



# EU Securitisation Framework Reform: Boosting the market while safeguarding solvency

November 2025

On 17 June 2025, the European Commission presented a comprehensive package of reforms aimed at revitalising the securitisation market within the European Union (EU). This initiative constitutes a significant milestone in European financial regulation, following years of overly cautious regulatory approaches, modifying both Regulation 2017/2402 on the general framework for securitisation<sup>1</sup> and Regulation 575/2013 on prudential requirements for credit institutions and investment firms<sup>2</sup>. The proposed reforms address both prudential and non-prudential aspects in an integrated manner and reflect the recognition that the current framework, established in response to the 2008 financial crisis, has proven excessively conservative, thereby constraining the potential of securitisation as a tool for risk transfer and financing.

Moreover, the proposal falls under the Savings and Investments Union Strategy and aligns with the recommendations of the Draghi and Letta Reports: it seeks to remove undue barriers hindering both the issuance of and investment in securitisation products, thereby fostering market growth while ensuring investor protection. In any case, the initiative's goals are clear: to reduce operational costs and to recalibrate prudential frameworks to reflect actual risks more accurately. Ultimately, by removing these barriers, the reforms aim to allow banks to operate under a more risk-sensitive and appropriately calibrated framework, freeing capital to support new lending to the real economy, particularly to SMEs and households.

<sup>1</sup> [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](#) (Regulation on securitisation).

<sup>2</sup> [Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions](#) (Regulation on prudential requirements).

Pregunta

**Why is a reform of the European securitisation framework necessary?**

Respuesta

The European Commission's evaluation has shown that the securitisation regulatory framework, in effect since 2019, has only partially achieved its original objectives. While it has contributed to the standardisation of processes and reduced regulatory uncertainty, the current framework has not fully dispelled the stigma associated with securitisation nor eliminated the regulatory disadvantages for simple, transparent and standardised (STS) securitisations. More concerningly, the framework has not led to a significant expansion of the EU securitisation market, nor has it addressed the high operational costs, estimated at 780 million euros annually across the market as a whole. This remains a significant barrier to the participation of financial

institutions.

The overly conservative structure of the current framework becomes apparent in several key areas. Due diligence procedures are excessively prescriptive, duplicating existing regulatory controls, thereby unnecessarily increasing the administrative burden. While transparency requirements are necessary, they have evolved into complex templates whose cost does not always justify their benefit. A shift to a more principles-based approach would likely reduce compliance costs for the industry, allowing it to allocate more resources to core activities.

Additionally, capital requirements for banks and insurance companies do not accurately reflect the actual risks associated with securitisation transactions, particularly those that meet the STS criteria. This results in disproportionately high levels of capital “non-neutrality”<sup>3</sup> for certain securitisation transactions, disincentivising their use as an instrument for risk and capital management. In this regard, current capital requirements have been found to insufficiently recognise the strong credit performance of EU securitisations or the risk mitigation measures implemented in regulatory frameworks.

<sup>3</sup> “Non-neutrality” is a key principle of the securitisation framework. It dictates that the capital required for securitisation transactions must be significantly higher than the capital required for non-securitised exposures.

Pregunta

**What are the main changes introduced by the proposal?**

Respuesta

The reform targets two key areas<sup>4</sup> of the current regulatory framework by introducing precise and calibrated modifications that will affect various regulations<sup>5</sup>.

Firstly, the proposed amendment to the Securitisation Regulation introduces significant simplifications to **operational requirements**.

Specifically, *regarding due diligence* for institutional investors (Article 5):

1. Verification requirements for investors are removed, provided that the selling party is an established and supervised entity in the EU, as this ensures that National Competent Authorities (NCAs) are already overseeing the entity’s compliance with its obligations.
2. A principles-based approach is adopted for certain obligations, allowing evaluations to be tailored to the securitisation risk, avoiding duplicate processes and reducing the administrative burden.
3. An additional period of fifteen days is granted for documenting due diligence for transactions conducted in the secondary market.
4. Low-risk investments guaranteed by multilateral development banks are exempt from due diligence evaluations.
5. For investments in securitisations issued by non-EU entities, certain requirements have been simplified. However, non-EU issuers will still be required to ensure that each specific transaction complies with EU regulations.
6. Due diligence can be delegated without transferring legal responsibility, in line with other sector-specific legislation.

