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EUROPEAN
COMMISSION

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Securitisation package

COMMISSION DELEGATED REGULATION (EU) …/...

of XXX

amending Delegated Regulation (EU) 2015/61 as regards the eligibility conditions for securitisations in the liquidity buffer of credit institutions

(Text with EEA relevance)

This draft has not been adopted or endorsed by the European Commission. Any views expressed are the preliminary views of the Commission services and may not in any circumstances be regarded as stating an official position of the Commission.

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

1.1. Background

The liquidity coverage ratio (LCR) requirement, as specified in Commission Delegated Regulation (EU) 2015/61[1] ('Liquidity Coverage Ratio Delegated Regulation' or 'LCR Delegated Regulation'), sets out the amount and characteristics of liquid assets for credit institutions in the European Union (EU) to meet their short-term liquidity requirements.

The LCR requirement that has applied in the EU since 1 October 2015 recognises securitisations as eligible assets for the liquidity buffer of credit institutions, under certain conditions. The LCR requirement is part of the Basel III framework agreed by the Basel Committee on Banking Supervision (BCBS)[2]. The LCR Delegated Regulation largely reflects the BCBS standard[3].

In response to the 2008 global financial crisis and the 2011 euro area sovereign debt crisis, the EU reformed its regulatory framework for credit institutions, which included the aim to revitalise the use of securitisation while preserving financial stability.

Securitisation is a financial practice that involves pooling various types of assets, such as mortgages, auto-loans and credit card debt, and selling their related cash flows to third-party investors as securities. They are an attractive investment opportunity for investors seeking exposure to new risks as they enable greater risk-return diversification in comparison to some other fixed income assets.

Relaunching the EU 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 EU faces significant investment needs to remain resilient and competitive. Well-functioning securitisation markets can contribute to higher economic growth and facilitate funding of EU strategic objectives by allowing credit institutions to transfer risks to those that are best suited to bear them and thereby free up their capital. Credit institutions are expected to use this capital for additional lending to households and businesses, including small and medium-sized enterprises.

The current EU securitisation framework is keeping the European economy from reaping all the benefits that securitisation can offer. The EU securitisation framework was put in place in the aftermath of the 2008 global financial crisis and responded to concerns about risky securitisations in the United-States. 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.

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1 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 (https://eur-lex.europa.eu/eli/reg_del/2015/61/oj/eng).

2 Members of the Basel Committee on Banking Supervision comprise central banks and bank supervisors from 29 jurisdictions worldwide. EU Member States that are members of the BCBS are Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Spain and Sweden. The European Central Bank is also a member. The European Commission and the European Banking Authority participate in BCBS meetings as observers.

3 Basel III: The Liquidity Coverage Ratio (https://www.bis.org/publ/bcbs238.htm).

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.

The eligibility conditions for securitisations in the liquidity buffer of credit institutions were revised in the context of the securitisation framework package. This package consisted of: (i) Regulation (EU) 2017/2402[4] ('Securitisation Regulation' or 'SECR'); (ii) Regulation (EU) 2017/2401[5] amending Regulation (EU) No 575/2013[6] ('Capital Requirements Regulation' or 'CRR'); (iii) Commission Delegated Regulation (EU) 2018/1221[7] amending Delegated Regulation (EU) 2015/35[8] ('Solvency II Delegated Regulation'); and (iv) Commission Delegated Regulation (EU) 2018/1620[9] amending the LCR Delegated Regulation. The securitisation framework package was a major initiative under the first Capital Markets Union action plan of 2015.

Senior tranches[10] of high-quality (i.e. simple, transparent and standardised – STS[11]), traditional[12] securitisations are eligible as part of EU credit institutions' liquidity buffers and can be exchanged against cash or sold in times of liquidity stress. In December 2024, credit

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4 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 (https://eur-lex.europa.eu/eli/reg/2017/2402/oj/eng).

5 Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (https://eur-lex.europa.eu/eli/reg/2017/2401/oj/eng).

