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Australian Securitisation Forum position paper relating to the EU securitisation reform package and the second phase of post-Brexit UK securitisation reforms (9 July 2026)

To: European Commission

Members of the ECON Committee, European Parliament

Council of the European Union (Irish Presidency)

The Australian Securitisation Forum (**ASF**)[1] is observing with a great interest the co-legislators' progress on the negotiation of the EU package of securitisations reform and the new UK proposals from the Prudential Regulation Authority (**PRA**) and the Financial Conduct Authority (**FCA**) on the second phase of post-Brexit securitisation reform. The outcome of these forthcoming reforms matters from the perspective of Australian securitisation market in terms of new requirements, new incentives (or disincentives) that such reforms might bring to European investors when investing in third country securitisations.

The **ASF welcomes the progress being made on the negotiation of the EU package of securitisation reform and that such reform is one of the priorities under the EU Savings and Investment Union**. The ASF noted with interest the differences in the proposals of the European Commission (**EC**) of June 2025[2] and the negotiation positions of the Council of December 2025[3] and that of the European Parliament (**EP**) of May 2026,[4] which form the basis for the commencement of the interinstitutional trilogue negotiation before the political agreement between co-legislators is reached on all amendments (which we understand is expected before the end of 2026) so that all amending legislation can be finalised.

From the perspective of Australian securitisation issuers, the ASF has some concerns in relation to certain aspects of the proposed reform, which we understand will be further discussed during the co-legislators' trilogue negotiation. In this regard, the ASF wants to note the following two issues:

(1) EU Securitisation Regulation and potential reopening of the "sole purpose" test for eligible originator-retainer (Article 6) – compliance challenges for third country issuers if in certain circumstances a European competent authority is required to ascertain "substance" of the proposed retainer entity on a case-by-case basis

Whilst neither the EC proposals nor the Council's position made any changes to the provisions in Article 6 of the EU Securitisation Regulation relating to the "sole purpose" test for eligible originator-

[1] The ASF is the leading industry body representing participants in the securitisation and covered bond markets and it is focused on promoting, protecting and strengthening the Australian and New Zealand markets, aimed at building investor confidence and driving sustainable growth. The ASF's role is to promote the development of securitisation in Australia and New Zealand by facilitating the formation of industry positions on policy and market matters, representing the industry to local and global policymakers and regulators and advancing the professional standards of the industry through education and local and international market outreach opportunities. The ASF is comprised of a governing National Committee, standing industry specific subcommittees and a national membership of over 240 organisations.

[2] EC proposals: https://finance.ec.europa.eu/publications/commission-proposes-measures-revive-eu-securitisation-framework_en

[3] Council's position:
https://data.consilium.europa.eu/doc/document/ST-16740-2025-INIT/en/pdf (EU Securitisation Regulation)
https://data.consilium.europa.eu/doc/document/ST-16741-2025-INIT/en/pdf (EU Capital Requirements Regulation)

[4] Parliament's position:
https://www.europarl.europa.eu/doceo/document/A-10-2026-0138_EN.html (EU Securitisation Regulation)
https://www.europarl.europa.eu/doceo/document/A-10-2026-0137_EN.html (EU Capital Requirements Regulation)

retainer, the EP introduced quite substantive amendments including a new mandate to the European Banking Authority (**EBA**) to reopen the risk retention technical standards (**RTS**) in order to revise how the "sole purpose" test is assessed. The EP amendments also propose that where the originator-retainer does not meet the criteria set out in the RTS, whether it is nevertheless suitable to act as eligible risk retainer can be assessed on a case-by-case basis by the competent authority.[5]

The ASF notes in this regard that adopting the EP's proposed changes can create unintended consequences with compliance challenges arising for third country securitisations, as it is unclear which European competent authority could step in to "bless" the eligibility of the proposed originator-retainer where all sell-side parties are in Australia. If the approval of the originator-retainer in this context must be done by the competent authority of the relevant investor in-scope of the EU Securitisation Regulation, it may require multiple European authorities being involved, given that different European investors may be involved in a single Australian securitisation, which can make the whole process unworkable in practice and, as a result, create disincentives for third country securitisation issuers to market their securitisations to such investors. **Furthermore, finalising any amendments to the RTS will require further EBA consultation and will take some time, whilst leaving various existing and new securitisations in a state of uncertainty if there is no clear intention in Article 6 changes that the EBA mandate to reopen the sole purpose test parameters in the RTS must be subject to appropriate transitional or grandfathering provisions to avoid any market disruption.** Therefore, the ASF would urge the co-legislators to bear these points in mind when negotiating the political agreement on any sole purpose test-related amendments in Article 6.

