Position Paper

Summary

- The Dutch Securitisation Association and the Dutch Banking Association are broadly supportive of the Commission's proposals to improve the EU securitisation market. To revitalise the EU securitisation market a holistic approach is needed for both originators and investors.
- However, the chosen scope of the newly introduced "resilient" securitisations risks severely narrowing the amount of transactions that will benefit from the improvement in prudential treatment, limiting the impact of these measures.
- While a step in the right direction, the adjustments to the P-factor and Risk Weight floor would benefit from further refinement.
- The clarity and implementation of the Level 2 legislation will be crucial in determining whether the proposed reforms on transparency and due diligence requirements meet their intended goals of unlocking the potential of securitisation in Europe. The intended simplification in the Level 1 framework should be reflected in the Level 2 regulations without any costly or complex additional requests from supervisory authorities.

A growing and competitive European economy relies on strong investment from consumers, businesses, and governments. Furthermore, major challenges—such as the green and digital transitions— demand substantial private investments. The European Commission estimates that approximately €800 billion in additional annual financing is needed to support these transitions. Most of these financing needs take the form of relatively simple loans, such as an additional mortgage for home insulation, or an SME loan to upgrade ICT and other production systems.

As demand for financing continues to rise, Europe must mobilise its available capital more effectively. A well-functioning European securitisation market can contribute to the goals of the Savings and Investment Union by expanding funding opportunities for SMEs and consumers alike. Securitisation allows institutional investors to support credit provision across the EU, while diversifying their portfolios and facilitating more efficient risk-sharing within the financial system.

In this context, we welcome the European Commission's proposal of 17 June 2025 to improve the functioning of the EU securitisation market. We are encouraged by the comprehensive approach of the EC, bringing together a coherent package of measures across several interlinked legislative frameworks (SECR, CRR, and Solvency-II).

Gustav Mahlerplein 29-35
1082 MS Amsterdam
www.nvb.nl

Most importantly, the proposal acknowledges that the current prudential framework has created barriers for (credit) institutions to both originate and invest in securitisations. The Commission rightly recognises that this market can only be revitalised by removing the barriers in order for securitisations to become economically viable for both originators and investors.

The introduction of greater risk sensitivity in the prudential treatment of securitisation is a key and welcome step—long advocated for by market participants. The intention to establish a more level playing field, along with efforts to reduce excessive reporting and due diligence requirements, are also commendable. Finally, while the proposals on supervision are not yet fully developed, the move towards more centralised oversight is a positive direction, which enhances the credibility of the STS framework

Yet there are areas which require further discussion and improvement. While the proposal removes some critical barriers to origination, others remain in place, and new risk are being introduced (such as the sanction regime, and the proposed definition of public securitisations). While adjustments to the P-factor and risk weight floor are necessary and appreciated, further refinement—particularly of the RW floor—is still needed. We are concerned about the calibration of several parameters, which often lack sufficient justification and may lead to unintended or counterproductive outcomes. These points are addressed in more detail in the sections that follow.

Finally, we note that several important elements, such as simplification of templates and disclosures, will depend on Level 2 legislation. This will be crucial in determining whether the proposed reforms can truly unlock the potential of securitisation in Europe. It is essential that the intended simplification in the Level 1 framework is effectively reflected in practice, when developing the Level 2 regulations. In particular, any additional requests from supervisory authorities should not reintroduce the complexity and costs of the currently existing templates.

Below the DSA and NVB provide in-depth comments and views on the proposed measures, grouped by the by legislative framework. Furthermore, a short overview of items which remain insufficiently addressed in the current proposals, is provided.

Securitisation Regulation (SECR):

Definition of public securitisation:

- We do not favour the proposed definition, as it would add considerable complexity without any clear benefits. The new definition of public securitisations is too broad and captures securitisations that, by their nature, should be private due to the sensitivity and confidentiality of the underlying information. A trading venue listing should not define a securitisation as public since the reasons for the listing may be an investor requirement or tax reasons.

Private transactions

- We support the intention to align the new template as closely as possible with the existing ECB/SSM template. The multitude of different templates required for various purposes is a serious barrier for investors. However, the proposal does not state whether Loan Level Data templates will still be required for private transactions. Which is a major concern for the securitisation industry. We argue that Loan Level Data should no longer be mandatory but replaced by aggregate data.

- The templates of private securitisations should, for confidentiality reasons, not be reported to the securitisation repositories, as proposed. These securitisations are private which means that the information is shared under the terms of an NDA. Therefore, the group of people able to receive the information on those transactions is limited. Information should only be reported to the investors and the direct bank supervisor.

