



# ESAs highlight the change in the status of Simple, Transparent and Standardised (STS) securitisation transactions at the end of the UK transition period

NEWS  
DATE:  
07 Dec 2020

The Joint Committee of the European Supervisory Authorities (ESAs) – ESMA, EBA and EIOPA – wish to highlight the impact in the change of status of ‘Simple, Transparent and Standardised’ (STS) securitisation transactions after the end of the Transition Period on 31 December 2020.

For a securitisation transaction to qualify as an STS securitisation, the Securitisation <sup>1</sup>requires that the originator, sponsor and the securitisation special purpose vehicle (SSPE) be established in the Union<sup>2</sup>. Accordingly, those securitisation transactions currently labelled as “STS securitisations” will lose the

STS status where one or all the securitisation parties (originator, sponsor and/or the SSPE) are established in the UK after the end of the transition period. This will apply to STS asset-backed commercial paper (ABCP) securitisations and STS non-ABCP securitisations. ESMA is working with national competent authorities to ensure that ESMA's STS securitisation public register is up to date on 1 January 2021.

The loss of the STS status implies that the preferential capital treatment available for investments in this type of securitisations will come to an end. This will affect EU institutional investors, such as credit institutions and insurance entities, holding positions in STS securitisations where the originator, sponsor or the SSPE are established in the UK. The ESAs therefore advise these investors to assess the impact of this change of status on their balance sheet and investments ahead of 31 December 2020.

- 
1. Regulation 2017/2402 of the European Parliament and of the Council laying down common rules on securitisation and creating a European framework for simple, transparent, and standardized securitisation and amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, and Regulations (EC) No 1060/2009 and (EU) No 648/2012.
  2. Article 18 last paragraph of the Securitisation Regulation states: "The originator, sponsor and SSPE involved in a securitisation considered STS shall be established in the Union".

[Contact Us](#)

---

