

Memorandum

Buy Side Associations and ECB Weigh in on EU Securitisation Review

December 1, 2025

November 2025 witnessed increased industry attention for the European Union's (EU) ongoing efforts to reform the regulatory frameworks applicable to securitisations. Further to our [recent memo](#) on three recent regulatory developments relating to the EU/UK securitisation markets, this memorandum sets out key takeaways from the Joint Statement: Investors' Views on the Securitisation Review, published jointly by the Association for Financial Markets in Europe, Alternative Investment Management Association, European Fund and Asset Management Association, International Association of Credit Portfolio Managers, International Capital Market Association, Loan Market Association and Managed Funds Association on 20 November 2025 (**Buy Side Joint Statement**)¹ and the Opinion of the European Central Bank of 11 November 2025 (**ECB Opinion**)² on (a) a proposal for a regulation amending Regulation (EU) 2017/2402 laying down a general framework for securitisations and creating specific framework for simple, transparent and standardised securitisation (**EU Securitisation Regulation**), (b) a proposal for a regulation amending Regulation (EU) 575/2013 on prudential requirements for credit institutions as regards requirements for securitisation exposures (**CRR**), and (c) a draft proposal for a delegated regulation amending Delegated Regulation (EU) 2015/61 as regards the eligibility conditions for securitisations in the liquidity buffer of credit institutions (**LCR Delegated Regulation**).

1. Buy Side Joint Statement

The Buy Side Joint Statement welcomes the reforms proposed by the European Commission (EC) in June 2025 but stresses the need to address existing supply side constraints and increase investor demand, as means of bolstering a vibrant EU securitisation market.

Pointing to the EC's own conclusion that there is currently limited investor capacity to absorb an increased supply of EU securitisations, the Buy Side Joint Statement asserts that certain measures currently under discussion by the EC would discourage investment in securitisations and undermine the EC's stated objective of growing the EU securitisation market:

¹ <https://www.icmagroup.org/assets/documents/Regulatory/Joint-Statement-Buy-Side-Views-on-the-Securitisation-Review-20-November-2025-211125.pdf>

² https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_35.en.pdf

DUE DILIGENCE REQUIREMENTS LIMIT GLOBAL MARKET ACCESS

Pointing to the recommendations of the March 2025 Joint Report of the European Supervisory Authorities³, the Buy Side Joint Statement stresses that the due diligence requirements imposed by the EU Securitisation Regulation—requiring EU investors to receive reporting in the template format prescribed by Article 7—can be inefficient, costly and misaligned with investor needs. This can lead to duplication of processes and slow participation in secondary markets. The Buy Side Joint Statement calls for the replacement of such rules with a “necessary information test,” based on a meaningful risk assessment, tailored to a particular deal and focusing on substance over form. The Buy Side Joint Statement also supports the proposal to remove obligations on EU investors to verify compliance for EU transactions.

DISPROPORTIONATE MONETARY SANCTIONS DETER INVESTORS

The Buy Side Joint Statement argues for the removal of the due diligence requirements in Article 5 from the list of sanctionable provisions under the EU Securitisation Regulation. Penalties of up to 10% of an investor’s net annual turnover risk deterring investment in EU and non-EU securitisations. This issue would be further amplified by either shifting responsibility from delegated to delegating investors or linking the size of fines to the size of the exposures. Both proposals would hurt the competitiveness of securitisations against other fixed income asset classes. The Buy Side Joint Statement stresses that AIFMs and UCITS managers are already subject to sanctions under sectoral rules, which set out due diligence requirements applicable to all asset classes, including securitisations. Concern with the high level of monetary sanctions is mirrored in the ECB Opinion.

DEFINITION OF PUBLIC SECURITISATIONS SHOULD NOT BE BROADENED TO COVER PRIVATE SECURITISATIONS

The Buy Side Joint Statement expresses concern about the EC’s proposal to broaden the definition of public securitisations to include transactions admitted to trading. Many such transactions are substantially private, have a small number of closely involved investors and are negotiated on a bespoke basis. Standard terms or a voluntary listing should not affect the designation of such transactions as private. This concern also features in the ECB Opinion.

