

<b>Question ID</b>	2013_53
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Securitisation and Covered Bonds
<b>Article</b>	249
<b>Paragraph</b>	1
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	N/A
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Competent authority
<b>Subject matter</b>	Applicability of the re-securitisation definition to securitisation positions being subject to tranching credit protection according to Article 264(1) of Regulation (EU) No 575/2013 (CRR)
<b>Question</b>	Do the portions of a securitisation position covered and uncovered by senior unfunded credit protection have to be treated as re-securitisation positions in accordance with Article 4(64) of Regulation (EU) No 575/2013 (CRR) for the purposes of determining the risk-weighted exposure amounts of these portions in accordance with Article 249(1)-264(1) of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2017/2401 and for other regulatory purposes?
<b>Background on the question</b>	In the case of senior unfunded credit protection, where risk-weighted exposure amounts of the securitisation position being subject to the credit protection are calculated using the Ratings Based Method, according to the rules set out in Article 264(1) institutions may amend the exposure value or the risk weight for such a securitisation position in accordance with the provisions of Part Three Chapter 4 as they apply for the calculation of risk weighted exposure amounts under Part Three Chapter 2. According to Article 234, which is the only Article addressing cases of tranching protection within Part Three Chapter 4, the rules set out in Part Three Chapter 5 shall

	<p>apply in the event of partial protection and tranching. As the securitisation rules are in this case applied to a securitisation exposure, the question arises whether re-securitisation rules are applicable when the risk weighted exposure amounts of the portions covered and uncovered by the unfunded credit protection are determined. Assuming that an underlying pool of exposures may include only one exposure in accordance with paragraph 542 of the Basel Framework, the covered and uncovered portions of the securitisation could fall under the special treatment for re-securitisation positions as the covered and uncovered portions could both be regarded as an exposure to a securitisation where the risk associated with an underlying pool of exposures is tranching and at least one of the underlying exposures (the protected securitisation position) is a securitisation position. However, treating the portions covered and uncovered by the tranching credit protection as re-securitisation positions does not seem appropriate for the reason that Article 264 as <i>lex specialis</i> also sets out rules regarding the case of tranching protection of a single securitisation position which would be redundant if such tranching protection would generally result in the credit protection being directly regarded as a re-securitisation according to Article 4(63).</p>
<p><b>EBA answer</b></p>	<p>No, portions of a single securitisation position covered or uncovered by the senior unfunded credit protection do not have to be treated as re-securitisation positions for the purposes of determining the risk weighted exposure amount of these portions in accordance with <del>249(1)</del> <del>264(1)</del> of <u>Regulation (EU) No 575/2013 as amended by Regulation (EU) 2017/2401</u> or for other regulatory purposes.</p>
<p><b>Link</b></p>	<p><a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_53">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_53</a></p>

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