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*Changes to legislation: Commission Delegated Regulation (EU) 2016/2251, Article 30a is up to date with all changes known to be in force on or before 10 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) EUR 2016 No. 2251 may be subject to amendment by EU Exit Instruments made by both the Prudential Regulation Authority and the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 4. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details) View outstanding changes*

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Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty (Text with EEA relevance)

## CHAPTER II

### SPECIFIC PROVISIONS ON RISK MANAGEMENT PROCEDURES

#### SECTION 3

#### *Exemptions from the requirement to post or collect initial or variation margin*

#### *<sup>F1</sup>Article 30a*

#### **Treatment of derivatives in connection with securitisations for hedging purposes**

1 By way of derogation from Article 2(2) and where the conditions set out in paragraph 2 of this Article are met, counterparties may provide in their risk management procedures the following in connection with OTC derivatives contracts that are concluded by a securitisation special purpose entity in connection with a securitisation as defined in point (1) of Article 2 of Regulation (EU) 2017/2402 of the European Parliament and of the Council<sup>(1)</sup> and meeting the conditions of Article 4(5) of Regulation (EU) No 648/2012:

- a that variation margin is not posted by the securitisation special purpose entity but is collected from its counterparty in cash and returned to its counterparty when due;
- b that initial margin is not posted or collected.

2 Paragraph 1 shall apply where all of the following conditions are met:

- a the counterparty to the OTC derivative concluded with the securitisation special purpose entity in connection with the securitisation ranks at least *pari passu* with the holders of the most senior securitisation note, provided that counterparty is neither the defaulting nor the affected party;
- b the securitisation special purpose entity for the securitisation to which the OTC derivatives contract is associated is subject to a level of credit enhancement of the most senior securitisation note of at least 2 % of the outstanding notes on an ongoing basis;
- c the netting set does not include OTC derivative contracts unrelated to the securitisation.]

#### **Textual Amendments**

- F1** Inserted by [Commission Delegated Regulation \(EU\) 2020/448 of 17 December 2019 amending Delegated Regulation \(EU\) 2016/2251 as regards the specification of the treatment of OTC derivatives in connection with certain simple, transparent and standardised securitisations for hedging purposes \(Text with EEA relevance\).](#)

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**Changes and effects yet to be applied to :**

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 13](#)