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## Changes to the homogeneity requirements for STS securitisation transactions

The regulatory technical standards laid down in [Delegated Regulation \(EU\) 2019/1851 as regards the homogeneity of the underlying exposures in simple, transparent and standardised securitisations](#) (the “**Homogeneity RTS**”) have just been amended by [Commission Delegated Regulation \(EU\) 2024/584 of 7 November 2023](#) (the “**Amending Delegated Regulation**”).

Homogeneity is one of the elements required for a securitisation transaction to amount to a simple, transparent and standardised (STS) securitisation and therefore is a key element when structuring a securitisation transaction which aims to qualify as STS.

Subject to transitional arrangements for outstanding STS securitisations, this amendment will apply to securitisation transactions that are notified to ESMA on or after 6 March 2024.

The changes introduced by the Amending Delegated Regulation are twofold:

### 1. Homogeneity for on-balance-sheet securitisations

Regulation (EU) 2021/557 of the European Parliament and of the Council amended the Securitisation Regulation (Regulation (EU) 2017/240) to ensure that the Union securitisation framework provides for an additional tool to foster economic recovery in the aftermath of the COVID-19 crisis, *inter alia*, by introducing the possibility for on-balance-sheet securitisations to be recognised as STS securitisations.

The Amending Delegated Regulation provides that in order to facilitate a comprehensive assessment of all rules for determining the homogeneity of underlying exposures, it is necessary to combine the regulatory technical standards on homogeneity for non-ABCP, ABCP and on-balance-sheet STS securitisations into the same Homogeneity RTS.

Unlike traditional securitisations, securitised exposures in an on-balance-sheet securitisation always remain on the originator’s balance sheet. In order for the exposures in a securitisation to be deemed homogeneous in accordance with the homogeneity criterion referred to in Article 1, point (c) of the Homogeneity RTS, the securitised exposures should be subject to similar servicing procedures, including monitoring, collecting and administering cash receivables, irrespective of whether they remain on the originator’s balance sheet, as in the case of on-balance-sheet securitisations, or on the SSPE’s balance sheet, as in the case of traditional securitisations. For this reason, the reference to “*the asset side of the SSPE*” has been deleted in Article 1, point (c) of the Homogeneity RTS.

### 2. Individuals and corporates may be grouped together in the same asset type

The Amending Delegated Regulation acknowledges that originators or original lenders may assess the credit risk of certain corporate exposures (corporate facilities, auto loans and leases and credit card receivables) using an approach more similar to that applied to exposures to individuals rather than corporate exposures.

With respect to the foregoing asset classes, the Amending Delegated Regulation has implemented changes

to allow exposures to enterprises and exposures to individuals to be grouped together where the underlying risks are assessed on the basis of common methodologies and parameters.

Therefore:

- i) exposures to credit facilities provided to individuals for personal, family or household consumption purposes may be grouped together with credit facilities provided to corporates;
- ii) exposures to auto loans and leases with individuals may be grouped together with exposures to auto loans and leases with corporates; and
- iii) exposures to credit card receivables with individuals may be grouped together with exposures to credit card receivables with corporates;

in any of the above cases, provided that the underlying risks are assessed on the basis of common methodologies and parameters.

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