer, the trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4), as applicable;	(a) the contractual obligations, duties and responsibilities of the servicer~~,~~ ***and*** the trustee, ***if any, and*** other ancillary service providers or the third-party verification agent referred to in Article 26e(4), as applicable;	(a) the contractual obligations, duties and responsibilities of the servicer, the trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4), as applicable;	[TM 26 11 2020: third-party verification agent needed, therefore "as applicable" moved] (a) the contractual obligations, duties and responsibilities of the servicer~~,~~ the trustee ***and*** other ancillary service providers, ***as applicable,*** ~~or~~ ***and*** the third-party verification agent referred to in Article 26e(4), ~~as applicable~~;
173	*Art. 1 – para. 1 – point 6* **Art. 26c - para 7 - point b**	(b) the provisions that ensure the replacement of the servicer, trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4) in the event of default or insolvency of either of those service providers, in a manner that does not result in the termination of the provision of those services;	(b) the provisions that ensure the replacement of the servicer, trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4) in the event of default or insolvency of either of those service providers, in a manner that does not result in the termination of the provision of those services;	(b) the provisions that ensure the replacement of the servicer, trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4) in the event of default or insolvency of either of those service providers, ***where those service providers differ from the originator,*** in a manner that does not result in the termination of the provision of those services;	[TM 26 11 2020, EP text in line with EBA Report on Synthetic Securitisation, **AP:** DLA to check wording] (b) the provisions that ensure the replacement of the servicer, trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4) in the event of default or insolvency of either of those service providers, ***where those service providers differ from the originator,*** in a manner that does not result in

Nr.	Ref.	COM	Council	EP	Compromise
					the termination of the provision of those services;
174	*Art. 1 – para. 1 – point 6* **Art. 26c - para 7 - point c**	(c) the servicing procedures that apply to the underlying exposures at the closing date and thereafter and the circumstances under which those procedures may be modified;	(c) the servicing procedures that apply to the underlying exposures at the closing date and thereafter and the circumstances under which those procedures may be modified;	(c) the servicing procedures that apply to the underlying exposures at the closing date and thereafter and the circumstances under which those procedures may be modified;	(c) the servicing procedures that apply to the underlying exposures at the closing date and thereafter and the circumstances under which those procedures may be modified;
175	*Art. 1 – para. 1 – point 6* **Art. 26c - para 7 - point d**	(d) the servicing standards that the servicer is obliged to adhere to in servicing the underlying exposures within the entire maturity of securitisation.	(d) the servicing standards that the servicer is obliged to adhere to in servicing the underlying exposures within the entire maturity of securitisation.	(d) the servicing standards that the servicer is obliged to adhere to in servicing the underlying exposures within the entire maturity of securitisation.	(d) the servicing standards that the servicer is obliged to adhere to in servicing the underlying exposures within the entire maturity of securitisation.
176	*Art. 1 – para. 1 – point 6* **Art. 26c - para 8 - subpara 1**	8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures.	8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures.	8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures.	8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures.
177	*Art. 1 – para. 1 – point 6* **Art. 26c - para 8 - subpara 2**	The servicer shall apply servicing procedures to the underlying exposures that are at least as stringent as the ones applied by the originator to similar exposures that are not securitised.	The servicer shall apply servicing procedures to the underlying exposures that are at least as stringent as the ones applied by the originator to similar exposures that are not securitised.	The servicer shall apply servicing procedures to the underlying exposures that are at least as stringent as the ones applied by the originator to similar exposures that are not securitised.	The servicer shall apply servicing procedures to the underlying exposures that are at least as stringent as the ones applied by the originator to similar exposures that are not securitised.

Nr.	Ref.	COM	Council	EP	Compromise
178	*Art. 1 – para. 1 – point 6* **Art. 26c - para 9**	9. The originator shall maintain an up-to-date reference register to identify the underlying exposures at all times. That register shall identify the reference obligors, the reference obligations from which the underlying exposures arise, and, for each underlying exposure, the notional amount that is protected and that is outstanding.	9. The originator shall maintain an up-to-date reference register to identify the underlying exposures at all times. That register shall identify the reference obligors, the reference obligations from which the underlying exposures arise, and, for each underlying exposure, the notional amount that is protected and that is outstanding.	9. The originator shall maintain an up-to-date reference register to identify the underlying exposures at all times. That register shall identify the reference obligors, the reference obligations from which the underlying exposures arise, and, for each underlying exposure, the notional amount that is protected and that is outstanding.	9. The originator shall maintain an up-to-date reference register to identify the underlying exposures at all times. That register shall identify the reference obligors, the reference obligations from which the underlying exposures arise, and, for each underlying exposure, the notional amount that is protected and that is outstanding.
179	*Art. 1 – para. 1 – point 6* **Art. 26c - para 9**	10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors. In case of a securitisation using a SSPE, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors. In case of a securitisation using a SSPE, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors. In case of a securitisation using a SSPE, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors. In case of a securitisation using a SSPE, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.
180	*Art. 1 – para. 1 – point 6* **Art. 26d**	Article 26 d	Article 26 d	Article 26 d	*Article 26 d*

Nr.	Ref.	COM	Council	EP	Compromise
181	*Art. 1 – para. 1 – point 6* **Art. 26d - tilte**	Requirements relating to transparency	Requirements relating to transparency	Requirements relating to transparency	*Requirements relating to transparency*
182	*Art. 1 – para. 1 – point 6* **Art. 26d - para 1**	1. The originator shall make available data on static and dynamic historical default and loss performance such as delinquency and default data, for substantially similar exposures to those securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period of at least five years.	1. The originator shall make available data on static and dynamic historical default and loss performance such as delinquency and default data, for substantially similar exposures to those ***being*** securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period of at least five years.	1. The originator shall make available data on static and dynamic historical default and loss performance such as delinquency and default data, for substantially similar exposures to those securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period of at least five years.	1. The originator shall make available data on static and dynamic historical default and loss performance such as delinquency and default data, for substantially similar exposures to those ***being*** securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period of at least five years.
183	*Art. 1 – para. 1 – point 6* **Art. 26d - para 2**	2. A sample of the underlying exposures shall be subject to external verification prior to the closing of the transaction by an appropriate and independent party, including verification that the underlying exposures are eligible for credit protection under the credit protection agreement.	2. A sample of the underlying exposures shall be subject to external verification prior to the closing of the transaction by an appropriate and independent party, including verification that the underlying exposures are eligible for credit protection under the credit protection agreement.	2. A sample of the underlying exposures shall be subject to external verification prior to the closing of the transaction by an appropriate and independent party, including verification that the underlying exposures are eligible for credit protection under the credit protection agreement.	2. A sample of the underlying exposures shall be subject to external verification prior to the closing of the transaction by an appropriate and independent party, including verification that the underlying exposures are eligible for credit protection under the credit protection agreement.
184	*Art. 1 – para. 1 – point 6*	3. The originator shall, before the pricing of the securitisation, make available	3. The originator shall, before the pricing of the securitisation, make available	3. The originator shall, before the pricing of the securitisation, make available	3. The originator shall, before the pricing of the securitisation, make available

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26d - para 3	to potential investors a liability cash flow model that precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, investors, other third parties and, where applicable, the SSPE, and shall, after pricing, make the model available to investors on an ongoing basis and to potential investors upon request.	to potential investors a liability cash flow model ~~that~~ ***which*** precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, investors, other third parties and, where applicable, the SSPE, and shall, after pricing, make ~~the~~ ***that*** model available to investors on an ongoing basis and to potential investors upon request.	to potential investors a liability cash flow model that precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, investors, other third parties and, where applicable, the SSPE, and shall, after pricing, make the model available to investors on an ongoing basis and to potential investors upon request.	to potential investors a liability cash flow model ~~that~~ ***which*** precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, investors, other third parties and, where applicable, the SSPE, and shall, after pricing, make ~~the~~ ***that*** model available to investors on an ongoing basis and to potential investors upon request.
185	*Art. 1 – para. 1 – point 6* **Art. 26d - para 4**	4. In case of a securitisation where the underlying exposures are residential loans or auto loans or leases, the originator shall publish the available information related to the environmental performance of the assets financed by such residential loans, auto loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).	4. In case of a securitisation where the underlying exposures are residential loans or auto loans or leases, the originator shall publish the available information related to the environmental performance of the assets financed by such residential loans, auto loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).	4. In case of a securitisation where the underlying exposures are residential loans or auto loans or leases, the originator shall publish the available information related to the environmental performance of the assets financed by such residential loans, auto loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).	4. In case of a securitisation where the underlying exposures are residential loans or auto loans or leases, the originator shall publish the available information related to the environmental performance of the assets financed by such residential loans, auto loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).

Nr.	Ref.	COM	Council	EP	Compromise
186	*Art. 1 – para. 1 – point 6* **Art. 26d - para 4, subpara 2**			***By derogation from the first subparagraph, originators may, from 1 June 2021 onwards, decide to publish the available information related to the principal adverse impacts on sustainability factors of the assets financed by the underlying exposures***.	
187	*Art. 1 – para. 1 – point 6* **Art. 26d - para 5**	5. The originator shall be responsible for compliance with Article 7. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) and (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form. The final transaction documentation shall be made available to investors at the latest 15 days after closing of the transaction.	5. The originator shall be responsible for compliance with Article 7. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) ~~and~~ ***to*** (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form. The final ~~transaction~~ documentation shall be made available to investors at the latest 15 days after closing of the transaction.	5. The originator shall be responsible for compliance with Article 7. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) and (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form. The final transaction documentation shall be made available to investors at the latest 15 days after closing of the transaction.	[TM 26 11 2020, disclosure also of information in point (c) - on prospectus -, alignment with provision as in Art. 22(5) for non ABCPs] 5. The originator shall be responsible for compliance with Article 7. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) ~~and~~ ***to*** (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form. The final ~~transaction~~ documentation shall be made available to investors at the

Nr.	Ref.	COM	Council	EP	Compromise
					latest 15 days after closing of the transaction.
188	*Art. 1 – para. 1 – point 6* **Art. 26d - para 5a (new) - subpara 1**			***5 a. By 31 March 2021, the ESAs shall develop, through the Joint Committee, 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 on the content, methodologies and presentation of information referred to in paragraphs 4 of this Article in respect of the sustainability indicators in relation to adverse impacts on the climate and other environmental, social and governance-related adverse impacts.***	
189	*Art. 1 – para. 1 – point 6* **Art. 26d - para 5a (new) - subpara 2**			***Where relevant, those draft regulatory technical standards shall mirror or draw upon the regulatory technical standards elaborated in compliance with the mandate given to the ESAs in Regulation (EU) 2019/2088, in particular as***	

Nr.	Ref.	COM	Council	EP	Compromise
				laid down in Article 2a, and Article 4(6) and (7) thereof.	
190	*Art. 1 – para. 1 – point 6* **Art. 26d - para 5a (new) - subpara 3**			***The Commission is empowered to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulations (EU) No 1093/2010, (EU) No1094/2010 and (EU) No 1095/2010.***	
191	*Art. 1 – para. 1 – point 6* **Art. 26e**	Article 26 e	Article 26 e	Article 26 e	*Article 26 e*
192	*Art. 1 – para. 1 – point 6* **Art. 26e - title**	Requirements concerning the credit protection agreement, the third-party verification agent and the synthetic excess spread	Requirements concerning the credit protection agreement, the third-party verification agent and the synthetic excess spread	Requirements concerning the credit protection agreement, the third-party verification agent and the synthetic excess spread	*Requirements concerning the credit protection agreement, the third-party verification agent and the synthetic excess spread*
193	*Art. 1 – para. 1 – point 6* **Art. 26e - para 1 - subpara 1 - intro. part**	1. The credit protection agreement shall cater for the following credit events:	1. The credit protection agreement shall ~~cater for~~ ***at least cover*** the following credit events:	1. The credit protection agreement shall cater for the following credit events:	[PT 01 12 2020: agreed to lines 193 to 196, Council text] [TM 26 11 2020: package: and lines 193-196 (Art. 26e(1); point a - RT by guarantees and Art. 26e(1), point b - RT by derivatives Council text: follows EBA Report on SRT, by referencing to 215 CRR and 216 CRR which is in line with standard

