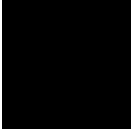


Chapter 1

Commission Delegated Regulation (EU) 2020/447



Article 2 Criteria to determine which arrangements under securitisations mitigate counterparty credit risk

Arrangements under securitisations shall be considered to adequately mitigate counterparty credit risk where OTC derivative contracts concluded by securitisation special purpose entities in connection with securitisations satisfy all of the following criteria:

- (a) the counterparty to the OTC derivative concluded with the securitisation special purpose entity in connection with the securitisation ranks at least *pari passu* with the holders of the most senior securitisation tranche except where the counterparty to the OTC derivative concluded with the securitisation special purpose entity in connection to the securitisation is the defaulting or the affected party;
- (b) the securitisation special purpose entity in connection with the securitisation with which the OTC derivatives contract is associated is subject, on an ongoing basis, to a level of credit enhancement of the most senior securitisation note of at least 2 % of the outstanding notes.