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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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

(Text with EEA relevance)

{SEC(2025) 825 final} - {SWD(2025) 826 final} - {SWD(2026) 825 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Relaunching the European securitisation market can help increasing the amount of financing available to the real economy. That is more important than ever in the current economic and geopolitical environment where the Union faces significant investment needs to remain resilient and competitive. Well-functioning securitisation markets can contribute to higher economic growth and facilitate funding of Union strategic objectives, including investments in the green, digital and social transition, by allowing banks to transfer risks to those that are best suited to bear them and thereby free up their capital. Banks are expected to use this capital for additional lending to households and businesses, including small and medium-sized enterprises (SMEs). By redistributing risk within the wider financial system, securitisation can also provide capital market investors with more investment opportunities. The current EU securitisation framework is keeping the EU economy from reaping many of the benefits that securitisation can offer.

The reports from Enrico Letta[1] and Mario Draghi[2] have recommended securitisation as a means of strengthening the lending capacity of European Union's banks for the financing needs of EU priorities including defence, creating deeper capital markets, building the Savings and Investments Union and increasing the EU's competitiveness.

The European Council has asked the European Commission to identify measures to relaunch the European securitisation market, including "through regulatory and prudential changes, using available room for manoeuvre"[3] and to swiftly propose, in 2025, a revised securitisation framework[4]. There is also a call for action by many stakeholders, including issuers, investors and supervisors, to address barriers that are hindering the development of the EU securitisation market[5].

The EU securitisation framework was put in place in the aftermath of the 2008 financial crisis and responded to concerns about risky US securitisations. At the time, strict requirements were considered necessary to restore the reputation of the securitisation market which had been suffering from inadequate protections and severe investor distrust. Now that appropriate safeguards have been firmly embedded in the market's organisation and securitisation is gaining back investors' trust, a better balance between safeguards and growth opportunities - both for investments and issuance- needs to be found. The experience with the framework indicates that it is too conservative and limits the potential use of securitisations in the EU. High operational costs and overly conservative capital requirements keep many issuers and investors out of the securitisation market.

The review aims to recognise the risk mitigants implemented in the EU securitisation regulatory and supervisory frameworks, which have significantly reduced the risks embedded in securitisation transactions, as well as the good credit performance of EU securitisations.

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1 Letta, E. (2024). Much more than a market - Speed, Security, Solidarity. Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens.

2 Draghi, M. (2024). The Future of European Competitiveness—A Competitiveness Strategy for Europe.

3 European Council conclusions of April 2024.

4 European Council conclusions of March 2025.

5 Feedback on call for evidence on review of the Securitisation Framework, 19 February 2025 – 26 March 2025, europa.eu; feedback on 2024 targeted consultation on the functioning of the EU securitisation framework, 9 October – 4 December 2024, finance.ec.europa.eu.

This proposal contributes to the 2024-2029 Commission's priority of 'A new plan for Europe's sustainable prosperity and competitiveness'. The proposal is a component of the Savings and Investments Union[6], which is a cornerstone of the 2024-2029 Commission mandate, and it is the first legislative initiative under the Savings and Investments Union. At the same time, it is important to recognise that the Securitisation Review is not a 'silver bullet' on its own. The SIU project encompasses a broad range of other and complementary measures to achieve its goals. Nevertheless, the European Commission expects that the amendments to the non-prudential and prudential requirements envisaged in this package of proposals will lead financial institutions to engage in more securitisation activity and, importantly, to use the resultant capital relief for additional lending.

The proposed review of the EU securitisation framework aims to remove undue issuance and investment barriers in the EU securitisation market, specifically:

- To reduce undue operational costs for issuers and investors, balancing with adequate standards of transparency, investor protection and supervision.
- To adjust the prudential framework for banks and insurers, to better account for actual risks and remove undue prudential costs when issuing and investing in securitisations, while at the same time safeguarding financial stability.

The main financial stability safeguards in the framework (risk retention, ban on re-securitisation, robust credit granting standards) will not be affected by this reform. Moreover, the proposed changes are accompanied by changes to the supervisory framework that improve supervisory convergence and ensure that the supervisory framework is fit for a growing EU securitisation market.

The review of the EU securitisation framework aims to remove undue obstacles that hinder the growth and development of the EU securitisation market, but without introducing risks to financial stability, market integrity or investor protection. To achieve this, the proposed reforms are carefully targeted to address specific impediments to issuance and (non-bank) investment. The review envisages changes to four legal acts:

- a legislative proposal amending the Regulation (EU) 2017/2402 of the European Parliament and of the Council (the 'Securitisation Regulation'[7]), which sets out product rules and conduct rules for issuers and investors
- a proposal amending Regulation (EU) No 575/2013 of the European Parliament and of the Council (the 'Capital Requirements Regulation' or 'CRR'[8]), which sets out the capital requirements for banks holding and investing into securitisation, as well as
- amendments to two delegated Regulations: the Commission Delegated Regulation (EU) 2015/61 (the 'Liquidity Coverage Ratio (LCR) Delegated Act'[9]), governing the

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6 https://finance.ec.europa.eu/document/download/13085856-09c8-4040-918e-890a1ed7dbf2_en?filename=250319-communication-savings-investmlents-union_en.pdf

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

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

eligibility criteria for assets to be included in banks' liquidity buffer, and the Commission Delegated Regulation (EU) 2015/35 (the 'Solvency II (SII) Delegated Act'[10]), governing the capital requirements for insurance and reinsurance undertakings.

The envisaged changes aim to make targeted improvements to the framework, rather than overhaul it. Those changes should be viewed as a package, as none of the individual components will achieve the desired outcome on its own. The elements of the package address both the supply and demand side of the market and reinforce each other to produce the desired impact. Streamlining reporting requirements and lowering capital requirements will both lower entry barriers and make it cheaper for banks to originate securitisations. Simplifying due diligence and amending the capital charges and liquidity treatment will make it easier and more attractive to invest in securitisation. A larger and more dynamic investor base will also incentivise more issuance. Relaunching the EU securitisation market is a complex issue that requires changes to be made in various parts of the framework to foster supply and demand in the securitisation market.

Regulation alone can only go so far in terms of stimulating this market's development: market participants must also step in and do their part, e.g. by embracing standardisation and industry-wide initiatives towards specific segments – without market participant efforts, scaling up of the market will not be possible.

Various inputs have informed this review, including the 2020 EBA report on the significant risk transfer, the 2020 ESRB report on Monitoring systemic risks in the EU securitisation market, the 2022 Commission Report on the Securitisation Regulation, the 2022 Joint Committee of the ESAs advice on the prudential framework, the 2024 targeted consultation on the functioning of the EU securitisation framework, and the 2025 Joint Committee Report on the implementation and functioning of the securitisation framework. The Commission also held various bilateral meetings with stakeholders and organised a workshop in July 2024 to discuss stakeholder views about the EU securitisation framework.

In terms of timing, the amendments to the Securitisation Regulation and the Capital Requirements Regulation are adopted by the Commission together. On the same date, the draft amendments to the Liquidity Coverage Ratio Delegated Regulation should be published on Have Your Say for a four-week consultation. The Commission plans to adopt draft amendments to the Solvency II Delegated Regulation in a broader package of amendments to that Regulation that is expected to be published for consultation in the second half of July of this year.

- **Consistency with existing policy provisions in the policy area**

The revision to the non-prudential provisions of the EU securitisation framework under the Securitisation Regulation are part of a broader legislative package that includes amendments

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

[10] Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 12, 17/01/2015, p. 1, ELI: http://data.europa.eu/eli/reg_del/2015/35/oj)

to the Capital Requirements Regulation, the Liquidity Coverage Ratio Delegated Act and the Solvency II Delegated Act. The proposed changes have been drafted to ensure consistency across the various pieces of legislation and with the same general objective in mind.

The current proposal aligns the provisions on the delegation of due diligence tasks with those contained in Directive 2011/61/EU of the European Parliament and of the Council (the 'AIFMD')[11].

In addition to the legislative changes included in this package, the Commission is also considering amending the issuer limit in the Undertakings for Collective Investment in Directive 2009/65/EC of the European Parliament and of the Council (the 'UCITS Directive')[12] in the context of the upcoming overall review of the UCITS Directive. The UCITS Directive imposes a limit on UCITS funds not to acquire more than 10% of the debt securities of a single issuing body. In case of securitisation that means that UCITS funds are only allowed to invest up to 10% in a single securitisation issuance since the securitisation vehicle itself is considered the issuer.

- **Consistency with other Union policies**

By making the EU securitisation framework less burdensome and, more principles-based, the current proposal also contributes to the current Commission-wide effort to cut red tape and simplify the business environment as announced in the Commission 2025 work programme.

The review of the securitisation framework is also in line with the European Commission's broader strategy to rejuvenate the EU's economy, as outlined in the Competitiveness Compass. By removing undue issuance and investment barriers in the EU securitisation market, the Commission aims to ensure that the EU economy can benefit from increased risk sharing opportunities and financing, thereby supporting economic growth and the EU's competitiveness.

Part of the identified issuance and investment barriers stems from high operational costs linked to the regulation. Removing these costs is therefore also in line with the Commission's communication on a "Simpler and Faster Europe", which emphasizes reducing the regulatory burden on both households and businesses.

Finally, the proposal is consistent with the Union's objective of safeguarding financial stability by ensuring that securitisation markets operate in a transparent, prudent, and resilient manner.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The legal basis of the Regulation (EU) 2017/2402is Article 114 of the Treaty on the Functioning of the European Union (the 'TFEU') which confers to the institutions of the European Union the competence to lay down appropriate provisions that have as their objective the establishment and functioning of the single market. The proposal introduces

[11] Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, OJ L 174, 1.7.2011, p. 1, ELI: http://data.europa.eu/eli/dir/2011/61/oj).

[12] Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast), OJ L 302, 17.11.2009, p. 32, ELI: http://data.europa.eu/eli/dir/2009/65/oj).

targeted amendments to Regulation (EU) 2017/2402and is therefore based on the same legal basis.

