

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance)

[<sup>X1</sup>PART THREE

**CAPITAL REQUIREMENTS**

TITLE II

**CAPITAL REQUIREMENTS FOR CREDIT RISK**

CHAPTER 5

**Securitisation**

[<sup>X1</sup>Section 4

**External credit assessments**

*Article 267*

**Use of Credit Assessments by ECAIs**

Institutions may use credit assessments to determine the risk weight of a securitisation position only where the credit assessment has been issued or has been endorsed by an ECAI in accordance with Regulation (EC) No 1060/2009.

*Article 268*

**Requirements to be met by the credit assessments of ECAIs**

For the purposes of calculating risk-weighted exposure amounts in accordance with Section 3, institutions shall only use a credit assessment of an ECAI if the following conditions are met:

- (a) there shall be no mismatch between the types of payments reflected in the credit assessment and the types of payment to which the institution is entitled under the contract giving rise to the securitisation position in question;
- (b) loss and cash-flow analysis as well as sensitivity of ratings to changes in the underlying ratings assumptions, including the performance of pool assets, shall be published by the ECAI as well as the credit assessments, procedures, methodologies, assumptions, and the key elements underpinning the assessments in accordance with Regulation (EC) No 1060/2009. Information that is made available only to a limited number of entities shall not be considered to have been published. The credit assessments shall be included in the ECAI's transition matrix;

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- (c) the credit assessment shall not be based or partly based on unfunded support provided by the institution itself. In such case, the institution shall consider the relevant position for the purposes of calculating risk-weighted exposure amounts for this position in accordance with Section 3 as if it were not rated.

The ECAI shall be committed to publish explanations how the performance of pool assets affects this credit assessment.

### Article 269

#### Use of credit assessments

1 An institution may nominate one or more ECAIs the credit assessments of which shall be used in the calculation of its risk-weighted exposure amounts under this Chapter (a 'nominated ECAI').

2 An institution shall use credit assessments consistently and not selectively in respect of its securitisation positions, in accordance with the following principles:

- a an institution may not use an ECAI's credit assessments for its positions in some tranches and another ECAI's credit assessments for its positions in other tranches within the same securitisation that may or may not be rated by the first ECAI;
- b where a position has two credit assessments by nominated ECAIs, the institution shall use the less favourable credit assessment;
- c where a position has more than two credit assessments by nominated ECAIs, the two most favourable credit assessments shall be used. If the two most favourable assessments are different, the less favourable of the two shall be used;
- d an institution shall not actively solicit the withdrawal of less favourable ratings.

3 Where credit protection eligible under Chapter 4 is provided directly to the SSPE, and that protection is reflected in the credit assessment of a position by a nominated ECAI, the risk weight associated with that credit assessment may be used. Where the protection is not eligible under Chapter 4, the credit assessment shall not be recognised. Where the credit protection is not provided to the SSPE but directly to a securitisation position, the credit assessment shall not be recognised.

### Article 270

#### Mapping

EBA shall develop draft implementing technical standards to determine, for all ECAIs, which of the credit quality steps set out in this Chapter are associated with the relevant credit assessments of an ECAI. Those determinations shall be objective and consistent, and carried out in accordance with the following principles:

- (a) EBA shall differentiate between the relative degrees of risk expressed by each assessment;
- (b) EBA shall consider quantitative factors, such as default and/or loss rates and the historical performance of credit assessments of each ECAI across different asset classes;
- (c) EBA shall consider qualitative factors such as the range of transactions assessed by the ECAI, its methodology and the meaning of its credit assessments, in particular

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whether based on expected loss or first euro loss, and to timely payment of interest or to ultimate payment of interest;

- (d) EBA shall seek to ensure that securitisation positions to which the same risk weight is applied on the basis of the credit assessments of ECAs are subject to equivalent degrees of credit risk. EBA shall consider amending its determination as to the credit quality step with which a particular credit assessment shall be associated, as appropriate.

EBA shall submit those draft implementing technical standards to the Commission by 1 July 2014.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1093/2010.]

#### **Editorial Information**

- X1** Substituted by [Corrigendum to Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation \(EU\) No 648/2012 \(OJ L 176, 27.6.2013, p. 1\)](#).

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