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EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Review of the Securitisation Framework

Accompanying the document

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending 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 *and*

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions as regards requirements for securitisation exposures

{COM(2025) 825 final} - {COM(2025) 826 final} - {SEC(2025) 825 final} - {SWD(2025) 825 final}

Need for action

Securitisation pools financial assets held by banks and financial institutions, such as loans, mortgages, or credit card debt, and packages them into new products that investors can buy. Investors then receive regular payments as the original debt is repaid, similar to receiving interest from a loan. As a result, banks can free up capital and provide new loans to households and businesses (i.e. corporates, SMEs), while transferring risk out of the banking system.

During the Global Financial Crisis, poor industry standards in the US resulted in securitisations of risky loans, which defaulted and impacted EU investors. As a result, the EU adopted strict rules on securitisation, which aimed to strengthen investor protection, transparency, trust, and the stability of the securitisation market. After five years with these rules in play, a Commission evaluation showed that there has been an overcorrection. The securitisation framework has been designed too strictly, hindering market development. Although the market has not developed as expected, it has become more secure. Reviving the securitisation market has been identified as an important initiative under the Savings and Investment Union, which can help increase funding of the European economy.

The Commission's evaluation has shown that the objectives for the current Framework, set out in the 2015 Impact Assessment, remain partially or wholly unmet. The Framework has been partially effective in removing investor stigma, and regulatory disadvantages for simple, transparent and standardised securitisations. However, it has made it costly to buy and sell securitised assets and has not made the process of securitisation sufficiently attractive due to the high prudential requirements for banks and insurers.

Today, securitisation’s potential for risk diversification, providing additional lending to the economy and capital market development is underexploited in the EU. This represents a missed opportunity for funding Europe’s strategic priorities, meeting the financing needs of the green, digital, and social transitions, defence spending, as well as deepening European capital markets. In this context, the securitisation review is an important initiative under the Savings and Investment Union (SIU).

What is this initiative expected to achieve?

This initiative seeks to mitigate the undue barriers to securitisation issuance and investment, specifically:

- To reduce undue operational costs for issuers and investors, balancing with adequate standards of transparency, investor protection and supervision.
- To adjust the prudential framework for banks and insurers, to better account for actual risks and remove undue prudential costs when issuing and investing in securitisations, while at the same time safeguarding financial stability.

This initiative does not set a specific target for the size or growth of the market, nor does it seek to favour certain sectors or incentivise market development in a particular manner. Rather, it focuses on removing undue barriers, resulting in a more risk-sensitive and better calibrated “enabling framework” for greater lending to the real economy.

Besides regulatory measures, other factors impact market developments. These include competition from other instruments like covered bonds, as well as monetary policy where in the past years easy access to central bank liquidity made it less attractive for banks to issue securitisations. In addition, industry initiatives will be important to lower costs through standardised issuances and economies of scale.

Possible solutions

Policy options were identified in three key areas, based on input from a broad range of stakeholders: the European Supervisory Authorities, the Single Supervisory Mechanism, market participants, academics, NGOs and Member States. Options to (i) reduce high operational costs, (ii) reduce undue prudential barriers for banks to issue and invest in securitisation, and (iii) remove undue prudential costs for insurers to invest in the EU securitisation market, result in a "bundle" of preferred options which, taken together, could best achieve the stated objectives.

To reduce **high operational costs**, both a targeted and broader set of measures are considered. Option 1.1 involves simplifying and removing certain due diligence and transparency requirements that are deemed redundant or overly prescriptive (e.g., streamlining certain verification requirements for repeat transactions and disclosure templates). Under Option 1.2, mandatory securitisation-specific due diligence requirements would be fully removed for regulated investors, and transparency requirements would become principles-based.

To address the **prudential framework** for banks to issue more and invest in securitisation, two sets of options are considered: targeted changes (Option 2.1) and a radical overhaul (Option 2.2) of the existing prudential framework for banks. Option 2.1 involves targeted adjustments to the Capital Requirements Regulation, to ensure the capital treatment of securitisation for banks is more risk sensitive, as well as to broaden the eligibility of securitisations for banks' liquidity buffers. Option 2.1 would also make supervisors' assessment of transactions' eligibility for capital relief under the Significant Risk Transfer Framework faster and more coherent. Option 2.2 would entail a fundamental revision of the prudential framework for banks, including the introduction of new formulae for calculating securitisations' capital treatment, a significant relaxation of the requirements for securitisations to be eligible for inclusion in banks' liquidity buffers, and the removal of complex requirements for supervisors assessing transactions for capital relief. Unlike Option 2.1, Option 2.2 would involve material divergences from the international Basel standards.

To remove **disincentives for insurers** to invest in the EU securitisation market, three options are presented, all of which propose to reduce capital requirements. Under Option 3.1, non-STS capital requirements would be decreased to reduce the gap with STS capital requirements and remove the excessive level of prudence embedded in the current framework. Under Option 3.2, capital requirements for senior and non-senior tranches of non-STS securitisations would be differentiated, thereby removing the prudential disincentives to invest in this market segment. Option 3.3 reduces capital requirements for all securitisations (STS and non-STS), ensuring that capital requirements focus on default risk factors only.

Impacts of the preferred options

Based on the comparison of effectiveness, efficiency, and coherence, the detailed analysis selected options 1.1, 2.1, and 3.2 as the preferred bundle.

In addressing high operational costs for issuers and investors, the radical changes to the non-prudential framework under Option 1.2 would yield higher benefits with regard to burden reduction, however, this would be accompanied by greater risk to market integrity. Option 1.1 presents a more balanced outcome between reducing undue operational due diligence and disclosure costs, while maintaining high levels of market transparency, investor protection and supervisory oversight. Overall, the changes proposed to the due diligence and transparency requirements are estimated to result in EUR 310 million of cost savings per year for the EU securitisation market.

Regarding the prudential rules for banks, Option 2.1 is the preferred option to address miscalibrations in an efficient and targeted way. Option 2.2 could lead to riskier capital positions and impact banks' liquidity buffers, Option 2.1 would stimulate banks' participation in the securitisation market without jeopardising financial stability or deviating significantly from international standards.

Option 3.2 appears to be the most effective in removing undue prudential disincentives for insurers to participate in the securitisation market. It would remove undue prudential obstacles to investments in non-STS securitisations by addressing the current, excessively stringent, prudential treatment, while removing undue incentives for insurers to invest in the riskiest tranches and avoiding undue deterioration of policyholder protection. Capital relief stemming from Option 3.2 would be close to EUR 6 billion (vs. EUR 4 bn for Option 3.1 and EUR 7 bn for Option 3.3).

The preferred bundle presents an opportunity for the EU to reduce burden and compliance costs for issuers and investors, to revitalise the securitisation market and enhance the competitiveness of the EU financial system. Financial institutions across the EU will face more straightforward transparency and due diligence regimes and greater risk-sensitivity with regards to the actual risk of the securitisation investment.