In particular, Article 114 TFEU confers the European Parliament and the Council with the competence to adopt measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have, as their object, the establishment and functioning of the internal market. Article 114 TFEU allows the Union to take measures not only to eliminate current obstacles to the exercise of the fundamental freedoms, but also to prevent, if they are sufficiently concretely foreseeable, the emergence of such obstacles, including those that make it difficult for economic operators, including investors, to take full advantage of the benefits of the internal market.

- **Subsidiarity (for non-exclusive competence)**

Securitisation products are an important segment of Union financial markets, contributing to Union financial integration. Securitisation links financial institutions from different sectors of the financial markets and from different Member States and non-EU jurisdictions and can raise financial stability issues when not properly regulated. Therefore, securitisation requires regulation at Union level.

The purpose of the proposal is to make the EU securitisation framework less burdensome, and more principles-based. Achieving that objective will mean that financial institutions across the Union are better able to use securitisation as a tool to deepen EU capital markets, to diversify their risk profile and to free up banks' balance sheets for additional lending to EU households and businesses. Action at EU level also ensures a high level of financial stability across the EU. Overall, that aims to contribute to a more competitive and resilient EU economy.

In particular, the proposal examines certain provisions on due diligence, transparency and supervision[13]. Only action at EU level can ensure that going forward, those regulatory provisions are applied uniformly and guarantee the existence of the well-established regulatory framework regarding the taking up and the pursuit of securitisation and business across the Single Market. That is especially important as the majority of EU securitisation activity is concentrated in a handful of EU Member States. A Union-wide regulatory framework is fundamental to facilitating cross-border securitisations, and particularly to enable such activity in Member States where there is currently low uptake of securitisations overall. The ability of Member States to adopt national measures is limited, given that the existing EU securitisation framework already provides for a harmonised set of rules at EU level and that changes at national level would conflict with Union law currently in force.

- **Proportionality**

The policy choices within the proposal are considered proportionate as they target key areas such as streamlining transparency and due diligence rules without compromising financial stability or market integrity. The measures are calibrated to make the framework more proportionate than it currently is, and to set out a targeted and balanced approach foster

[13] The targeted changes to supervision aim to enhance the effective functioning of supervision under the existing framework. Those adjustments aim to support more consistent supervisory practices and facilitate cross-border securitisation activity within the Union. By clarifying certain aspects and ensuring clearer delineation of responsibilities, the proposed amendments are expected to foster greater supervisory convergence without imposing significant new obligations on stakeholders

issuance, investment, and market confidence. The proposal's proportionality is further substantiated by the Impact Assessment, which assesses the potential costs and benefits, ensuring the chosen measures are necessary and effective in meeting the overarching goals of the reform.

At the same time, the policy choices do not go beyond what is necessary to achieve the stated objectives and refrain from a complete overhaul of the regulatory framework.

- **Choice of the instrument**

The proposal is an amendment to Regulation (EU) 2017/2402 and, therefore, it is a proposal for a Regulation. No alternative means – legislative or operational – can be used to attain the objectives of this proposal.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

An evaluation of the securitisation framework was conducted covering the period from the date of into application of the securitisation framework (1 January 2019) until present. Its scope includes the legal framework in its entirety (Securitisation Regulation, relevant parts to the CRR, LCR Delegated Act and SII Delegated Act that pertain to securitisation transactions).

In line with the Better Regulation Toolbox, it examines whether the objectives of the securitisation framework were met during the period of its application (effectiveness) and continue to be appropriate (relevance) and whether the framework, taking account of the costs and benefits associated with applying it, was efficient in achieving its objectives (efficiency). The evaluation also considers whether the securitisation framework, as legislation at Union level, provided added value (EU added value) and whether it is consistent with other related pieces of legislation (coherence). The evaluation was conducted in parallel with the impact assessment accompanying the proposal revising the securitisation framework.

The evaluation concluded that the securitisation framework was partially successful in meeting its original objectives. It has supported the standardisation of processes and practices and partly tackled regulatory uncertainty. However, it has only been partly successful in removing the stigma associated with securitisation, and in removing regulatory disadvantages for simple and transparent securitisations, despite the regulatory improvements put in place. Moreover, the Framework has not been successful in reducing high operational costs and in significantly scaling up the securitisation market in the EU.

As a result, the evaluation concluded that more is needed to ensure that securitisation can meaningfully contribute to improve the financing of the EU economy and further develop the Savings and Investments Union. More specifically, the evaluation assessed that very prescriptive legal requirements in the area of transparency and due diligence result in high operational costs for issuers and investors in securitisations, and that a more principles-based approach might be more suitable. The prudential framework for banks and insurers is insufficiently risk sensitive and capital 'non-neutrality' is disproportionately high for certain

securitisation transactions. Therefore, to address undue prudential barriers, a revision of the prudential treatment of securitisations is necessary.

- **Stakeholder consultations**

On 3 July 2024, the Commission hosted a Securitisation Workshop, which invited representatives from the banking industry/associations, Ministries, European Supervisory Authorities (ESAs), the Single Supervisory Mechanism of the European Central Bank, the European Investment Bank, insurers, asset managers, nongovernmental organisations and pension funds to share their views.

A targeted public consultation on the functioning of the EU securitisation framework was carried out between 9 October 2024 to 4 December 2024. 133 responses were received from a variety of stakeholders[14]. The consultation was split into twelve sections which sought to gather views from a broad range of stakeholders active in the EU securitisation market on whether the securitisation framework met and continues to meet its objectives in terms of market safety, operational cost reduction and prudential risk-sensitivity. The consultation was also used to collect feedback on the operation of the STS standard, the effectiveness of supervision, and the prospect of a future securitisation platform(s). In addition, the Commission has carried a series of bilateral meetings with a wide range of stakeholders who confirmed the feedback already received.

The feedback gathered in that consultation is reflected in the evaluation of the securitisation framework.

A call for evidence was opened between 19 February 2025 and 26 March 2025[15] to request feedback from stakeholders on the review of the securitisation framework. Stakeholders were asked to provide views on the Commission's understanding of the problem and possible solutions, and to provide relevant information. 34 respondents replied to the call for evidence and presented their views[16]. Out of those 34 respondents, 26[17] had also replied to the 2024 targeted consultation, with their views remaining broadly the same. Points made by first-time respondents were also consistent with the feedback of the targeted consultation previously received.

- **Collection and use of expertise**

The preparation of this proposal has benefited from extensive expert input, including stakeholder consultations, meetings, and analytical work carried out by the ESAs. In particular, the ESAs delivered the 2021 and 2025 Art. 44 Joint Committee reports on the

[14] Available at https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-functioning-eu-securitisation-framework-2024_en

[15] Securities and markets - review of the Securitisation Framework (europa.eu)

[16] One respondent made two separate (substantively similar) contributions; another respondent submitted three separate contributions. Therefore, 37 contributions were received, from 34 individual respondents.

[17] The respondents that had already replied to the targeted consultation represented: 7 companies/businesses, 15 business associations, 2 non-governmental organisations (NGOs), 2 such respondents identified as “other

implementation and functioning of the Securitisation Regulation[18]. Those reports focused on the implementation of the general requirements applicable to securitisations, including the risk retention, due-diligence and transparency requirements, and specific requirements related to STS securitisation, with respect to the Frameworks original objective of contributing to the sound revival of the EU securitisation framework.

National authorities were consulted in the framework of the Eurogroup Working Group+ , the Council Financial Services Committee , and the Commission Expert Group on Banking, Payments and Insurance. Several Member States also replied to the Targeted Consultation through their finance ministries and engaged with the Commission bilaterally.

- **Impact assessment**

For the preparation of this review an Impact Assessment was prepared and discussed with an Interservice Steering Group. The Impact Assessment report was submitted to the Regulatory Scrutiny Board on 12 March 2025. The board meeting took place on 9 April 2025. The Board gave a positive opinion and called for changes and additional input in the following areas: problem definition and substantiation; further detail on the assessed options and associated trade-offs; additional assessment on the combined impacts of options, particularly in relation to their relative risk levels and impact on financial stability. Those issues have been addressed and incorporated in the final version which is available on the Commission website and published together with this proposal.

Policy options for the entire package were identified in three key areas. Options to (i) reduce high operational costs, (ii) reduce undue prudential barriers for banks to issue and invest in securitisation, and (iii) remove undue prudential costs for insurers to invest in the EU securitisation market, were considered. That assessment resulted in a "bundle" of preferred options which, taken together, were deemed to best achieve the stated objectives.

To reduce high operational costs (estimated at 780 million per year for the market as a whole), both a targeted and broader set of measures were considered. Those options involve, to varying degrees, simplifying and removing certain due diligence and transparency requirements that are deemed duplicative or overly prescriptive (e.g., removing verification requirements for EU transactions and streamlining reporting templates). Our preferred option results in cost savings of 310 million per year. Similarly, targeted and more radical changes to the existing prudential framework for banks were assessed. Those focused on adjustments to the CRR and LCR, seeking to ensure greater risk-sensitivity for the capital treatment of securitisation for banks, to broaden the eligibility of securitisations for banks' liquidity buffers, and to make supervisors' assessment of transactions' eligibility for capital relief under the Significant Risk Transfer Framework faster and more coherent. A fundamental revision of the prudential framework for banks was another option considered. To remove disincentives for insurers to invest in the EU securitisation market, three options were assessed, entailing different degrees and modalities of reductions in the capital requirements for insurers investing in securitisations.

Based on the comparative assessment in terms of effectiveness, efficiency, and coherence, a preferred bundle of non-prudential and prudential measures was selected which were deemed the best avenue for the EU to take to reduce burden and compliance costs for issuers and

[18] https://www.eiopa.europa.eu/system/files/2021-05/jc-2021-31-jc-report-on-the-implementation-and-functioning-of-the-securitisation-regulation.pdf

investors, to revitalise the securitisation market and enhance the competitiveness of the EU financial system. Financial institutions across the EU will face a simpler and less costly transparency and due diligence regime and greater risk-sensitivity with regards to the actual risk of the securitisation investment.