Nr.	Ref.	COM	Council	EP	Compromise
					market practice; deferenciation in terms of restructing considered alreaday in Art. 215 and 216 CRR] 1. The credit protection agreement shall ~~cater for~~ ***at least cover*** the following credit events:
194	*Art. 1 – para. 1 – point 6* **Art. 26e - para 1 - subpara 1 - point a**	(a) failure to pay by the underlying obligor, which includes the default referred to in point (b) of Article 178(1) of Regulation (EU) No 575/2013;	(a) ~~failure to pay by the underlying obligor, which includes the default referred to in point (b) of Article 178(1) of Regulation (EU) No 575/2013~~***where the transfer of risk is achieved by the use of guarantees, the credit events referred to in point (a) of Article 215(1) of Regulation (EU) No 575/2013***;	(a) failure to pay by the underlying obligor, which includes the default referred to in point (b) of Article 178(1) of Regulation (EU) No 575/2013;	(a) ~~failure to pay by the underlying obligor, which includes the default referred to in point (b) of Article 178(1) of Regulation (EU) No 575/2013~~***where the transfer of risk is achieved by the use of guarantees, the credit events referred to in point (a) of Article 215(1) of Regulation (EU) No 575/2013***;
195	*Art. 1 – para. 1 – point 6* **Art. 26e - para 1 - subpara 1 - point b**	(b) bankruptcy of the underlying obligor, which includes the elements referred to in points (e) and (f) of Article 178(3) of Regulation (EU) No 575/2013;	(b) ~~bankruptcy of the underlying obligor, which includes the elements referred to in points (e) and (f) of Article 178(3) of Regulation (EU) No 575/2013;~~***where the transfer of risk is achieved by the use of credit derivatives, the credit events referred to in point (a) of Article 216(1) of***	(b) bankruptcy of the underlying obligor, which includes the elements referred to in points (e) and (f) of Article 178(3) of Regulation (EU) No 575/2013;	(b) ~~bankruptcy of the underlying obligor, which includes the elements referred to in points (e) and (f) of Article 178(3) of Regulation (EU) No 575/2013;~~***where the transfer of risk is achieved by the use of credit derivatives, the credit events referred to in point (a) of Article 216(1) of***

Nr.	Ref.	COM	Council	EP	Compromise
			***Regulation (EU) No 575/2013*.**		***Regulation (EU) No 575/2013*.**
196	*Art. 1 – para. 1 – point 6* **Art. 26e - para 1 - subpara 1 - point c**	(c) for a credit protection agreement other than by a financial guarantee, restructuring of the underlying exposure, which includes the elements referred to in point (d) of Article 178(3) of Regulation (EU) No 575/2013.	~~(c) for a credit protection agreement other than by a financial guarantee, restructuring of the underlying exposure, which includes the elements referred to in point (d) of Article 178(3) of Regulation (EU) No 575/2013.~~	(c) for a credit protection agreement other than by a financial guarantee, restructuring of the underlying exposure, which includes the elements referred to in point (d) of Article 178(3) of Regulation (EU) No 575/2013.	~~(c) for a credit protection agreement other than by a financial guarantee, restructuring of the underlying exposure, which includes the elements referred to in point (d) of Article 178(3) of Regulation (EU) No 575/2013.~~
197	*Art. 1 – para. 1 – point 6* **Art. 26e - para 1 - subpara 2**	All credit events shall be documented.	All credit events shall be documented.	All credit events shall be documented.	All credit events shall be documented.
198	*Art. 1 – para. 1 – point 6* **Art. 26e - para 1 - subpara 3**	Forbearance measures, as referred to in Annex V, Section 30, paragraphs 163 to 183, to Commission Implementing Regulation (EU) 2015/227* that are applied to the underlying exposures shall not preclude the trigger of eligible credit events.	Forbearance measures, as referred to in Annex V, Section 30, paragraphs 163 to 183, to Commission Implementing Regulation (EU) 2015/227* that are applied to the underlying exposures shall not preclude the ~~trigger~~ ***triggering*** of eligible credit events.	Forbearance measures, as referred to in Annex V, Section 30, paragraphs 163 to 183, to Commission Implementing Regulation (EU) 2015/227* that are applied to the underlying exposures shall not preclude the trigger of eligible credit events.	Forbearance measures, as referred to in Annex V, Section 30, paragraphs 163 to 183, to Commission Implementing Regulation (EU) 2015/227* that are applied to the underlying exposures shall not preclude the ~~trigger~~ ***triggering*** of eligible credit events.
199	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 1**	2. The credit protection payment following the occurrence of a credit event shall be calculated based on the actual realised loss suffered by the originator or	2. The credit protection payment following the occurrence of a credit event shall be calculated based on the actual realised loss suffered by the originator or	2. The credit protection payment following the occurrence of a credit event shall be calculated based on the actual realised loss suffered by the originator or	2. The credit protection payment following the occurrence of a credit event shall be calculated based on the actual realised loss suffered by the originator or the ***original***

Nr.	Ref.	COM	Council	EP	Compromise
		the lender, as worked out in accordance with their standard recovery policies and procedures for the relevant exposure types and recorded in their financial statements at the time the payment is made. The final credit protection payment shall be payable within a specified period of time following the end of the debt workout process for the relevant underlying exposure where the end of the debt workout process occurs before the scheduled legal maturity or early termination of the credit protection agreement.	the ***original*** lender, as worked out in accordance with their standard recovery policies and procedures for the relevant exposure types and recorded in their financial statements at the time the payment is made. The final credit protection payment shall be payable within a specified period of time following the end of the debt workout process for the relevant underlying exposure where the end of the debt workout process occurs before the scheduled legal maturity or early termination of the credit protection agreement.	the lender, as worked out in accordance with their standard recovery policies and procedures for the relevant exposure types and recorded in their financial statements at the time the payment is made. The final credit protection payment shall be payable within a specified period of time following the end of the debt workout process for the relevant underlying exposure where the end of the debt workout process occurs before the scheduled legal maturity or early termination of the credit protection agreement.	lender, as worked out in accordance with their standard recovery policies and procedures for the relevant exposure types and recorded in their financial statements at the time the payment is made. The final credit protection payment shall be payable within a specified period of time following the end of the debt workout process for the relevant underlying exposure where the end of the debt workout process occurs before the scheduled legal maturity or early termination of the credit protection agreement.
200	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 2 - intro part**	An interim credit protection payment shall be made at the latest six months after a credit event as referred to in paragraph 1 has occurred in cases where the debt workout of the losses for the relevant underlying exposure has not been completed by the end of that six months period. The interim credit protection payment shall be at least the higher of the following:	An interim credit protection payment shall be made at the latest six months after a credit event as referred to in paragraph 1 has occurred in cases where the debt workout of the losses for the relevant underlying exposure has not been completed by the end of that six months period. The interim credit protection payment shall be at least the higher of the following:	An interim credit protection payment shall be made at the latest six months after a credit event as referred to in paragraph 1 has occurred in cases where the debt workout of the losses for the relevant underlying exposure has not been completed by the end of that six months period. The interim credit protection payment shall be at least the higher of the following:	An interim credit protection payment shall be made at the latest six months after a credit event as referred to in paragraph 1 has occurred in cases where the debt workout of the losses for the relevant underlying exposure has not been completed by the end of that six months period. The interim credit protection payment shall be at least the higher of the following:

Nr.	Ref.	COM	Council	EP	Compromise
201	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 2 - point a**	(a) the impairment recorded by the originator in its financial statements in accordance with the applicable accounting framework at the time the interim payment is made;	(a) ***the expected loss amount that is equivalent to*** the impairment recorded by the originator in its financial statements in accordance with the applicable accounting framework at the time the interim payment is made ***under the assumption that the credit protection agreement does not exist and does not cover any losses***;	(a) the impairment recorded by the originator in its financial statements in accordance with the applicable accounting framework at the time the interim payment is made;	[TM 20 11 2020: Council text corrects unprecise COM text] (a) ***the expected loss amount that is equivalent to*** the impairment recorded by the originator in its financial statements in accordance with the applicable accounting framework at the time the interim payment is made ***under the assumption that the credit protection agreement does not exist and does not cover any losses***;
202	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 2 - point b**	(b) where applicable, the Loss Given Default as determined in accordance with Part Three, Title II, Chapter 3, of Regulation (EU) No 575/2013.	(b) where applicable, the ~~Loss Given Default~~ ***expected loss amount*** as determined in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) No 575/2013.	(b) where applicable, the Loss Given Default as determined in accordance with Part Three, Title II, Chapter 3, of Regulation (EU) No 575/2013.	[PT 01 12 2020: lines 201, 202 agreed] [TM 20 11 2020: Council text correcting imprecise COM text: LGD is a ratio, need reference to amount] (b) where applicable, the ~~Loss Given Default~~ ***expected loss amount*** as determined in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) No 575/2013.
203	*Art. 1 – para. 1 – point 6*	Where an interim credit protection payment is made, the final credit protection payment referred to in the first	Where an interim credit protection payment is made, the final credit protection payment referred to in the ~~first~~	Where an interim credit protection payment is made, the final credit protection payment referred to in the first	[TM 20 11 2020: correct reference is first subpara] Where an interim credit protection payment is made,

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26e - para 2 - subpara 3	subparagraph shall be made in order to adjust the interim settlement of losses to the actual realised loss.	***second*** subparagraph shall be made in order to adjust the interim settlement of losses to the actual realised loss.	subparagraph shall be made in order to adjust the interim settlement of losses to the actual realised loss.	the final credit protection payment referred to in the first subparagraph shall be made in order to adjust the interim settlement of losses to the actual realised loss.
204	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 4**	The method for the calculation of interim and final credit protection payments shall be specified in the credit protection agreement.	The method for the calculation of interim and final credit protection payments shall be specified in the credit protection agreement.	The method for the calculation of interim and final credit protection payments shall be specified in the credit protection agreement.	The method for the calculation of interim and final credit protection payments shall be specified in the credit protection agreement.
205	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 5**	The credit protection payment shall be proportional to the share of the outstanding notional amount of the corresponding underlying exposure that is covered by the credit protection agreement.	The credit protection payment shall be proportional to the share of the outstanding notional amount of the corresponding underlying exposure that is covered by the credit protection agreement.	The credit protection payment shall be proportional to the share of the outstanding notional amount of the corresponding underlying exposure that is covered by the credit protection agreement.	The credit protection payment shall be proportional to the share of the outstanding notional amount of the corresponding underlying exposure that is covered by the credit protection agreement.
206	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 6**	The right of the originator to receive the credit protection payment shall be enforceable. The amounts payable by investors under the securitisation shall be clearly set out in the credit protection agreement and limited. It shall be possible to calculate those amounts in all circumstances. The credit protection agreement shall clearly set out the circumstances under which	The right of the originator to receive the credit protection payment shall be enforceable. The amounts payable by investors under the ~~securitisation~~ ***credit protection agreement*** shall be clearly set out in the credit protection agreement and limited. It shall be possible to calculate those amounts in all circumstances. The credit protection agreement shall clearly set out	The right of the originator to receive the credit protection payment shall be enforceable. The amounts payable by investors under the securitisation shall be clearly set out in the credit protection agreement and limited. It shall be possible to calculate those amounts in all circumstances. The credit protection agreement shall clearly set out the circumstances under which	The right of the originator to receive the credit protection payment shall be enforceable. The amounts payable by investors under the ~~securitisation~~ ***credit protection agreement*** shall be clearly set out in the credit protection agreement and limited. It shall be possible to calculate those amounts in all circumstances. The credit protection agreement shall clearly set out

Nr.	Ref.	COM	Council	EP	Compromise
		investors shall be required to make payments. The third-party verification agent referred to in paragraph 4 shall assess whether such circumstances have occurred.	the circumstances under which investors shall be required to make payments. The third-party verification agent referred to in paragraph 4 shall assess whether such circumstances have occurred.	investors shall be required to make payments. The third-party verification agent referred to in paragraph 4 shall assess whether such circumstances have occurred.	the circumstances under which investors shall be required to make payments. The third-party verification agent referred to in paragraph 4 shall assess whether such circumstances have occurred.
207	*Art. 1 – para. 1 – point 6* **Art. 26e - para 2 - subpara 7**	The amount of the credit protection payment shall be calculated at the level of the individual underlying exposure for which a credit event has occurred.	The amount of the credit protection payment shall be calculated at the level of the individual underlying exposure for which a credit event has occurred.	The amount of the credit protection payment shall be calculated at ***each*** level of the individual underlying exposure for which a credit event has occurred.	[TM 27 11 2020: **Reasoning:** COM and Council consider that inclusion of "each" at any place in the text does not add to clarity of original COM wording. Therefore proposal of TM keep COM text] The amount of the credit protection payment shall be calculated at the level of the individual underlying exposure for which a credit event has occurred.
208	*Art. 1 – para. 1 – point 6* **Art. 26e - para 3 - subpara 1**	3. The credit protection agreement shall specify the maximum extension period that shall apply for the debt workout process for underlying exposures in relation to which a credit event as referred to in paragraph 1 has occurred, but where the debt workout process has not been completed upon the	3. The credit protection agreement shall specify the maximum extension period that shall apply for the debt workout process for ***the*** underlying exposures in relation to which a credit event as referred to in paragraph 1 has occurred, but where the debt workout process has not been completed upon the	3. The credit protection agreement shall specify the maximum extension period that shall apply for the debt workout process for underlying exposures in relation to which a credit event as referred to in paragraph 1 has occurred, but where the debt workout process has not been completed upon the	[TM 20 11 2020, Council text: see line 201] 3. The credit protection agreement shall specify the maximum extension period that shall apply for the debt workout process for ***the*** underlying exposures in relation to which a credit event as referred to in paragraph 1 has occurred, but where the

