

Chapter

Article 2 Particular cases of exposure to the credit risk of a securitisation position

(1) Where an institution acts as a credit derivative counterparty or as a counterparty providing the hedge or as a liquidity facility provider with regard to a securitisation transaction, it shall be deemed to become exposed to the credit risk of a securitisation position when the derivative, the hedge or the liquidity facility assumes the credit risk of the securitised exposures or the securitisation positions.

(2) For the purposes of Article 405 and 406 of Regulation (EU) No 575/2013, where a liquidity facility complies with the conditions specified in paragraph 2 of Article 255 of Regulation (EU) No 575/2013, the liquidity provider shall not be deemed to become exposed to the credit risk of a securitisation position.

(3) In the context of a re-securitisation with more than one level or a securitisation with multiple discrete underlying transactions, an institution shall be deemed to become exposed to the credit risk only of the individual securitisation position or transaction to which it is assuming exposure.

(4) Institutions shall not be deemed to be in breach of Article 405 of Regulation (EU) No 575/2013 in accordance with Article 14(2) of Regulation (EU) No 575/2013 on a consolidated basis provided that the following conditions are met:

(a) the entity which holds the securitisation positions is established in a third country and is included in the consolidated group in accordance with Article 18 of Regulation (EU) No 575/2013;

(b) the securitisation positions are held in the trading book of the entity referred to in point (a) for the purposes of market making activities;

(c) the securitisation positions are not material with respect to the overall risk profile of the trading book of the group referred to in point (a) and do not form a disproportionate share of the trading activities of the group.