The impact assessment of the various policy options primarily focused on their economic and regulatory impacts. The options can be considered to have only indirect impacts on social, environmental, and fundamental rights issues. Indirectly, the proposal would improve access to credit and financial services, particularly for corporates and SMEs, thereby promoting social inclusion, job creation, and economic growth. Though not the primary focus, the proposal may indirectly support environmental sustainability by facilitating green investments through improved capital access and alignment with existing green securitisation frameworks. There are no direct effects on fundamental rights, but the initiative supports financial stability and complies with data protection laws, thereby indirectly reinforcing economic rights and privacy safeguards.

- **Regulatory fitness and simplification**

The proposal simplifies and refines the existing legal provisions applying to securitisations, to enhance efficiency within the securitisation market. Therefore, it is of relevance to the Regulatory Fitness Programme (REFIT). The preferred option concerning the Securitisation Regulation entails a simplification of due diligence duties for businesses and a more efficient transparency framework. By reducing those obligations, businesses will face lower compliance costs, enabling more resources to be allocated to core business activities. While issuers may encounter some one-off adaptation costs, the recurrent reduction in administrative burdens should outweigh those initial expenditures. Through targeted adjustments and strategic simplification, those measures are positioned to bolster the market's capacity, attract a broader base of investors, and encourage economic growth—while maintaining a resilient and transparent financial ecosystem.

The policy options taken in this proposal should have several positive effects on SME financing and competitiveness (see Annexes VII and VIII of the Impact Assessment report).

- **Fundamental rights**

The proposal is not likely to have a direct impact on the rights provided in the Charter of Fundamental Rights of the European Union. The simplification and efficiency measures do not directly address issues relating to personal data or privacy. Nonetheless, changes to disclosure and reporting standards must comply with existing data protection laws to ensure the security and privacy of any personal data involved in the securitisation process.

The proposal aims to reduce high operational costs and remove undue prudential barriers, while avoiding undue deterioration of protection and avoiding incentives for excessive risk-taking. It therefore represents a balancing of the need for economic stimulus with maintaining robust standards, thus minimising negative societal impacts. Overall, while the proposed measures mainly focus on financial regulation, there are potential indirect benefits that can arise, impacting social, environmental, and fundamental rights in supportive and sustainable ways. Ensuring a stable securitisation market contributes indirectly to the protection of fundamental economic rights by promoting financial stability through risk diversification.

4. BUDGETARY IMPLICATIONS

This legislative proposal would have limited consequences for the Union budget. It will imply further policy development within the Commission and in the three ESAs. Specific coordination tasks will be assigned to the European Banking Authority (EBA) in the context of the securitisation sub-committee reporting to the Joint Committee of the ESAs. The EBA's role will include providing the secretariat, permanent vice-chairpersonship to securitisation committee of the Joint Committee of the European Supervisory Authorities referred to in Art. 36(3) (securitisation sub-committee) and leading the work of this sub-committee focusing, amongst other things, on supervisory issues, providing guidance to market participants, developing technical standards, and ensuring a consistent implementation of the regulatory framework in the Union. A financial fiche is provided as an annex hereto.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

Since the instrument proposed is a Regulation that is based to a significant extent on existing Union law, there is no need to prepare an implementation plan. The proposal is accompanied by a complete evaluation, as part of the impact assessment, which assesses, among other things, how effective and efficient it has been in terms of achieving its objectives. The proposal provides for a review report in Article 46 of Regulation (EU) 2017/2402. The review will be accompanied by a legislative proposal, if appropriate. In that context, the reviewing and reporting requirements would be aligned, if needed.

The Commission shall carry out an evaluation of this package of proposed amendments, five years after its date of application and present a report on the main findings to the European Parliament, the Council and the European Economic and Social Committee.

- **Detailed explanation of the specific provisions of the proposal**

Interaction and consistency between elements of the package

This proposal for a Regulation makes part of a wider securitisation review which encompasses changes to two Regulations (in addition to the Securitisation Regulation, the CRR) and two Delegated Acts (the LCR Delegated Act and the Solvency II Delegated Act). The proposed changes should be viewed as a package of measures that tackles in a comprehensive manner supply and demand issues in the securitisation market.

Subject-matter and scope (Article 1)

The proposal clarifies that the servicer is an entity that manages a pool of purchased receivables or the underlying credit exposures on a day-to-day basis falls under the scope of Regulation (EU) 2017/2402 (the 'Securitisation Regulation'). The amendment is a clarification and it is not meant to enlarge the scope since a servicer is already subject to the Securitisation Regulation.

Definitions (Article 2)

Public and private securitisations are defined Article 2, points (32) and (33). Specifically, a "public securitisation" is established to be one if it meets any of the following conditions:

(i) a prospectus has to be drawn up;

(ii) notes constituting securitisation positions are admitted to trading in specific trading venues, ;

(iii) the securitisation is marketed generally to investors and the specific terms are not negotiable among the parties, meaning that the transactions is offered to investors on take-it-or-leave-it basis.

A private securitisation is one that does not meet any of the aforementioned criteria – it does not have a prospectus, it is not admitted to trading, and the terms and conditions are bilaterally negotiated between the originator and a small group of investors. Clarifying the definition of public and private securitisations is particularly relevant for the application of transparency requirements.

Due diligence (Article 5)

To facilitate simpler and more streamlined investment in Union securitisations, some amendments are made to Article 5 of Regulation (EU) 2017/2402. Verification requirements (Article 5(1) and Article 5(3), point (c)) are removed for investors whenever the sell-side party responsible for complying with the relevant sell-side provisions is established and supervised in the Union. In addition, the risk assessment in Article 5(3), point (a) and 5(3), point (b) of Regulation (EU) 2017/2402 is made more principled based by removing the detailed list of structural features that investors need to check and by clarifying in a recital that the due diligence assessment should be proportionate to the risk of the securitisation. The written procedures under Article 5(4) of Regulation (EU) 2017/2402 are also made more principled based by removing the detailed list of information in the second subparagraph of Article 5(4), point (a), of Regulation (EU) 2017/2402. Secondary market transactions are given an extra 15 days to document their due diligence. Finally, delegation of due diligence under Article 5(5) of Regulation (EU) 2017/2402 is aligned with other sectoral legislations where delegation of tasks does not transfer the legal responsibility.

Due diligence requirements are waived where multilateral development banks fully guarantee the securitisation position, making it very low-risk. This means that investors can invest in such positions without doing extensive checks.

Lighter due diligence, specifically via waiving the verification and documentation requirements, is provided in case the securitisation includes a first loss tranche that is guaranteed or held by a narrowly defined list of public entities and where that tranche represents at least 15% of the nominal value of the securitised exposures.

For investments in positions issued by non-EU issuers, investors will continue to be required to verify that a given transaction complies with EU rules.

Risk Retention (Article 6)

Risk retention is waived in case the securitisation includes a first loss tranche that is guaranteed or held by a narrowly defined list of public entities and where that tranche represents at least 15% of the nominal value of the securitised exposures.

Transparency (Article 7)

To lower the reporting burden on issuers, the reporting templates in Commission Delegated Regulation (EU) 2020/1224 and Commission Implementing Regulation (EU) 2020/1225 should be reviewed. In particular, the number of required fields should be significantly reduced – by at least 35%, or more where feasible. To further reduce the compliance burden

on the reporting entities, the review should consider distinguishing between mandatory and voluntary fields. In addition, the reporting templates should not require loan level information when the underlying exposures are highly-granular and short-term (such as credit card exposures or certain consumer loans). The review of the reporting templates, taking into account the aforementioned principles set in this proposal, should be carried out by the securitisation sub-committee of the ESAs Joint Committee, under the leadership of the EBA, in cooperation with the other ESAs.

The reporting template for private securitisations should be much lighter than the one for public securitisations and focused only on the needs of supervisors. To minimise the implementation costs for industry, this template should follow closely existing notification templates, in particular the guide on the notification of securitisation transactions by the Single Supervisory Mechanism. To ensure greater market transparency and facilitate the supervision and monitoring of the private market, this dedicated template for private securitisations should be reported to the securitisation repositories.

Securitisation Repository (Articles 10 and 17)

Amendments to Article 10 of Regulation (EU) 2017/2402 rectify a wrong reference to Article 5 of that Regulation, which should be replaced with a reference to Article 7. Proposed amendments to Article 17 of Regulation (EU) 2017/2402 are introduced in light of the amendments in Article 7 that will extend the report to repository also for private securitisation. In light of those changes, a differentiation in the immediate and free of charge access to the repository has been proposed. Such access should be granted to the ESAs, the European Systemic Risk Board, the competent and resolution authorities and, upon request, the European Commission. In light of the different nature of public securitisation, access is granted also to investors and potential investors in such securitisations. Restricting the access of investors and potential investors to private securitisations is meant to protect the confidentiality of information in those securitisations.

STS requirements (Articles 20, 26b, 26c, 26e)

To facilitate the securitisation of SME loans in STS securitisation, the homogeneity requirement in Articles 20(8), (15) and Article 26b(8) of Regulation (EU) 2017/2402, is to be amended to stipulate that a securitisation where at least 70% of the underlying pool of exposures consist of SME loans are deemed to comply with that requirement. The 70% threshold is lower than the current 100% requirement.

To enable insurance and reinsurance undertakings to participate meaningfully in the STS on-balance-sheet market, the eligibility criteria for credit protections in Article 26e(8) of Regulation (EU) 2017/2402 are amended to include also an unfunded guarantee by an insurance or reinsurance undertaking that meets certain robustness, solvency and diversification criteria.

A number of other technical, but not substantive, amendments facilitate the implementation of the STS criteria.

Third Party Verifiers (Article 28)

The proposal stipulates that Third Party Verifiers of STS compliance need to be supervised in addition to authorised by their respective national competent authority.