Due diligence and sanction regime

- Less, and more proportionate, due diligence is welcomed. Yet, these objectives are undermined by the proposed changes to the sanction regime. Securitisation is the only product subject to this sanction regime, which creates stigma. Moreover, the high penalties facing investors will likely lead them to err on the side of caution during due diligence. As such, it remains unclear if the relief in due diligence requirements will translate into actual benefits for investors. New investors may especially be deterred.
- Where investment management is delegated, responsibility for the due diligence should stay with the delegated part and not be moved to the delegating party, since the latter cannot control the risk of mistakes by the delegated party.

Transparency (disclosure)

- A 35% reduction in fields sounds promising but should not come at the expense of a costly overhaul of all templates. A solution could be to see 35% of the fields declared voluntary to minimise operational adjustments where possible. This is also the intention, according to the European Commission. Much will depend on how this is implemented in the Level 2 legislation.

Unfunded credit protection

- It is positive that some improvement on unfunded Credit protection is created, even though insurers protections are still not recognized as non-STS securitisations. We also note that the criteria to qualify for STS recognition of unfunded credit protection granted by insurers in synthetic transactions, are very strict, so in practice only a few insurers will be able to meet these requirements.

Capital Requirements Regulation (CRR):

Resilient transactions

- The European Commission is trying to create more room for so-called resilient transactions. This is positive from a risk sensitivity perspective, but further calibration is needed.
- The definition of resilient transactions seems overly strict, resulting in few transactions that are be able or willing to meet the criteria. Therefore, a significant part of the prudential improvements will only impact a relatively few securitisations.
- The proposed ongoing requirement to meet the ‘resilient’ requirements will lead to reporting issues and undesired cliff effects when transactions lose their resilient status: we strongly recommend to only determine resilient upfront (as for STS)

Risk weight floor and p-factor

- Although still high for a large share of low-risk securitisation positions, the 5% floor is an improvement, but;
  - The real impact will depend on whether the resilient category is sufficiently accessible. Otherwise, even the 5% floor will rarely be achieved. The 7% floor for “regular” STS transactions is a welcome step towards a more level playing field, but some further refinement may be required.
  - The same applies to the p-factor. While a truly level playing field would require a p-factor of 0, a floor of 0.2 (instead of 0.3) is seen as a valuable improvement.

Significant Risk Transfer

- Steps toward faster and more harmonised treatment of SRT by supervisors are seen as positive. Expectations are high regarding the Principle-Based Approach, but will depend on the Level 2 text.

Liquidity Coverage Ratio

- Most proposals represent important improvements, such as broader eligibility for a wider range of ratings, the expansion of eligible asset classes, and especially the removal of the 5-year WAM requirement.
- Unfortunately, category 2A classification—let alone 1—is not proposed. This undermines the level playing field of securitisations as a financial product. The reduction of the haircut to 15% for resilient transactions is a significant improvement. However, the final impact will depend on whether transactions qualify as resilient.

Solvency II:

- For Senior-STS transactions, the proposed level playing field with Covered and Corporate Bonds is welcomed.
- For non-STS and non-senior STS the proposed improvements will not make a meaningful difference; the capital charges will still be very high.

Items insufficiently addressed in the current proposals:

Scope of SECR

- Attempts to revise the definition of securitisations could lead to additional complexity and are therefore viewed as redundant. However, the SECR could benefit from a clearer defined scope. This is however not a high priority.

Risk retention

- No clarification of the “sole purpose test” (Article 6.2 SECR) is provided. The industry is waiting for guidance on what the “predominant source of revenue”, as introduced by the ESAs in their report on the function of the Securitisation Regulation of 31 March, implies. The EC proposals have not addressed this, thus maintaining an ongoing uncertainty for many issuers.

ABCP

- No attempt has been made to revitalise STS for ABCP programmes. STS for ABCP transactions works well, but no ABCP programme has yet achieved STS status. The requirement of all underlying transactions to be STS is a major obstacle; this could only be remedied by setting up separate STS and non-STS programmes, but the associated costs (EUR 1 mln for a new programme) are prohibitive.

STS equivalence with third countries and securitisation platforms

- These are important topics, but perhaps more suitable for the longer term. Addressing them now would risk delaying the current proposals.

Contact

Tom Rood
Senior Policy Advisor Financial Markets
rood@nvb.nl

Date: 28 October 2025