

# Single Rulebook Q&A

<b>Question ID</b>	2022_6499
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - COREP (incl. IP Losses)
<b>Article</b>	430
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
<b>Article/Paragraph</b>	Annex II
<b>Date of submission</b>	28/06/2022
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Individual
<b>Subject matter</b>	Consideration of STS in synthetic securitisations
<b>Question</b>	When a synthetic securitisation fulfills STS criteria (Article 243(2) CRR), are all its tranches considered STS in the RWEA calculation and in COREP reporting, or only the senior tranche?
<b>Background on the question</b>	The STS classification is a characteristic of the entire securitisation. As a fact, the conditions specified in Article 243(2) CRR refer to all the issue and its underlying assets (not just certain tranches). However, the last modifications of Article 270 CRR and the new rows of COREP template C 13.01 seem to suggest that only the senior tranche can be treated as STS. Is this correct? If all tranches shall be considered STS, how should they be reported in the new COREP template C 13.01? In C 13.01, as included in v3.2 of reporting framework, the rows 0030, 0040, 0050 and 0051 have some changes. The specifications of Annex II on these rows are not clear about how to reflect the positions in STS synthetic securitisations. In case of positions in STS synthetic securitisation: By meeting STS criteria, all positions in this securitisations must be reflected in row 0030 - Qualifying for differentiated capital treatment. Similarly, it seems clear that the positions in

senior tranches of this securitisation should be reported in row 0051-Senior positions in STS On balance sheet securitisations. However, there are not specifications about where to reflect the positions in non-senior tranches of this issue. Being STS positions, they must be in row 0030 and not in row 0060. And, being row 0030 the sum of rows 0040, 0050 and 0051, they should be reflected in one of these three. Please, can you specify in which of these rows should the positions in non-preferred tranches of STS synthetic securitisations be reflected?

**Final answer**

Chapter 4 of Regulation (EU) 2017/2402 determines the requirements to be met for a securitisation to be considered simple, transparent and standardised. Section 1 establishes the requirements for traditional non-ABCP securitisations, section 2 for traditional ABCP securitisations and, finally, section 2a for synthetic securitisations, that would be considered, when meeting the requirements, on-balance-sheet securitisations.

According to Regulation (EU) 2021/451 (ITS on Supervisory Reporting), the instructions for template C 13.01 establish that institutions shall report under row 0030 the total amount of securitisation positions which fulfil the criteria of Article 243, 270 or 494c of Regulation (EU) 575/2013 (CRR) and therefore would qualify for differentiated capital treatment. Then, the instructions for rows 0040, 0050 and 0051 determine that institutions shall report under these rows the breakdown of the total amount of securitisation positions qualifying for differentiated capital treatment reported under row 0030, depending on the article based on which they apply the differentiated capital treatment. The possible breakdown would be:

- Row 0040: institutions shall report exposures falling under article 243 paragraphs 1 and 2, and so, exposures in STS ABCP and non-ABCP traditional securitisations, respectively.
- Row 0051: institutions shall report senior positions in STS on-balance sheet securitisations, according to article 270 of CRR, that allows for the preferential regulatory treatment of synthetic securitisations but on a limited basis, establishing the criteria to be met for STS on-balance sheet securitisations for qualifying for differentiated capital treatment, that would be:
  - Meeting the requirements of article 243, paragraph 2 (for non-ABCP traditional securitisations);
  - Position qualifying as senior securitisation position.

When meeting these requirements, these types of synthetic securitisations can benefit from the lower risk weights that are assigned to STS traditional securitisations.

- Row 0050: institutions shall report senior positions in STS SMEs synthetic securitisations that would fall under article 494c of CRR, and so,

	<p>benefiting from the grandfathering of senior securitisation positions.</p> <p>Consequently, only those securitisation positions qualifying for a differentiated STS capital treatment under Article 243, 270 or 494c CRR shall be reported in rows 0030, 0040, 0050 and 0051 of template C 13.01. In the case of synthetic securitisations, according to Article 270 (1), point (b), and Article 494c CRR as amended by Regulation (EU) 2021/558 only senior securitisation positions can qualify for a differentiated STS capital treatment and therefore only those securitisation positions shall be reported.</p>
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