Supervision (Articles 29, 30, 32 and 36)

To promote supervisory convergence and prevent fragmentation and differential regulatory interpretations, the proposal strengthens the role of of the securitisation sub-committee of the ESAs Joint Committee. In particular, the securitisation sub-committee is mandated to adopt guidelines to establish common supervisory procedures and to develop the reporting templates referred to in Article 7. To ensure greater accountability and continuity, the EBA is put in the lead of the work of the securitisation sub-committee of the ESAs Joint Committee, will provide the secretariat and a vice-chairperson for it, supporting the chairperson in the exercise of his or her tasks and performing the tasks of the chairperson during the latter's absence, on a permanent basis.

To ensure efficient and consistent supervision of the STS criteria, Article 29 of Regulation (EU) 2017/2402 should entrust banking national competent authorities with the responsibility to supervise the application of the STS criteria by bank-originated securitisations. For credit institutions in the Banking Union, that supervision would be carried out by the Single Supervisory Mechanism.

To enable supervisors to enforce the due diligence requirements, Article 32 of Regulation (EU) 2017/2402 is amended to explicitly include in the list of situations where NCAs may apply administrative sanctions the failure of institutional investors to meet due diligence requirements in Article 5 of Regulation (EU) 2017/2402.

Reports and Review (Articles 44 and 46)

The rolling mandate in Article 44 of Regulation (EU) 2017/2402 for the ESAs to report on the implementation of this Regulation is updated to require also an assessment of the contribution of securitisation to funding EU companies and economy.

The Commission is mandated to review the functioning of this amending Regulation by five years after its date ofapplication. If found appropriate, the review will be accompanied by a legislative proposal.

2025/0826 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank,

Having regard to the opinion of the European Economic and Social Committee,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Securitisation can boost investment by allowing banks to transfer risks to those that are able to bear them and thereby free up their capital, which they could use for additional lending to households and businesses, including small and medium-sized enterprises (SMEs). Regulation (EU) 2017/2402 of the European Parliament and of the Council[19], covering both simple, transparent and standardised (STS) and non-STS securitisations, has strengthened market transparency, safety, and standardisation. At the same time, that Regulation should be further simplified to more fully exploit the benefits that securitisations can offer.

(2) It is important that financial institutions employ their capital where it is most needed to reach the Union's economic goals and funding the real economy. In addition to the flexibility provided for by the existing rules, targeted changes to Regulation (EU) 2017/2402 would ensure that the Union securitisation framework better supports investments in the economy and facilitates lending to businesses.

(3) To enhance transparency and to ensure consistent regulatory treatment aiming at reducing costs for issuers, a definition of public and of private securitisation should be introduced. The scope of public securitisations should cover transactions where the underlying notes are admitted to trading on regulated markets, Multilateral Trading

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

Facilities (MTFs), Organised Trading Facilities (OTFs), or any other trading venue in the Union, and transactions marketed to investors under non-changeable terms and conditions where the package is offered on a ”take-it-or-leave-it” basis and investors have no direct contact with the originators or sponsor and can therefore not directly receive necessary information to conduct due diligence without the originator or sponsor disclosing any commercially sensitive information to the market. Defining those types of transactions as public, by virtue of their accessibility to a broad range of investors, should ensure that such transactions are subject to the appropriate transparency requirements and regulatory scrutiny and contribute to better market oversight and functioning.

(4) Due diligence requirements should be proportionate to the risk profile of securitisation positions. Investor due diligence should therefore be focused on the risks characteristics and structural features that can materially affect the performance of the securitisation, avoiding duplicative, overly burdensome or generic obligations that may not be meaningful across different types of securitisation. For the same reason, due diligence obligations should be streamlined, thus reducing unnecessary costs for investors — particularly in lower-risk securitisations — and fostering more proportionate and risk-sensitive investor behaviour in the securitisation market.

(5) Originators, original lenders, sponsors or securitisation special purpose entities (SSPEs) (the ‘sell-side entities’) that are established in the Union are already subject to supervision in the Union and can be sanctioned in case they breach their obligations under Regulation (EU) 2017/2402. It is therefore appropriate that investors are no longer required to verify whether Union sell-side entities, where those entities are responsible on behalf of the sell-side parties in the transaction, comply with due diligence requirements set in Regulation (EU) 2017/2402. Investors should, however, still verify whether have complied with their obligations for which third countries’ sell-side entities are responsible under Regulation (EU) 2017/2402.

(6) Senior tranches, typically benefiting from substantial credit enhancement and posing lower risk, should require a less extensive due diligence review than junior or mezzanine tranches, which bear higher risk and greater exposure to losses. That proportional approach supports more efficient allocation of resources by investors and avoids excessive burdens for low-risk investments.

(7) Since compliance with the STS requirements is already subject to separate regulatory oversight and notification, the obligation for investors to verify compliance with those requirements is redundant. Moreover, verifying compliance with the STS criteria is not relevant for all types of investors. The corresponding requirement should therefore be deleted.

(8) Investors should be allowed to conduct simplified due diligence to investments in repeat transactions where key risk characteristics are already well understood. For those purposes, investment in repeat transactions should be considered as investment in securitisation positions issued by the same originator, backed by the same type of underlying assets, exhibiting the same structural features, and offering the same or lower level of credit risk compared to previous investments. That change should ensure consistency in due diligence practices while facilitating investor participation in well-known and transparent structures.

(9) Multilateral development banks can play a significant role in facilitating investor access to securitisation markets, enhancing liquidity, and supporting the objectives of the Savings and Investments Union. Where a securitisation position is fully,

unconditionally and irrevocably guaranteed by a multilateral development bank listed in Article 117(2) of Regulation (EU) 575/2013 of the European Parliament and of the Council[20], the credit risk arising from the securitisation position is effectively transferred from the pool of underlying assets to the guarantor, resulting in a 0% risk weight of such exposure. In addition, such securitisation position is categorised as Level 1 asset under Article 10(1), point (g), of Commission Delegated Regulation (EU) 2015/61[21]. In such cases, it is appropriate to exempt institutional investors, except the entity providing the guarantee, from their due diligence requirements in full under Regulation (EU) 2017/2402.

(10) Transactions where the first loss tranche is either held or guaranteed by the Union, national promotional banks or institutions within the meaning of point (3) of Article 2 of Regulation (EU) 2015/1017 of the European Parliament and of the Council[22] inherently possess characteristics that mitigate the need to carry out the full due diligence and fulfil the risk retention requirement. These transactions carry an assurance by the guarantor, who carries out due diligence processes before affording such a guarantee. This assessment removes the need for the institutional investors to perform a full due diligence assessment under Regulation (EU) 2017/2402. Furthermore, the essence of a guarantee is the assumption of risk by the guarantor. Therefore, it is appropriate to lift the risk retention requirement. These changes are expected to crowd in private investment in derisked structures with a public guarantee.

(11) An institutional investor that delegates the authority to make investment management decisions to another institutional investor should be able to instruct the delegate to perform the due diligence obligations set out in Regulation (EU) 2017/2402. However, such delegation should not transfer legal responsibility. The delegating institutional investor should remain ultimately responsible for ensuring compliance with the due diligence requirements. That specification is intended to reflect established regulatory practice and to ensure that obligations are fulfilled effectively while maintaining clear lines of accountability.

(12) The disclosure requirements should consider the granularity of the underlying pool of exposures, i.e. how many loans are in the underlying pool. In addition, it is important to consider the average maturity of the underlying exposures. Loan level disclosure for highly-granular pools of very short-term exposures can be particularly costly and entails a considerable burden for issuers, often without offering significant benefits in terms of additional information to investors. Therefore, disclosure requirements for securitisations of credit card exposures and certain types of consumer loans should not need to encompass reporting at the level of each individual underlying exposure. However, competent authorities should still have the possibility to ask for additional information to ensure that they have a complete overview of the market, including on

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

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

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

the exposures that constitute the underlying pool, in carrying out their duties under Regulation (EU) 2017/2402.

(13) The current reporting templates[23] both for public and private securitisations are too costly and burdensome. The burden on entities when complying with their reporting obligations should be therefore reduced, without undermining the goal of providing transparency to the market. The reporting templates should be streamlined to reduce the number of mandatory data fields. The revision of the template should aim to bring a reduction of at least 35% of mandatory data fields. The conversion of certain mandatory fields into voluntary fields could add further flexibility, but appropriate attention should be given to ensure that that does not compromise data quality or usability.

(14) The reporting framework should account for the specific characteristics of private securitisations. A dedicated and simplified reporting template for private securitisations should be developed. In specifying the details of reporting requirements, the information required to be reported should be aligned as closely as possible with other well-established templates, in particular with the guide on the notification of securitisation transactions developed by the European Central Bank in accordance with Article 6(5), point (a), of Council Regulation (EU) No 1024/2013[24]. Any future changes to the European Central Bank guide should be assessed and the reporting templates may need to be reviewed, where appropriate. To allow for basic visibility for supervisors over the private market, private securitisations should report to repositories. Private securitisations should not need to report the same amount of information as public securitisations. Requiring private transactions to report to securitisation repositories, using a simplified template, would improve supervisory oversight and market monitoring. However, to maintain the confidentiality of private transactions, data from those transactions should not be publicly disclosed.

(15) The securitisation sub-committee of the Joint Committee of the European Supervisory Authorities (the "Joint Committee Securitisation Committee - JCSC"), referred to in Article 36(3) of Regulation (EU) 2017/2402, under the leadership of the European Banking Authority (EBA), should develop draft regulatory technical standards to further specify the information that the originator, sponsor and SSPE are to provide to comply with the reporting obligation. Those draft regulatory technical standards should take into account the usefulness of the information for the holder of the securitisation position, whether the securitisation is public or private, whether the securitisation position is of a short-term nature and, in the case of an asset-backed commercial paper programme (ABCP) transaction, whether it is fully supported by a sponsor. The Commission should be empowered to supplement Regulation (EU) 2017/2402 by adopting those regulatory technical standards by means of delegated acts pursuant to Article 290 of the Treaty on the Functioning of the European Union

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

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

(TFEU) and in accordance with Regulation (EU) No 1093/2010 of the European Parliament and of the Council[25], Regulation (EU) No 1094/2010 of the European Parliament and of the Council[26] and Regulation (EU) No 1093/2010 of the European Parliament and of the Council[27]. Moreover, the JCSC, under the leadership of the EBA, should develop draft implementing technical standards to specify the format for the provision of the information to repositories. The Commission should be empowered to adopt those implementing technical standards by means of an implementing act pursuant to Article 291 TFEU and in accordance with Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010.

