

## Chapter 9

# Securitisation

## 9.8 Use of ECAI credit assessments for the determination of applicable risk weights

- 9.8.1** **R** The use of *ECAI*s' credit assessments for the calculation of a *firm's risk weighted exposure amounts* under ■ BIPRU 9 must be consistent and in accordance with ■ BIPRU 9.8.2 **R** ■ BIPRU 9.8.7 **R**. Credit assessments must not be used selectively.  
[Note: BCD Article 99]
- 9.8.2** **R** A *firm* may nominate one or more *eligible ECAI*s the credit assessments of which must be used in the calculation of its *risk weighted exposure amounts* under ■ BIPRU 9 (a *nominated ECAI*).  
[Note: BCD Annex IX Part 3 point 2]
- 9.8.3** **R** Subject to ■ BIPRU 9.8.5 **R** ■ BIPRU 9.8.7 **R**, a *firm* must use credit assessments from *nominated ECAI*s consistently in respect of its *securitisation positions*.  
[Note: BCD Annex IX Part 3 point 3]
- 9.8.4** **R** Subject to ■ BIPRU 9.8.5 **R** and ■ BIPRU 9.8.6 **R**, a *firm* must not use an *ECAI*'s credit assessments for its positions in some *tranches* and another *ECAI*'s credit assessments for its positions in other *tranches* within the same structure that may or may not be rated by the first *ECAI*.  
[Note: BCD Annex IX Part 3 point 4]
- 9.8.5** **R** Where a position has two credit assessments by *nominated ECAI*s, the *firm* must use the less favourable credit assessment.  
[Note: BCD Annex IX Part 3 point 5]
- 9.8.6** **R** Where a position has more than two credit assessments by *nominated ECAI*s, the two most favourable credit assessments must be used. If the two most favourable assessments are different, the least favourable of the two must be used.  
[Note: BCD Annex IX Part 3 point 6]
- 9.8.7** **R** (1) Where credit protection eligible under ■ BIPRU 5 (Credit risk mitigation) and, if applicable, ■ BIPRU 4.10 (Credit risk mitigation

under the IRB approach) is provided directly to the *SSPE*, and that protection is reflected in the credit assessment of a position by a *nominated ECAI*, the *risk weight* associated with that credit assessment may be used.

- (2) If the protection is not eligible under ■ BIPRU 5 (Credit risk mitigation) and, if applicable, ■ BIPRU 4.10 (Credit risk mitigation under the IRB approach), the credit assessment must not be recognised.
- (3) In the situation where the credit protection is not provided to the *SSPE* but rather is provided directly to a *securitisation position*, the credit assessment must not be recognised.

[Note: BCD Annex IX Part 3 point 7]