

# Chapter

## Article 10 Measurement of the level of retention

(1) Where measuring the level of retention of net economic interest, the following criteria shall be applied:

(a) origination shall be considered as the time at which the exposures were first securitised;

(b) the calculation of the level of retention shall be based on nominal values and the acquisition price of assets shall not be taken into account;

(c) "excess spread" as defined in Article 242(1) of Regulation (EU) No 575/2013 shall not be taken into account when measuring the retainer's net economic interest;

(d) the same retention option and methodology shall be used to calculate the net economic interest during the life of a securitisation transaction, unless exceptional circumstances require a change and that change is not used as a means to reduce the amount of retained interest.

(2) In addition to the criteria set out in paragraph 1, provided that there is no embedded mechanism by which the retained interest at origination would decline faster than the interest transferred, the fulfilment of the retention requirement shall not be deemed to have been affected by the amortisation of the retention via cash flow allocation or through the allocation of losses, which, in effect, reduce the level of retention over time. A retainer shall not be required to constantly replenish or readjust its retained interest to at least 5 % as losses are realised on its exposures or allocated to its retained position.