Nr.	Ref.	COM	Council	EP	Compromise
		scheduled legal maturity or early termination of the credit protection agreement. Such an extension period shall not be longer than two years. The credit protection agreement shall provide that by the end of that extension period a final credit protection payment shall be made on the basis of the originator's final loss estimate as recorded by the originator in its financial statements at that time.	scheduled legal maturity or early termination of the credit protection agreement. Such an extension period shall not be longer than two years. The credit protection agreement shall provide that by the end of that extension period a final credit protection payment shall be made on the basis of the originator's final loss estimate ~~as~~ ***that would have to be*** recorded by the originator in its financial statements at that time ***under the assumption that the credit protection agreement does not exist and does not cover any losses***.	scheduled legal maturity or early termination of the credit protection agreement. Such an extension period shall not be longer than two years. The credit protection agreement shall provide that by the end of that extension period a final credit protection payment shall be made on the basis of the originator's final loss estimate as recorded by the originator in its financial statements at that time.	debt workout process has not been completed upon the scheduled legal maturity or early termination of the credit protection agreement. Such an extension period shall not be longer than two years. The credit protection agreement shall provide that by the end of that extension period a final credit protection payment shall be made on the basis of the originator's final loss estimate ~~as~~ ***that would have to be*** recorded by the originator in its financial statements at that time ***under the assumption that the credit protection agreement does not exist and does not cover any losses***.
209	*Art. 1 – para. 1 – point 6* **Art. 26e - para 3 - subpara 2**	In case of a termination of the credit protection agreement, the debt workout process shall continue in respect of any outstanding credit events that occurred prior to that termination in the same way as that described in the first subparagraph.	In case of a termination of the credit protection agreement, the debt workout process shall continue in respect of any outstanding credit events that occurred prior to that termination in the same way as that described in the first subparagraph.	In case of a termination of the credit protection agreement, the debt workout process shall continue in respect of any outstanding credit events that occurred prior to that termination in the same way as that described in the first subparagraph.	In case of a termination of the credit protection agreement, the debt workout process shall continue in respect of any outstanding credit events that occurred prior to that termination in the same way as that described in the first subparagraph.
210	*Art. 1 – para. 1 – point 6*	The credit protection premiums to be paid under the	The credit protection premiums to be paid under the	The credit protection premiums to be paid under the	[TM 20 11 2020, Council text: increase of precision of

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26e - para 3 - subpara 3	credit protection agreement shall be structured as contingent on the performance of the underlying exposures and reflect the 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.	credit protection agreement shall be structured as contingent on the ~~performance~~ ***outstanding nominal amount*** of the ~~underlying~~ ***performing securitised*** exposures ***at the time of the payment*** and reflect the 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.	credit protection agreement shall be structured as contingent on the performance of the underlying exposures and reflect the 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.	requirement in terms of contingency, adds precision to COM text] The credit protection premiums to be paid under the credit protection agreement shall be structured as contingent on the ~~performance~~ ***outstanding nominal amount*** of the ~~underlying~~ ***performing securitised*** exposures ***at the time of the payment*** and reflect the 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.
211	*Art. 1 – para. 1 – point 6* **Art. 26e - para 3 - subpara 3 a (new)**		***By way of derogation from the third subparagraph, upfront premium payments shall be allowed where the guarantee scheme is specifically provided for in***	***By way of derogation from the previous subparagraph, upfront premium payments shall be allowed, provided state aid rules are complied with, where the guarantee***	[PT 01 12 2020: line 211 agreed] [TM 20 11 2020; EP text] ***By way of derogation from the previous subparagraph, upfront premium payments***

Nr.	Ref.	COM	Council	EP	Compromise
			the national law of a Member State and benefits from a counter-guarantee of any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013.	***scheme is specifically provided for in the national law of a Member State and benefits from a counter-guarantee of any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013.***	***shall be allowed, provided state aid rules are complied with, where the guarantee scheme is specifically provided for in the national law of a Member State and benefits from a counter-guarantee of any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013.***
212	*Art. 1 – para. 1 – point 6* **Art. 26e - para 3 - subpara 4**	The transaction documentation shall describe how the credit protection premium and any note coupons, if any, are calculated in respect of each payment date over the life of the securitisation.	The transaction documentation shall describe how the credit protection premium and any note coupons, if any, are calculated in respect of each payment date over the ~~life~~ ***maturity*** of the securitisation.	The transaction documentation shall describe how the credit protection premium and any note coupons, if any, are calculated in respect of each payment date over the life of the securitisation.	[TM 20 11 2020, DLA to align in final text] The transaction documentation shall describe how the credit protection premium and any note coupons, if any, are calculated in respect of each payment date over the ~~life~~ ***maturity*** of the securitisation.
213	*Art. 1 – para. 1 – point 6* **Art. 26e - para 3 - subpara 5**	The rights of the investors to receive credit protection premiums shall be enforceable.	The rights of the investors to receive credit protection premiums shall be enforceable.	The rights of the investors to receive credit protection premiums shall be enforceable.	The rights of the investors to receive credit protection premiums shall be enforceable.
214	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 1**	4. The originator shall appoint a third-party verification agent before the closing date of the transaction. The third party verification	4. The originator shall appoint a third-party verification agent before the closing date of the transaction. The third party verification	4. The originator shall appoint a third-party verification agent before the closing date of the transaction. The third party verification	[TM 20 11 2020, contractually there might be additional requirements agreed on] 4. The originator shall appoint a third-party

Nr.	Ref.	COM	Council	EP	Compromise
	- intro. part	agent shall verify all of the following for each of the underlying exposures for which a credit event notice is given:	agent shall verify***, at a minimum*** all of the following for each of the underlying exposures for which a credit event notice is given:	agent shall verify all of the following for each of the underlying exposures for which a credit event notice is given:	verification agent before the closing date of the transaction. The third party verification agent shall verify***, at a minimum*** all of the following for each of the underlying exposures for which a credit event notice is given:
215	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 1 - point a**	(a) that the credit event referred to in the credit event notice is a credit event as specified in the terms of the credit protection agreement;	(a) that the credit event referred to in the credit event notice is a credit event as specified in the terms of the credit protection agreement;	(a) that the credit event referred to in the credit event notice is a credit event as specified in the terms of the credit protection agreement;	(a) that the credit event referred to in the credit event notice is a credit event as specified in the terms of the credit protection agreement;
216	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 1 - point b**	(b) that the underlying exposure was included in the reference portfolio at the time of the occurrence of the credit event concerned;	(b) that the underlying exposure was included in the reference portfolio at the time of the occurrence of the credit event concerned;	(b) that the underlying exposure was included in the reference portfolio at the time of the occurrence of the credit event concerned;	(b) that the underlying exposure was included in the reference portfolio at the time of the occurrence of the credit event concerned;
217	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 1 - point c**	(c) that the underlying exposure met the eligibility criteria at the time of its inclusion in the reference portfolio;	(c) that the underlying exposure met the eligibility criteria at the time of its inclusion in the reference portfolio;	(c) that the underlying exposure met the eligibility criteria at the time of its inclusion in the reference portfolio;	(c) that the underlying exposure met the eligibility criteria at the time of its inclusion in the reference portfolio;
218	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 1 - point d**	(d) where an underlying exposure has been added to the securitisation as a result of a replenishment, that such a	(d) where an underlying exposure has been added to the securitisation as a result of a replenishment, that such a	(d) where an underlying exposure has been added to the securitisation as a result of a replenishment, that such a	(d) where an underlying exposure has been added to the securitisation as a result of a replenishment, that such a

Nr.	Ref.	COM	Council	EP	Compromise
		replenishment complied with the replenishment conditions;	replenishment complied with the replenishment conditions;	replenishment complied with the replenishment conditions;	replenishment complied with the replenishment conditions;
219	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 1 - point e**	(e) that the final loss amount is consistent with the losses recorded by the originator in its profit and loss statement;	(e) that the final loss amount is consistent with the losses recorded by the originator in its profit and loss statement;	(e) that the final loss amount is consistent with the losses recorded by the originator in its profit and loss statement;	(e) that the final loss amount is consistent with the losses recorded by the originator in its profit and loss statement;
220	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 1 - point f**	(f) that, at the time the final credit protection payment is made, the losses in relation to the underlying exposures have correctly been allocated to the investors.	(f) that, at the time the final credit protection payment is made, the losses in relation to the underlying exposures have correctly been allocated to the investors.	(f) that, at the time the final credit protection payment is made, the losses in relation to the underlying exposures have correctly been allocated to the investors.	(f) that, at the time the final credit protection payment is made, the losses in relation to the underlying exposures have correctly been allocated to the investors.
221	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 2**	The third-party verification agent shall be independent from the originator and investors, and, where applicable, from the SSPE and shall have accepted the appointment as third-party verification agent by the closing date.	The third-party verification agent shall be independent from the originator and investors, and, where applicable, from the SSPE and shall have accepted the appointment as third-party verification agent by the closing date.	The third-party verification agent shall be independent from the originator and investors, and, where applicable, from the SSPE and shall have accepted the appointment as third-party verification agent by the closing date.	The third-party verification agent shall be independent from the originator and investors, and, where applicable, from the SSPE and shall have accepted the appointment as third-party verification agent by the closing date.
222	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 3**	The third-party verification agent may perform the verification on a sample basis instead of on the basis of each individual underlying exposure for which credit protection payment is sought. Investors may however	The third-party verification agent may perform the verification on a sample basis instead of on the basis of each individual underlying exposure for which credit protection payment is sought. Investors may however	The third-party verification agent may perform the verification on a sample basis instead of on the basis of each individual underlying exposure for which credit protection payment is sought. Investors may however	The third-party verification agent may perform the verification on a sample basis instead of on the basis of each individual underlying exposure for which credit protection payment is sought. Investors may however request the

Nr.	Ref.	COM	Council	EP	Compromise
		request the verification of the eligibility of any particular underlying exposure where they are not satisfied with the sample-basis verification.	request the verification of the eligibility of any particular underlying exposure where they are not satisfied with the sample-basis verification.	request the verification of the eligibility of any particular underlying exposure where they are not satisfied with the sample-basis verification.	verification of the eligibility of any particular underlying exposure where they are not satisfied with the sample-basis verification.
223	*Art. 1 – para. 1 – point 6* **Art. 26e - para 4 - subpara 4**	The originator shall include a commitment in the transaction documentation to provide the third-party verification agent with all the information necessary to verify the requirements set out in the first subparagraph.	The originator shall include a commitment in the transaction documentation to provide the third-party verification agent with all the information necessary to verify the requirements set out in the first subparagraph.	The originator shall include a commitment in the transaction documentation to provide the third-party verification agent with all the information necessary to verify the requirements set out in the first subparagraph.	The originator shall include a commitment in the transaction documentation to provide the third-party verification agent with all the information necessary to verify the requirements set out in the first subparagraph.
224	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - intro part**	5. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:	5. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:	5. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:	5. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:
225	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point a**	(a) the insolvency of the investor;	(a) the insolvency of the investor;	(a) the insolvency of the investor;	(a) the insolvency of the investor;
226	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point b**	(b) the investor's failures to pay any amounts due under the credit protection agreement or a breach by the investor of any material	(b) the investor's failures to pay any amounts due under the credit protection agreement or a breach by the investor of any material	(b) the investor's failures to pay any amounts due under the credit protection agreement or a breach by the investor of any material	(b) the investor's failures to pay any amounts due under the credit protection agreement or a breach by the investor of any material obligation laid

Nr.	Ref.	COM	Council	EP	Compromise
		obligation laid down in the transaction documents;	obligation laid down in the transaction documents;	obligation laid down in the transaction documents;	down in the transaction documents;
227	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point c**	(c) relevant regulatory events, including:	(c) relevant regulatory events, including:	(c) relevant regulatory events, including:	(c) relevant regulatory events, including:
228	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point c - point i**	(i) relevant changes in Union or national law, relevant changes by competent authorities to officially published interpretations of such laws, or relevant changes in the taxation or accounting treatment of the transaction that have a material adverse effect on the amount of capital that the originator is required to hold in connection with the securitisation or its underlying exposures, in each case compared with that anticipated at the time of entering into the transaction and which could not reasonably be expected at that time;	(i) relevant changes in Union or national law, relevant changes by competent authorities to officially published interpretations of such laws***, where applicable,*** or relevant changes in the taxation or accounting treatment of the transaction that have a material adverse effect on the ~~amount of capital that the originator is required to hold in connection with the securitisation or its underlying exposures~~ ***economic efficiency of a transaction***, in each case compared with that anticipated at the time of entering into the transaction and which could not reasonably be expected at that time;	(i) relevant changes in Union or national law, relevant changes by competent authorities to officially published interpretations of such laws, or relevant changes in the taxation or accounting treatment of the transaction that have a material adverse effect on the amount of capital that the originator is required to hold in connection with the securitisation or its underlying exposures, in each case compared with that anticipated at the time of entering into the transaction and which could not reasonably be expected at that time;	[TM 20 11 2020, Council text: COM text is too restrictive, Council text allows for flexibility, otherwise text would not be correct, "economic efficiency": same language as in EBA Report] (i) relevant changes in Union or national law, relevant changes by competent authorities to officially published interpretations of such laws***, where applicable,*** or relevant changes in the taxation or accounting treatment of the transaction that have a material adverse effect on the ~~amount of capital that the originator is required to hold in connection with the securitisation or its underlying exposures~~ ***economic efficiency of a transaction***, in each case

