

# Chapter



## Article 18 Stress Tests

(1) The stress tests referred to in the second subparagraph of Article 406(1) of Regulation (EU) No 575/2013, shall include all relevant securitisation positions and shall be incorporated into the stress testing strategies and processes that the institutions carry out in accordance with the internal capital adequacy assessment process specified in Article 73 of the Directive 2013/36/EU of the European Parliament and of the Council.

(2) In order to fulfil the stress testing requirements referred to in the second subparagraph of Article 406(1) of Regulation (EU) No 575/2013, institutions may make use of comparable financial models developed by third parties, in addition to those developed by ECAIs, provided that they can demonstrate, when requested that they took due care, prior to investing to validate the relevant assumptions in and structuring of the models and to understand methodology, assumptions and results.

(3) When conducting the stress tests referred to in Article 406(1) of Regulation (EU) No 575/2013 within an ABCP programme as referred to in Article 242(9) of Regulation (EU) No 575/2013, which is supported by a liquidity facility which fully covers the credit risk of the securitised exposures, institutions may carry out a stress test on the creditworthiness of the liquidity facility provider rather than on the securitised exposures.