

Basel Committee on Banking Supervision

DIS

Disclosure requirements

DIS43

Securitisation

**Version effective as of
15 Dec 2019**

First version in the format of the consolidated
framework.



BANK FOR INTERNATIONAL SETTLEMENTS

Introduction

43.1 The scope of [DIS43](#):¹

- (1) covers all securitisation exposures² in Table SECA and in templates SEC1 and SEC2;
- (2) focuses on banking book securitisation exposures subject to capital charges according to the securitisation framework in templates SEC3 and SEC4; and
- (3) excludes capital charges related to securitisation positions in the trading book that are reported in [DIS50](#).

Footnotes

¹ Unless stated otherwise, all terms used in [DIS43](#) are used consistently with the definitions in [CRE40](#).

² Securitisation refers to the definition of what constitutes a securitisation under the Basel framework. Securitisation exposures correspond to securitisation exposures as defined in the Basel framework. According to this framework, securitisation exposures can include, but are not restricted to, the following: asset-backed securities, mortgage-backed securities, credit enhancements, liquidity facilities, interest rate or currency swaps, credit derivatives and tranching cover as described in [CRE22](#). Reserve accounts, such as cash collateral accounts, recorded as an asset by the originating bank must also be treated as securitisation exposures. Securitisation exposures refer to retained or purchased exposures and not to underlying pools.

43.2 Only securitisation exposures that the bank treats under the securitisation framework ([CRE40](#) to [CRE44](#)) are disclosed in templates SEC3 and SEC4. For banks acting as originators, this implies that the criteria for risk transfer recognition as described in [CRE40.24](#) to [CRE40.29](#) are met. Conversely, all securitisation exposures, including those that do not meet the risk transfer recognition criteria, are reported in templates SEC1 and SEC2. As a result, templates SEC1 and SEC2 may include exposures that are subject to capital requirements according to both the credit risk and market risk frameworks and that are also included in other parts of the Pillar 3 report. The purpose is to provide a comprehensive view of banks' securitisation activities. There is no double-counting of capital requirements as templates SEC3 and SEC4 are limited to exposures subject to the securitisation framework.

43.3 The disclosure requirements under [DIS43](#) are:

- (1) Table SECA – Qualitative disclosure requirements related to securitisation exposures
- (2) Template SEC1 – Securitisation exposures in the banking book
- (3) Template SEC2 – Securitisation exposures in the trading book
- (4) Template SEC3 – Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor
- (5) Template SEC4 – Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

FAQ

FAQ1 *Template SEC1 requires the disclosure of “carrying values”. Is there a direct link between columns (d), (h) and (l) of Template SEC1 and column (e) of Template LI1?*

Reconciliation is not possible when Template SEC1 presents securitisation exposures within and outside the securitisation framework together. However, when banks choose to disclose Template SEC1 and SEC2 separately for securitisation exposures within the securitisation framework and outside that framework, the following reconciliation is possible: the sum of on-balance sheet assets and liabilities included in columns (d), (h) and (l) of Template SEC1 is equal to the amounts disclosed in column (e) of Template LI1.

FAQ2 *Should institutions disclose RWA before or after the application of the cap?*

RWA figures disclosed in Templates SEC3 and SEC4 should be before application of the cap, as it is useful for users to compare exposures and risk-weighted assets (RWA) before application of the cap. Columns (a)–(m) in Templates SEC3 and SEC4 should be reported prior to application of the cap, while columns (n)–(q) should be reported after application of the cap. RWA after application of the cap are disclosed in Template OV1.

Table SECA: Qualitative disclosure requirements related to securitisation exposures

Purpose: Provide qualitative information on a bank's strategy and risk management with respect to its securitisation activities.

Scope of application: The table is mandatory for all banks with securitisation exposures.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

Qualitative disclosures

(A) Banks must describe their risk management objectives and policies for securitisation activities and main features of these activities according to the framework below. If a bank holds securitisation positions reflected both in the regulatory banking book and in the regulatory trading book, the bank must describe each of the following points by distinguishing activities in each of the regulatory books.

(a) The bank's objectives in relation to securitisation and re-securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities, the type of risks assumed and the types of risks retained.