Nr.	Ref.	COM	Council	EP	Compromise
					compared with that anticipated at the time of entering into the transaction and which could not reasonably be expected at that time;
229	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point c - point ii**	(ii) a determination by a competent authority that the originator or any affiliate of the originator is not or is no longer permitted to recognise significant risk transfer in accordance with Article 245(3) of Regulation (EU) No 575/2013 in respect of the securitisation;	(ii) a determination by a competent authority that the originator or any affiliate of the originator is not or is no longer permitted to recognise significant risk transfer in accordance with Article 245(3) of Regulation (EU) No 575/2013 in respect of the securitisation;	(ii) a determination by a competent authority that the originator or any affiliate of the originator is not or is no longer permitted to recognise significant risk transfer in accordance with Article 245(3) of Regulation (EU) No 575/2013 in respect of the securitisation;	(ii) a determination by a competent authority that the originator or any affiliate of the originator is not or is no longer permitted to recognise significant risk transfer in accordance with Article 245(3) of Regulation (EU) No 575/2013 in respect of the securitisation;
230	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point d**	(d) exercise of an option to call the transaction at a given point in time (time call), when the time period measured from the closing date is equal to or greater than the weighted average life of the initial reference portfolio at closing;	(d) exercise of an option to call the transaction at a given point in time (time call), when the time period measured from the closing date is equal to or greater than the weighted average life of the initial reference portfolio at closing;	(d) ***the*** exercise of an option to call the transaction at a given point in time (**“**time call**”**), when the time period measured from the closing date is equal to or greater than the weighted average life of the initial reference portfolio at ***the*** closing ***date***;	[TM 20 11 2020] (d) ***the*** exercise of an option to call the transaction at a given point in time (**“**time call**”**), when the time period measured from the closing date is equal to or greater than the weighted average life of the initial reference portfolio at ***the*** closing ***date***;
231	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point e**	(e) the exercise of a clean-up call option as defined in point (1) of Article 242 of Regulation (EU) No 575/2013.	(e) the exercise of a clean-up call option as defined in point (1) of Article 242 of Regulation (EU) No 575/2013**;**	(e) the exercise of a clean-up call option as defined in point (1) of Article 242 of Regulation (EU) No 575/2013.	(e) the exercise of a clean-up call option as defined in point (1) of Article 242 of Regulation (EU) No 575/2013**;**

Nr.	Ref.	COM	Council	EP	Compromise
232	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 1 - point e a (new)**		***(f) in the case of unfunded credit protection the investor does no longer qualify as an eligible protection provider in accordance with the requirements set out in paragraph 7.***		[TM 02 12 2020: COM agrees to Council text: relates to the economics of the transactions: if the protection provider would be no longer eligible, transaction would loose STS status, which would impact risk weighting. STS requirements could no longer be fullfilled.] ***(f) in the case of unfunded credit protection the investor does no longer qualify as an eligible protection provider in accordance with the requirements set out in paragraph 7.***
233	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 2**	The transaction documentation shall specify whether any of the call rights referred to in points (d) and (e) are included in the transaction concerned in.	The transaction documentation shall specify whether any of the call rights referred to in points (d) and (e) are included in the transaction concerned ~~in~~.	The transaction documentation shall specify whether any of the call rights referred to in points (d) and (e) are included in the transaction concerned in.,	[PT 01 12 2020: lines 151, 233, 234, 236; line: EP text, line 236: Council text, and line 151] [TM 02 12 2020] The transaction documentation shall specify whether any of the call rights referred to in points (d) and (e) are included in the transaction concerned ~~in~~ ***and how such call rights are structured.***

Nr.	Ref.	COM	Council	EP	Compromise
234	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 3**	For the purposes of point (d), the time call shall not be structured to avoid allocating losses to credit enhancement positions or other positions held by investors and shall not be otherwise structured to provide credit enhancement.	For the purposes of point (d), the time call shall not be structured to avoid allocating losses to credit enhancement positions or other positions held by investors and shall not be otherwise structured to provide credit enhancement.	For the purposes of point (d), the time call shall not be structured to avoid allocating losses to credit enhancement positions or other positions held by investors and shall not be otherwise structured to provide credit enhancement. ***Originators shall notify competent authorities how this requirement is fulfilled, including with a justification of the use of the time call and a plausible account showing that the reason to exercise the call is not a deterioration in the quality of the underlying assets.***	[PT 02 12 2020] For the purposes of point (d), the time call shall not be structured to avoid allocating losses to credit enhancement positions or other positions held by investors and shall not be otherwise structured to provide credit enhancement. ***<u>Where the time call is exercised, o</u>riginators shall notify competent authorities how this requirement is fulfilled, including with a justification of the use of the time call and a plausible account showing that the reason to exercise the call is not a deterioration in the quality of the underlying assets.***
235	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5 - subpara 3a (new)**		***In the case of funded credit protection, upon termination of the credit protection agreement, collateral shall be returned to investors in order of the seniority of the tranches subject to the provisions of the relevant***		[TM 02 12 2020: COM agrees to Council text. Reasoning: To ensure that the investors are granted quick access to remaining collateral in the case of the termination of the transaction] ***In the case of funded credit protection, upon termination***

Nr.	Ref.	COM	Council	EP	Compromise
			insolvency law, as applicable to the originator.		***of the credit protection agreement, collateral shall be returned to investors in order of the seniority of the tranches subject to the provisions of the relevant insolvency law, as applicable to the originator.***
236	*Art. 1 – para. 1 – point 6* **Art. 26e - para 5a (new)**		***5a. The investors may not terminate a transaction prior to its scheduled maturity for any other reason than a failure to pay the credit protection premium or any other material breach of contractual obligations by the originator.***		[PT 02 12 2020: line 234, line 151: material breach of servicing obligation] ***5a. The investors may not terminate a transaction prior to its scheduled maturity for any other reason than a failure to pay the credit protection premium or any other material breach of contractual obligations by the originator.***
237	*Art. 1 – para. 1 – point 6* **Art. 26e - para 6 - intro part**	6. The originator may commit synthetic excess spread, which shall be available as credit enhancement for the investors, where all of the following conditions are met:	6. The originator may commit synthetic excess spread, which shall be available as credit enhancement for the investors, where all of the following conditions are met:	6. The originator may commit synthetic excess spread, which shall be available as credit enhancement for the investors, where all of the following conditions are met:	6. The originator may commit synthetic excess spread, which shall be available as credit enhancement for the investors, where all of the following conditions are met:
238	*Art. 1 – para. 1 – point 6*	(a) the amount of the synthetic excess spread that the originator commits to using as credit enhancement at	(a) the amount of the synthetic excess spread that the originator commits to using as credit enhancement at	(a) the amount of the synthetic excess spread that the originator commits to using as credit enhancement at	(a) the amount of the synthetic excess spread that the originator commits to using as credit enhancement at each

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26e - para 6 - point a	each payment period is specified in the transaction documentation and expressed as a fixed percentage of the total outstanding portfolio balance at the start of the relevant payment period (fixed synthetic excess spread);	each payment period is specified in the transaction documentation and expressed as a fixed percentage of the total outstanding portfolio balance at the start of the relevant payment period (fixed synthetic excess spread);	each payment period is specified in the transaction documentation and expressed as a fixed percentage of the total outstanding portfolio balance at the start of the relevant payment period (fixed synthetic excess spread);	payment period is specified in the transaction documentation and expressed as a fixed percentage of the total outstanding portfolio balance at the start of the relevant payment period (fixed synthetic excess spread);
239	*Art. 1 – para. 1 – point 6* **Art. 26e - para 6 - point b**	(b) the synthetic excess spread which is not used to cover credit losses that materialise during the payment period shall be returned to the originator;	(b) the synthetic excess spread which is not used to cover credit losses that materialise during ~~the~~ ***each*** payment period shall be returned to the originator;	(b) the synthetic excess spread which is not used to cover credit losses that materialise during the payment period shall be returned to the originator;	[TM 20 11 2020] (b) the synthetic excess spread which is not used to cover credit losses that materialise during ~~the~~ ***each*** payment period shall be returned to the originator;
240	*Art. 1 – para. 1 – point 6* **Art. 26e - para 6 - point c**	(c) for originators using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the total committed amount per year shall not be higher than the one-year regulatory expected loss amounts on the underlying portfolio of underlying exposures, calculated in accordance with Article 158 of Regulation (EU) No 575/2013;	(c) for originators using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the total committed amount per year shall not be higher than the one-year regulatory expected loss amounts on the underlying portfolio of underlying exposures, calculated in accordance with Article 158 of Regulation (EU) No 575/2013;	(c) for originators using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the total committed amount per year shall not be higher than the one-year regulatory expected loss amounts on the underlying portfolio of underlying exposures, calculated in accordance with Article 158 of Regulation (EU) No 575/2013;	(c) for originators using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the total committed amount per year shall not be higher than the one-year regulatory expected loss amounts on the underlying portfolio of underlying exposures, calculated in accordance with Article 158 of Regulation (EU) No 575/2013;
241	*Art. 1 – para. 1 – point 6*	(d) for originators not using the IRB Approach referred to in Article 143 of	(d) for originators not using the IRB Approach referred to in Article 143 of	(d) for originators not using the IRB Approach referred to in Article 143 of	(d) for originators not using the IRB Approach referred to in Article 143 of

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 26e - para 6 - point d	Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio shall be clearly determined in the transaction documentation;	Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio shall be clearly determined in the transaction documentation;	Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio shall be clearly determined in the transaction documentation;	Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio shall be clearly determined in the transaction documentation;
242	*Art. 1 – para. 1 – point 6* **Art. 26e - para 6 - point e**	(e) the transaction documentation specifies the conditions laid down in this paragraph.	(e) the transaction documentation specifies the conditions laid down in this paragraph.	(e) the transaction documentation specifies the conditions laid down in this paragraph.	(e) the transaction documentation specifies the conditions laid down in this paragraph.
243	*Art. 1 – para. 1 – point 6* **Art. 26e - para 7 - intro part**	7. The credit protection agreements shall meet one of the following conditions:	7. The credit protection agreements shall meet one of the following conditions:	7. The credit protection agreements shall meet one of the following conditions:	7. The credit protection agreements shall meet one of the following conditions:
244	*Art. 1 – para. 1 – point 6* **Art. 26e - para 7 - point a**	(a) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, by which the credit risk is transferred to any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013, provided that the exposures to the investor qualify for a 0% risk weight under Chapter 2 of Part Three, Title II, of that Regulation;	(a) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, by which the credit risk is transferred to any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013, provided that the exposures to the investor qualify for a 0% risk weight under Chapter 2 of Part Three, Title II, of that Regulation;	(a) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, by which the credit risk is transferred to any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013, provided that the exposures to the investor qualify for a 0% risk weight under Chapter 2 of Part Three, Title II, of that Regulation;	(a) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, by which the credit risk is transferred to any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013, provided that the exposures to the investor qualify for a 0% risk weight under Chapter 2 of Part Three, Title II, of that Regulation;

Nr.	Ref.	COM	Council	EP	Compromise
245	*Art. 1 – para. 1 – point 6* **Art. 26e - para 7 - point b**	(b) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, which benefits from a counter-guarantee of any of the entities referred to in point (a) of this paragraph;	(b) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, which benefits from a counter-guarantee of any of the entities referred to in point (a) of this paragraph;	(b) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, which benefits from a counter-guarantee of any of the entities referred to in point (a) of this paragraph;	(b) a guarantee meeting the requirements set out in Chapter 4 of Part Three, Title II, of Regulation (EU) No 575/2013, which benefits from a counter-guarantee of any of the entities referred to in point (a) of this paragraph;
246	*Art. 1 – para. 1 – point 6* **Art. 26e - para 7 - point c**	(c) other credit protection not referred to in points (a) and (b) of this paragraph in the form of guarantees, credit derivatives or credit linked notes that meet the requirements set out 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.	(c) other credit protection not referred to in points (a) and (b) of this paragraph in the form of guarantees, credit derivatives or credit linked notes that meet 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 ***8 and*** 9 ~~and 10~~ of this Article.	(c) other credit protection not referred to in points (a) and (b) of this paragraph in the form of guarantees, credit derivatives or credit linked notes that meet the requirements set out 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.	[TM 20 11 2020, there is no para 10] (c) other credit protection not referred to in points (a) and (b) of this paragraph in the form of guarantees, credit derivatives or credit linked notes that meet 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 ***8 and*** 9 ~~and 10~~ of this Article.
247	*Art. 1 – para. 1 – point 6* **Art. 26e - para 8 - subpara 1 - intro part**	8. The other credit protection referred to in point (c) of paragraph 7 shall meet the following requirements:	8. The other credit protection referred to in point (c) of paragraph 7 shall meet the following requirements:	8. The other credit protection referred to in point (c) of paragraph 7 shall meet the following requirements:	8. The other credit protection referred to in point (c) of paragraph 7 shall meet the following requirements:

Nr.	Ref.	COM	Council	EP	Compromise
248	*Art. 1 – para. 1 – point 6* **Art. 26e - para 8 - subpara 1 - point a**	(a) the right of the originator to use the collateral to meet protection payment obligations of the investors is enforceable and the enforceability of that right is ensured through appropriate collateral arrangements;	(a) the right of the originator to use the collateral to meet protection payment obligations of the investors is enforceable and the enforceability of that right is ensured through appropriate collateral arrangements;	(a) the right of the originator to use the collateral to meet protection payment obligations of the investors is enforceable and the enforceability of that right is ensured through appropriate collateral arrangements;	(a) the right of the originator to use the collateral to meet protection payment obligations of the investors is enforceable and the enforceability of that right is ensured through appropriate collateral arrangements;
249	*Art. 1 – para. 1 – point 6* **Art. 26e - para 8 - subpara 1 - point b**	(b) the right of the investors, when the securitisation is unwound or as the tranches amortise, to return any collateral that has not been used to meet protection payments is enforceable;	(b) the right of the investors, when the securitisation is unwound or as the tranches amortise, to return any collateral that has not been used to meet protection payments is enforceable;	(b) the right of the investors, when the securitisation is unwound or as the tranches amortise, to return any collateral that has not been used to meet protection payments is enforceable;	(b) the right of the investors, when the securitisation is unwound or as the tranches amortise, to return any collateral that has not been used to meet protection payments is enforceable;
250	*Art. 1 – para. 1 – point 6* **Art. 26e - para 8 - subpara 1 - point c**	(c) where the collateral is invested in securities, the transaction documentation sets out the eligibility criteria and custody arrangement for such securities.	(c) where the collateral is invested in securities, the transaction documentation sets out the eligibility criteria and custody arrangement for such securities.	(c) where the collateral is invested in securities, the transaction documentation sets out the eligibility criteria and custody arrangement for such securities.	(c) where the collateral is invested in securities, the transaction documentation sets out the eligibility criteria and custody arrangement for such securities.
251	*Art. 1 – para. 1 – point 6* **Art. 26e - para 8 - subpara 2**	The transaction documentation shall specify whether investors remain exposed to the credit risk of the originator.	The transaction documentation shall specify whether investors remain exposed to the credit risk of the originator.	The transaction documentation shall specify whether investors remain exposed to the credit risk of the originator.	The transaction documentation shall specify whether investors remain exposed to the credit risk of the originator.
252	*Art. 1 – para. 1 – point 6* **Art. 26e - para 8 - subpara 3**	The originator shall obtain an opinion from a qualified legal counsel confirming the enforceability of the credit	The originator shall obtain an opinion from a qualified legal counsel confirming the enforceability of the credit	The originator shall obtain an opinion from a qualified legal counsel confirming the enforceability of the credit	The originator shall obtain an opinion from a qualified legal counsel confirming the enforceability of the credit

Nr.	Ref.	COM	Council	EP	Compromise
		protection in all relevant jurisdictions.	protection in all relevant jurisdictions.	protection in all relevant jurisdictions.	protection in all relevant jurisdictions.
253	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - intro part**	9. Where other credit protection is provided in accordance with point (c) of paragraph (7) of this Article, the originator shall have recourse to high-quality collateral, which shall be either of the following:	9. Where other credit protection is provided in accordance with point (c) of paragraph (7) of this Article, the originator shall have recourse to high-quality collateral, which shall be either of the following:	9. Where other credit protection is provided in accordance with point (c) of paragraph (7) of this Article, the originator shall have recourse to high-quality collateral, which shall be either of the following:	9. Where other credit protection is provided in accordance with point (c) of paragraph (7) of this Article, the originator shall have recourse to high-quality collateral, which shall be either of the following:
254	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point a**	(a) collateral in the form of 0% risk-weighted debt securities referred to in Chapter 2, of Part Three, Title II, of Regulation (EU) No 575/2013 that meet all of the following conditions:	(a) collateral in the form of 0% risk-weighted debt securities referred to in Chapter 2, of Part Three, Title II, of Regulation (EU) No 575/2013 that meet all of the following conditions:	(a) collateral in the form of 0% risk-weighted debt securities referred to in Chapter 2, of Part Three, Title II, of Regulation (EU) No 575/2013 that meet all of the following conditions:	(a) collateral in the form of 0% risk-weighted debt securities referred to in Chapter 2, of Part Three, Title II, of Regulation (EU) No 575/2013 that meet all of the following conditions:
255	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point a - point i**	(i) those debts securities have a remaining maximum maturity of three months which matches the payment dates;	(i) those debts securities have a remaining maximum maturity of ***up to*** three months which matches the payment dates;	(i) those ***debt*** securities have a remaining maximum maturity of three months which ***is no later than the next*** payment ***date***;	[TM 26 11 2020, Wording propsal TM: credit risk should be limited to 3 months securities at most; in addition, besides allowing for situtions where securitities with an exactly matching maturity are not available, the text also caters for situations where the ***next payment date is more than three months away***] (i) those ***debt*** securities have a remaining maximum maturity of three months which ***shall be***

Nr.	Ref.	COM	Council	EP	Compromise
					no longer than the remaining period up to the next payment date;
256	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point a - point ii**	(ii) those debt securities can be redeemed into cash in an amount equal to the outstanding balance of the protected tranche;	(ii) those debt securities can be redeemed into cash in an amount equal to the outstanding balance of the protected tranche;	(ii) those debt securities can be redeemed into cash in an amount equal to the outstanding balance of the protected tranche;	(ii) those debt securities can be redeemed into cash in an amount equal to the outstanding balance of the protected tranche;
257	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point a - point iii**	(iii) those debt securities are held by a custodian independent of the originator and the investors;	(iii) those debt securities are held by a custodian independent of the originator and the investors;	(iii) those debt securities are held by a custodian independent of the originator and the investors;	(iii) those debt securities are held by a custodian independent of the originator and the investors;
258	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point b**	(b) collateral in the form of cash held with a third-party credit institution or in the form of cash on deposit with the originator, subject to a minimum credit quality step 2 as referred to in Article 136 of Regulation (EU) No 575/2013.	(b) collateral in the form of cash held with a third-party credit institution or in the form of cash on deposit with the originator, subject to a minimum credit quality step 2 as referred to in Article 136 of Regulation (EU) No 575/2013. ***The competent authorities designated pursuant to Article 29(5) of Regulation (EU) No 2402/2017 may, after consulting EBA, allow collateral in the form of cash held with a third-party credit***	(b) collateral in the form of cash held with a third-party credit institution ***with credit quality step 2 or above at the time of origination and credit quality step 3 or above, as referred to in Article 136 of Regulation (EU) No 575/2013, thereafter;***	

Nr.	Ref.	COM	Council	EP	Compromise
			institution or in the form of cash on deposit with the originator, subject to a credit quality step 3 provided that market difficulties, objective impediments related to the credit quality step assigned to the Member States of the institution or significant potential concentration problems in the Member States concerned due to the application of a minimum credit quality step 2 requirement referred to in this paragraph can be documented.		
259	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point ba (new) - intro. part**			***(ba)* *collateral*** in the form of cash on deposit with the originator, ***or one of its affiliates, in each case where the originator or affiliate has provided the protection seller with recourse to collateral that meets all of the following conditions:***	
260	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1**			***(i) it is in the form of 0% risk-weighted debt securities referred to in Chapter 2, Part Three, Title II of Regulation (EU) No 575/2013, or are***	

Nr.	Ref.	COM	Council	EP	Compromise
	- point ba (new) - point i			***assets referred to in Article 10 of Commission Delegated Regulation (EU) 2015/61, or that has*** a minimum ***of*** credit quality step 2 as referred to in Article 136 of Regulation (EU) No 575/2013;	
261	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point ba (new) - point ii**			***(ii) it has a principal market value at the last payment date that is not less than the 100% of the outstanding balance value of the protected tranche;***	
262	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point ba (new) - point ii, subpara 2**			***By derogation from point (ii), if the collateral is in the form of assets that have a minimum of credit quality step 2, it shall have a market value at the last payment date that is not less than 105% of the value of the protected tranche;***	
263	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point ba (new) - point iii**			***(iii) it is held by a custodian independent of the originator and the investors; and***	

Nr.	Ref.	COM	Council	EP	Compromise
264	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point ba (new) - point iv**			***(iv) it either has a remaining maximum maturity which is not later than the next payment date or it is provided under an arrangement that provides for margining on a at least a quarterly basis or each payment date (whichever is most frequent) with cash or additional collateral meeting the requirements of points (i) and (iii)***.	
265	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 2**	For the purposes of point (b), where the third-party credit institution or the originator no longer satisfy the minimum credit quality step 2, the collateral shall be promptly transferred to a third-party credit institution with a credit quality step of 2 or higher or the collateral shall be invested in securities meeting the criteria laid down in point (a) of this paragraph. The requirements set out in this point (b) shall be deemed satisfied in the case of investments in credit linked notes issued by the originator,	For the purposes of point (b), where the third-party credit institution or the originator no longer ~~satisfy~~ ***satisfies*** the minimum credit quality step 2, the collateral shall be promptly transferred to a third-party credit institution with a credit quality step of 2 or higher or the collateral shall be invested in securities meeting the criteria laid down in point (a) of this paragraph. The requirements set out in ~~this~~ point (b) shall be deemed satisfied in the case of investments in credit linked notes issued by the originator,	For the purposes of point (b), where the third-party credit institution [redacted] no longer ***satisfies*** the minimum credit quality step ***3***, the collateral shall be promptly transferred to a third-party credit institution with a credit quality step of 2 or higher or the collateral shall be invested in securities meeting the criteria laid down in point (a) of this paragraph. [redacted]	

Nr.	Ref.	COM	Council	EP	Compromise
		in accordance with Article 218 of Regulation (EU) No 575/2013.	in accordance with Article 218 of Regulation (EU) No 575/2013.		
266	*Art. 1 – para. 1 – point 6* **Art. 26e - para 9 - subpara 1 - point a - point i - footnote**	______________________ ______________________ * Commission Implementing Regulation (EU) 2015/227 of 9 January 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 48, 20.2.2015, p. 1).”;	______________________ ___________________ * Commission Implementing Regulation (EU) 2015/227 of 9 January 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 48, 20.2.2015, p. 1).”;	______________________ ______________________ * Commission Implementing Regulation (EU) 2015/227 of 9 January 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 48, 20.2.2015, p. 1).”;	______________________ ______________________ * Commission Implementing Regulation (EU) 2015/227 of 9 January 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 48, 20.2.2015, p. 1).”;
267	*Art. 1 – para. 1 – point 7* **Art. 27**	(7) Article 27 is amended as follows:	(***8***) Article 27 is amended as follows:	(7) Article 27 is amended as follows:	(7) Article 27 is amended as follows:
268	*Art. 1 – para. 1 – point 7 - point a* **Art. 27 - para 1**	(a) paragraph 1 is amended as follows:	(a) paragraph 1 is amended as follows:	(a) paragraph 1 is amended as follows:	(a) paragraph 1 is amended as follows:

Nr.	Ref.	COM	Council	EP	Compromise
269	*Art. 1 – para. 1 – point 7 - point a - point i* **Art. 27 - para 1 - subpara 1**	(i) in the first subparagraph:	(i) in the first subparagraph:	(i) in the first subparagraph:	(i) in the first subparagraph:
270	*Art. 1 – para. 1 – point 7 - point a - point i* **Art. 27 - para 1 - subpara 1 - first sentence**	- the first sentence is replaced by the following:	- the first sentence is replaced by the following:	- the first sentence is replaced by the following:	- the first sentence is replaced by the following:
271	*Art. 1 – para. 1 – point 7 - point a - point i* **Art. 27 - para 1 - subpara 1 - sentence 1**	"Originators and sponsors shall jointly notify ESMA by means of the template referred to in paragraph 7 of this Article where a securitisation meets the requirements of Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e ('STS notification').";	"Originators and sponsors shall jointly notify ESMA by means of the template referred to in paragraph 7 of this Article where a securitisation meets the requirements of Articles 19 to 22 or Articles 23 to 26 ~~or~~, Articles ~~26b~~ ***26a*** to 26e ('STS notification').";	"Originators and sponsors shall jointly notify ESMA by means of the template referred to in paragraph 7 of this Article where a securitisation meets the requirements of Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e ('STS notification').";	[TM 20 11 2020, matching structure used for 19 - 23] "Originators and sponsors shall jointly notify ESMA by means of the template referred to in paragraph 7 of this Article where a securitisation meets the requirements of Articles 19 to 22 or Articles 23 to 26 ~~or~~, Articles ~~26b~~ ***26a*** to 26e ('STS notification').";
272	*Art. 1 – para. 1 – point 7 - point a - point i*	- the following sentence is added:	- the following sentence is added:	- the following sentence is added:	the following sentence is added:

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 27 - para 1 - subpara 1 - sentence 2 a (new)				
273	*Art. 1 – para. 1 – point 7 - point a - point i* **Art. 27 - para 1 - subpara 1 - sentence 2 a (new)**	"In case of an on-balance-sheet synthetic securitisation, only the originator shall be responsible for the notification.";	"In case of an ***STS*** on-balance-sheet ~~***synthetic***~~ securitisation, only the originator shall be responsible for the notification.";	"In case of an on-balance-sheet synthetic securitisation, only the originator shall be responsible for the notification.";	[TM 26 11 2020, STS label only after notification] "In case of a~~n on-balance-sheet~~ synthetic securitisation, only the originator shall be responsible for the notification.";
274	*Art. 1 – para. 1 – point 7 - point a - point ii* **Art. 27 - para 1 - subpara 2**	(ii) the second subparagraph is replaced by the following:	(ii) the second subparagraph is replaced by the following:	(ii) the second subparagraph is replaced by the following:	(ii) the second subparagraph is replaced by the following:
275	*Art. 1 – para. 1 – point 7 - point a - point ii* **Art. 27 - para 1 - subpara 2**	"The STS notification shall include an explanation by the originator and sponsor of how each of the STS criteria set out in Articles 20 to 22 or Articles 24 to 26 or Articles 26b to 26e has been complied with.";	"The STS notification shall include an explanation by the originator and sponsor of how each of the STS criteria set out in Articles 20 to 22 ~~or~~**,** Articles 24 to 26 or Articles 26b to 26e has been complied with.";	"The STS notification shall include an explanation by the originator and sponsor of how each of the STS criteria set out in Articles 20 to 22 or Articles 24 to 26 or Articles 26b to 26e has been complied with.";	"The STS notification shall include an explanation by the originator and sponsor of how each of the STS criteria set out in Articles 20 to 22 ~~or~~, Articles 24 to 26 or Articles 26b to 26e has been complied with.";
276	*Art. 1 – para. 1 – point 7 - point b*	(b) paragraph 2 is amended as follows:	(b) paragraph 2 is amended as follows:	(b) paragraph 2 is amended as follows:	(b) paragraph 2 is amended as follows:

