

Regulatory News Alert

EBA clarifies STS securitisation criteria

19 December 2018

Context and objectives

On 12 December 2018, the European Banking Authority (EBA) published its final **guidelines for the securitisation criteria to be eligible as simple, transparent and standardised (STS)**.

The main objective of the guidelines is to provide a single set of consistent interpretations of the STS criteria in order to ensure a common understanding by: the originators, original lenders, sponsors, securitisation special purpose entities (SSPEs), investors, competent authorities and by third parties task to verify STS compliance throughout the Union.

The guidelines will be applied **on a cross-sectoral basis throughout the Union** with the aim of facilitating the adoption of the STS criteria, which is one of the prerequisites for the application of a more risk-sensitive regulatory treatment of exposures to securitisations compliant with these STS criteria, under the EU securitisation framework.

The Guidelines are thus an important building block in a set of initiatives aimed at reviving a sound securitisation market in the EU to facilitate further lending to the real economy in line with the objectives of the Capital Market Union.

Securitisation in scope

The guidelines specify the criteria relating to **simplicity, standardisation and transparency for both non asset-backed commercial paper (ABCP) and ABCP securitization**, including those related to the expertise of the originator and servicer, the underwriting of standards, exposures in default and credit impaired debtors, and predominant reliance on the sale of assets.

Next steps

The guidelines are foreseen to **apply from 15 May 2019**. It is nevertheless **expected**, in order to support a consistent interpretation of the STS framework across the EU, that the **competent authorities** and other addressees of the Guidelines **will generally apply the approach set out in the Guidelines as from the application date of the EU securitisation framework on 1 January 2019**.



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