6 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (https://eur-lex.europa.eu/eli/reg/2013/575/oj/eng).

7 Commission Delegated Regulation (EU) 2018/1221 of 1 June 2018 amending Delegated Regulation (EU) 2015/35 as regards the calculation of regulatory capital requirements for securitisations and simple, transparent and standardised securitisations held by insurance and reinsurance undertakings (https://eur-lex.europa.eu/eli/reg_del/2018/1221/oj/eng).

8 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) (https://eur-lex.europa.eu/eli/reg_del/2015/35/oj/eng).

9 Delegated Regulation (EU) 2018/1620 amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 (https://eur-lex.europa.eu/eli/reg_del/2018/1620/oj/eng).

10 A senior tranche in a securitisation refers to the highest-ranking class of securities in the structure, which has priority in receiving payments from the underlying assets. It typically carries the lowest risk and therefore offers lower yields compared to subordinate (or junior) tranches, which are paid after the senior tranche, but take on more risk.

11 Simple, transparent and standardised securitisations are defined in Regulation (EU) 2017/2402, the EU standard identifying criteria for simplicity, standardisation and transparency to differentiate STS securitisation products from more opaque and complex ones. STS securitisations benefit from a better regulatory treatment than non-STS ones. The EU STS framework is an equivalent of the STC framework (framework for simple, transparent and comparable securitisations) under the Basel framework.

12 Traditional securitisations, also known as 'cash' or 'true sale' is used primarily to obtain funding and to transfer risk out of the lender's balance sheet. An example of a traditional securitisation is a bank selling a pool of mortgages to a securitisation special purpose entity (SSPE). As a result, the credit risk associated with the mortgages is transferred, and the mortgages are 'erased' from the originator bank's balance sheet. Traditional securitisations are different from synthetic securitisations. Synthetic securitisation does not involve the physical transfer of assets. These assets remain on the originator's balance sheet, but the risk is managed using financial instruments, such as guarantees, making the arrangement similar to an insurance contract.

institutions from 25 Member States[13] (compared to 24 Member States[14] in December 2020) reported exposures to senior tranches of STS traditional securitisations eligible for their liquidity buffer, which can be used to meet their LCR requirement.

Under the LCR Delegated Regulation, securitisations and other Level 2B[15] high-quality liquid assets (HQLA) can account for up to 15% of a credit institution's total liquidity buffer[16]. However, EU credit institutions currently allocate less than 1% of their total liquidity buffer to senior tranches of STS traditional securitisations. Instead, they prefer other types of collateral (cash reserves at the central bank, sovereign bonds, high-quality covered bonds, etc.), which are subject to lower haircuts when included in the liquidity buffer. Although the amount of securitisations in credit institutions' liquidity buffers is relatively small, it increased from EUR 23.6 billion[17] in December 2020 (i.e. 0.21% of the total liquidity buffer[18]) to EUR 47.5 billion[19] in December 2024 (i.e. 0.38% of the total liquidity buffer[20]). As such, the 15% holding limit for securitisations and other Level 2B HQLA eligible for credit institutions' liquidity buffers is not a binding constraint for those institutions that invest 1% of their total liquidity buffer in securitisation exposures. Credit institutions tend not to rely on securitisations to build up their liquidity buffer to meet the LCR requirement, which reached 169% as of December 2024[21], well above the 100% minimum regulatory requirement. The original intention supporting the eligibility of securitisations as HQLA aimed to encourage credit institutions to hold diversified liquidity buffers with assets that have uncorrelated liquidity risk profiles.

During the years of abundant central bank liquidity and low interest rates, credit institutions preferred to retain their own securitisations as collateral for central bank monetary policy operations and did not invest in other credit institutions' securitisations to use them in their own liquidity buffers. As a result, credit institutions did not support the liquidity and the depth of the EU market for high-quality securitisations. This could change with the exit from the low-interest rate environment characterised by abundant and cheap central bank liquidity. Credit institutions could be further incentivised to actively manage and diversify their liquidity buffers' investment profile with an increased reliance on securitisations.

