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Final Draft Technical Standards on Risk Retention Requirements for Securitisations Published by EBA



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On April 12, 2022, the European Banking Authority (the “EBA”) issued a [press release](#) announcing the publication of its [final draft Regulatory Technical Standards](#) (“RTS”), setting out the requirements for originators, sponsors and original lenders related to risk retention. Publication of these final draft RTS follows a consultation launched in June 2021. The RTS, which have been long awaited following publication of a first version back in 2018, are mandated by Article 6(7) of the EU Securitisation Regulation, and are intended to provide clarity on the risk retention requirements, ensure a better alignment of interests, and further develop a secure and healthy securitisation market in the EU.

These draft RTS substantially carry over the provisions on risk retention from the previous 2018 draft RTS. Several modifications have been made to the provisions on risk retention to try to ensure greater consistency and to provide clarity in various areas, including the adverse selection of assets by originators. The primary aim of these changes, according to the EBA, is to “facilitate the securitisation of non-performing exposures [NPE] and are part of EBA’s broader work on supporting the functioning of the secondary markets for NPE.” Nonetheless, there are some key additional technical drafting changes that do not relate directly to NPE that will be the subject of a further Cadwalader Clients & Friends memorandum next week.

The RTS will enter into force on the 20th day following publication in the Official Journal, replacing the earlier risk retention standards made under the EU Capital Requirements Regulation.
