

## Chapter 9

# Securitisation

## 9.9 Calculation of risk-weighted exposure amounts for securitisation positions

- 9.9.1** **R** To calculate the *risk weighted exposure amount* of a *securitisation position*, the relevant *risk weight* must be assigned to the *exposure* value of the position in accordance with ■ BIPRU 9.9 - ■ BIPRU 9.14 based on the credit quality of the position.
- [Note: BCD Article 96(1) (part) and Annex IX, Part 4 point 1]
- 9.9.2** **R** For the purpose of ■ BIPRU 9.9.1 R, the credit quality of a position may be determined by reference to an *ECAI* credit assessment or otherwise, as set out in ■ BIPRU 9.9 ■ BIPRU 9.14.
- [Note: BCD Article 96(1) (part)]
- 9.9.3** **R**
- (1) Where there is an *exposure* to different *tranches* in a *securitisation*, the *exposure* to each *tranche* must be considered a separate *securitisation position*.
  - (2) The providers of credit protection to *securitisation positions* must be treated as holding positions in the *securitisation*.
  - (3) *securitisation positions* include *exposures* to a *securitisation* arising from interest rate or currency derivative contracts.
- [Note: BCD Article 96(2)]
- 9.9.4** **R** Subject to ■ BIPRU 9.9.5 R,
- (1) where a *firm* calculates *risk weighted exposure amounts* under the *standardised approach* to *securitisations* outlined in ■ BIPRU 9.11, the *exposure* value of an on-balance sheet *securitisation position* must be its balance sheet value;
  - (2) where a *firm* calculates *risk weighted exposure amounts* under the *IRB approach* to *securitisations* outlined in ■ BIPRU 9.12, the *exposure* value of an on-balance sheet *securitisation position* must be measured gross of value adjustments;
  - (3) the *exposure* value of an off-balance sheet *securitisation position* must be its nominal value multiplied by a conversion figure as prescribed in this chapter; and

(4) the conversion figure referred to in (3) must be 100% unless otherwise specified.

[Note: BCD Annex IX Part 4 point 2]

- 9.9.5** **R** The *exposure* value of a *securitisation position* arising from a *financial derivative instrument* must be determined in accordance with ■ BIPRU 13 (Treatment of derivative instruments).  
[Note: BCD Annex IX Part 4 point 3]
- 9.9.6** **R** Where a *securitisation position* is subject to funded credit protection, the *exposure* value of that position may be modified in accordance with and subject to the requirements of ■ BIPRU 5 (Credit risk mitigation) as further specified in ■ BIPRU 9.11.13 R and ■ BIPRU 9.14.  
[Note: BCD Annex IX Part 4 point 4]
- 9.9.7** **R** Where a *securitisation position* is subject to funded or unfunded credit protection the *risk weight* to be applied to that position may be modified in accordance with ■ BIPRU 5 (Credit risk mitigation) and, if applicable, ■ BIPRU 4.10 (Credit risk mitigation under the IRB approach) read in conjunction with ■ BIPRU 9.14.  
[Note: BCD Article 96(3)]
- 9.9.8** **R**
- (1) Where a *firm* has two or more overlapping positions in a *securitisation* the *firm* must, to the extent that the positions overlap, include in its calculation of *risk weighted exposure amounts* only the position, or portion of a position, producing the higher *risk weighted exposure amounts*. The *firm* may also recognise such an overlap between capital charges for *specific risk* in relation to *positions* in the *trading book* and capital charges for positions in the *non-trading book*, provided that the *firm* is able to calculate and compare the capital charges for the relevant positions.
  - (2) For the purposes of (1), overlapping means that the positions, wholly or partially, represent an *exposure* to the same risk such that to the extent of the overlap there is a single *exposure*.
- [Note: BCD Annex IX Part 4 point 5]
- 9.9.9** **R** Subject to the provisions of *GENPRU* that deal with the deduction of *securitisation positions* at stage M in the relevant *capital resources table*, the *risk weighted exposure amount* must be included in the *firm's* total of *risk weighted exposure amounts* for the purposes of the calculation of its *credit risk capital requirement*.  
[Note: BCD Article 96(4)]
- 9.9.10** **G** Where ■ BIPRU 9.7.2R (5) applies to *securitisation positions* in an *ABCP programme*, the *firm* may be granted a *waiver* in the terms described in ■ BIPRU 9.7.4 G.  
[Note: BCD, Annex IX, Part 4, Point 5]