

Clients & Friends Memo

ECB Publishes Its Opinion on Proposed Amendments to the EU Securitisation Regulatory Framework

25 November 2025

On 11 November 2025, the European Central Bank (the “**ECB**”) published its [opinion](#) on the draft proposals of the European Commission (the “**Commission**”) to amend the EU’s securitisation regulatory framework (the “**Proposed Amendments**”). The Proposed Amendments relate to the Securitisation Regulation (Regulation (EU) 2017/2402), the Capital Requirements Regulation (“**CRR**”) (Regulation (EU) 575/2013), and a delegated regulation amending the Liquidity Coverage Ratio (“**LCR**”) rules (Delegated Regulation (EU) 2015/61). Further background on the Proposed Amendments is [here](#).

Broadly, the ECB welcomes the Commission’s initiative. It agrees that a well-functioning securitisation market can play a meaningful role in risk transfers from banks, thereby allowing banks to lend more to the real economy. However, the ECB does not endorse every element of the Proposed Amendments. It raises a number of detailed concerns and proposes a number of modifications. Although the opinion of the ECB is not binding, it carries considerable weight in the dialogue discussions among the Commission, the European Parliament and the Council and is likely to impact the final legislative text implementing the Proposed Amendments once agreed. This note outlines the ECB’s views on certain key Proposed Amendments.

Simplification of Investor Due Diligence Requirements

The ECB supports simpler due diligence requirements for investors, particularly in the context of lower-risk and repeated transactions where a “proportionate” approach should be adopted. The ECB highlights the need for clear guidance on “proportionality” to prevent divergent interpretations.

The ECB also supports the proposal to remove the obligations for institutional investors to check compliance by sell-side parties with risk retention requirements, transparency requirements, and selection and pricing policies for non-performing exposures, in each case, where the sell-side parties are established in the EU. This proposal would reduce the compliance burden for investors in securitisations where the sell-side parties are established in the EU. More generally, the ECB endorses the proposal to implement a more proportionate sanctioning regime for institutional investors compared to sanctions applicable to the sell-side.

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The ECB is, however, sceptical about the proposed waivers from investor due diligence requirements for securitisation positions that are guaranteed by multilateral development banks and for securitisations where the first-loss tranche representing at least 15 per cent. of the nominal amount of the securitised exposures is either held or guaranteed by the EU or a national promotional bank or institution. The ECB's view is that any reduction in such requirements should be dealt with through the "proportionate" approach referred to above rather than a wholesale waiver.

Where an institutional investor delegates its due diligence obligations to another institutional investor, the Proposed Amendments seek to shift the liability for non-compliance to the delegating investor. The ECB does not endorse such approach on the basis that compliance primarily should be the responsibility of the entity actually conducting the due diligence, provided that the delegating institutional investor ensures that the institutional investor to which the obligation is delegated has sufficient experience.

Relaxation of Certain Risk Retention Requirements

In the context of the proposal to exempt from the risk retention requirements securitisations with first-loss tranches with a minimum thickness of 15 per cent. of the nominal value of the securitised exposures that are held or guaranteed by specified entities including the EU, the ECB notes that certain types of securitisations, such as those involving high-risk exposures or non-performing exposures ("**NPEs**"), may require additional safeguards. As such, the ECB proposes that a partial exemption from the risk retention requirements should apply to such transactions – the retention requirement being at least 5 per cent. of the non-guaranteed tranches.

The ECB also proposes an additional risk-retention compliance option in respect of NPE securitisations that benefit from public guarantee schemes. Such securitisations would be deemed to comply with the risk retention requirements where one or more tranches are fully guaranteed by certain eligible entities, provided that not less than 5 per cent. of the nominal value of each of the non-guaranteed tranches is retained.

Simplification of Disclosure Requirements

The ECB supports the objective of simplifying the disclosure requirements under the Securitisation Regulation. However, the ECB's view is that the objective of the Proposed Amendments to reduce reporting requirements by 35 per cent. should be applied flexibly to ensure that essential information, including that needed for risk management and emerging policy priorities, can be retained. Although the ECB supports the introduction of a distinction between mandatory and voluntary fields, it concludes that the provision of information relevant for risk assessment of securitisation positions should be mandatory.

Further, in relation to reporting, the ECB: (i) supports the inclusion of climate-related risk indicators to allow climate risk to be consistently compared across different sectors of the EU capital markets; (ii) supports an exemption from loan-level data where underlying exposures are

sufficiently granular, provided that aggregate data is provided on a regular and sufficiently detailed basis to allow meaningful risk assessment; and (iii) for private securitisations, welcomes a dedicated disclosure template and mandatory reporting to securitisation repositories.

