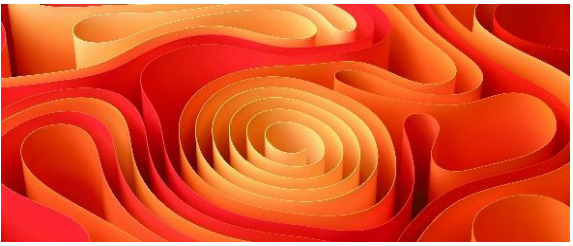
Pills

Regulatory/Supervisory Pills | N.162 November 2026

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TOPICS:

Securitization

SOURCE:

European Council, European Parliament

European Council and European Parliament Reach Political Agreement on the Securitization Package

- Recently, the **Council of the European Union and the European Parliament reached a provisional political agreement to reform the EU securitization framework**, aiming to revitalize the European securitization market, strengthen banks' lending capacity and facilitate investment in the real economy. The reform forms part of the **Savings and Investments Union** (SIU) and the One Europe, One Market agenda, supporting European competitiveness, financial resilience and strategic autonomy.
- The agreement introduces **six principal measures**. 1) **Risk-sensitive capital requirements**: Capital requirements for banks investing in securitisations will be recalibrated, providing materially lower requirements for low-risk transactions while maintaining higher requirements for riskier positions; 2) **New resilient securitization category**: A new classification will complement the existing Simple, Transparent and Standardised (STS) framework, encouraging prudent structuring and strengthening investor confidence; 3) **Enhanced supervision**: Independent third-party entities verifying STS compliance will become subject to EU-level supervision, promoting greater supervisory consistency across Member States; 4) **Administrative simplification**: Reduced regulatory and compliance burdens should lower transaction costs and improve market accessibility; 5) **Higher UCITS investment limits**: Increased securitization investment limits for Undertakings for Collective Investment in Transferable Securities (UCITS) aim to broaden institutional investor participation; 6) **Expanded STS eligibility**: Targeted adjustments will facilitate cross-border transactions, enable insurers and reinsurers to participate in synthetic securitizations, and support financing for projects before their operational phase.
- **The agreement is not yet final legislation**: legal texts must be finalized and formally approved by both co-legislators.