(16) To support access to market-based financing for SMEs, and to facilitate the development of cross-border securitisations involving exposures from multiple Member States, the criteria for the homogeneity of asset pools should be revised. While it is possible to have securitisations involving exposures from multiple Member States, the requirement of homogeneity, as defined at present, is considered as an obstacle for SMEs securitisations. To overcome that obstacle, a pool of underlying exposures should be deemed homogeneous where at least 70 % of the exposures at origination consists of exposures to SMEs. That lower threshold recognises the specific financing needs and characteristics of SMEs and ensures that mixed pools with a predominant SME component can benefit from the legal certainty and operational efficiencies associated with homogeneous pools. The remaining portion of the pool should be allowed to include other types of exposures, also from different Member States, without affecting the securitisation's status as STS.

(17) In 2021, Regulation (EU) 2017/2402 was amended by Regulation (EU) 2021/557 of the European Parliament and of the Council[28] to extend the STS framework to synthetic securitisations. As indicated in the report of the Joint Committee of European Supervisory Authorities, that extension of the STS label has led to satisfactory results in terms of opening the way for new issuance and encouraging greater activity in this market segment. However, the practical implementation of the STS requirements has revealed the necessity to further improve the clarity and consistency in specific requirements with some technical adjustments.

(18) To ensure the consistent selection of the underlying exposures in a securitisation and to enable investors to assess the credit risk of the asset pool prior to investment, active portfolio management on a discretionary basis of a securitisation exposure is prohibited. Article 26b of Regulation (EU) 2017/2402 contains an exhaustive list of

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

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

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

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

permitted management activities and stipulates that certain activities should not be considered active portfolio management on a discretionary basis and therefore not be prohibited. It is necessary to update that list to include removals due to sanctions imposed on an entity during the life of the transaction or fraudulent practices, or amendments to the loan due to a change in the law affecting the enforceability, which are outside the control of the originator. Both circumstances would have an impact on the enforceability of the underlying exposures (beyond the control of the originator) and the removal of those underlying exposures should not be considered as active portfolio management on a discretionary basis.

(19) The criteria relating to standardisation laid down in Article 26c of Regulation (EU) 2017/2402 outline the mechanisms for loss allocation to securitisation position holders and determine the application of various amortisation methods to tranches. The central aim of those criteria is to ensure that non-sequential amortisation is employed only when accompanied by distinctly specified contractual triggers. Those triggers are intended to prompt a switch to sequential payments based on the hierarchy of seniority, thereby protecting the transaction from the premature amortisation of credit enhancement in the event of a decline in credit quality. Such premature amortisation could expose originators holding those tranches to risks associated with a diminishing credit enhancement cushion. However, those criteria fail to adequately consider the loss-bearing capacity of tranches subordinated to the protected tranches within a securitisation, leading to misapplication when interpreted literally in the context of synthetic securitisations that include mezzanine tranches. Those criteria inadvertently assume that all associated losses fall solely on the protected tranche, and thus ignoring an assignment to more junior tranches. It should therefore be specified that, in instances where junior tranches absorb portions of the underlying exposure losses, their loss-bearing capacities should be taken into consideration for the application of the criteria.

(20) Article 26e(3) of Regulation (EU) 2017/2402 currently specifies that the credit protection premiums to be paid under the credit protection agreement are to be structured as contingent on the outstanding nominal amount of the performing securitised exposures at the time of the payment and reflect the risk of the protected tranche. To ensure the effectiveness of the credit protection agreement from the originators' perspective and at the same time provide legal certainty for investors on the termination date to make payments by specifying the maximum extension period for the debt workout, it should be specified that only credit protection premiums contingent on the size of the outstanding tranche and credit risk of the protected tranche are allowed.

(21) Article 26e(7) of Regulation (EU) 2017/2402 specifies the conditions under which an originator may commit synthetic excess spread as credit enhancement for investors. One of those conditions is that, for originators not using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio is to be clearly determined in the transaction documentation. In order to specify the requirements for the synthetic excess spread committed by the originator and available as credit enhancement for the investors, a specific criterion has been introduced in the 2021 amendment to Regulation (EU) 2017/2402. The application of this criterion has shown that it requires further clarification. In addition, an inconsistency has been identified regarding the requirements for originators not using the IRB Approach. That requirement should be amended to align with the intent to set a cap, equivalent to one year's expected loss, on

the total amount of synthetic excess spread that the originator should commit per year, thereby ensuring consistency and clarity in the application of that provision.

(22) The current criterion requiring credit protection is to be funded in the STS framework for on-balance-sheet synthetic securitisation under the STS regime has limited the ability of insurance or reinsurance companies to participate in the on-balance-sheet STS securitisation market. That is detrimental to the development of the STS market and the ability of originators to transfer credit risk outside the banking system. Allowing unfunded credit protection to be eligible for the STS label should, however, not undermine the quality of the STS label or the reliability of the credit protection agreement, nor should it create incentives for inexperienced or undiversified insurance or reinsurance undertakings to become exposed to high levels of risk. It is therefore appropriate to put in place safeguards to ensure that participation is limited to insurers with a certain level of robustness and diversification. Therefore, eligibility for providing unfunded credit protection under the STS label should be accompanied by requirements related to diversification, solvency, risk measurement, and minimum size of the protection provider. Specifically, when it comes to risk measurement, the insurance or reinsurance undertaking should use an approved internal model to calculate capital requirements for such credit protection agreements. When it comes to solvency, the insurance or reinsurance undertaking should comply with the Solvency Capital Requirement and Minimum Capital Requirement referred to in Articles 100 and 128 of Directive 2009/138/EC, respectively, and should have been assigned to credit quality step 3 or better. When it comes to diversification, the insurance or reinsurance undertaking should effectively operate business activities in at least two classes of non-life insurance, which should reduce overexposure to any single risk type. Finally, when it comes to minimum size, the insurance or reinsurance undertaking should have total assets above EUR 20 billion.

(23) Third-party verifiers have a role in assessing the compliance of securitisations to the STS criteria. Regulation (EU) 2017/2402 only requires third-party verifiers to be authorised by national competent authorities. Such authorisation is, however, of limited assurance if competent authorities are not in position to assess whether those third-party verifiers continue to comply with the conditions for their authorisation on an ongoing basis. It is therefore appropriate to lay down that competent authorities are also responsible for the ongoing supervision of such third-party verifiers and adequately empowered to do so.

(24) To ensure the effective implementation and enforcement of Regulation (EU) 2017/2402, it is necessary to clarify the responsibilities of competent authorities in supervising the compliance of all relevant parties involved in a securitisation. Competent authorities should oversee the conduct of originators, sponsors, original lenders, and SSPEs. This includes verification of whether individual securitisation transactions comply with the applicable requirements under this Regulation.

(25) In order to strengthen compliance with, and to enhance the effectiveness of, Regulation (EU) 2017/2402, the scope of sanctioning powers under Article 32 of that Regulation should be broadened to explicitly include infringements of due diligence obligations. Institutional investors play a key role in ensuring the soundness and transparency of the securitisation market by conducting appropriate due diligence before and during their exposures. To ensure consistent enforcement across the Union of those due diligence requirements, it should be specified that failure to comply with those requirements is to be subject to remedial measures and administrative sanctions by competent authorities.

(26) Fostering supervisory convergence is essential to the proper functioning and further development of the securitisation market which brings together a wide range of economic actors often based in different jurisdictions, even for the same transaction. The involvement of several competent authorities, combined with the current complexity of the decision-making process, highlights the need to strengthen the supervisory coordination. Simplifying and reinforcing existing frameworks for supervisory coordination, where feasible, should support the broader aim of simplification in regulation and supervision. Stronger convergence can be achieved by using more efficiently and effectively existing powers that allocated to the ESAs and the competent authorities. This outcome should be also supported by giving a more prominent role to the EBA, which should assume permanent stewardship of supervision coordination issues for the securitisation market in the Union.

(27) The Joint Committee Securitisation Committee, composed of market and prudential competent authorities, should focus on issues stemming from supervision and should facilitate and promote supervisory convergence through common supervisory practices. The current mandate of the JCSC should be reviewed to put emphasis on supervisory convergence and work related to Article 44 of this Regulation. The JCSC can meet in different formats or establish subgroups for specific tasks according to the issues to be discussed. The EBA should provide the secretariat and a vice-chairperson for the Joint Committee Securitisation Committee on a permanent basis, deputising and supporting the chairperson in the exercise of his or her duties. In the absence of the chairperson, the vice-chairperson should perform the tasks of the chairperson, including in situations where no chairperson is elected. Representatives to this body from participating market and prudential competent authorities should have the appropriate level of knowledge and experience in matters under discussion. The regular monitoring of the state of the market and evaluation of the supervisory securitisation framework in the Union through monitoring reports, development of guidelines and regular peer reviews would further strengthen the supervisory framework promoting best (supervisory) practices.

(28) Given that securitisation activity in the Union is primarily concentrated in the banking sector, it is appropriate that the EBA assumes the permanent stewardship role in the Joint Committee Securitisation Committee. In the exercise of its permanent role in the Joint Committee Securitisation Committee, the EBA should attach particular attention to nourishing strong and collaborative working relationships with the European Securities Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) and duly taking account of their sectoral perspectives. It should be expected that such reinforced supervisory coordination will result in more robust and consistent supervision of the securitisation market in the Union. In this capacity, the EBA should also lead the work on the development of the disclosure templates as provided for in Article 7 of this Regulation. This will be instrumental in preparing the market for the anticipated growth and developing supervisory capacity and preparedness to support this expansion. Assigning a stewardship role to EBA in this supervisory capacity aligns with the strategic vision of an efficient and simplified regulatory landscape.

