

ESAs' report on the implementation and functioning of the securitisation regulation

The Joint Committee of the European Supervisory Authorities (ESAs – European Banking Authority, European Insurance and Occupational Pensions Authority, and European Securities and Markets Authority) [published today](#) its analysis of the implementation and the functioning of the EU Securitisation Regulation (SECR), including recommendations on how to address initial inconsistencies and challenges, which may affect the overall efficiency of the current securitisation regime. The Report is meant to provide guidance to the European Commission in the context of its review of the functioning of the SECR. It also provides initial inputs to the ongoing discussion on the efficiency of the securitisation framework given the role that securitisation could play in the recovery post the Covid-19 pandemic.

The SECR, which became applicable in January 2019, has been useful in increasing the overall soundness of the EU securitisation market and in reducing the stigma of securitisation products. However, some adjustments could be considered to further improve the overall consistency of the existing framework. In particular, the Report highlights:

- **Transparency requirements:** given the trend in increasing issuances of private securitisations and considering the SECR objectives of access of information and investor protection, a more precise legal definition for private securitisations should be specified in the SECR in order to clearly identify private securitisations that should comply with the transparency requirements. Data reported for those private securitisations should also be made available by means of a securitisation repository in order to ensure high quality data and facilitate the supervision of the compliance with the transparency requirements.
- **Due diligence requirements:** regulatory guidance would be useful to specify how proportionality could be implemented in the area of due-diligence to facilitate entrance of new investors in the EU securitisation market.
- **Criteria for simple, transparent and standardised (STS) securitisation:** targeted amendments in the STS criteria would be needed to facilitate the use of the STS label for ABCP programmes. In addition, in the medium term, as more STS issuances are executed and the STS market reaches a stable pace, further analysis should be performed by the European Commission with ESAs' support to determine how the STS criteria could be simplified without reducing the quality of the standard.
- **Supervision of securitisation requirements:** in order to further enhance the supervision of securitisation requirements, it is deemed necessary to explore i) how to develop common EU supervisory tools, ii) potential alternatives to the current STS supervisory framework, in particular for

those jurisdictions with limited STS securitisation issuances and, iii) the relevance of a common EU approach to the ongoing supervision of authorisation conditions for third-party verifiers (TPVs).

Legal Basis

This Report has been developed in accordance with Article 44 of the SECR (Reg. EU 2017/2402) which requires that the JC of ESAs delivers a first report on the implementation and the functioning of the SECR by January 2021. In accordance with the mandate, the analysis focuses on the implementation of the general requirements applicable to all securitisations, including the risk retention, due-diligence and transparency requirements as well as on the specific requirements related to STS securitisations. The Report also includes further analysis to cover material risks and new vulnerabilities that may have materialised.