

## Memorandum

### 3 Recent Regulatory Developments Relevant to the EU and UK Securitisation Markets

November 19, 2025

Recent EU and UK regulatory initiatives signal a renewed push to strengthen and scale the EU and UK securitisation markets, with three developments in particular highlighting how policymakers aim to broaden the investor base, refine prudential frameworks and mobilise long-term capital—especially from insurers.

#### **1. ECON Committee hearing to assess the securitisation package amending the European Securitisation Regulation<sup>1</sup> (EUSR) and the Capital Requirements Regulation<sup>2</sup> (CRR) (13 October 2025)<sup>3</sup>**

The ECON hearing was part of the European Parliament’s ongoing work to revise the EU securitisation framework under the Commission’s Savings & Investments Union (**SIU**) initiative. The overarching aim of the package is to expand the investor base—especially insurers and pension funds—and revive Europe’s underutilised securitisation market.

The legislative package seeks to amend EUSR and CRR to:

- modernise securitisation rules (including simple, transparent and standardised (**STS**) securitisations);
- improve the investor base in securitisations; and
- mobilise capital for strategic EU objectives.

#### ROLE OF SECURITISATION IN FINANCING THE REAL ECONOMY

Several speakers stressed the potential of securitisation to channel bank or investor capital into real-economy assets (*e.g.*, SME loans, residential mortgages and green transition assets). For insurers, the discussion highlighted their natural fit as long-term buy-and-hold investors for senior securitisation tranches, provided the prudential treatment is appropriate.

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<sup>1</sup> [Regulation - 2017/2402 - EN - securitisation regulation - EUR-Lex](#)

<sup>2</sup> [Regulation - 575/2013 - EN - Capital Requirements Regulation - EUR-Lex](#)

<sup>3</sup> [Public Hearing on the Review of the Securitisation Framework | Hearings | Events | ECON | Committees | European Parliament](#)

## DEFINITION AND SCOPE OF PUBLIC SECURITISATION & SYNTHETIC EXPOSURES

The experts noted that the proposed definitions of “public securitisation” and synthetic on-balance sheet structures may be too broad or ambiguous, potentially increasing compliance burdens or reducing market usability.

For example: how to treat exposures where insurers or banks take credit risk participation rather than true sale and how to calibrate risk weights under CRR.

## CAPITAL / PRUDENTIAL TREATMENT UNDER CRR

A critical discussion point was how the amended CRR will treat securitisation exposures, especially those labelled STS, and what capital relief or charge will apply.

Some participants argued for a clearer incentive structure (*e.g.* lower risk weights for STS and simpler investor base requirements) to stimulate issuance and investment.

## MARKET STRUCTURE, INVESTOR BASE & SECONDARY MARKET LIQUIDITY

The hearing emphasised the need to broaden the investor base (including insurers and pension funds) and ensure secondary market liquidity so securitisation becomes a viable financing tool rather than niche.

There was a recognition that in many Member States securitisation markets remain under-developed, which constrains the benefits of the legislative review.

## RISK MITIGATION AND FINANCIAL STABILITY

The ESRB’s contribution drew attention to systemic risks, *e.g.* securitisation tranches concentrating risk, or flawed structures re-introducing moral hazard. Safeguards and transparency remain crucial.

## IMPLICATIONS & NEXT STEPS

ECON will use the insights from this hearing in its drafting of amendments.

Stakeholders (issuers, investors, banks, insurers) should monitor this process closely: changes in definitions, capital treatment and investor-eligibility may materially affect structuring, pricing and marketability of securitisations.

The hearing signals heightened political attention on securitisation as a tool for the SIU—so speed and ambition in this dossier are likely.

## 2. PS19/25—Restatement of CRR requirements—2027 implementation—near-final (28 October 2025)<sup>4</sup>

### KEY FEATURES AND OBJECTIVES

PS19/25 provides feedback on consultation responses to CP13/24—Remainder of CRR: Restatement of assimilated law and finalises the PRA’s near-final policy on the remaining parts of the UK version of the CRR to be restated into the PRA Rulebook and other supervisory material.

### IMPLEMENTATION TIMING

The near-final policy is intended to take effect from 1 January 2027, aligning with the delayed implementation of the Basel 3.1 standards in the UK.

### NO SUBSTANTIVE POLICY CHANGE

The PRA emphasises that, apart from some targeted changes (especially in securitisation), the restatement is not intended to bring material change in substantive obligations for firms: the aim is transition/continuity rather than reform.

### NEXT STEPS

The PRA plans to publish the final rule instruments and final Policy Statement (covering these near-final rules) in Q1 2026, once the enabling legislation (commencement regulations) from HM Treasury is made.

### MATERIAL CHANGES & CLARIFICATIONS

While most provisions replicate existing CRR content (in UK-assimilated form), the policy statement highlights some material amendments and clarifications, especially in the securitisation domain:

- on unfunded credit protection in synthetic significant risk transfer (**SRT**) securitisations: clarifications around “look-through” approaches for assigning credit quality steps (**CQS**) to unrated entities;
- introduction of new risk weights for STS securitisations underlying exposures to avoid very high risk weights (*e.g.*, 1250%) for relatively low-risk positions;
- amendments to ECAI mapping tables to reflect Basel 3.1 standard alignment; and
- the fact that the PRA will not require firms to re-apply for current permissions under the CRR’s assimilated law (*i.e.*, existing permissions will be ‘saved’ by HMT revocation regulations) to ensure continuity.

