



All good things are
worth waiting for?

**The New Securitization
Regulations**

A member of the



ARE YOU PREPARED?

NEW REGULATIONS AS OF JANUARY 2018 ANUAR 2018

- ▶ **As of 2018** new securitization regulations are set to replace those that have been in place to date following a years-long consultation period.
- ▶ The new regulations are based on a **uniform hierarchy of approaches for all financial institutions**.
- ▶ An **internal ratings-based approach**, a variation of the current SFA, is to be paramount in the future.
- ▶ As a result, falling back on external ratings for IRB pools is no longer an option.
- ▶ Both the internal approach and the subordinated external ratings based and standard approaches are subject to **increased data requirements**.
- ▶ Both risk sensitivity and risk calculation are increased as a result, which is likely to lead to strong shifts of varying degrees in capital requirements as compared to the approach currently in place.
- ▶ Overall, an **increase in capital requirements** is to be expected. To that end, the floor of the risk weights is to be raised from the current 7% to 15%.
- ▶ For special regulations it has been determined that, among other things, resecuritizations can only be rated with the standard approach, that the pool look-through approach established for CRSA-Pools as a new RWCap may also be used for IRB Pools, while at the same time being limited to senior tranches, and that an entirely new class of securitizations is to be introduced that is qualified for **reduced capital requirements: STC**.



External ratings	
▶ lose significance	
Capital requirements	
▶ increase	
Data requirements	
▶ increase	
STC securitizations	
▶ increase reporting requirements	
▶ reduce capital requirements	

WHY SKS?

- ▶ SKS has **many years of experience implementing projects** in the securitization environment. We've successfully overseen the implementation of the **SFAs** for purchased receivables and have contributed to a range of QIS studies for consultation periods 1 and 2 of the new securitization framework.
- ▶ In cooperation with German Public Sector Banks (Bundesverband Öffentlicher Banken Deutschlands - VöBs), we're involved in the **RADAR** regulatory solution. That means we — and, of course, you — are in a position to **analyze of the regulatory environment early** and gain valuable insights about the degrees of impact particular regulations may have. You'll have access to the contents of one of the most comprehensive databases for regulatory requirements during the consultation period as well as to the regulations that are ultimately put in place.
- ▶ Benefit from our **close network of SKS consultants**, who work on wide range of projects at a variety of institutions in diverse industries, and take **full advantage of the knowledge transfer** that results.
- ▶ Take advantage of our unparalleled expertise in the **supervisory reporting** system as well as our strong project experience working with a broad range of software in this field (including ABACUS/DaVinci and BAIS to name a few).
- ▶ **You can always count on us for expert advice!**

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