Concerning the *transparency requirements* applicable to originators, sponsors and securitisation vehicles (Article 7):

1. Report templates are expected to be streamlined, with a reduction of at least 35% in mandatory fields.
2. A distinction in treatment is proposed between public and private securitisations: information on private securitisations shall be simplified and tailored to the needs of supervisory authorities. In

order to minimise compliance costs, templates should align with existing ones (in particular, the Single Supervisory Mechanism guide on the notification of securitisation transactions). Notifications should also be submitted to securitisation repositories to enhance transparency and facilitate the supervision and monitoring of the private market. However, details of private transactions must not be made public, in order to preserve confidentiality.

These measures seek to maintain the necessary level of transparency while eliminating disproportionate burdens.

Another proposed amendment to this Regulation is to *enhance flexibility of STS criteria*. The homogeneity requirement is reduced from 100% to 70% to facilitate the securitisation of SME loans in STS securitisations and to support the development of cross-border securitisations involving exposures from multiple Member States. In other words, a securitisation in which at least 70% of the underlying exposures are SME loans may be deemed to fulfil this requirement, while the remaining may comprise different types or originate from different Member States without affecting the STS securitisation status.

Furthermore, regarding *synthetic securitisations*, the reform seeks to encourage insurance and reinsurance companies to participate in the on-balance-sheet STS securitisation market. To this end, eligibility criteria have been broadened to allow insurers to provide personal guarantees as risk coverage, provided they meet the necessary requirements for financial soundness and solvency.

Secondly, regarding the **prudential framework**, the proposed amendment to the Regulation on prudential requirements suggests replacing the risk weight floor for senior securitisation positions with one that accurately reflects the underlying risk. This new approach reduces capital requirements for senior positions within low-risk portfolios while maintaining necessary prudence through a minimum threshold.

Similarly, investors will be allowed to apply a *reduced (p) factor*, which increases the amount of capital for securitisation positions, above what would be required for the underlying exposures, to their securitisation exposures, provided that they are senior positions, originators/sponsors positions and STS securitisations.

A further significant innovation is the introduction of “*resilient positions*”. These are senior positions eligible for additional reductions in both the risk weight floors and (p) factor, provided that they meet certain eligibility criteria, including: (i) low agency and model risk, as well as a solid loss-absorption capacity; (ii) conservative amortisation mechanisms; (iii) a 2% concentration ratio (i.e., exposures to a single obligator shall not exceed 2% of total exposure); (iv) high-quality credit risk coverage; and (v) minimum credit enhancement requirements.

Regarding *significant risk transfer (SRT)*, current mechanical tests are to be replaced by a new principles-based approach test (PBA test). Under this approach, originators must transfer at least 50% of the unexpected losses of the underlying portfolio exposures of securitisation transactions to third parties. The amendment also introduces a requirement for originators to submit self-assessments demonstrating risk transfer sustainability, including under stress scenarios.

It is also noteworthy that the proposed amendment of the Securitisation Regulation introduces certain adjustments to the **supervisory framework** aimed at enhancing convergence. In the case of supervisors, the package establishes a more efficient coordination framework by appointing lead supervisors for cross-border transactions. Furthermore, it reinforces the role of the European Banking Authority (EBA) in coordinating the securitisation sub-committee of the European Supervisory Authorities (ESAs) Joint Committee, thereby promoting supervisory convergence and best regulatory practices across the EU. Moreover, in the event of disagreement between the competent authorities of entities involved in cross-border transactions, the proposal provides for referral of the matter to the Joint Committee’s securitisation sub-committee.

<sup>4</sup> The key areas are: (i) reducing operational costs for issuers and investors, and (ii) adjusting the prudential framework in order

to encourage banks and insurance companies to issue and invest more in securitisations.