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<sup>4</sup> [PS19/25—Restatement of CRR requirements—2027 implementation—near-final | Bank of England](#)

## FIRMS AFFECTED & PRACTICAL IMPLICATIONS

The statement is relevant for PRA-authorised banks, building societies, PRA-designated investment firms, and PRA-approved or designated financial or mixed financial holding companies. It is not relevant to credit unions or third-country branches.

Firms should consider the changes and plan for the transition by 1 January 2027, for example implementing the restated Rulebook parts and supervisory statements.

Because the policy largely preserves existing obligations, the emphasis is on firm readiness for the new UK regulatory architecture rather than fundamental changes in risk-weight approaches (except for the securitisation tweaks).

Firms should review:

- whether they rely on existing permissions under CRR and ensure continuity plan is adequate;
- whether their securitisation exposures will be affected by the newly introduced risk weights or changed treatment of credit protection; and
- the amendments to ECAI mapping and how that may impact risk-weighting under the standardised approach.

## WHY IT MATTERS

The UK is moving away from direct reliance on EU-based CRR provisions: this restatement is a key step in establishing the UK-specific rulebook for capital regulation. By aligning the implementation date with Basel 3.1 (1 January 2027), the PRA is synchronising major regulatory shifts, reducing patchwork implementation.

It gives firms clarity on the shape of the regulatory architecture ahead of full implementation, enabling forward planning.

The clarifications and modest changes in securitisation reflect the PRA's focus on ensuring risk sensitivity and avoiding unintended extremely high-risk weights for low-risk securitisation exposures.

### 3. European Commission advances the Savings and Investments Union with measures to mobilise insurers' and banks' capital for Europe's future (29 October 2025)<sup>5</sup>

#### KEY OBJECTIVES

The Commission adopted two key measures to strengthen the institutional investor role of banks and insurers in financing the EU economy.

These measures align with the strategy for the SIU, with the aim of mobilising private capital to support long-term growth, cross-border investment, and Europe's competitiveness.

#### MAIN MEASURES INTRODUCED

Amendments to the Solvency II Delegated Regulation for insurers (applying from 30 January 2027):

- these changes are designed to encourage long-term equity investments by insurers, making it easier for them to allocate more capital to financing the “real economy” (e.g., European firms, venture capital) while preserving policy-holder protection;
- they aim to modify capital requirements for insurers' exposures to securitisations, adjust stress factors and differentiate treatment for STS vs non-STS securitisations; and
- a “dedicated treatment” is introduced for long-term equity investments by insurers supporting EU strategic priorities (green transition, digital, defence) to facilitate investment alongside public entities/guarantees.

Guidance / measures for banks under the CRR framework: the Commission provides clarity on favourable prudential treatment for equity exposures made by banks through public-co-investment, guarantee or promotional schemes. This is intended to incentivise banks to channel capital to strategic sectors.

#### STRATEGIC IMPORTANCE

The measures form part of the broader SIU strategy, which targets better mobilisation and allocation of savings across the EU—moving from deposits to more productive investment and facilitating capital markets integration and cross-border flows.

The emphasis is also on reducing the so-called “savings glut” in Europe: large amounts of wealth are held in low-yield, safe assets rather than being directed into equity, innovation and long-term investment.

#### IMPLICATIONS & PRACTICAL EFFECTS

*For insurers:* the changes open up greater investment flexibility—STS securitisation becomes more competitive relative to corporate bonds with similar credit risk. Insurers may expand mandates to include senior securitisation

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<sup>5</sup> [Solvency II under the Savings and Investments Union](#)

tranches, private securitisations and synthetic risk-transfer transactions. Long-term, predictable cash flows from securitisations align well with insurers' liability profiles, supporting asset-liability management optimisation.

*For banks:* there is an incentive to participate in investment schemes that are co-funded or backed by public entities, with potentially lower capital charges or clearer paths to favourable treatment under CRR-type rules. This may shift more capital into strategic areas (green, digital, defence) that were under-invested.

*For the broader EU economy:* the measures aim to unlock greater private investment, strengthen capital markets, support long-term growth, and increase Europe's resilience and strategic competitiveness. The approach also helps promote cross-border integration of investment across Member States.

## KEY TAKEAWAYS

The Commission is pushing the paradigm: not just “safe savings”, but productive investments via banks/insurers. Regulatory tweaks (Solvency II, CRR guidance) are being used as levers to reshape capital allocation behaviour. Strategic sectors are emphasised (*e.g.* green, digital and defence), with investment policy used as an element of industrial/strategic policy. The move signals a deeper push on the SIU and possibly further reforms in the future (*e.g.* capital markets union linkages and cross-border investment conditions). Firms in the banking and insurance sectors should review their capital allocation, investment mandates and internal risk frameworks to align with these incentives and evolving regulatory expectations.

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