

Newsletter



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Relaunching Securitisation Market in the EU

The European Commission's recent proposal 2025/0825 aims to support the revival of the EU securitisation market. By proposing targeted amendments to four legal instruments - the Securitisation Regulation (EU) 2017/2402, the CRR (EU) 575/2013, the Liquidity Coverage Ratio Delegated Act and the Solvency II Delegated Act of 2015 - the proposal seeks to make prudential rules for credit institutions more risk-sensitive and proportionate, reducing excessive capital requirements without compromising financial stability.



Key Legal Amendments

Risk Calculation

The proposal introduces a risk-sensitive weight floor to increase proportionality and effectively incentivise the securitisation of portfolios with low-risk weights. Similarly, the multiplier used in capital requirement calculations to account for risks specific to securitisation is proposed to be more balanced. These changes could make the capital framework more responsive to actual risk and reduce unnecessary capital burdens, making securitisation more feasible for banks, while also safeguarding stability through minimum thresholds.

Significant Risk Transfer Framework

Regarding Significant Risk Transfer (SRT), the proposal introduces clearer, more harmonised criteria for SRT approval, improving legal certainty and supervisory consistency. Given that the supervisory assessment process for SRT is not addressed under the current structure, the EBA aims to develop such principles in the Regulatory Technical Standards, in line with the fast-track assessment process which was tested in the first half of 2025.

Originators vs Investors

The proposal introduces different treatment for banks that create securitisations and those that invest in them with respect to the prudential requirements. These roles indeed carry different risk



exposures; should the proposal be adopted, the EU law will reflect that distinction and improve fairness and precision in regulatory capital rules.

Standardised vs Internal Ratings Approach

The proposal addresses unjustified differences between the standardised approach and the internal ratings-based approach for calculating capital requirements. It seeks to reduce the conservativeness of the standardised approach and narrow the gap between the two approaches so as to counteract overcapitalisation. The changes also increase risk-sensitivity by incorporating the risk-sensitive weight floor and eventually encourage broader participation in securitisation. This could potentially make securitisation more accessible to smaller banks that rely on standardised models.

Why These Changes Matter

The above revisions intend to eliminate unnecessary regulatory barriers to issuing and investing in securitisations across the EU, all while maintaining financial stability. Specifically, they aim to:

- Lower excessive operational costs for issuers and investors.
- Revise the prudential requirements to better reflect actual risks.
- Enhance risk sensitivity and proportionality.
- Harmonise rules across the EU.
- Support EU strategic goals like competitiveness, green and digital transitions, and SME financing.

Estimating that the current framework prevents the economy from fully benefiting from securitisation, the proposal marks a strategic step toward a more dynamic and resilient EU securitisation market. If adopted, these reforms - part of a wider legislative effort, could reshape how EU banks manage risk and capital with broader benefits for the economy.



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