The bank must provide a list of:

- special purpose entities (SPEs) where the bank acts as sponsor (but not as an originator such as an Asset Backed Commercial Paper (ABCP) conduit), indicating whether the bank consolidates the SPEs into its scope of regulatory consolidation. A bank would generally be considered a "*sponsor*" if it, in fact or in substance, manages or advises the programme, places securities into the market, or provides liquidity and/or credit enhancements. The programme may include, for example, ABCP conduit programmes and structured investment vehicles.
- affiliated entities (i) that the bank manages or advises and (ii) that invest either in the securitisation exposures that the bank has securitised or in SPEs that the bank sponsors.
- a list of entities to which the bank provides implicit support and the associated capital impact for each of them (as required in [CRE40.14](#) and [CRE40.49](#)).

(c) Summary of the bank's accounting policies for securitisation activities. Where relevant, banks are expected to distinguish securitisation exposures from re-securitisation exposures.

(d) If applicable, the names of external credit assessment institution (ECAIs) used for securitisations and the types of securitisation exposure for which each agency is used.

If applicable, describe the process for implementing the Basel internal assessment approach (IAA). The description should include:

- structure of the internal assessment process and relation between internal assessment and external ratings, including information on ECAs as referenced in item (d) of this table.
- control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review.
- the exposure type to which the internal assessment process is applied; and stress factors used for determining credit enhancement levels, by exposure type. For example, credit cards, home equity, auto, and securitisation exposures detailed by underlying exposure type and security type (eg residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, collateralised debt obligations) etc.

(f) Banks must describe the use of internal assessment other than for SEC-IAA capital purposes.

Template SEC1: Securitisation exposures in the banking book

Purpose: Present a bank's securitisation exposures in its banking book.

Scope of application: The template is mandatory for all banks with securitisation exposures in the banking book.

Content: Carrying values. In this template, securitisation exposures include securitisation exposures even where criteria for recognition of risk transference are not met.

Frequency: Semi-annually.

Format: Flexible. Banks may in particular modify the breakdown and order proposed in rows if another breakdown (eg whether or not criteria for recognition of risk transference are met) would be more appropriate to reflect their activities. Originating and sponsoring activities may be presented together.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

		a	b	c	d	e	f	g	h	i	j	k	l
		Bank acts as originator				Bank acts as sponsor				Banks acts as investor			
		Traditional	Of which simple, transparent and comparable (STC)	Synthetic	Sub-total	Traditional	Of which STC	Synthetic	Sub-total	Traditional	Of which STC	Synthetic	Sub-total
1	Retail (total)												
	- of which												
2	residential mortgage												
3	credit card												
4	other retail exposures												
5	re-securitisation												
6	Wholesale (total)												
	- of which												
7	loans to corporates												

8	commercial mortgage											
9	lease and receivables											
10	other wholesale											
11	re-securitisation											

Definitions

(i) When the "bank acts as originator" the securitisation exposures are the retained positions, even where not eligible for the securitisation framework due to the absence of significant and effective risk transfer (which may be presented separately).

(ii) When "the bank acts as sponsor", the securitisation exposures include exposures to commercial paper conduits to which the bank provides programme-wide enhancements, liquidity and other facilities. Where the bank acts both as originator and sponsor, it must avoid double-counting. In this regard, the bank can merge the two columns of "bank acts as originator" and "bank acts as sponsor" and use "bank acts as originator/sponsor" columns.

(iii) Securitisation exposures when "the bank acts as an investor" are the investment positions purchased in third-party deals.

Synthetic transactions: if the bank has purchased protection it must report the net exposure amounts to which it is exposed under columns originator/sponsor (ie the amount that is not secured). If the bank has sold protection, the exposure amount of the credit protection must be reported in the "investor" column.

Re-securitisation: all securitisation exposures related to re-securitisation must be completed in rows "re-securitisation", and not in the preceding rows (by type of underlying asset) which contain only securitisation exposures other than re-securitisation.

Template SEC2: Securitisation exposures in the trading book

Purpose: Present a bank's securitisation exposures in its trading book.

Scope of application: The template is mandatory for all banks with securitisation exposures in the trading book. In this template, securitisation exposures include securitisation exposures even where criteria for recognition of risk transference are not met.

Content: Carrying values.

Frequency: Semi-annually.