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 27 - para 2				
277	*Art. 1 – para. 1 – point 7 - point b - point i* **Art. 27 - para 2 - subpara 1 - sentence 1**	(i) in the first subparagraph, the first sentence is replaced by the following:	(i) in the first subparagraph, the first sentence is replaced by the following:	(i) in the first subparagraph, the first sentence is replaced by the following:	(i) in the first subparagraph, the first sentence is replaced by the following:
278	*Art. 1 – para. 1 – point 7 - point b - point i* **Art. 27 - para 2 - subpara 1 - sentence 1**	"The originator, sponsor or SSPE may use the service of a third party authorised under Article 28 to check whether a securitisation complies with Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e.";	"The originator, sponsor or SSPE may use the service of a third party authorised under Article 28 to check whether a securitisation complies with Articles 19 to 22 ~~or~~**,** Articles 23 to 26 or Articles ~~26b~~ ***26a*** to 26e.";	"The originator, sponsor or SSPE may use the service of a third party authorised under Article 28 to check whether a securitisation complies with Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e.";	"The originator, sponsor or SSPE may use the service of a third party authorised under Article 28 to check whether a securitisation complies with Articles 19 to 22 ~~or~~**,** Articles 23 to 26 or Articles ~~26b~~ ***26a*** to 26e.";
279	*Art. 1 – para. 1 – point 7 - point b - point ii* **Art. 27 - para 2 - subpara 2 - sentence 1**	(ii) in the second subparagraph, the first sentence is replaced by the following:	(ii) in the second subparagraph, the first sentence is replaced by the following:	(ii) in the second subparagraph, the first sentence is replaced by the following:	(ii) in the second subparagraph, the first sentence is replaced by the following:
280	*Art. 1 – para. 1 – point 7 - point b - point ii*	"Where the originator, sponsor or SSPE uses the service of a third party authorised pursuant to Article 28 to access whether	"Where the originator, sponsor or SSPE uses the service of a third party authorised pursuant to Article 28 to ~~***access***~~ **assess**	"Where the originator, sponsor or SSPE uses the service of a third party authorised pursuant to Article 28 to access whether	"Where the originator, sponsor or SSPE uses the service of a third party authorised pursuant to Article 28 to ~~***access***~~ **assess**

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 27 - para 2 - subpara 2 - sentence 1	a securitisation complies with Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e, the STS notification shall include a statement that compliance with the STS criteria was confirmed by that authorised third party.”;	whether a securitisation complies with Articles 19 to 22 ~~or~~**,** Articles 23 to 26 or Articles ~~26b~~**26a** to 26e, the STS notification shall include a statement that compliance with the STS criteria was confirmed by that authorised third party.”;	a securitisation complies with Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e, the STS notification shall include a statement that compliance with the STS criteria was confirmed by that authorised third party.”;	whether a securitisation complies with Articles 19 to 22 ~~or~~**,** Articles 23 to 26 or Articles ~~26b~~**26a** to 26e, the STS notification shall include a statement that compliance with the STS criteria was confirmed by that authorised third party.”;
281	*Art. 1 – para. 1 – point 7 - point c* **Art. 27 - para 4**	(c) paragraph 4 is replaced by the following:	(c) paragraph 4 is replaced by the following:	(c) paragraph 4 is replaced by the following:	(c) paragraph 4 is replaced by the following:
282	*Art. 1 – para. 1 – point 7 - point c* **Art. 27 - para 4**	“4. The originator and, where applicable, sponsor, shall immediately notify ESMA and inform their competent authority when a securitisation no longer meets the requirements of Articles 19 to 22, Articles 23 to 26, or Articles 26b to 26e.”;	“4. The originator and, where applicable, sponsor, shall immediately notify ESMA and inform their competent authority when a securitisation no longer meets the requirements of Articles 19 to 22, Articles 23 to 26, or Articles ~~26b~~***26a*** to 26e.”;	“4. The originator and, where applicable, sponsor, shall immediately notify ESMA and inform their competent authority when a securitisation no longer meets the requirements of Articles 19 to 22, Articles 23 to 26, or Articles 26b to 26e.”;	“4. The originator and, where applicable, sponsor, shall immediately notify ESMA and inform their competent authority when a securitisation no longer meets the requirements of Articles 19 to 22, Articles 23 to 26, or Articles ~~26b~~***26a*** to 26e.”;
283	*Art. 1 – para. 1 – point 7 - point d* **Art. 27 - para 5 - sentence 1**	(d) in paragraph 5, the first sentence is replaced by the following:	(d) in paragraph 5, the first sentence is replaced by the following:	(d) in paragraph 5, the first sentence is replaced by the following:	(d) in paragraph 5, the first sentence is replaced by the following:
284	*Art. 1 – para. 1 –*	“ ESMA shall maintain on its official website a list of all	“ ESMA shall maintain on its official website a list of all	“ ESMA shall maintain on its official website a list of all	“ ESMA shall maintain on its official website a list of all

Nr.	Ref.	COM	Council	EP	Compromise
	point 7 - point d **Art. 27 - para 5 - sentence 1**	securitisations which the originators and sponsors have notified to it as meeting the requirements of Articles 19 to 22, Articles 23 to 26, or Articles 26b to 26e.”.	securitisations which the originators and sponsors have notified to it as meeting the requirements of Articles 19 to 22, Articles 23 to 26, or Articles ~~26b~~***26a*** to 26e.”.	securitisations which the originators and sponsors have notified to it as meeting the requirements of Articles 19 to 22, Articles 23 to 26, or Articles 26b to 26e.”.	securitisations which the originators and sponsors have notified to it as meeting the requirements of Articles 19 to 22, Articles 23 to 26, or Articles ~~26b~~***26a*** to 26e.”.
285	*Art. 1 – para. 1 – point 7 - point e* **Art. 27 - para 6 - subpara. 2**	(e) in paragraph 6, the second subparagraph is replaced by the following:	(e) in paragraph 6, the second subparagraph is replaced by the following:	(e) in paragraph 6, the second subparagraph is replaced by the following:	(e) in paragraph 6, the second subparagraph is replaced by the following:
286	*Art. 1 – para. 1 – point 7 - point e* **Art. 27 - para 6 - subpara. 2**	“ESMA shall submit those draft regulatory technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;	“ESMA shall submit those draft regulatory technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;	“ESMA shall submit those draft regulatory technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;	“ESMA shall submit those draft regulatory technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;
287	*Art. 1 – para. 1 – point 7 - point f* **Art. 27 - para. 7 - subpara. 2**	(f) in paragraph 7, the second subparagraph is replaced by the following:	(f) in paragraph 7, the second subparagraph is replaced by the following:	(f) in paragraph 7, the second subparagraph is replaced by the following:	(f) in paragraph 7, the second subparagraph is replaced by the following:
288	*Art. 1 – para. 1 – point 7 - point f* **Art. 27 - para. 7 - subpara. 2**	“ESMA shall submit those draft implementing technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;	“ESMA shall submit those draft implementing technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;	“ESMA shall submit those draft implementing technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;	“ESMA shall submit those draft implementing technical standards to the Commission by [6 months after the date of entry into force of this amending Regulation].”;

Nr.	Ref.	COM	Council	EP	Compromise
289	*Art. 1 – para. 1 – point 8* **Art. 28 - para. 1 - sentence 1**	(8) in Article 28(1) the first sentence is replaced by the following:	(**9**) in Article 28(1) the first sentence is replaced by the following:	(8) in Article 28(1) the first sentence is replaced by the following:	(8) in Article 28(1) the first sentence is replaced by the following:
290	*Art. 1 – para. 1 – point 8* **Art. 28 - para. 1 - sentence 1**	"1. A third party as referred to in Article 27(2) shall be authorised by the competent authority to assess the compliance of securitisations with the STS criteria provided for in Articles 19 to 22, Articles 23 to 26, or Articles 26b to 26e.";	"1. A third party as referred to in Article 27(2) shall be authorised by the competent authority to assess the compliance of securitisations with the STS criteria provided for in Articles 19 to 22, Articles 23 to 26, or Articles ~~26b~~***26a*** to 26e.";	"1. A third party as referred to in Article 27(2) shall be authorised by the competent authority to assess the compliance of securitisations with the STS criteria provided for in Articles 19 to 22, Articles 23 to 26, or Articles 26b to 26e.";	"1. A third party as referred to in Article 27(2) shall be authorised by the competent authority to assess the compliance of securitisations with the STS criteria provided for in Articles 19 to 22, Articles 23 to 26, or Articles ~~26b~~***26a*** to 26e.";
291	*Art. 1 – para. 1 – point 9* **Art. 29 - para. 5 - sentence 2**	(9) in Article 29(5), the second sentence is replaced by the following:	(***10***) in Article 29(5), the second sentence is replaced by the following:	(9) in Article 29(5), the second sentence is replaced by the following:	(9) in Article 29(5), the second sentence is replaced by the following:
292	*Art. 1 – para. 1 – point 9* **Art. 29 - para. 5 - sentence 2**	"'Member States shall inform the Commission and ESMA of the designation of competent authorities pursuant to this paragraph by […].";	"Member States shall inform the Commission and ESMA of the designation of competent authorities pursuant to this paragraph by [***6 months after date of entry into force***]. ***Until the designation of a competent authority to supervise the requirements in accordance with Article 26a to 26e the competent***	"'Member States shall inform the Commission and ESMA of the designation of competent authorities pursuant to this paragraph by […].";	[PT 01 12 2020: agreed] [TM 27 11 2020: transitional, in order to avoid a situtation that STS requirements are not supervised in an interim period, text proposal of TM meeting] "Member States shall inform the Commission and ESMA of the designation of competent authorities pursuant to this

Nr.	Ref.	COM	Council	EP	Compromise
			authority designated to supervise the requirements in accordance with Article 18 to 27 applicable at [one day before date of entry into force] shall also supervise the requirements pursuant to Article 26a to 26e.";		paragraph by [***6 months after date of entry into force***]. ***Until the designation of a competent authority to supervise the requirements in accordance with Article 26a to 26e the competent authority designated to supervise the requirements in accordance with Article 18 to 27 applicable at [one day before date of entry into force] shall also supervise the requirements pursuant to Article 26a to 26e.***";
292a	*Art. 1 – para. 1 – point 10* **Art. 30 - para. 2 - point a**				(10) in Article 30(2), point (a) is replaced by the following:
292b	*Art. 1 – para. 1 – point 10* **Art. 30 - para. 2 - point a**				[TM 07 12 2020: Reasoning: to align with the derogation (line 71) provided in Art. 9(1) for NPEs, AP: to check by DLA] (a) the processes and mechanisms to correctly measure and retain the material net economic interest on an ongoing basis, the gathering and timely disclosure of all

Nr.	Ref.	COM	Council	EP	Compromise
					information to be made available in accordance with Article 7, **and *<u>for exposures that are not part of an NPE Securitisation,</u>*** the credit-granting criteria ***applied to performing exposures the <u>sound standards for selection and pricing applied to</u> underlying exposures that are non-performing exposures as referred to in the second subparagraph of Article 9(1),*** in accordance with Article 9;
293	*Art. 1 – para. 1 – point 10* **Art. 30 - para. 2 - point d**	(10) in Article 30(2), the following point (d) is added:	(11) in Article 30(2), the following point (d) is added:	(10) in Article 30(2), the following ***points (-d) and*** (d) ***are*** added:	[PT 01 12 2020: TM to provide text for lines 17, 55-57, 65-69, 71 and 293, 294] [TM 03 12 2020: (10) in Article 30(2), the following ***points (-d) and*** (d) ***are*** added:
294	*Art. 1 – para. 1 – point 10* **Art. 30 - para. 2 - point (-d)**			***'(-d) for NPE securitisations in particular, the processes and mechanisms to ensure that no instances of regulatory arbitrage or abuse of the exemption to fulfil the requirement under Article 9(1) take place;';***	[TM 03 12 2020, Rationale see line 57] ***'(-d) for NPE securitisations ~~in particular~~, the processes and mechanisms to ensure <u>compliance with Article 9(1) preventing any</u> ~~that no instances of regulatory arbitrage or~~ abuse of the***

Nr.	Ref.	COM	Council	EP	Compromise
					~~exemption~~ ***<u>derogation provided for in the second subparagraph of</u>*** ***~~to fulfil the requirement under~~*** ***Article 9(1)*** ***~~take place;~~*** ***';***
295	*Art. 1 – para. 1 – point 10* **Art. 30 - para. 2 - point d**	'(d) for STS on-balance sheet securitisations, the processes and mechanism to ensure compliance with Articles 26 (b) to 26(e).';	'(d) for STS on-balance-sheet securitisations, the processes and mechanism to ensure compliance with Articles ~~26(b)~~***26b*** to ~~26(e)~~***26e***.';	'(d) for STS on-balance sheet securitisations, the processes and mechanism to ensure compliance with Articles 26 (b) to 26(e).';	[TM 2: Council has to check whether lines 296 - 304 acceptable: Copy of 31(2)]
296	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new)**			***(10 a) in Article 31 the following paragraph is added:***	[PT 01 12 2020: TM to provide text proposal on basis of EP text, considering also EBA report Art. 270(1a) CRR] [TM 03 12 2020: lines 296 - 304] ***(10 a) Article 31 is replaced by the following:***
					"Article 31 Macroprudential oversight of the securitisation market
					1. Within the limits of its mandate, the ESRB shall be responsible for the macroprudential oversight of the Union's securitisation market.