(29) In case of cross-border securitisations, appointing a lead supervisor would streamline the supervision of compliance with Regulation (EU) 2017/2402 and ensure consistency and better coordination among the different competent authorities. The lead supervisor should be appointed from among the competent authorities of the entities involved in the transaction, with the decision taken by the competent

authorities concerned. In case of disagreements the matter should be dealt with at the level of the Joint Committee Securitisation Committee. Whenever a new transaction involves entities supervised by the same competent authorities, the lead previously appointed can keep that role.

(30) It is important to ensure that the regulatory framework for securitisations remains effective and adapts to the evolving financial landscape. For that reason, the Commission should comprehensively review the impact and functionality of this Regulation within 5 years after its adoption, with careful attention to its influence on the securitisation market and its broader economic implications. That review should focus on critical aspects, including market dynamics, the accessibility of credit in particular for SMEs, investments, and the interconnectedness of financial institutions which is vital for maintaining the stability of the financial sector. Combining insights from the reports referred to in Article 44 of Regulation (EU) 2017/2402 and further analyses, the Commission should determine the necessity for legislative updates to safeguard the role of Regulation (EU) 2017/2402 in supporting a resilient and dynamic economy within the European Union.

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

(32) Regulation (EU) 2017/2402 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendment to Regulation (EU) No 2017/2402

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

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

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

(2) in Article 2, the following points (32) and (33) are added:

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

(a) a prospectus has to be drawn up for that securitisation pursuant to Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council[29];

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

(b) the securitisation is marketed with notes constituting securitisation positions admitted to trading on a Union trading venue as defined in Article 4(1), point (24) of Directive 2014/65/EU of the European Parliament and of the Council[30];

(c) the securitisation is marketed to investors and the terms and conditions are not negotiable among the parties.

(33) 'private securitisation' means a securitisation that does not meet any of the criteria laid down in point (32).'

(3) Article 5 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) point (c) is deleted;

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

'(e) if established in a third country, the originator, sponsor or SSPE designated in accordance with Article 7(2) has made available the information required by Article 7(1) in accordance with the frequency and modalities provided for in that paragraph;

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

(b) paragraph 3 is amended as follows:

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

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

(ii) point (c) is deleted;

(c) paragraph 4 is amended as follows:

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

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

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

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

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

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

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

(4b) Paragraphs 1 and 4 shall not apply to institutional investors that hold a securitisation position where the first loss tranche representing at least 15% of the nominal value of the securitised exposures is either held or guaranteed by the Union or by national promotional banks or institutions within the meaning of point (3) of Article 2 of Regulation (EU) 2015/1017 of the European Parliament and of the Council.';

(e) paragraph 5 is replaced by the following:

'(5) Without prejudice to paragraphs 1 to 4 of this Article, where an institutional investor has given another institutional investor authority to make investment management decisions that might expose it to a securitisation, the delegating institutional investor may instruct the delegated institutional investor to fulfil its obligations under this Article in respect of any exposure to a securitisation arising from those decisions. The delegating institutional investor's liability under this Article shall not be affected by the fact that the institutional investor has delegated functions.'

(4) Article 6 is amended as follows:

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

'(f) the Union.'

(b) paragraph 5a is inserted:

'(5a) Paragraph 1 shall not apply where the first loss tranche representing at least 15% of the nominal value of the securitised exposures is either held or guaranteed by one of the entities listed under points (a) to (f) of paragraph 5.'

(5) Article 7 is amended as follows:

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

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

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

'Private securitisations shall be subject to a distinct reporting framework that acknowledges their unique characteristics, differing from public securitisation, in a dedicated and simplified reporting template. That dedicated and simplified reporting template shall ensure that essential information relevant to national competent authorities is adequately reported, without imposing the full extent of reporting obligations applicable to public securitisations. Private securitisations shall fulfil their obligations under this subparagraph as of [date set in the fourth subparagraphs of paragraphs 3 and 4 of this Article.].'

(c) paragraph 3 is replaced by the following:

'3. The ESAs shall develop, through the Joint Committee of the European Supervisory Authorities, under the leadership of the EBA and in close cooperation with ESMA and EIOPA, draft regulatory technical standards in accordance with Articles 10 to 14 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 to specify the information that the originator, sponsor and

SSPE shall provide to comply with paragraph 1, first subparagraph, points (a) and (e), and paragraph 2 taking into account:

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

(b) whether the securitisation is public or private;

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

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

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

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

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

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

(d) paragraph 4 is replaced by the following:

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

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

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

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

At least every three years from the date of their adoption by the Commission the ESAs, through the Joint Committee of the European Supervisory Authorities, shall assess the implementing regulatory technical standards to determine their

continued relevance and accuracy, to ensure they remain effective, up to date, aligned with market practices and needs. The ESAs, through the Joint Committee of the European Supervisory Authorities, shall inform the Commission of the results of that assessment.';

(6) Article 10 is amended as follows:

(a) paragraph 1 is replaced by the following:

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

(b) paragraph 2 is replaced by the following:

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

(7) Article 17 is amended as follows:

(a) paragraph 1 is replaced by the following:

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

(a) the EBA;

(b) EIOPA;

(c) ESMA;

(d) the ESRB;

(e) the relevant members of the European System of Central Banks (ESCB), including the European Central Bank (ECB) in carrying out its tasks within a single supervisory mechanism under Regulation (EU) No 1024/2013;

(f) the relevant authorities whose respective supervisory responsibilities and mandates cover transactions, markets, participants and assets which fall within the scope of this Regulation;

(g) the resolution authorities designated under Article 3 of Directive 2014/59/EU of the European Parliament and the Council[31];

(h) the Single Resolution Board established by Regulation (EU) No 806/2014 of the European Parliament and of the Council[32];

[31] Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190, ELI: http://data.europa.eu/eli/dir/2014/59/oj).

(i) the authorities referred to in Article 29 of this Regulation;

(j) the Commission, upon request;

(k) in case of public securitisations, investors and potential investors.'

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

(8) Article 20 is amended as follows:

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

'A pool of underlying exposures shall be deemed to comply with the first subparagraph where at least 70% of the exposures in the pool at origination consists of exposures to SMEs.';

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

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

(9) Article 22 is amended as follows:

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

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

(b) paragraph 5 is replaced by the following:

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

(10) Article 24 is amended as follows:

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

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

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

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

‘A pool of underlying exposures shall be deemed to comply with the first subparagraph where at least 70% of the exposures in the pool at origination consists of exposures to SMEs.’;

(11) Article 26b is amended as follows:

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

‘(e) has been the object of Union restrictive measures or of proven fraudulent practices;

‘(f) has been subject to changes in the national legal framework that would affect the enforceability of the claims of the underlying exposures.’;

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

‘A pool of underlying exposures shall be deemed to comply with the first subparagraph where at least 70% of the exposures in the pool at origination consists of exposures to SMEs.’;

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

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

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

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

(13) Article 26e is amended as follows:

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

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

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

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

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

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

(c) paragraph 8 is amended as follows:

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

‘(aa) a guarantee meeting the requirements set out in Part Three, Title II, Chapter 4 of Regulation (EU) No 575/2013, by which the credit risk is transferred to an insurance or reinsurance undertaking that meets all of the following criteria:

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

(ii) the undertaking complies with its Solvency Capital Requirement and its Minimum Capital Requirement referred to in Articles 100 and 128 of Directive 2009/138/EC, respectively, and has been assigned to credit quality step 3 or better;

(iii) the undertaking effectively operates business activities in at least two classes of non-life insurance within the meaning of Annex I to Directive 2009/138/EC;

(iv) the assets under management by the insurance or reinsurance undertaking exceed 20 billion euro;

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

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

(14) in Article 28(1), first subparagraph, the introductory wording is replaced by the following:

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

(15) Article 29 is amended as follows:

(a) the following paragraph 4a is inserted:

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

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

‘For entities supervised by competent authorities other than the ones referred to in paragraph 4a, Member States shall designate one or more competent authorities to

supervise the compliance of originators, sponsors and SSPEs with Articles 18 to 27, and the compliance of third parties with Article 28.';

(16) Article 30 is amended as follows

(a) the following paragraph 1a is inserted:

'1a. The competent authority shall supervise the compliance of originators, sponsors, SSPEs and original lenders with this Regulation in accordance with Article 29.';

(b) paragraph 5 is deleted.

