

Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (Text with EEA relevance)

TITLE I

SUBJECT MATTER, SCOPE AND DEFINITIONS

Article 3

Definitions

For the purposes of this Directive, the following definitions apply:

- (1) ‘covered bond’ means a debt obligation that is issued by a credit institution in accordance with the provisions of national law transposing the mandatory requirements of this Directive and that is secured by cover assets to which covered bond investors have direct recourse as preferred creditors;
- (2) ‘covered bond programme’ means the structural features of a covered bonds issue that are determined by statutory rules and by contractual terms and conditions, in accordance with the permission granted to the credit institution issuing the covered bonds;
- (3) ‘cover pool’ means a clearly defined set of assets securing the payment obligations attached to covered bonds that are segregated from other assets held by the credit institution issuing the covered bonds;
- (4) ‘cover assets’ means assets included in a cover pool;
- (5) ‘collateral assets’ means physical assets and assets in the form of exposures that secure cover assets;
- (6) ‘segregation’ means the actions performed by a credit institution issuing covered bonds to identify cover assets and put them legally beyond the reach of creditors other than covered bond investors and counterparties of derivative contracts;
- (7) ‘credit institution’ means a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013;
- (8) ‘specialised mortgage credit institution’ means a credit institution which funds loans solely or mainly through the issue of covered bonds, which is permitted by law only to carry out mortgage and public sector lending and which is not permitted to take deposits, but which takes other repayable funds from the public;
- (9) ‘automatic acceleration’ means a situation in which a covered bond automatically becomes immediately due and payable upon the insolvency or resolution of the issuer and in respect of which the covered bond investors have an enforceable claim for repayment at a time earlier than the original maturity date;
- (10) ‘market value’ means, for the purposes of immovable property, market value as defined in point (76) of Article 4(1) of Regulation (EU) No 575/2013;

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- (11) ‘mortgage lending value’ means, for the purposes of immovable property, the mortgage lending value as defined in point (74) of Article 4(1) of Regulation (EU) No 575/2013;
- (12) ‘primary assets’ means dominant cover assets that determine the nature of the cover pool;
- (13) ‘substitution assets’ means cover assets that contribute to the coverage requirements, other than primary assets;
- (14) ‘overcollateralisation’ means the entirety of the statutory, contractual or voluntary level of collateral that exceeds the coverage requirement set out in Article 15;
- (15) ‘match funding requirements’ means rules requiring that the cash flows between liabilities and assets falling due be matched by ensuring in contractual terms and conditions that payments from borrowers and counterparties of derivative contracts fall due before payments are made to covered bond investors and to the counterparties of derivative contracts, that the amounts received are at least equal in value to the payments to be made to covered bond investors and to counterparties of derivative contracts, and that the amounts received from borrowers and counterparties of derivative contracts are included in the cover pool in accordance with Article 16(3) until the payments become due to the covered bond investors and counterparties of derivative contracts;
- (16) ‘net liquidity outflow’ means all payment outflows falling due on one day, including principal and interest payments and payments under derivative contracts of the covered bond programme, net of all payment inflows falling due on the same day for claims related to the cover assets;
- (17) ‘extendable maturity structure’ means a mechanism which provides for the possibility of extending the scheduled maturity of covered bonds for a pre-determined period of time and in the event that a specific trigger occurs;
- (18) ‘covered bond public supervision’ means the supervision of covered bond programmes ensuring compliance with, and the enforcement of, the requirements applicable to the issue of covered bonds;
- (19) ‘special administrator’ means the person or entity appointed to administrate a covered bond programme in the event of the insolvency of a credit institution issuing covered bonds under that programme, or when such credit institution has been determined to be failing or likely to fail pursuant to Article 32(1) of Directive 2014/59/EU or, in exceptional circumstances, where the relevant competent authority determines that the proper functioning of that credit institution is seriously at risk;
- (20) ‘resolution’ means resolution as defined in point (1) of Article 2(1) of Directive 2014/59/EU;
- (21) ‘group’ means a group as defined in point (138) of Article 4(1) of Regulation (EU) No 575/2013;
- (22) ‘public undertakings’ means public undertakings as defined in point (b) of Article 2 of Commission Directive 2006/111/EC.