

THE SECURITISATION REGULATION: STEP BY STEP

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Guides

The adoption of the Securitisation Regulation (the “**SR**”) marked the end of a long running consultation and legislative process whereby the European supervisory and governmental authorities, including the European Parliament, set out to reform regulation of securitisation in Europe.

The aims of the legislators were:

to simplify the current framework for all securitisations by replacing the various rules on the process with a uniform regime; and

to create a framework to identify simple, transparent and standardised securitisations, with the final aim to increase investor confidence and restore market activity.

In addition to harmonising the existing rules and establishing the framework and process for a transaction qualifying as STS, the SR has added a number of new requirements which apply to all securitisations. The special status for “simple, transparent and standardised” (“**STS**”) securitisations allows transactions which qualify to benefit from more favourable regulatory status, which may be helpful in creating a deeper and more active market for those transactions.

The SR has also broadened the scope of regulation of the securitisation industry, to directly apply to the main parties involved in establishing a securitisation transaction, and has created a sanctions regime to enforce the rules.

There are a number of Regulatory Technical Standards (“**RTS**”) and other guidance under the SR which specify some concrete (and material) points of how the legislation operates. At the date of this article, some of these RTS have been published but others are still in draft form. The European Banking Authority (the “**EBA**”) has also published some detailed guidelines, in particular in relation to the STS criteria.

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