(17) in Article 32(1), first subparagraph, the following point (i) is added:

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

(18) Article 36 is amended as follows:

(a) paragraph 2 is deleted

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

'A specific securitisation sub-committee shall be established within the framework of the Joint Committee of the European Supervisory Authorities, within which competent authorities shall closely cooperate, in order to carry out their duties pursuant to Articles 30 to 34. The securitisation sub-committee shall be led by the EBA with the cooperation of ESMA and EIOPA. The EBA shall provide the secretariat and a vice-chairperson to the securitisation sub-committee on a permanent basis. The securitisation sub-committee shall foster supervisory convergence to ensure common supervisory practices. The members of the securitisation sub-committee, under the stewardship of the EBA, shall closely coordinate their supervisory actions in order to identify and remedy infringements of this Regulation, develop and promote best practices, facilitate collaboration, foster consistentapplication of law and provide cross-jurisdictional assessments in the event of any disagreements. The securitisation sub-committee shall regularly monitor the state of the market and the application of this Regulation.';

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

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

3b. Following the notification to the competent authorities under Article 7(1), the competent authorities of the sell-side entities in the transaction shall appoint a lead supervisor to coordinate actions and avoid divergences of application of this Regulation for transactions involving sell-side entities under the remit of competent authorities from more than one Member State. A competent authority may delegate the exercise of some or all of the tasks and powers referred to in this Regulation to the lead supervisor. In case the competent authorities of the sell-side entities do not reach an agreement on the appointment of the lead supervisor, the securitisation sub-committee established under paragraph 3 shall appoint the lead supervisor.';

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

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

Where the competent authorities concerned fail to reach an agreement within the conciliation phase referred to in the first subparagraph, the EBA shall take the decision referred to in Article 19(3) of Regulation (EU) No 1093/2010 within one month. During the procedure set out in this Article, a securitisation appearing on the list maintained by ESMA pursuant to Article 27 of this Regulation shall continue to be considered an STS pursuant to Chapter 4 of this Regulation and shall be kept on that list.’;

(e) paragraph 7 is replaced by the following

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

(f) paragraph 8 is deleted;

(19) Article 44 is amended as follows:

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

‘(e) the contribution of securitisation to funding Union companies and to the economy of the Union.’;

(b) the second subparagraph is deleted;

(20) Article 46 is replaced by the following:

’Article 46

Review

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

That report shall consider in particular the findings of the reports referred to in Article 44, and shall assess:

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

(b) the contribution of securitisation to:

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

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

(c) whether in the area of STS securitisations, an equivalence regime could be introduced for third country originators, sponsors and SSPEs, including in relation to due-diligence requirements, taking into consideration international developments in the area of securitisation, in particular initiatives on simple, transparent and comparable securitisations;

(d) the implementation of the requirements set out in Article 22(4) and Article 26d(4) and whether those requirements may be extended to securitisation where the underlying exposures are not residential loans or auto loans or leases, with a view to mainstreaming environmental, social and governance disclosures.

Article 2

Entry into force

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

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

Done at Strasbourg,

For the European Parliament	*For the Council*
The President	*The President*

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT – AGENCIES

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

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

1.2. Policy area(s) concerned

Policy area: Financial stability, financial services and Capital Markets Union

Activity: Financial markets

1.3. Objective(s)

1.3.1. General objective(s)

This initiative is one of the components of the Savings and Investments Union. This proposal aims to:

(1) to revive a securitisation market that will improve financing of the EU economy and

(2) to strike a better balance between safety and market development.

The aim is to create conditions and environment for greater lending to the real economy. A well-functioning securitisation market will incentivise banks to be more active in the market ultimately also making them lend more to the economy.

1.3.2. Specific objective(s)

This proposal has the following objectives:

(1) Reduction of high operational costs for issuers and investors balancing with robust and proportionate standards of transparency, investor protection and supervision;.

(2) Removal of regulatory barriers, allowing the market to develop in a more sustainable and resilient way;

(3) Contribute to the Commission's effort to reduce the regulatory burden on market participants.

Securitisation can be an important channel for diversifying funding sources and allocating risk more efficiently within the EU financial system. It would allow for a broader distribution of financial sector risk and can help to free up banks' balance sheets to allow for further lending to the different categories of economic agent (e.g. non-financial companies, SME, individuals). Overall, it can improve efficiencies in the financial system and provide additional investment opportunities. Securitisation can bridge banks and capital markets with an indirect benefit for businesses and citizens (through, for example, less expensive loans, mortgages and credit cards).

1.3.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries / groups targeted.

Suggested changes will revitalise securitisation market and allow securitisation to play a role in the development of the Savings and Investments Union and to reduce

burden and compliance costs for issuers and investors. By addressing the high operational costs that have deterred banks and insurers from participating in the EU securitisation market, proposed changes will contribute to the Commission's effort to reduce the regulatory burden on market participants and stimulate market development the use of securitisation. At the same time, the proposed changes will continue to safeguard financial stability and provide an adequate level of investor and consumer protection.

1.3.4. Indicators of performance

Specify the indicators for monitoring progress and achievements.

The following indicators will be used to monitor progress and achievements:

Monitoring the cost of conducting due diligence to invest in securitisation transactions.

Monitoring issuance cost stemming from the reporting requirements.

Tracking the number of securitisation issuers and investors.

1.4. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project / preparatory action[33]

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The proposal presents a series of simplifications and refinements to enhance efficiency within the securitisation market. Through targeted adjustments and simplification, these measures are positioned to bolster the market's capacity, attract a broader base of investors, and encourage economic growth—while maintaining a resilient and transparent financial ecosystem. The changes are expected to boost the competitiveness and sustainability of the EU Securitisation Framework, driving growth for all stakeholders involved.

A significant simplification of due diligence duties for businesses and a more efficient transparency framework would involve a streamlining of the processes companies need to follow to ensure compliance. By reducing these obligations, businesses will face lower compliance costs, enabling more resources to be allocated to core business activities.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action that is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at EU level (ex-ante):

[33] As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

Securitisation products are part of EU capital markets which are open and integrated. Securitisation links financial institutions from different Member States and non-Member States: often banks originate the loans that are securitised, while financial institutions such as insurers and investment funds invest in these products and they do so across European borders.

Securitisation is a tool to deepen EU capital markets, to diversify their risk profile and to free up banks' balance sheet for additional lending, for EU households and businesses, to make the EU economy more competitive and resilient.

The ability of Member States to adopt national measures is limited, given that the existing EU securitisation framework, already provides for a harmonised set of rules at EU level and that changes at national level would conflict with Union law currently in force. Individual Member State action cannot by itself attain the objectives outlined above.

Expected generated EU added value (ex-post):

The proposal aims to aims to remove undue issuance and investment barriers in the EU securitisation market and will deliver a level playing field in the internal market for all institutional investors and entities involved in securitisation.

1.5.3. Lessons learned from similar experiences in the past

The evaluation and impact assessment accompanying the legislative proposal have assessed how the existing framework has performed and identify a few shortcomings. The general objective "to revive a safer securitisation market that will improve the financing of the EU economy, weakening the link between banks' deleveraging needs and credit tightening in the short run, and creating a more balanced and stable funding structure of the EU economy in the long run" has been only partially achieved because, while the securitisation market is safer, the initiative has not been sufficient to revive the market or improve financing opportunities. Most of the measures that were introduced in the framework aimed first and foremost to mitigate potential risks associated with securitisation, rather than support market development. Going forward, the objective is to strike a better balance between safety and market development. For this reason, most of the proposed changes focus on developing further the EU securitisation market by making the framework more proportionate.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

The objectives of the initiative are consistent with a number of other EU policies and ongoing initiatives, in particular with the Union policies aimed at creating Savings and Investments Union. In its March 2025 Communication on Savings and Investments Union, the European Commission announced adoption of measures focusing on simplifying due diligence and transparency to further boost securitisation market.

The legislative proposal would remain compatible with the MFF with limited budgetary impacts as it foresees additional Union contribution to European Banking Authority (EBA) stemming from the additional 2 FTEs that the EBA would receive to implement additional tasks conferred by the legislators.

Synergies and room for redeployment were examined, resulting in one FTE who would be transferred from ESMA to the EBA to reflect the transfer of a task between

the authorities. The FTE transferred from ESMA would have no significant budgetary impacts except for a transfer within Heading 1.

Altogether, the proposal will increase of 3 more FTEs the authorised staff of the EBA during the future annual budgetary procedure, including 1 FTE transferred from ESMA. The EBA will continue to work towards maximising synergies and efficiency gains (inter alia via IT systems), and closely monitor the additional workload associated with this proposal, which would be reflected in the level of authorised staff requested by the agency in the annual budgetary procedure.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Different financing options were discussed, including in particular covering the costs by fees and internal redeployment. The fee option is practically unworkable as fees levied on firms would not be able to cover the costs of the proposals. Such an approach would also be difficult to justify, as the considered measures are not directly linked to supervisory powers, but part of developing the regulatory framework.

Potential for redeployment was examined, resulting in the transfer of 1 temporary agent from ESMA to the EBA. Further internal redeployment within the ESAs is not an option, given that ESAs already struggle significantly to deliver on their regulatory tasks.

1.6. Duration of the proposal/initiative and of its financial impact

☐ **limited duration**

– ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ **unlimited duration**

– Implementation with a start-up period from 2027 to 2029,

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned[34]

☐ **Direct management** by the Commission

– ☐ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☒ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated

– ☐ international organisations and their agencies (to be specified)

– ☐ the European Investment Bank and the European Investment Fund

– ☒ bodies referred to in Articles 70 and 71 of the Financial Regulation

– ☐ public law bodies

– ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees

– ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act

– ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

[34] Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx.

N/A

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

In line with standard arrangements practiced in existing agencies, the European Banking Authority (EBA) will prepare regular reports on its activity (including internal reporting to Senior Management, reporting to Boards and the production of the annual report), and will be subject to audits by the Court of Auditors and the Commission's Internal Audit Service on its use of resources and performance.

The EBA Regulation (EU) No 1093/2010 is subject to regular reviews.

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

The European Supervisory Agencies for financial services (EBA, EIOPA, ESMA), are decentralised regulatory agencies pursuant to Art. 70 Financial Regulation.

Management and control systems of the European Banking Authority are provided for in Chapter VI of Regulation (EU) No 1093/2010 establishing it, in combination with the applicable framework financial Regulation (EU) 2019/715 as endorsed by the Authority.

The Authority must ensure that the appropriate standards are met in all areas of the internal control framework and is subject to audits by the Commission's Internal Audit Service. In addition, every financial year, the European Parliament, following a recommendation from the Council, grants discharge to this agency for the implementation of its budget.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

In relation to the legal, economic, efficient and effective use of appropriations resulting from the actions to be carried out in the context of this proposal by the EBA, this initiative does not bring about new significant risks that would not be covered by an existing internal control framework.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

Management and control systems are provided in the Regulation (EU) 1093/2010 which governs the functioning of the EBA. These are deemed to be cost effective. The initiative will have no significant effect on costs to be supported by those of the Member States or the EBA from that angle. Impacts on risks of error rates are expected to be very low.

