

STS Regulation

SECURITISATION ON THE RISE AGAIN

Since securitisation products played a significant role in the US subprime mortgage crisis, European securitisation markets have remained restrained. In order to foster the capital markets and securitisation itself, a regulation for simple, transparent and standardised securitisation (**STS-Regulation (EU) 2017/2042**) has been adopted.

The EU framework aims to serve as a boost for a revitalised and more transparent securitisation market which benefits originators, sponsors and investors.

Additional criteria for securitisations relying on STS label

While the STS-Regulation sets out requirements for all securitisations, it also sets out additional criteria for those securitisations seeking to rely on the STS label. Here the focus is on **the transfer of the underlying exposures** by means of a true sale. No severe clawback provisions are allowed where the seller of the exposure becomes insolvent.

We analysed this STS-Criterion on a firm-wide basis regarding the existence (or lack thereof) of severe clawback provisions in the 13 jurisdictions of Central and Eastern Europe where Wolf Theiss operates (*see map below*).

Market trend towards sustainability in financing

Further news regarding the sustainable securitisation framework: The European Banking Authority (EBA) has been mandated to report by fall 2021 on developing a **sustainable securitisation framework**, for the purpose of integrating sustainability-related transparency requirements into the STS-Regulation. This aligns with the market trend towards sustainability-focused financing. We will provide further updates on this topic, and please feel free to reach out to us if you have any questions on how this may impact your area of work.



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SEVERE CLAWBACK PROVISIONS IN THE LOCAL INSOLVENCY RULES

An overview in 13 countries of the CEE/SEE region (Albania, Austria, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine)



no

local insolvency rules do not contain severe clawback provisions as defined under the STS-Regulation

yes / no

both can be applicable or in case the legal situation is not clear

yes

local insolvency rules contain severe clawback provisions as defined under the STS-Regulation