The eligibility of securitisations in the liquidity buffer is considered to be an important criterion for all market participants to invest in securitisations, as it enables them to find active counterparties on capital markets, including credit institutions, to trade their portfolios.

13 Austria, Belgium, Bulgaria, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Spain and Sweden.

14 Austria, Belgium, Bulgaria, Cyprus, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

15 Article 3 of Delegated Regulation (EU) 2015/61 defines level 2B assets, also considered with level 2A assets as 'level 2 assets', such as assets of high liquidity and credit quality as referred to in the second subparagraph of Article 416(1) of Regulation (EU) No 575/2013.

16 Article 17 of the Delegated Regulation (EU) 2015/61 specifies the requirements for the composition of the liquidity buffer of credit institutions by asset level.

17 Residential mortgage-backed securities (EUR 10.3 billion), asset-backed securities backed by auto-loans (EUR 11.9 billion) and asset-backed securities backed by commercial loans and SME loans (EUR 1.3 billion).

18 European Banking Authority, common supervisory reporting (CoRep).

19 Residential mortgage-backed securities (EUR 17.9 billion), asset-backed securities backed by auto-loans (EUR 21.1 billion) and asset-backed securities backed by commercial loans and SME loans (EUR 8.6 billion).

20 European Banking Authority, common supervisory reporting (CoRep).

21 European Banking Authority, common supervisory reporting (CoRep).

The reports from Enrico Letta[22] and Mario Draghi[23] 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 review of the LCR Delegated Regulation aims to strike a better balance between safety and market development. This is based on several years of experience with the current rules and several recent high level political statements[24] highlighting the need to take additional measures to remove issuance and investment barriers in the EU securitisation market.

The need to accelerate work on all the measures aiming to develop banking and capital markets, including securitisation, was highlighted in Commission President von der Leyen's political guidelines from July 2024[25] and reiterated in the President's mission letter to Commissioner Albuquerque[26].

1.2. Background to the amendments to the LCR Delegated Regulation

Much experience has been gained since the adoption of Regulation (EU) 2017/2401 amending the CRR, the Securitisation Regulation and the Commission Delegated Regulation (EU) 2018/1620 amending the LCR Delegated Regulation. This experience provides the basis for reconsidering the eligibility criteria and haircuts that apply to senior tranches of STS traditional securitisations eligible for credit institutions' liquidity buffers. Through a small number of targeted amendments, the objective is to further incentivise the diversification in EU credit institutions' liquidity buffers and to further support the liquidity and depth of the securitisation markets and of EU capital markets in general. The targeted amendments to the LCR Delegated Regulation aim to address inconsistencies in the existing requirements that securitisations need to comply with to be eligible for inclusion in liquidity buffers.

1.2.1. Simplicity, transparency and standardisation characteristics for eligibility for the liquidity buffer

The securitisation framework that entered into application in 2019 included the Commission's adoption of Delegated Regulation (EU) 2018/1620 amending the LCR Delegated Regulation, which made senior tranches of STS traditional securitisations eligible for credit institutions' liquidity buffers.

Simplicity, transparency and standardisation are essential for securitisations to be sold on private markets with no or little loss of value, even under stressed conditions. The

[22] 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.

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

[24] The Eurogroup statement of 11 March 2024 invited the Commission to assess all the supply and demand factors hampering the development of the securitisation market in the EU. These factors include the prudential treatment of securitisation for credit institutions and insurance companies and the transparency and due diligence requirements (while taking into account international standards). Similarly, the ECB Governing Council statement of 7 March 2024 suggested exploring the use of public guarantees and the further standardisation of securitisation issuances. The European Council conclusions of 18 April 2024 called for a relaunch of the European securitisation market, including through regulatory and prudential changes. The European Council conclusions of June 2024 called again on the Council and the Commission to accelerate work on all the identified measures under the Capital Markets Union.