PRIVATE SECURITISATIONS SHOULD NOT BE REPORTABLE TO REPOSITORIES

Citing the responses to the EC’s December 2024 consultation on the EU Securitisation Regulation, the Buy Side Joint Statement stresses market participants’ opposition to making private securitisations reportable to repositories due to the associated increase in compliance costs. Instead, investors in private securitisations receive the required information through more direct and efficient channels, with additional reporting burdens only discouraging private securitisations. Current legislative proposals are insufficiently clear about the level of disclosure required to repositories and restrictions on repositories’ disclosure of private deal information to

³ ESMA, EBA, EIOPA “Joint Committee Report on the Implementation and Functioning of the Securitisation Regulation (Article 44)” (31 March 2025), para 76.

anyone other than public authorities. To avoid unintended consequences, information reportable to repositories should be limited to a narrow, supervisor-focused template.

2. ECB Opinion

The ECB opinion addresses proposals to reform three key pieces of legislation: the EU Securitisation Regulation, the CRR and the LCR Delegated Regulation. The ECB highlights that any potential changes to these frameworks should be assessed against the objectives of transparently transferring risk from originators in the banking sector while maintaining their ‘skin in the game’, widening and diversifying the investor base for securitisations and supporting a sustainable and healthy market. The ECB also expressed concern with the growth of synthetic (as opposed to true sale) securitisations, which it deems a potential risk to financial stability if used at a large scale. It is more supportive of simple, transparent and standardised (**STS**) securitisations, even if it does not endorse EC proposals to entrust the supervision of compliance with the STS criteria to the ECB and other prudential supervisors.

SIMPLIFICATION OF INVESTOR DUE DILIGENCE

The ECB endorses efforts to simplify investor due diligence requirements and to make these more proportionate to the risk characteristics and structural features that materially affect the performance of a securitisation. This includes the removal of the requirement for institutional investors to verify the compliance of sell-side parties established in the EU with the risk retention, transparency and asset selection rules of the EU Securitisation Regulation and the introduction of an express reference to proportionality in the regulation. Supervision should be coordinated at an EU level, making an increased use of third-party verifiers. Third-party verifiers, who also play a crucial role in verifying compliance with STS criteria, will require authorisation and supervision by the national competent authorities. As mentioned above, the ECB also recognises that disproportionate sanctions for breaches of the due diligence requirements (including administrative sanctions that go beyond existing capital charges) might disincentivise market participation. The ECB concurs with the Buy Side Joint Statement in opposing the extension of liability to delegating investors.

TREATMENT OF NON-PERFORMING EXPOSURES

The ECB proposes certain additional risk retention compliance options for non-performing exposure securitisations benefiting from public guarantees. These proposals are not examined further here.

CHANGES TO DISCLOSURE REQUIREMENTS

Recognising the need for a more targeted approach to reporting, the ECB supports a simplification of the disclosure requirements including through the introduction of a distinction between mandatory and voluntary fields in the disclosure templates, exemptions from loan-level reporting for highly granular portfolios and the introduction of a dedicated disclosure template for private securitisations. Unlike the Buy Side Joint Statement, the ECB supports the introduction of a requirement to make private securitisations reportable to securitisation repositories.

UPDATES TO STS CRITERIA

The ECB Opinion expresses concern over proposals to loosen the homogeneity requirement for STS securitisations of loans to small and medium sized enterprises and broaden the eligibility criteria for credit protection arrangements under the STS framework to include unfunded guarantees by (re)insurers. The latter is deemed a potential source of concentration and counterparty risk that may increase contagion between the banking and insurance sectors during times of financial stress.