Amendments to the STS Criteria

The ECB has concerns about the Proposed Amendment to the homogeneity requirement for STS securitisations backed by loans to small- and medium-sized enterprises (“**SMEs**”), to accept a minimum of 70 per cent. of SME exposures, with the remainder of the pool including other types of exposures. The ECB notes that this would permit transactions backed by a mixed pool of assets which would violate the simplicity requirement for the STS label. However, noting the need to support access to market-based financing for SMEs, the ECB confirms that it can agree with the proposal so long as the remaining pool exposures are limited to loans to enterprises or corporations.

The ECB is also concerned about the proposal to broaden the eligibility criteria for credit protection agreements under the STS framework to include unfunded guarantees provided by (re)insurance companies which, in its view, poses the risk of increasing both concentration and counterparty risk.

Amendments to the Definition of Public Securitisation

The Proposed Amendments would expand the scope of “public” securitisations by including securitisations, the securities of which are admitted to trading on a trading venue or marketed to investors with terms and conditions that are not negotiable. The ECB is of the view that making “private” securitisations – which are often bilateral, bespoke transactions – “public” may have unintended consequences and may undermine existing market functioning. Therefore, the ECB’s view is that the current definitional scope of “public” securitisations – based on the need to draw up a prospectus – should be retained.

Introduction of the Concept of a Resilient Position

The ECB welcomes the proposal to differentiate the intensity of regulatory preferential treatments according to the resilience of senior securitisation positions under stress, and to limit the reduction of risk weight floors and favourable LCR treatment to positions that display sufficient safeguards noting that the concept of “resilient securitisation positions” is very closely aligned to the STS criteria. As such, the ECB recommends retaining the concept of resilient securitisation positions, whilst limiting the scope of eligible resilient senior securitisation positions solely to transactions that satisfy the STS criteria.

Amendment to the Risk Weight Floors

Noting that the objective of risk weight floors is to avoid unduly low risk weights on any securitisation position, the ECB is sceptical about the concept of risk-sensitive risk weight floors.

Instead, the ECB suggests a fixed risk weight floor of 7 per cent. for resilient STS transactions whilst limiting the application of this lower risk weight floor to so-called “limb (a) originators”¹ in order to prevent credit institutions from expanding beyond their core businesses purely for the purpose of securitising exposures in order to benefit from the reduced capital requirements.

Amendment to the P-Factor

The p-factor is a key parameter used to determine the additional capital charge required for holding a securitisation position compared to the capital charge required for holding the corresponding securitised exposures. It is justified by the additional risks that securitisation involves. The ECB’s view is that the Proposed Amendments to recalibrate the p-factor for all types of securitisations go beyond the advice of the European Supervisory Authorities, which is that the p-factor should not be amended unilaterally but rather that the entire framework should be revisited at an international level. Instead, the ECB suggests a more targeted recalibration of the p-factor limited to senior positions held by “limb (a)” originators.

Amendments to the SRT Criteria

The ECB welcomes the Commission’s proposal to revise substantially and update the provisions governing SRT, including the proposal to remove the “permission-based approach” for SRT, which requires a positive SRT assessment from the competent authority in order to achieve a reduction in risk-weighted exposure amounts. The ECB also welcomes the proposal to replace the current mechanical tests with new principle-based tests that can be used to achieve SRT.

Expected Timing

The European Parliament, Council and Commission are expected to agree on the final text of the Proposed Amendments in the second half of 2026, with formal adoption and publication to take place at the end of 2026 or the beginning of 2027.

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¹ That is, an “originator” that falls within limb (a) of the definition of “originator” as being “itself or through related entities, directly or indirectly, [] involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised”.

If you have any questions, please feel free to contact any of the following Cadwalader attorneys.

Suzanne Bell	+44 (0) 20 7170 8549	suzanne.bell@cwt.com
Robert Cannon	+44 (0) 20 7170 8735	robert.cannon@cwt.com
Matthew Duncan	+44 (0) 20 7170 8730	matthew.duncan@cwt.com
Sabah Nawaz	+44 (0) 20 7170 8583	sabah.nawaz@cwt.com
Jinisha Patel	+44 (0) 20 7170 8537	jinisha.patel@cwt.com
Nick Shiren	+44 (0) 20 7170 8778	nick.shiren@cwt.com
Assia Damianova	+44 (0) 20 7170 8564	assia.damianova@cwt.com
William Bibby	+44 (0) 20 7170 8572	will.bibby@cwt.com
William Sharp	+44 (0) 20 7170 8547	will.sharp@cwt.com
Robyn Llewellyn	+44 (0) 20 7170 8739	robyn.llewellyn@cwt.com