[25] Europe's choice, political guidelines for the next European Commission 2024-2029, Ursula von der Leyen (https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf).

[26] Mission letter to Maria Luís Albuquerque, Commissioner for Financial Services and the Savings and Investments Union (https://commission.europa.eu/document/download/e50f47d6-7c8f-4e0c-88c9-5637080e3ef4_en?filename=mission-letter-albuquerque.pdf).

Commission proposes to continue allowing senior tranches of STS traditional securitisations to be eligible for liquidity buffers to maintain consistency with the rest of the EU framework and to ensure that HQLA held by credit institutions preserve their resilient characteristics. Credit institutions can invest in other types of securitisations, although these will not qualify as HQLA.

1.2.2. Minimum credit quality

In their joint advice on the review of the securitisation prudential framework for credit institutions, dated 12 December 2022[27], the European Supervisory Agencies (ESAs) recommended amending the LCR Delegated Regulation. The ESAs proposed to align the eligibility of securitisations for the liquidity buffer with the increased granularity of credit quality steps (CQS) and the standardised scale categorising the creditworthiness of securitisation exposures under Regulation (EU) 2017/2401 amending the CRR and the related amendment brought by Implementing Regulation (EU) 2022/2365[28] to Implementing Regulation (EU) 2016/1801[29].

The application of Implementing Regulation (EU) 2022/2365 from December 2022 changed the rating-based approaches and introduced more granularity in the CQS, restricting eligibility for the liquidity buffer to securitisations with a AAA credit rating. Securitisations with a credit rating from AAA to AA- from CQS1 to CQS4 were eligible as HQLA from the entry into application of the liquidity buffer in October 2015 until the entry into application of Implementing Regulation (EU) 2022/2365 in December 2022. As recommended by the ESAs, the Commission proposes to restore the eligibility of securitisations with ratings from CQS1 to CQS4.

To mitigate the risk of cliff effects triggered by credit rating downgrades and to alleviate the sovereign cap limiting the eligibility of securitisations issued in some Member States, the Commission proposes to increase the eligibility of senior tranches of STS traditional securitisations with credit quality CQS5 to CQS7, equivalent to a credit rating from A+ to A-, as specified under Implementing Regulation (EU) 2022/2365. While maintaining all other eligibility conditions for credit institutions' liquidity buffers, a haircut of 50% will apply to securitisations with CQS5 to CQS7. As a result, senior tranches of STS traditional securitisations with CQS5 to CQS7 will be eligible as Level 2B HQLA, in addition to those with CQS1 to CQS4, but with a higher haircut.

1.2.3. Channelling more long-term financing

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27 See Recommendation 8 of the Response to the Commission's October 2021 call for advice – JC/2022/66 (https://www.eba.europa.eu/sites/default/files/document_library/Publications/Other%20publications/2022/Joint%20advice%20to%20the%20EU%20Commission%20on%20the%20review%20of%20the%20securitisation%20prudential%20framework/1045321/JC%202022%2066%20-%20JC%20Advice%20on%20the%20review%20of%20the%20securitisation%20prudential%20framework%20%20-%20Banking.pdf).

28 Commission Implementing Regulation (EU) 2022/2365 of 2 December 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2016/1801 as regards the mapping tables correspondence of credit assessments of external credit assessment institutions for securitisation in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council (https://eur-lex.europa.eu/eli/reg_impl/2022/2365/oj/eng).

29 Commission Implementing Regulation (EU) 2016/1801 of 11 October 2016 on laying down implementing technical standards with regard to the mapping of credit assessments of external credit assessment institutions for securitisation in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council (https://eur-lex.europa.eu/eli/reg_impl/2016/1801/oj/eng).

The Savings and Investments Union strategy[30], announced by Commissioner Albuquerque on 19 March 2025, supports channelling more long-term financing to companies and infrastructure projects. The Commission therefore proposes to remove the EU-specific requirement for securitisations eligible for the liquidity buffer to have a remaining weighted average life (WAL) of five years or less.