(2) EU Securitisation Regulation and due diligence on transparency and reporting on third country securitisations (Article 5(1)(e) and the interplay with Article 7 reporting regime)

The ASF noted with interest the positions of the EP and the Council on amendments to Article 5(1)(e) that adopt the drafting that removes the trigger for strict compliance with the EU reporting templates by third country issuers in relation to due diligence on transparency requirements for third country securitisations. The **ASF welcomes the shift in focus to providing substantively equivalent/similar information as if the sell-side parties were established in the EU without mandating formal adherence to the EU disclosure templates**. From the perspective of the Australian issuers, this approach can facilitate the use of existing Australian market standards on asset-level reporting. By way of example, the Reserve Bank of Australia (**RBA**) developed its own set of requirements on transparency and reporting for eligible RMBS, CMBS and other ABS, which are commonly used as the market standard. The RBA loan-level data templates are published as Excel documents, they are very detailed and tailored to Australian-originated assets. For example, RMBS and CMBS templates contain over 100 data fields (all information is available on the RBA website at: https://www.rba.gov.au/securitisations/system/support-material.html).[6]

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[5] Extract from EP's amendments (emphasis added):
Amendments to Article 6(1) – second subparagraph replaced by new wording:
'*For the purposes of this Article, an entity shall not be considered an originator where the entity has been established or operates for the sole purpose of securitising exposures. For entities that provide SME loans, consumer credit or residential mortgages, and that act as originators, it shall suffice to demonstrate that securitising exposures is a means to finance their business, or that of an entity belonging to the same group, which is centred on the provision of goods or non-financial services.*
When an entity does not meet the criteria set out in a delegated regulation adopted pursuant to paragraph 7, the actual purpose for which the entity was established and operates shall be examined by the competent authority on a case-by-case basis to ascertain that it has real substance and that the entity is suitable to act as a retainer in a securitisation transaction.'

[6] We also note in this regard that the RBA standard requires compliance with certain other requirements including those set out in the RBA Reporting Guidelines (available at: https://www.rba.gov.au/securitisations/reporting-guidelines/index.html), such as: (i) the policy on "no data" policy (i.e. a requirement that when completing the RBA templates all data fields that are mandatory must include either a valid response or a valid ND code; fields should never be left blank); (ii) the policy on the ability to redact in the RBA templates fields on the basis of sensitivity of the data (e.g. "Income") and mask data fields to minimise risk of reidentification (e.g. settlement date reported as quarter rather than exact date); (ii) data validation policy; (iii) reporting frequency (monthly); (iv) making data available free of charge on a secure website to permitted users (the latter will include existing and potential investors); and (v) cash flow waterfall model requirements.

However, some **concerns remain as to how the trilogue negotiations between co-legislators will progress on Article 5(1)(e) amendments and whether the political agreement will adopt such substance over form approach to third country securitisation reporting without creating unintended consequences as a result of other changes being introduced in the EU Securitisation Regulation regime**, in particular those relating to the definition of "public"/"private" securitisation and further amendments being made to the technical standards prescribing the revised EU reporting templates. Therefore, the ASF would urge the co-legislators and the European Supervisory Authorities that may receive the mandate to review the EU reporting templates to bear these points in mind during the negotiation of the political agreement on third country due diligence requirements relating to transparency and changes to the Article 7 reporting regime, including the corresponding technical standards, that may matter for the purposes of third country issuers carrying out the relevant gap analysis on reporting.

The ASF stands ready to engage with the EU co-legislators, the European Supervisory Authorities and the national competent authorities in case of any questions on the issues raised in this position paper.