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From:	Commission
To:	Working Party on Financial Services (Securitisation)
Subject:	COMMISSION SERVICES NON-PAPER - Revised draft Article 270

COMMISSION SERVICES NON-PAPER

Revised draft Article 270

Article 270

Senior positions in SME securitisations

An originator institution may calculate the risk-weighted exposure amounts in respect of a securitisation position in accordance with Articles 260, 262 or 264, as applicable, where the following conditions are met:

- (a) the securitisation meets the requirements for STS securitisation set out in Section 1 of Chapter 3 Article 6(2) of the [Securitisation Regulation] as applicable, other than point (a) of that paragraph;
- (b) the position qualifies as the senior securitisation position;
- (c) the securitisation is backed by a pool of exposures to undertakings, provided that at least 7080% of those in terms of portfolio balance qualify as SMEs as defined in Art 501 at the time of issuance of the securitisation;
- (d) the credit risk associated with the positions not retained by the originator institution is transferred through a guarantee or a counter-guarantee meeting the requirements for unfunded credit protection set out in Chapter 4 of Part 3 for the Standardised Approach to credit risk;
- (e) the third party to which the credit risk is transferred is one or more of the following:
 - (i) the guarantor or counter-guarantor, as applicable, is the central government or the central bank of a Member State, a multilateral development bank, or an international organisation or a public development credit institution as defined in Art. art 429a(2) of Regulation 575/2013, provided that the exposures to the guarantor or counter-guarantor qualify for a 0% risk weight under Chapter 2Two of Part 3Three;
 - (ii) an institutional investor as defined in Art. 2(12) of [STS Regulation]¹ provided that the guarantee or counter-guarantee is fully collateralised by cash on deposit with, or cash assimilated instruments held by, the originator institution.

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¹ The reference shall be intended to Art. 12(2) as included in the original Commission proposal.