This requirement has been limiting the eligibility of securitisations with a long-term initial maturity due to the nature of their underlying assets, such as residential mortgage-backed securities (RMBS), which have no equivalent in the Basel standard.

The argument put forward when setting this eligibility criterion in the EU was that assets with a short WAL and high prepayments are more liquid during periods of stress as they can be converted into cash in a short time span. Longer term assets may be subject to changes in market value due to variations in the interest rates in stressed situations. This argument has nevertheless some limitations as it is irrelevant for assets with variable rates, which is very often the case for asset-backed securities (ABS).

In the EU, the LCR Delegated Regulation restricts eligibility to securitisations with short-term remaining lives, while applying haircuts like the ones set out in the Basel standards for securitisations, whatever their remaining life. Since no benefit in terms of reduced haircuts was granted for this restriction, the Commission proposes removing this EU-specific condition.

1.2.4. Diversification in the liquidity buffer and convergence with the Securitisation Regulation

In 2015, the LCR Delegated Regulation made senior tranches of RMBS and ABS backed by commercial loans, auto-loans and loans for personal consumption purposes eligible for the liquidity buffer. The reasons for activating the discretion specified in the Basel standard[31] and recognising the above-mentioned ABS in the liquidity buffer was to support diversifying credit institutions' liquidity buffers and risk profiles and to facilitate financing the real economy.

Under Delegated Regulation (EU) 2018/1620 amending the LCR Delegated Regulation, eligibility was restricted to high-quality STS securitisations in order to maintain consistency with the rest of the securitisation framework.

The LCR Delegated Regulation specifies the homogeneity and eligibility criteria for the underlying portfolio of senior tranches of STS traditional securitisations eligible for the liquidity buffer. Meanwhile, the Securitisation Regulation also sets out the requirements for the simplicity and the homogeneity of the pool of underlying assets backing STS securitisations. The Securitisation Regulation criteria in Articles 20(8) and 24(15) are further specified in Delegated Regulation (EU) 2019/1851[32]. The criteria set out in Delegated Regulation (EU) 2019/1851 and the LCR Delegated Regulation are cumulative for senior tranches of STS traditional securitisations eligible for credit institutions' liquidity buffers.

30 Commission unveils savings and investments union strategy to enhance financial opportunities for EU citizens and businesses (https://finance.ec.europa.eu/publications/commission-unveils-savings-and-investments-union-strategy-enhance-financial-opportunities-eu_en).

31 See paragraph LCR30.44 of the Basel consolidated framework (https://www.bis.org/basel_framework/).

32 Commission Delegated Regulation (EU) 2019/1851 of 28 May 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation (https://eur-lex.europa.eu/eli/reg_del/2019/1851/oj/eng).

Market data points to a low correlation between the yields of ABSs and other liquid assets, such as government bonds. The Commission proposes to streamline these requirements and to improve the framework's efficiency by further activating the Basel discretion to go beyond recognising HQLA for ABS backed by commercial loans, auto loans and loans for personal consumption purposes. Specifically, the Commission proposes to apply the homogeneity criteria for underlying exposures in securitisations, as specified under Delegated Regulation (EU) 2019/1851, to senior tranches of STS traditional securitisations eligible for credit institutions' liquidity buffers. Doing so would align the underlying exposures and homogeneity criteria for securitisations in the two Delegated Regulations.

These proposed measures will simplify the framework and further encourage diversification in liquidity buffer composition. Additionally, the Commission proposes to align the haircut for senior tranches of STS traditional securitisations eligible for the liquidity buffer with the 25% minimum requirement set in the Basel standard, while removing the EU-specific 35% haircut that applies to ABS backed by commercial loans or loans for personal consumption purposes.