Historically DG FISMA's costs of the overall supervision of an Authority such as the EBA have been estimated at 0.5% of the annual contributions paid to it. Such costs include, for example but not exclusively, the costs related to the assessment of the annual programming and budget, the participation of DG FISMA's representatives in Management Boards, Boards of Supervisors and related preparatory work.

2.3. Measures to prevent fraud and irregularities

For the purposes of combating fraud, corruption and any other illegal activity, the provisions of Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) applies to EBA without any restrictions.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[35]	from EFTA countries [36]	from candidate countries and potential candidates [37]	From other third countries	other assigned revenue
1.	03 10 02 00: European Banking Authority (EBA)	Diff.	NO	NO	NO	NO
1.	03 10 04 00: European Securities and Markets Auhority (ESMA)	Diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	N/A					

[35] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
[36] EFTA: European Free Trade Association.
[37] Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☒ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	

DG: <…….>			Year	Year	Year	Year	**TOTAL MFF 2021-2027**
			2024	**2025**	**2026**	**2027**	
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes[38]							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

European Banking Authority	Year	Year	Year	Year	**TOTAL MFF 2021-2027**

[38] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

	2024	2025	2026	2027	
Budget line: 03 10 02 002 / EU Budget contribution to the agency				0.263	**0.263**

The Union subsidy to ESMA will be reduced by the amounts shown in the table below:

European Securities and Markets Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Budget line: 03 10 04 00 / EU Budget contribution to the agency				(0.088)	**(0.088)**

The appropriations and EU budget contribution to the European Banking Authority (EBA) will be compensated in part by a reduction of the appropriations and EU budget contribution to the European Securities and Markets Authority (ESMA) – resulting in the net amounts shown in the tables below.

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations (including contribution to decentralised agency)	Commitments	(4)	0.000	0.000	0.000	0.175	**0.175**
	Payments	(5)	0.000	0.000	0.000	0.175	**0.175**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**
TOTAL appropriations under HEADING 1 of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.175**	**0.175**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0175**	**0.175**

Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF2021-2027**

• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.175	**0.175**
	Payments	(5)	0.000	0.000	0.000	0.175	**0.175**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations under Headings 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**0.175**	**0.175**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**0175**	**0.175**

Heading of multiannual financial framework	**7**	'Administrative expenditure'[39]

DG: <…….>		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

DG: <…….>		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	0.000	**0.000**
TOTAL DG <…….>	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

[39] The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

EUR million (to three decimal places)

		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**0.000**	**0.000**	**0.000**	**0.175**	**0.175**
of the multiannual financial framework	Payments	**0.000**	**0.000**	**0.000**	**0.175**	**0.175**

3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	

DG: <…….>			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
Budget line	Commitments	(1a)					**0.000**
	Payments	(2a)					**0.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**

Appropriations of an administrative nature financed from the envelope of specific programmes[40]							
Budget line		(3)					**0.000**
TOTAL appropriations for DG <…….>	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.2. Estimated output funded from operational appropriations

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **2024**		Year **2025**		Year **2026**		Year **2027**		Enter as many years as necessary to show the duration of the impact (see Section 1.6)						**TOTAL**	
	OUTPUTS																	
	Type[41]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1[42]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		

40 Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

41 Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

42 As described in Section 1.3.2. 'Specific objective(s)'

TOTALS																

3.2.3. Summary of estimated impact on administrative appropriations

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.4. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources

– ☐ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)[43]

VOTED APPROPRIATIONS		Year 2024	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (in FTEs)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0

[43] Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

01 01 01 12 (AC, END - Direct research)	0	0	0	0
Other budget lines (specify) - Heading 7	0	0	0	0
Other budget lines (specify) - Outside Heading 7	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

The staff required to implement the proposal (in FTEs):

	Current staff available in the Commission services	**Additional staff***		
		To be financed under Heading 7 or Research	**To be financed from BA line**	**To be financed from fees**
Establishment plan posts			N/A	
External staff (CA, SNEs, INT)				

Description of tasks to be carried out by:

Officials and temporary staff	
External staff	

3.2.5. Overview of estimated impact on digital technology-related investments

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as "Policy IT expenditure on operational programmes". This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 "Digital dimensions".

TOTAL Digital and IT appropriations	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021 - 2027**
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	**0.000**

Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

– ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

Not applicable as the tasks would be undertaken by decentralised agencies.

– ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

Not applicable as the tasks would be undertaken by decentralised agencies.

– ☐ requires a revision of the MFF

Not applicable as the tasks would be undertaken by decentralised agencies.

3.2.7. Third-party contributions

The proposal/initiative:

– ☐ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2024**	Year **2025**	Year **2026**	Year **2027**	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.2.8. Estimated human resources and the use of appropriations required in a decentralised agency

Staff requirements (fulll-time equivalent units)

Agency: European Banking Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**
Temporary agents (AD Grades)				3
Temporary agents (AST grades)				
Temporary agents (AD+AST) subtotal	***0***	***0***	***0***	***3***
Contract agents				
Seconded national experts				

Contract agents and seconded national experts subtotal	***0***	***0***	***0***	***0***
TOTAL staff	**0**	**0**	**0**	**3**

Agency: European Securities and Markets Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**
Temporary agents (AD Grades)				(1)
Temporary agents (AST grades)				
Temporary agents (AD+AST) subtotal	***0***	***0***	***0***	***(1)***
Contract agents				
Seconded national experts				
Contract agents and seconded national experts subtotal	***0***	***0***	***0***	***0***
TOTAL staff	**0**	**0**	**0**	**(1)**

Appropriations covered by the EU budget contribution in EUR million (to three decimal places)

Agency: European Banking Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL 2021 - 2027**
Title 1: Staff expenditure				0.225	**0.225**
Title 2: Infrastructure and operating expenditure				0.037	**0.037**
Title 3: Operational expenditure					**0.000**
TOTAL of appropriations covered by the EU budget	**0.000**	**0.000**	**0.000**	**0.263**	**0.263**

Agency: European Securities and Markets Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL 2021 - 2027**
Title 1: Staff expenditure				(0.075)	**(0.075)**
Title 2: Infrastructure and operating expenditure				(0.013)	**(0.013)**
Title 3: Operational expenditure					**0.000**

TOTAL of appropriations covered by the EU budget	**0.000**	**0.000**	**0.000**	**(0.088)**	**(0.088)**

Appropriations covered by fees, if applicable, in EUR million (to three decimal places)

N/A

Appropriations covered by co-financing, if applicable, in EUR million (to three decimal places)

Contribution by national competent authorities to the European Banking Authority will be compensated in part by a reduction of contributions by national competent authorities to the European Securities and Markets Authority.

Agency: European Banking Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL 2021 - 2027**
Title 1: Staff expenditure				0.338	**0.338**
Title 2: Infrastructure and operating expenditure				0.056	**0.056**
Title 3: Operational expenditure					**0.000**
TOTAL of appropriations covered by the EU budget	**0.000**	**0.000**	**0.000**	**0.394**	**0.394**

Contributions by national competent authorities to ESMA will be reduced by the amounts shown in the table below, corresponding to 1 FTE:

Agency: European Securities and Markets Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL 2021 - 2027**
Title 1: Staff expenditure				(0.112)	**(0.112)**
Title 2: Infrastructure and operating expenditure				(0.019)	**(0.019)**
Title 3: Operational expenditure					**0.000**
TOTAL of appropriations covered by the EU budget	**0.000**	**0.000**	**0.000**	**(0.131)**	**(0.131)**

Overview/summary of human resources and appropriations (in EUR million) required by the proposal/initiative in a decentralised agency

The subsidy of the Union and contribution by national competent authorities to the European Banking Authority will be compensated in part by a reduction of subsidy and contribution to the European Securities and Markets Authority.

Agency: European Banking Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL 2021 - 2027**
Temporary agents (AD+AST)	**0**	**0**	**0**	**3**	**-**
Contract agents	**0**	**0**	**0**	**0**	**-**
Seconded national experts	**0**	**0**	**0**	**0**	**-**
Total staff	**0**	**0**	**0**	3	**-**
Appropriations covered by the EU budget	0.000	0.000	0.000	0.263	**0.263**
Appropriations covered by fees (if applicable)	0.000	0.000	0.000	0.000	**0.000**
Appropriations co-financed (if applicable)	0.000	0.000	0.000	0.394	**0.394**
TOTAL appropriations	**0.000**	**0.000**	**0.000**	**0.657**	**0.657**

The headcount of ESMA will be reduced by 1 FTE, allowing for a reduction of the subsidy of the Union and contribution by national competent authorities to ESMA, as shown in the table below:

Agency: European Securities and Markets Authority	Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL 2021 - 2027**
Temporary agents (AD+AST)	**0**	**0**	**0**	**(1)**	**-**
Contract agents	**0**	**0**	**0**	**0**	**-**
Seconded national experts	**0**	**0**	**0**	**0**	**-**
Total staff	**0**	**0**	**0**	**(1)**	**-**
Appropriations covered by the EU budget	0.000	0.000	0.000	(0.088)	**(0.088)**
Appropriations covered by fees (if applicable)	0.000	0.000	0.000	0.000	**0.000**
Appropriations co-financed (if applicable)	0.000	0.000	0.000	(0.131)	**(0.131)**
TOTAL appropriations	**0.000**	**0.000**	**0.000**	**(0.219)**	**(0.219)**

3.3. Estimated impact on revenue

– ☐ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

  – ☐ on own resources

  – ☐ on other revenue

  – ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[44]			
		Year **2024**	Year **2025**	Year **2026**	Year **2027**
Article …….					

For assigned revenue, specify the budget expenditure line(s) affected.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

4. DIGITAL DIMENSIONS

The proposed amendments to Regulation (EU) 2017/2402 do not substantially modify the digital infrastructure and processes that support the implementation of the Regulation. Consequently, the proposal is considered of no digital relevance.

4.1. Requirements of digital relevance

Not applicable

4.2. Data

Not applicable

4.3. Digital solutions

Not applicable

4.4. Interoperability assessment

Not applicable

[44] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.

4.5. Measures to support digital implementation

Not applicable