Nr.	Ref.	COM	Council	EP	Compromise
					2. In order to contribute to the prevention or mitigation of systemic risks to financial stability in the Union that arise from developments within the financial system and taking into account macroeconomic developments, so as to avoid periods of widespread financial distress, the ESRB shall continuously monitor developments in the securitisation markets. Where the ESRB considers it necessary, or at least every 3 years, in order to highlight financial stability risks, the ESRB shall, in ~~collaboration~~ <u>cooperation</u> with the EBA, publish a report on the financial stability implications of the securitisation market. ~~*If material risks are observed, the ESRB shall provide warnings and, where appropriate, issue recommendations for remedial action in response to those risks pursuant to Article 16 of Regulation (EU) No*~~

Nr.	Ref.	COM	Council	EP	Compromise
					~~*1092/2010, including on the appropriateness of modifying the risk retention levels, or the taking of other macroprudential measures, to the Commission, the ESAs and to the Member States. The Commission, the ESAs and the Member States shall, in accordance with Article 17 of Regulation (EU) No 1092/2010, communicate to the ESRB, the European Parliament and the Council the actions undertaken in response to the recommendation and shall provide adequate justification for any inaction within three months of the date of transmission of the recommendation to the addressees.*~~
297	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new) - subpara 1**			***"2a. Without prejudice to paragraph 2 and the report referred to in Article 44, the ESRB shall, in close cooperation with ESMA, EBA and EIOPA, publish a report analysing the impact of and any systemic risks to financial stability arising***	[TM 07 12 2020: Council timeline (24 months....) is in line with its AM 270(1a) CRR - EBA Report; actual difference between EP and Council would be 3 months,

Nr.	Ref.	COM	Council	EP	Compromise
				from the introduction through this Regulation of a class of STS on-balance-sheet securitisations, such as the potential risks created by concentration and inter-connectedness among non-public credit protection sellers.	Review of securitisation framework with legislative proposal due to 1. Jan 2022: EP intention: Report should at least inform the trilogue negotiations for the Securitisation review. **TM text proposal: time according EP text**] ***3. Without prejudice to paragraph 2 and the report referred to in Article 44, the ESRB shall, in close cooperation with ESMA, EBA and EIOPA, publish by... 31 December 2022 a report <u>assessing</u> ~~analysing~~ the impact on financial stability of the introduction ~~through this Regulation~~ ~~of a class~~ of STS on-balance-sheet***

Nr.	Ref.	COM	Council	EP	Compromise
					securitisations*, *and any potential systemic risks ~~***–to financial stability arising from the introduction through this Regulation of a class of STS on-balance-sheet securitisations,***~~ ***such as*** ~~***potential***~~ ***risks created by concentration and inter-connectedness among non-public credit protection sellers.***
298	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new) - subpara 2**			***The report shall be published by 31 December 2022 at the latest and take into account the specific features of on-balance-sheet securitisation, namely its typical bespoke and private character in financial markets, and examine whether the current framework is truly conducive to overall risk reduction in the financial system and to***	[TM 03 12 2020: "current framework"] ***The report shall take into account the specific features of*** ~~***on-balance-sheet***~~ ***synthetic securitisation, namely its typical bespoke and private character in financial markets, and examine***

Nr.	Ref.	COM	Council	EP	Compromise
				better financing of the real economy.	***whether the ~~current~~ <u>treatment of STS on-balance sheet securitisation</u> ~~framework~~ is conducive to overall risk reduction in the financial system and to better financing of the real economy.***
299	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new) - subpara 3 - intro part**			***The ESRB shall use a variety of relevant data sources, such as:***	***When preparing the report, the ESRB shall use a variety of relevant data sources, such as:***
300	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new) - subpara 3 - point a**			***a) data collected by competent authorities in accordance with Article 7(1),***	***(a) data collected by competent authorities in accordance with Article 7(1);***
301	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a**			***b) the outcome of reviews carried out by competent authorities in accordance with Article 30(2), and***	***(b) the outcome of reviews carried out by competent***

Nr.	Ref.	COM	Council	EP	Compromise
	(new) - subpara 3 - point b				***authorities in accordance with Article 30(2); and***
302	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new) - subpara 3 - point c**			***c) data held in securitisation repositories in accordance with Article 10.***	***(c) data held in securitisation repositories in accordance with Article 10.***
303	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new) - subpara 4**			***If appropriate, the ESRB shall issue warnings and recommendations for remedial action pursuant to Article 16 of Regulation (EU) No 1092/2010, including on the appropriateness of modifying the risk-retention levels or other macroprudential measures, to the Commission, the ESAs and to the Member States.***	***4.*** In accordance with Article 16 of Regulation (EU) No 1092/2010, the ESRB shall provide warnings and, where appropriate, issue recommendations for remedial action in response to the risks referred to in paragraphs 2 and 3 of this Article, including on the appropriateness of modifying the risk-retention levels, or other macroprudential measures.

Nr.	Ref.	COM	Council	EP	Compromise
304	*Art. 1 – para. 1 – point 10a (new)* **Art. 31 - para. 2a (new) - subpara 5**			***The Commission, the ESAs and the Member States shall, in accordance with Article 17 of Regulation (EU) No 1092/2010, communicate to the ESRB, the European Parliament and the Council the actions undertaken in response to the recommendation and shall provide adequate justification for any inaction within three months of the date of transmission of the recommendation to the addressees."***	Within three months of the date of transmission of the recommendation, the addressee of the recommendation shall, in accordance with Article 17 of Regulation (EU) No 1092/2010, communicate to the ESRB, the European Parliament and the Council the actions taken in response to the recommendation and shall provide adequate justification for any inaction.
305	*Art. 1 – para. 1 – point 11* **Art. 32 - para. 1 - point e**	(11) in Article 32(1), point (e) is replaced by the following:	**(12)** in Article 32(1), point (e) is replaced by the following:	(11) in Article 32(1), point (e) is replaced by the following:	(11) in Article 32(1), point (e) is replaced by the following:
306	*Art. 1 – para. 1 – point 11*	'(e) a securitisation is designated as STS and an originator, sponsor or SSPE of that securitisation has failed to	'(e) a securitisation is designated as STS and an originator, sponsor or SSPE of that securitisation has failed to	'(e) a securitisation is designated as STS and an originator, sponsor or SSPE of that securitisation has failed to	'(e) a securitisation is designated as STS and an originator, sponsor or SSPE of that securitisation has failed to

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 32 - para. 1 - point e	meet the requirements provided for in Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e;”;	meet the requirements provided for in Articles 19 to 22 ~~or~~***,*** Articles 23 to 26 or Articles ~~26b~~***26a*** to 26e;”;	meet the requirements provided for in Articles 19 to 22 or Articles 23 to 26 or Articles 26b to 26e;”;	meet the requirements provided for in Articles 19 to 22 ~~or~~***,*** Articles 23 to 26 or Articles ~~26b~~***26a*** to 26e;”;
307	*Art. 1 – para. 1 – point 11 a (new)* **Art. 32 - para. 2 - point d**		***(12a) in Article 32(2), point (d) is replaced by the following:***		***(12a) in Article 32(2), point (d) is replaced by the following:***
308	*Art. 1 – para. 1 – point 11 a (new)* **Art. 32 - para. 2 - point d**		‘(d) in the case of an infringement as referred to in point (e) or (f) of the first subparagraph of paragraph 1 of this Article a temporary ban preventing the originator and sponsor from notifying under Article 27(1) that a securitisation meets the requirements set out in Articles 19 to 22 or Articles 23 to 26 ***or Articles 26a to 26e***.’		‘(d) in the case of an infringement as referred to in point (e) or (f) of the first subparagraph of paragraph 1 of this Article a temporary ban preventing the originator and sponsor from notifying under Article 27(1) that a securitisation meets the requirements set out in Articles 19 to 22 or Articles 23 to 26 ***or Articles 26a to 26e***.’
309	*Art. 1 – para. 1 – point 11 b (new)* **Art. 32 - para. 2 - point h**		***(12b) in Article 32(2), point (h) is replaced by the following:***		***(12b) in Article 32(2), point (h) is replaced by the following:***
310	*Art. 1 – para. 1 –*		(h) in the case of an infringement as referred to in		(h) in the case of an infringement as referred to in

Nr.	Ref.	COM	Council	EP	Compromise
	point 11 b (new) **Art. 32 - para. 2 - point h**		point (h) of the first subparagraph of paragraph 1 of this Article, a temporary withdrawal of the authorisation referred to in Article 28 for the third party authorised to check the compliance of a securitisation with Articles 19 to 22 or Articles 23 to 26 ***or Articles 26a to 26e***.		point (h) of the first subparagraph of paragraph 1 of this Article, a temporary withdrawal of the authorisation referred to in Article 28 for the third party authorised to check the compliance of a securitisation with Articles 19 to 22 or Articles 23 to 26 ***or Articles 26a to 26e***.
311	*Art. 1 – para. 1 – point 12* **Art. 43a**	(12) the following Article 43a is inserted:	(***13***) the following Article 43a is inserted:	(12) the following Article 43a is inserted:	(12) the following Article 43a is inserted:
312	*Art. 1 – para. 1 – point 12* **Art. 43a**	"Article 43a	"Article 43a	"Article 43a	"Article 43a
313	*Art. 1 – para. 1 – point 12* **Art. 43a - title**	Transitional provision for on-balance sheet synthetic securitisations	Transitional provision for ***STS*** on-balance sheet ~~synthetic~~ securitisations	Transitional provision for on-balance sheet synthetic securitisations	Transitional provision for ***STS*** on-balance sheet ~~synthetic~~ securitisations
314	*Art. 1 – para. 1 – point 12* **Art. 43a - para 1**	1. In respect of on-balance-sheet synthetic securitisations for which the credit protection agreement has become effective before [date of entry into force], originators and SSPEs may use the designation 'STS' or 'simple, transparent and	1. In respect of ~~on-balance-sheet~~ synthetic securitisations for which the credit protection agreement has become effective before [*date of entry into force*], originators and SSPEs may use the designation 'STS' or 'simple, transparent and	1. In respect of on-balance-sheet synthetic securitisations for which the credit protection agreement has become effective before [date of entry into force], originators and SSPEs may use the designation 'STS' or 'simple, transparent and	1. In respect of ~~on-balance-sheet~~ synthetic securitisations for which the credit protection agreement has become effective before [*date of entry into force*], originators and SSPEs may use the designation 'STS' or 'simple, transparent and standardised',

Nr.	Ref.	COM	Council	EP	Compromise
		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 3 of this Article are complied with at the time of the notification referred to in Article 27(1).	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 3 of this Article are complied with at the time of the notification referred to in Article 27(1).	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 3 of this Article are complied with at the time of the notification referred to in Article 27(1).	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 3 of this Article are complied with at the time of the notification referred to in Article 27(1).
315	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2**	2. Until the day of application of the regulatory technical standards referred to in Article 27(6) and, originators shall, for the purposes of the obligation set out in point (a) Article 27(1), make the necessary information available to ESMA in writing.";	2. Until the day of application of the regulatory technical standards referred to in Article 27(6) ~~and~~, originators shall, for the purposes of the obligation set out in ~~point (a)~~ Article 27(1), make the necessary information available to ESMA in writing.";	2. Until the day of application of the regulatory technical standards referred to in Article 27(6) and, originators shall, for the purposes of the obligation set out in point (a) Article 27(1), make the necessary information available to ESMA in writing.";	[TM 26 11 2020 correction of wrong reference] 2. Until the day of application of the regulatory technical standards referred to in Article 27(6) ~~and~~, originators shall, for the purposes of the obligation set out in ~~point (a)~~ Article 27(1), make the necessary information available to ESMA in writing.";
316	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2a (new) - intro part**		***3. Securitisations the initial securitisation positions of which were created before [date of entry into force] shall be considered 'STS' provided that:***		[PT 01 12 2020: agreed, Council text: lines 316 - 326[[TM 23 11 2020, proposed Text , Council text: structure follows the transitional provisions in Art. 43(3) and (4) provided in the STSR for non-ABCP transations]