1.2.5. Eligibility of resilient securitisations for the liquidity buffer

The Commission also considered the prudential treatment of resilient securitisations under the LCR Delegated Regulation, which qualify for a more beneficial capital treatment according to paragraph 3 of Article 243 of the proposal to amend the CRR. This treatment was suggested by the ESAs in their report dated December 2022[33] to make the framework more risk sensitive for prudential purposes.

These securitisation transactions, including senior tranches of STS traditional securitisations eligible for credit institutions' liquidity buffers, will benefit from lower risk weight floor under the CRR. To qualify for this treatment, they must satisfy additional resilient criteria set out in Article 243(3) of the proposal to amend the CRR in terms of amortisation, counterparty credit risk, thickness of the sold non-senior tranches and good granularity.

The Commission proposes to grant a lower 15% haircut to these very high-quality exposures for their eligibility for the liquidity buffer, provided that the issue size of the tranche meets a minimum amount. The larger the issue size of securitisations, the deeper the secondary market. It is proposed to set a minimum issue size of EUR 250 million (or the equivalent amount in domestic currency) for securitisations with a long-term credit rating of between CQS1 and CQS4. In addition to their simplicity, transparency and standardisation, these criteria are key characteristics for the liquidity of resilient transactions to be exchanged against cash or sold in case of liquidity stress with no or little loss of value.

1.2.6. Monitoring of the liquidity of securitisations

Since the introduction of STS requirements for securitisations eligible for credit institutions' liquidity buffers, this segment has not suffered from recent stress episodes (the COVID-19 crisis, Russia's war of aggression against Ukraine, the United Kingdom gilt market crisis, the March 2023 banking turmoil in the United States and Switzerland).

33 See Recommendation 7 of the Response to the Commission's October 2021 call for advice – JC/2022/66 (https://www.eba.europa.eu/sites/default/files/document_library/Publications/Other%20publications/2022/Joint%20advice%20to%20the%20EU%20Commission%20on%20the%20review%20of%20the%20securitisation%20prudential%20framework/1045321/JC%202022%2066%20-%20JC%20Advice%20on%20the%20review%20of%20the%20securitisation%20prudential%20framework%20%20-%20Banking.pdf).

In addition to the targeted amendments to the LCR Delegated Regulation, the Commission proposes to mandate the European Banking Authority to regularly monitor the liquidity of securitisations, in particular the senior tranches of STS traditional securitisations, and to report its findings to the Commission, the European Parliament and the Council.

1.3. Impact assessment

The impact assessment of the targeted amendments to the LCR Delegated Regulation is covered by the general impact assessment of the Securitisation package encompassing changes to the Securitisation Regulation, the Capital Requirements Regulation and the Solvency II Delegated Regulation.

Over time, the Securitisation package will stimulate insurers and credit institutions' participation in the securitisation market, while preserving financial stability.

The main amendments aim to better align the LCR Delegated Regulation, the Securitisation Regulation and the Capital Requirements Regulation on the narrow scope of senior tranches of STS traditional securitisations eligible as HQLA for credit institutions in the EU. This will contribute to reducing the complexities of the EU framework. Some of the amendments would help reduce the side effects of other pieces of legislation.

The changes target the senior tranches of STS traditional securitisation transactions for which risks have been reduced through the Securitisation Regulation and the Capital Requirements Regulation. The LCR Delegated Regulation builds on these existing requirements by specifying safeguards for liquidity risk purposes.

The changes have no impact on the EU budget.

The changes envisaged by the Commission will not generate administrative burden for businesses. To ensure effective reporting and monitoring of the new obligations, Commission Implementing Regulation (EU) 2016/322[34] will be amended.

