



Press release

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Final criteria for identifying “simple, transparent and comparable” securitisations issued by the Basel Committee and IOSCO

The Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO) today released final [Criteria for identifying simple, transparent and comparable securitisations](#). The criteria are available on the websites of the [Bank for International Settlements](#) and [IOSCO](#).

The purpose of these criteria is to assist in the financial industry’s development of simple, transparent and comparable securitisation structures. They are not intended to serve as a substitute for investors’ due diligence.

In December 2014, the Basel Committee and IOSCO published for consultation these 14 criteria to identify certain features of simple, transparent and comparable securitisations. Overall, respondents welcomed the initiative, and broadly agreed that the proposed criteria might further assist investors in their investment decision-making process.

The Basel Committee and IOSCO have amended certain aspects of the proposed criteria that were considered overly prescriptive, and have clarified other issues where respondents raised doubts about their interpretation or implementation.

These criteria apply only to term securitisations and are non-exhaustive and non-binding. Additional and/or more detailed criteria may be necessary based on specific needs and applications.

Criteria promoting simplicity refer to the homogeneity of underlying assets with simple characteristics, and a transaction structure that is not overly complex.

Criteria on transparency provide investors with sufficient information on the underlying assets, the structure of the transaction and the parties involved in the transaction, thereby promoting a more thorough understanding of the risks involved. The form in which the information is available should not hinder transparency, but instead it should support investors in their assessment.



Criteria promoting comparability could assist investors in their understanding of such investments and enable more straightforward comparison between securitisation products within an asset class.

Although the criteria are not, of themselves, a prescription for regulatory action, the Basel Committee is exploring how these criteria could be incorporated into the securitisation framework revised in December 2014.

Mr Greg Medcraft, Chairman of the IOSCO Board and of the Australian Securities and Investments Commission, said: “Since the onset of the financial crisis, securitisations have continued to be perceived as too complex, and insufficient information has been available to investors to enable them to perform their risk assessments. These criteria aim to help address some of these issues.”

The Basel Committee and IOSCO wish to thank all those who contributed time and effort to express their views during the consultation process.