
STATUTORY INSTRUMENTS

2019 No. 660

The Securitisation (Amendment) (EU Exit) Regulations 2019

PART 5

Amendment of the Capital Requirements Regulation

CHAPTER 1

Introductory provision

Amendments

39. The Capital Requirements Regulation is amended in accordance with this Part.

CHAPTER 2

Amendment of Chapter 5 of Title 2 of Part 3 of the Capital Requirements Regulation

Chapter 5 (securitisation)

40. Chapter 5 of Title 2 of Part 3 of the Capital Requirements Regulation⁽¹⁾ (securitisation) is amended in accordance with this Chapter.

References to the competent authorities

41. In the following provisions for “competent authorities” or “the competent authorities”, in each place where these words appear, substitute “the competent authority”—

- (a) in Article 244 (traditional securitisation), in paragraph 2, the second subparagraph;
- (b) paragraph 3 of that Article;
- (c) in Article 245 (synthetic securitisation), in paragraph 2, the second subparagraph;
- (d) paragraph 3 of that Article;
- (e) in Article 248 (exposure value), paragraph 3;
- (f) in Article 254 (hierarchy of methods), paragraph 4;
- (g) in Article 258 (conditions for the use of the Internal Ratings Based Approach), paragraph 2;
- (h) in Article 265 (scope and operational requirements for the Internal Assessment Approach), paragraph 2;
- (i) in Article 270a (additional risk weight), paragraph 1.

⁽¹⁾ Chapter 5 was substituted by point (9) of Article 1 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Article 242 (definitions for Chapter 5)

42. In Article 242 for point (19) substitute—

“(19) “promotional entity” means any undertaking or entity—

- (a) which is established by a government department or devolved administration or by a local authority in any part of the United Kingdom (“the establishing body”);
- (b) which grants promotional loans or guarantees;
- (c) whose primary goal is not to make profit or maximise market share, but is to promote public policy objectives of the establishing body; and
- (d) in relation to which, subject to any applicable rules relating to State aid (as defined in the law of the United Kingdom after exit day)—
 - (i) the establishing body is obliged to protect its economic basis and maintain its viability throughout its lifetime; or
 - (ii) at least 90% of its original capital or funding or the promotional loan it grants is directly or indirectly guaranteed by a government department, a devolved administration or a local authority in any part of the United Kingdom.”.

Article 244

43. In Article 244 omit paragraphs (5) and (6).

Article 245

44. In Article 245 omit paragraphs (5) and (6).

Article 248

45. In Article 248, in paragraph 1—

- (a) in the second subparagraph for “EBA shall develop draft regulatory” substitute “FCA and the PRA may each make”; and
- (b) omit the third and fourth subparagraphs.

Article 250 (implicit support)

46. In Article 250, omit paragraph 4.

Article 254

47. In Article 254—

- (a) in paragraph 3, for the first and second subparagraphs substitute—

“The third and fourth subparagraphs apply where, on or before 17 November 2018, an institution notified the competent authority of a relevant decision.

“A relevant decision” is a decision made under the first subparagraph, as it had effect on 17 November 2018 by virtue of the first subparagraph of Article 3 (entry into force), to apply the SEC-ERBA instead of the SEC-SA to all its rated securitisation positions or positions in respect of which an inferred rating may be used.”.

- (b) omit paragraph 8.

Article 255 (determination of K_{IRB} and K_{SA})

- 48.—(1) Article 255 is amended as follows.
- (2) Omit paragraph 8.
 - (3) In paragraph 9—
 - (a) in the first subparagraph for “EBA shall develop draft regulatory” substitute “FCA and the PRA may each make”; and
 - (b) omit the second and third subparagraphs.

Article 257 (determination of tranche maturity (M_T))

49. In article 257 omit paragraph 4.

Article 270 (senior positions in SME securitisations)

50. In Article 270—
- (a) in point (a) for “Article” substitute “Articles 18 and”;
 - (b) after point (a) insert—
 - “(aa) the originator, sponsor and SSPE must be established in the United Kingdom;”;and
 - (c) in point (e)(i) for “a Member State” substitute “the United Kingdom”.

Article 270a

51. In Article 270a, in paragraph 2—
- (a) in the first subparagraph for “EBA shall develop draft implementing” substitute “FCA and the PRA may each make”, and omit the second sentence; and
 - (b) omit the second subparagraph.

Article 270e (securitisation mapping)

52. In Article 270e—
- (a) in the first subparagraph for “EBA shall develop draft implementing” substitute “FCA and the PRA may each make”, and for “EBA”, in the second place where it appears, substitute “the FCA or, as the case may be, the PRA”; and
 - (b) omit the second and third subparagraphs.

CHAPTER 3

Amendment of other Articles of the Capital Requirements Regulation

Article 337 (own funds requirement for securitisation instruments)

53. In Article 337(2), in paragraph 2, omit the second subparagraph.

(2) Article 237 is substituted by point (10) of Article 1 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Article 519a (reporting and review)

54. Omit Article 519a(3).