Nr.	Ref.	COM	Council	EP	Compromise
					[TM 23 11 2020, Council text uses existing language of Art. 43)3), point (a)] ***3. Securitisations the initial securitisation positions of which were created before [date of entry into force] shall be considered 'STS' provided that:***
317	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2a (new) - point a**		***(a) they met, at the time of the creation of the initial securitisation positions, the requirements set out in Article 26b(1) to (5), (7) to (9) and (11) to (12) , Article 26c(1) and (3) and Article 26e(1), (2) first subparagraph, (3) third and fourth subparagraph, (6) to (9); and***		***(a) they met, at the time of the creation of the initial securitisation positions, the requirements set out in Article 26b(1) to (5), (7) to (9) and (11) to (12) , Article 26c(1) and (3) and Article 26e(1), (2) first subparagraph, (3) third and fourth subparagraph, (6) to (9); and***
318	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2a (new) - point b**		***(b) they meet, as of the time of notification pursuant to Article 27(1), the requirements set out in Article 26b(6) and (10), Article 26c(2) and (4) to (10), Article 26d(1) to (5) and Article 26e(2) second to seventh subparagraph, (3) first, second and fifth subparagraph and (4) to (5).***		***(b) they meet, as of the time of notification pursuant to Article 27(1), the requirements set out in Article 26b(6) and (10), Article 26c(2) and (4) to (10), Article 26d(1) to (5) and Article 26e(2) second to seventh subparagraph, (3) first, second and fifth subparagraph and (4) to (5).***

Nr.	Ref.	COM	Council	EP	Compromise
319	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - intro. part**		***4. For the purposes of point (b) of paragraph 3, the following shall apply:***		[TM 23 11 2020, Council text uses existing language of Art. 43(4)] ***4. For the purposes of point (b) of paragraph 3, the following shall apply:***
320	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - point a**		***(a) in Article 26d(2), 'prior to the closing of the transaction' shall be deemed to read 'prior to notification under Article 27(1)';***		***(a) in Article 26d(2), 'prior to the closing of the transaction' shall be deemed to read 'prior to notification under Article 27(1)';***
321	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - point b**		***(b) in Article 26d(3), 'before the pricing of the securitisation' shall be deemed to read 'prior to notification under Article 27(1)';***		***(b) in Article 26d(3), 'before the pricing of the securitisation' shall be deemed to read 'prior to notification under Article 27(1)';***
322	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - point c**		***(c) in Article 26d(5):***		***(c) in Article 26d(5):***
323	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - point c - point i**		***(i) in the second sentence, 'before pricing' shall be deemed to read 'prior to notification under Article 27(1)';***		***(i) in the second sentence, 'before pricing' shall be deemed to read 'prior to notification under Article 27(1)';***

Nr.	Ref.	COM	Council	EP	Compromise
324	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - point c - point ii**		***(ii) in the third sentence, 'before pricing at least in draft or initial form' shall be deemed to read 'prior to notification under Article 27(1)';***		***(ii) in the third sentence, 'before pricing at least in draft or initial form' shall be deemed to read 'prior to notification under Article 27(1)';***
325	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - point c - point iii**		***(iii) the requirement set out in the fourth sentence shall not apply;***		***(iii) the requirement set out in the fourth sentence shall not apply;***
326	*Art. 1 – para. 1 – point 12* **Art. 43a - para 2b (new) - point c - point iv**		***(iv) references to compliance with Article 7 shall be construed as if Article 7 applied to those securitisations notwithstanding Article 43(1).***		***(iv) references to compliance with Article 7 shall be construed as if Article 7 applied to those securitisations notwithstanding Article 43(1).***
327	*Art. 1 – para. 1 – point 12 a (new)* **Art. 44 - point da (new)**			***(12 a) in Article 44, the following point is added:***	[TM 26 11 2020: Council concern concerning the lack of competence and expertise of ESAs to address this issue; Additional issue to consider: no inforamtion yet readly available on geographical location of SSPEs, i.e. no requirement in Art. 7 STSR to disclosue this information;

Nr.	Ref.	COM	Council	EP	Compromise
					Intendend scope of provision unclear; ***(12 a) in Article 44, the following point is added:***
328	*Art. 1 – para. 1 – point 12 a (new)* **Art. 44 - point da (new)**			***"(da) the geographical location of SSPEs, together with an assessment of the reasons behind the location choice, including to what extent the existence of a favourable tax and regulatory regime plays a critical role in this respect."***	[TM 03 12 2020. EP text needs to be considered in two parts. Part 1: geographical location; ne point (da): (EU and third-countries) of SSPEs: there are no concerns to include it into regular JC reporting Part 2: Assessment: new subpara 2: a) tax and b) regulatory regime done by Commission and not the JC given its lack in expertise, in particular for taxation issues.] ***(da) the geographical location of SSPEs.***
328a	*Art. 1 – para. 1 – point 12 b (new)* **Art. 44 - subparah 2 (new)**				***(12 b) in Article 44, the following subparagraph 2 added:***
328b	*Art. 1 – para. 1 – point 12 b (new)*				[TM 07 12 2020: The assessment is then done by the COM. Since the first JC report is already due to 1 Jan 2021, this new requirement will only

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 44 - subpara 2 (new)				produce an assessment based on the JC report (point da) of 1 Jan 2024.] Based on information provided every three years in point (da) the Commission shall provide ~~[together with~~ ***an assessment of the reasons behind the location choice, including, subject ~~if possible due to~~ availability and accessibility of information, to what extent the existence of a favourable tax and regulatory regime plays a critical role in this respect."***
329	*Art. 1 – para. 1 – point 13* **Art. 45**	(13) Article 45 is deleted.	(*14*) Article 45 is deleted.	(13) Article 45 is deleted.	[TM 23 11 2020] (13) Article 45 is deleted.
330	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a (new)**			***(13a) the following Article 45a is inserted:***	[PT 01 12 2020: Subject to final agreement on Collateral] [TM 03 12 2020, **Text in square brackets** if final agreement is reachd: "2. Step" in particular timeline (by 1 November 2021) needs to be discussed (line 36 (Recital 21b), lines 330 to 343, Art. 45a and Art. 46 point f]

Nr.	Ref.	COM	Council	EP	Compromise
331	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a (new)**			***"Article 45a***	***["Article 45a***
332	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - title**			***Development of a sustainable securitisation framework***	***Development of a sustainable securitisation framework***
333	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - para 1 - subpara 1**			***1. By 1 November 2021, the EBA, in close cooperation with ESMA and EIOPA, shall publish a report on developing a specific sustainable securitisation framework for the purpose of integrating sustainability-related transparency requirements into this Regulation.***	[TM 02 12 2020: Art. 45a(3) refers to this EBA report. Timing linked to Art. 46 Review: 1 Jan 2022] ***1. By [1 November 2021], the EBA, in close cooperation with ESMA and EIOPA, shall publish a report on developing a specific sustainable securitisation framework for the purpose of integrating sustainability-related transparency requirements into this Regulation.***
334	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - para 1 - subpara 2**			***That report shall duly assess in particular:***	***That report shall duly assess in particular:***

Nr.	Ref.	COM	Council	EP	Compromise
	- intro part				
335	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - para 1 - subpara 2 - point a**			***(a) the implementation of proportionate disclosure and due diligence requirements relating to potential positive and adverse impacts of the assets financed by underlying exposures on sustainability factors;***	[TM 03 12 2020: to be checked whether reference to disclosure regulation necessary] ***(a) the implementation of proportionate disclosure and due diligence requirements relating to potential positive and adverse impacts of the assets financed by <u>the</u> underlying exposures on sustainability factors;***
336	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - para 1 - subpara 2 - point b**			***(b) the content, methodologies and presentation of information in respect of sustainability factors in relation to positive and to adverse impacts on environmental, social and governance-related matters;***	[TM 02 12 2020: **AP:** To be further checked and streamlined with potential Step 1: line 336 is almost identical to line 188 Art. 26d(5a)] ***(b) the content, methodologies and presentation of information in respect of sustainability factors in relation to positive and to adverse impacts on environmental, social and governance-related matters;***
337	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - para 1 -**			***(c) how to give shape to a specific sustainable securitisation framework that mirrors or draws upon products covered under***	***(c) how to give shape to a specific sustainable securitisation framework that mirrors or draws upon products covered under***

Nr.	Ref.	COM	Council	EP	Compromise
	subpara 2 - point c			***Articles 8 and 9 of Regulation (EU) 2019/2088 and takes into account where appropriate Regulation (EU) 2020/852 of the European Parliament and of the Council[9];***	***Articles 8 and 9 of Regulation (EU) 2019/2088 and takes into account where appropriate Regulation (EU) 2020/852 of the European Parliament and of the Council[10];***
338	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - para 1 - subpara 2 - point d**			***(d) possible effects of a sustainable securitisation framework on financial stability, the scaling up of the Union securitisation market and bank lending capacity.***	***(d) possible effects of a sustainable securitisation framework on financial stability, the scaling up of the Union securitisation market and bank lending capacity.***
339	*Art. 1 – para. 1 – point 13a (new)* **Art. 45a - para 2**			***2. In drafting the report, the EBA shall where relevant, mirror or draw upon the transparency requirements in Articles 3, 4, 7, 8 and 9 of Regulation (EU) 2019/2088 and seek input from the European Environment Agency and the Joint Research Centre of the European Commission.***	***2. In drafting the report, the EBA shall where relevant, mirror or draw upon the transparency requirements in Articles 3, 4, 7, 8 and 9 of Regulation (EU) 2019/2088 and seek input from the European Environment Agency and the Joint Research Centre of the European Commission.***
340	*Art. 1 – para. 1 –*			***3. In conjunction with the review report under***	[TM 03 12 2020: Art. 45a(3) refers to EBA report in Art.

[9] ***Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).***

[10] ***Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).***

Nr.	Ref.	COM	Council	EP	Compromise
	point 13a (new) **Art. 45a - para 3**			***Article 46, the Commission shall, based on the EBA report referred to in paragraph 1, submit a report to the European Parliament and the Council on the creation of a specific sustainable securitisation framework, together with a legislative proposal, if appropriate."***	45a(1). Timing linked to Art. 46 Review: 1 Jan 2022] ***3. In conjunction with the review report under Article 46, the Commission shall, based on the EBA report referred to in paragraph 1, submit a report to the European Parliament and the Council on the creation of a specific sustainable securitisation framework, together with a legislative proposal, if appropriate."]***
341	*Art. 1 – para. 1 – point 13b (new)* **Art. 46 - subpara 2**			***(13b) In Article 46, the second subparagraph is amended as follows:***	***(13b) In Article 46, the second subparagraph is amended as follows:***
342	*Art. 1 – para. 1 – point 13b (new) - point a* **Art. 46 - subpara 2 - point f**			***(a) point (f) is replaced by the following:***	
343	*Art. 1 – para. 1 – point 13b (new) - point a*			"(f) the implementation of the requirements provided for in ***Articles*** 22(4) ***and 26d(4)*** and whether they ***may*** be extended to securitisation where the	

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 46 - subpara 2 - point f			underlying exposures are not residential loans or auto loans or leases, with the view to mainstreaming environmental, social and governance disclosure;"	
344	*Art. 1 – para. 1 – point 13b (new) - point b* **Art. 46 - subpara 2 - point ha (new)**			***(b) the following point (ha) is added:***	[TM 21 11 2020:
345	*Art. 1 – para. 1 – point 13b (new) - point b* **Art. 46 - subpara 2 - point ha (new)**			***"(ha) the possibilities for further standardisation and disclosure requirements, namely through the use of templates, for the use of the STS designation on both traditional and on-balance sheet securitisations, including for bespoke private securitisations where no prospectus has to be drawn up in compliance with Regulation (EU) 2017/1129 of the European Parliament and of the Council[11]."***	[TM 07 12 2020: Feedback pending from political level, Might need to be addressed further in in **3 PT:** COM and Council see no need for such provision: Reasoning: existing standardisation by means of templates for all types (STS, non-STS, true sales etc) of securitisation already in Art. 7(3) and (4): ITS and RTS with comprehensive requirements to be fulfilled no matter whether public or private transactions are concerned.

11 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).

Nr.	Ref.	COM	Council	EP	Compromise
					Under Art. 26(6) and (7) STS notification templates have been already developed. Line 286 already requires update of Art. 27(6) - the development of separate templates for the notification of the STS on-balance sheet securitisation] ***[“(ha) the possibilities for further standardisation and disclosure requirements <u>in view of evolving market practices</u>, namely through the use of templates, for ~~the use of the STS designation on~~ both traditional and ~~on-balance sheet~~ <u>synthetic</u> securitisations, including for bespoke private securitisations where no prospectus has to be drawn up in compliance with Regulation (EU) 2017/1129 of the European Parliament and of the Council[12].”]***
346	*Art. 2*	Article 2	Article 2	Article 2	Article 2
347	*Art. 2 - title*	Entry into force	Entry into force	Entry into force	*Entry into force*

12 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).

Nr.	Ref.	COM	Council	EP	Compromise
348	*Art. 2 - subpara. 1*	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 enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	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 enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.
349	*Art. 2 - subpara. 2*	This Regulation shall be binding in its entirety and directly applicable in all Member States.	This Regulation shall be binding in its entirety and directly applicable in all Member States.	This Regulation shall be binding in its entirety and directly applicable in all Member States.	This Regulation shall be binding in its entirety and directly applicable in all Member States.
350		Done at Brussels,	Done at Brussels,	Done at Brussels,	Done at Brussels,
351		For the European Parliament For the Council	For the European Parliament For the Council	For the European Parliament For the Council	*For the European Parliament* *For the Council*
352		The President The President	The President The President	The President The President	*The President* *The President*