The targeted amendments to the eligibility conditions for securitisations in credit institutions' liquidity buffers will be automatically reflected in the assignment of securitisation exposures for the purpose of the net stable funding ratio (NSFR) requirement, as specified in Title IV of Part 6 of the CRR. Considering the negligible amount of securitisations currently included in EU credit institutions' liquidity buffers, the impact on the level of the NSFR is expected to be minimal.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

To prepare the targeted amendments to the LCR Delegated Regulation, the Commission drew on the ESAs' response to the Commission's October 2021 call for advice[35] and on the responses to the targeted consultation on the functioning of the EU securitisation framework[36]

[34] Commission Implementing Regulation (EU) 2016/322 of 10 February 2016 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions of the liquidity coverage requirement (https://eur-lex.europa.eu/eli/reg_impl/2016/322/oj/eng).

[35] See the Joint Committee Report from the European Supervisory Agencies - reference JC/2022/66 (https://www.eba.europa.eu/sites/default/files/document_library/Publications/Other%20publications/2022/Joint%20advice%20to%20the%20EU%20Commission%20on%20the%20review%20of%20the%20securitisation%20prudential%20framework/1045321/JC%202022%2066%20-%20JC%20Advice%20on%20the%20review%20of%20the%20securitisation%20prudential%20framework%20%20-%20Banking.pdf).

[36] Targeted consultation on the functioning of the EU securitisation framework (https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-

conducted between 9 October and 4 December 2024. The Commission has consulted the Expert Group on Banking, Payments and Insurance (EGBPI), which includes Member States' experts, and representatives from the European Parliament, the European Banking Authority and the European Central Bank.

Feedback on the draft amendments to the Commission Delegated Regulation (EU) 2015/61 supplementing Regulation (EU) No 575/2013 will also contribute to supporting the Commission's views. This consultation was launched on 17 June 2025 as part of the Securitisation package.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

Given the targeted changes to the existing LCR Delegated Regulation, it is proposed to adopt the amendments to the Commission Delegated Regulation rather than adopting a whole new text. This would maintain the structure of the original LCR Delegated Regulation.

Following the feedback period on the Have your Say website, the final draft version of the targeted amendments to the LCR Delegated Regulation will be shared with the EGBPI. The LCR Delegated Regulation will then be subject to scrutiny by the European Parliament and the Council.

The targeted amendments to the LCR Delegated Regulation must be consistent with the content of the Securitisation Regulation and Capital Requirements Regulation that has been submitted to the co-legislators. Therefore, it would be prudent for the European Commission to adopt the LCR Delegated Regulation after the European Parliament and the Council have reached an agreement on the two Regulations (or earlier if there is consensus). The amended version of the LCR Delegated Regulation, in particular for resilient securitisation transactions, should apply simultaneously with the revised requirements set out in the Securitisation Regulation and the Capital Requirements Regulation, as part of the broader Securitisation package.

In line with Article 462 of the CRR, the Commission retains the power to review the Delegated Regulation. The Commission intends to use this power to keep the legal text up to date in response to market changes.

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COMMISSION DELEGATED REGULATION (EU) …/...

of XXX

amending Delegated Regulation (EU) 2015/61 as regards the eligibility conditions for securitisations in the liquidity buffer of credit institutions

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012[37], and in particular Article 460 thereof,

Whereas:

(1) The impact evaluation of Regulation (EU) 2017/2401 of the European Parliament and of the Council[38] and Regulation (EU) 2017/2402 of the European Parliament and of the Council[39] and Commission Delegated Regulation (EU) 2018/1620[40] has shown that it is necessary to revise some eligibility criteria and haircuts, as laid down in Commission Delegated Regulation (EU) 2015/61[41], that apply to securitisations eligible to the liquidity buffer of credit institutions. That reconsideration should improve the set-up of diversified liquidity buffer of credit institutions in the Union and more broadly the liquidity and the deepness of the securitisation markets in the Union.

(2) The efficiency of the Union securitisation framework should be improved by streamlining unnecessary cumulative requirements, in particular on the homogeneity criteria of the underlying exposures for senior tranches of simple, transparent and standardised traditional securitisations, when eligible to the liquidity buffer of credit institutions.