DEFINITION OF PUBLIC SECURITISATION

The ECB concurs with the Buy Side Joint Statement in opposing changes to the current distinction between private and public securitisations (based on the requirement to prepare a prospectus) to include securitisations admitted to trading and/or with terms and conditions not negotiable among the parties. The ECB agrees that such changes might cause unintended consequences or disruptions to market functioning.

AMENDMENTS TO THE CRR

The ECB Opinion rejects EC proposals to modify the definition of “senior securitisation position” but welcomes the introduction of resilient positions, whereby preferential regulatory treatment would be accorded to senior securitisation positions that perform well under stress. While the introduction of this concept increases regulatory complexity, the standards applied will be closely aligned with the STS criteria. However, the ECB recommends that compliance with the criteria for resilient positions should—contrary to the EC’s proposals—only be evaluated at origination to avoid increasing complexity and introducing cliff effects.

The ECB also takes the view that a new reduced risk weighted floor of 7% should only be applied to resilient STS transactions and to originating banks, not other credit institution investors that purchase third party credit exposures on their own account in order to securitise them. It also suggests amendments to the calibration of p factor calculations for certain types of originators—these proposals are not discussed further here.

Importantly, the ECB also endorses proposals to substantially revise how the CRR governs significant risk transfer (**SRT**) transactions. It welcomes that proposed reforms maintain regulatory flexibility in distinguishing between simple, repeat SRT transactions and more complex transactions, which are deemed to require in-depth supervisory review. The ECB also supports the preservation of competent authorities’ right to object to an SRT transaction or require the originator to transfer a weighted amount of unexpected losses on the underlying exposures, where the SRT may lead to a non-commensurate reduction in risk-weighted exposure amounts.

AMENDMENTS TO THE LCR DELEGATED REGULATION

The ECB Opinion welcomes, with some reservations, proposals that would keep senior tranches of STS securitisations eligible for Level 2B high-quality liquid asset treatment and the alignment of homogeneity and eligibility criteria for such tranches with respect to the liquidity buffer with the requirements set out in the EU

Securitisation Regulation. The ECB expects that such alignment will allow other types of liquid, high-quality securitisations to be included in the liquidity coverage ratio liquidity buffer.

3. Key Takeaways and Next Steps

Taken together, the Buy Side Joint Statement and the ECB Opinion concur in stressing that due diligence requirements for securitisations should be proportionate and appropriately constrained in order to avoid deterring investment in securitisations and making this asset class less attractive vis-à-vis other types of debt securities. Similarly, disproportionate or administrative sanctions (that go beyond existing regulatory capital charges) disincentivise investment and should be resisted as part of the ongoing efforts to reform the EU securitisation frameworks. Both the Buy Side Joint Statement and the ECB Opinion agree that expansive changes to the definition of public securitisation to capture all listed transactions and those with standardised terms would lead to market disruptions and other unintended consequences.

The ECB Opinion is more cautious than the Buy Side Joint Statement in expressing concerns about reduced capital charges for securitisations, LCR eligibility and the growth in synthetic or SRT type securitisations. Instead, the ECB appears to favour expanding the use of the current STS criteria and introducing an additional category of “resilient positions” in the CRR. The Buy Side Joint Statement, in turn, is concerned about market fragmentation and the competitiveness of the EU securitisation market both with respect to EU investors and securitisations.

In terms of reporting, the Buy Side Joint Statement is in favour of flexibility and alignment with global standards, which do require the same level of information provision to reposititories. The ECB, while advocating for the introduction of a new template for private securitisations, is focused primarily on information sufficiency—a desire evident in its advocacy for making private securitisations reportable.

Overall, it appears that the ECB continues to view securitisation as useful but, in some circumstances, potentially risky. Buy-side associations in turn recognise that securitisation is an essential tool for achieving a savings and investments union between EU citizens and to finance the green and digital transitions. To achieve these aims, market participants require a genuinely enabling framework. It remains to be seen whether and how the EC will respond to these interventions in revised drafts of its reform proposals.

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