<sup>5</sup> In particular, the main areas covered are the following: (i) aspects related to due diligence, transparency or reporting, STS criteria and supervision (addressed through the proposed amendment of the Securitisation Regulation); (ii) matters concerning non-neutrality parameters (such as the risk weight floor for senior securitisation positions and (p) factor), resilient positions and significant risk transfer, among others (addressed via the proposed amendment of the Regulation on prudential requirements); (iii) the review of eligibility criteria for securitisation to be included in the liquidity buffers of credit institutions, as set out in the [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](#) (for which the European Commission has launched a four-week public consultation period); and (iv) the review of capital requirements for insurance and reinsurance companies when investing in securitisations, as set out in the [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 \(Solvency II\)](#) (issued by the European Commission on 29 October 2025).

Pregunta

**How do these modifications affect different participants in the securitisation market?**

Respuesta

The new reforms introduce a significant differentiated impact across market participants, designed to equally promote both origination and investments.

In the case of **institutional investors**, the framework provides significant operational simplifications, although prudential benefits remain somewhat limited. As mentioned above, verification requirements are removed for EU transactions where the selling party is already supervised within the EU; and due diligence may be delegated without transferring legal responsibility. However, investors in non-STS securitisations do not benefit from a (p) factor reduction, thus encouraging investments in higher-quality STS products.

On the other hand, **securitisation vehicles** will experience a reduction in administrative burden due to the introduction of new simplified reporting frameworks, which include separate templates for private and public securitisations with fewer mandatory data fields. ESAs, under the coordination of the EBA, are expected to develop the appropriate technical standards for reporting this information.

Lastly, **third parties responsible for STS verification** will be subject to a supervisory regime, being both authorised and supervised by the relevant NCAs.

**Banking originators and sponsors** benefit from the largest capital relief under the new framework. Risk weight floors range from 5% for resilient STS positions to 12% for non-resilient, non-SRS positions, compared with the previous fixed levels of 10% and 15%. This differentiation allows for a substantial release of capital, which is expected to be channelled towards new lending. Banking originators and sponsors will also benefit from a reduced administrative burden.

Finally, **insurance companies** will experience improvements specially calibrated to remove inappropriate prudential disincentives. Capital requirements are reduced for senior tranches of non-STS securitisations, which were previously subject to disproportionate penalties. For STS securitisations, senior tranches receive the same prudential treatment as covered bonds of equivalent credit quality, whereas non-senior tranches benefit from proportionate reductions. These measures seek to increase participation from the insurance sector, which currently represents less than 1% of its investment portfolios.

Pregunta

**What is the expected impact on the development of the securitisation market?**

Respuesta

According to estimates from the European Commission, the reform is expected to generate significant benefits, both in quantitative and qualitative terms. The reduction in operational costs of 310 million euros per year, along with the capital released due to reduced prudential requirements, is expected to lead to increased

issuance activity and a broader investment base.

The differentiation in treatment between originators and investors, as well as between senior and non-senior positions, should result in a more efficient capital allocation and a more accurate assessment of actual risk. This is particularly relevant to the STS segment, which may experience substantial growth by benefiting from more favourable terms. The estimated impact on the insurance industry is particularly noteworthy, with capital released from prudential modifications potentially amounting to 6 billion euros.

This estimated impact of this reform transcends the ordinary growth of the securitisation market. The release of capital should support an increase in lending to the real economy, particularly to SMEs, thereby contributing to the broader objectives of the Savings and Investments Union. Greater diversification of funding sources and risk redistribution within the financial system should strengthen the overall resilience of the industry.

However, the European Commission recognises that the success of the reform will depend on external factors beyond the regulatory framework, such as market conditions, monetary policies and the industry's efforts to implement standardisation initiatives. The proposal establishes monitoring and assessment mechanisms that will allow the framework to be adjusted in response to market evolution, thus ensuring that the security, efficiency, and development objectives remain appropriately balanced.

This document is an unofficial summary of documentation published by the European Commission. It does not necessarily reflect CNMV's official position, its managers and directors' or the rest of its staff's on the matters addressed.

© CNMV. The contents of this publication may be reproduced, subject to attribution.

#### **Links of Interest:**

[Commission proposes measures to revive the EU securitisation framework – European Commission](#)

[Press release – Commission proposes measures to revive the EU Securitisation Framework](#)

[Newsletter EC – Revitalising EU securitisation](#)

[Commission seeks feedback on the review of the Solvency II Delegated Regulation – European Commission](#)