Format: Flexible. Banks may in particular modify the breakdown and order proposed in rows if another breakdown (eg whether or not criteria for recognition of risk transference are met) would be more appropriate to reflect their activities. Originating and sponsoring activities may be presented together.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

		a	b	c	d	e	f	g	h	i	j	k	l
		Bank acts as originator				Bank acts as sponsor				Banks acts as investor			
		Traditional	Of which STC	Synthetic	Sub- total	Traditional	Of which STC	Synthetic	Sub- total	Traditional	Of which STC	Synthetic	Sub- total
1	Retail (total)												
	- of which												
2	residential mortgage												
3	credit card												

4	other retail exposures												
5	re-securitisation												
6	Wholesale (total)												
	- of which												
7	loans to corporates												
8	commercial mortgage												
9	lease and receivables												
10	other wholesale												
11	re-securitisation												

Definitions

(i) When the "bank acts as originator" the securitisation exposures are the retained positions, even where not eligible to the securitisation framework due to absence of significant and effective risk transfer (which may be presented separately).

(ii) When "*the bank acts as sponsor*", the securitisation exposures include exposures to commercial pa programme-wide enhancements, liquidity and other facilities. Where the bank acts both as origina counting. In this regard, the bank can merge two columns of "bank acts as originator" and "bank originator/sponsor" columns.

(iii) Securitisation exposures when "*the bank acts as an investor*" are the investment positions purchase

Synthetic transactions: if the bank has purchased protection it must report the net exposure amoun originator/sponsor (ie the amount that is not secured). If the bank has sold protection, the exposure reported in the "investor" column.

Re-securitisation: all securitisation exposures related to re-securitisation must be completed in r preceding rows (by type of underlying asset) which contain only securitisation exposures other than re

Template SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor

Purpose: Present securitisation exposures in the banking book when the bank acts as originator or sponsor and the associated capital requirements.

Scope of application: The template is mandatory for all banks with securitisation exposures as sponsor or originator.

Content: Exposure amounts, risk-weighted assets and capital requirements. This template contains originator or sponsor exposures that are treated under the framework.

Frequency: Semiannual.

Format: Fixed. The format is fixed if consistent with locally applicable regulations. The breakdown of columns (f) to (h), (j) to (l) and (n) to (p) may be adapted where necessary.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital requirements	
	≤20%	>20% to 50%	>50% to 100%	>100% to <1250% RW	1250%	SEC- IRBA	SEC- ERBA and SEC-IAA	SEC- SA	1250%	SEC- IRBA	SEC- ERBA and SEC-IAA	SEC- SA	1250%	SEC- IRBA	SEC- ERBA and SEC-IAA
1	Total														
2	Traditional securitisation														
3															

	Of which securitisation														
4	Of which retail underlying														
5	Of which STC														
6	Of which wholesale														
7	Of which STC														
8	Of which re-securitisation														
9	Synthetic securitisation														
10	Of which securitisation														
11	Of which retail underlying														
12	Of which wholesale														
13	Of which re-securitisation														

Definitions

Columns (a) to (e) are defined in relation to regulatory risk weights.

Columns (f) to (q) correspond to regulatory approach used. "1250%" covers securitisation exposures to which the 1250% risk weight is applied.

Capital charge after cap will refer to capital charge after application of the cap as described in [CRE40.5](#)

Template SEC4: Securitisation exposures in the banking book and associated capital requirements - bank acting as investor

Purpose: Present securitisation exposures in the banking book where the bank acts as investor and the associated capital requirements.

Scope of application: The template is mandatory for all banks having securitisation exposures as investor.

Content: Exposure amounts, risk-weighted assets and capital requirements. This template contains investor exposures that are treated under the securitisation

Frequency: Semiannual.

Format: Fixed. The format is fixed if consistent with locally applicable regulations. The breakdown of columns (f) to (h), (j) to (l) and (n) to (p) may be adapted level where necessary.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting key drivers of such changes.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital cl	
		≤20%	>20% to 50%	>50% to 100%	>100% to <1250%	1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%	SEC-IRBA	SEC-ERBA a SEC-IAA
1	Total exposures															
2	Traditional securitisation															
3	Of which securitisation															
4																

	Of which retail underlying																		
5	Of which STC																		
6	Of which wholesale																		
7	Of which STC																		
8	Of which re-securitisation																		
9	Synthetic securitisation																		
10	Of which securitisation																		
11	Of which retail underlying																		
12	Of which wholesale																		
13	Of which re-securitisation																		

Definitions

Columns (a) to (e) are defined in relation to regulatory risk weights.

Columns (f) to (q) correspond to regulatory approach used. "1250%" covers securitisation exposures to which none of the approaches laid out in [CRE40.42](#) applied

Capital charge after cap will refer to capital charge after application of the cap as described in [CRE40.50](#) to [CRE40.55](#).