(3) The low correlation between the yields of securitisations and other liquid assets, including government bonds, should support risk-return diversification in the liquidity

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[37] OJ L 176, 27.6.2013, p. 1.

[38] Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (OJ L 347, 28.12.2017, p. 1, ELI: http://data.europa.eu/eli/reg/2017/2401/oj).

[39] 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).

[40] Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018 amending Delegated Regulation (EU) 2015/61 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 271, 30.10.2018, p. 10, ELI: http://data.europa.eu/eli/reg_del/2018/1620/oj.).

[41] 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).

buffer of credit institutions through the eligibility of senior tranches of simple, transparent and standardised traditional securitisations with similar risk profiles and pool of underlying exposures.

(4) To smoothen the risk of cliff effects that can be triggered by the ineligibility to the liquidity buffer due to a credit rating downgrade and to mitigate the sovereign cap that impedes the eligibility to the liquidity buffer of securitisations issued in some Member States, further staggering should be introduced in the eligibility conditions of securitisations to the liquidity buffer.

(5) To channel more long-term financing to the economy, the condition for securitisations eligible to the liquidity buffer to have a remaining weighted average life of five years or less should be removed.

(6) To ensure a proper assessment of the eligibility conditions for securitisations to the liquidity buffer of credit institutions, the European Banking Authority (EBA) should monitor the market liquidity of securitisations, and in particular of senior tranches of simple, transparent and standardised traditional securitisations eligible to the liquidity buffer of credit institutions, and report to the Commission.

(7) Delegated Regulation (EU) 2015/61 should therefore be amended accordingly.

(8) To ensure consistent application of the prudential treatment of resilient securitisation transactions, the date of application of this Regulation should be aligned with the date of application of the proposal amending Regulation (EU) No 575/2013,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Delegated Regulation (EU) 2015/61

Delegated Regulation (EU) 2015/61 is amended as follows:

(1) Article 13 is amended as follows:

(a) in paragraph 2, point (a) is replaced by the following:

‘(a) the position has been assigned a credit assessment of credit quality from step 1 to step 7 by a nominated ECAI in accordance with Article 264 of Regulation (EU) No 575/2013 or the equivalent credit quality step in the event of a short-term credit assessment;’;

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

‘(g) the securitisation position and the exposures underlying the position shall meet the homogeneity requirements laid down in Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;’;

(c) paragraph 12 is deleted;

(d) paragraph 14 is replaced by the following:

‘14. The market value of level 2B securitisations shall be subject to:

(a) a minimum haircut of 15 % where all of the following conditions are met:

(1) the position has been assigned a credit assessment of credit quality from step 1 to step 4 by a nominated ECAI in accordance with

Article 264 of Regulation (EU) No 575/2013 or the equivalent credit quality step in the event of a short-term credit assessment;

(2) the position complies with the requirements laid down in Article 243(3) of Regulation (EU) No 575/2013;

(3) the issue size of the tranche is at least EUR 250 million (or the equivalent amount in domestic currency);

(b) a minimum haircut of 25 % where the position has been assigned a credit assessment of credit quality from step 1 to step 4 by a nominated ECAI in accordance with Article 264 of Regulation (EU) No 575/2013 or the equivalent credit quality step in the event of a short-term credit assessment;

(c) a minimum haircut of 50 % where the position has been assigned a credit assessment of credit quality from step 5 to step 7 by a nominated ECAI in accordance with Article 264 of Regulation (EU) No 575/2013 or the equivalent credit quality step in the event of a short-term credit assessment;'.

(e) the following paragraph 15 is added:

'15. The EBA shall monitor the liquidity of securitisations, and in particular of senior tranches of simple, transparent and standardised traditional securitisations eligible to the liquidity buffer of credit institutions and the implications in terms of lending to the economy. The EBA shall report to the Commission by [*four years after the entry into force of the Delegated Regulation*], and every four years thereafter.'.

Article 2

Entry into force and application

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 Brussels,

For the Commission
The President
Ursula von der Leyen