



Amendments to the European Commission securitisation proposal

In its impact assessment, the Commission does not identify possible negative climate implications of this initiative that could help bolster securitisation in the EU.¹ On the contrary, and in line with narrative taken from the Draghi and Letta reports, it states that reviving securitisation could help finance sustainable activities.² Yet, if securitisation helps banks increase their lending capacity and reduce risk exposure, this increased capacity will not necessarily benefit green investments and could just as much facilitate the financing of heavily polluting activities.

In fact, only a subset of "green" securitisations could somewhat help mobilize private finance for the transition.³ Such securitisation is underdeveloped today⁴ and the Commission proposal does not include any provision to incentivize it.⁵ On the contrary, most

¹ In its [impact assessment](#), the European Commission writes that: "No negative environmental implications have been identified for any of the policy options."

² In its [impact assessment](#), the European Commission writes that: "While the proposed measures do not explicitly target environmental outcomes, a more efficient securitisation market could support green investment initiatives by making capital more accessible for environmentally friendly projects. This could, in turn, help banks to finance sustainable projects, contributing indirectly to positive environmental outcomes. If banks decide to prioritise investments in sustainable assets or projects, the improved liquidity and credit capacity enabled by measures envisaged under this initiative could facilitate increased funding for sustainability".

³ [Finance Watch underlines](#) that securitisation will not be sufficient to meet funding needs and is in fact likely to only play a marginal role. The organization stresses that many other levers are available and could be more efficient, without raising the same stability concerns.

⁴ See: Banque de France and ACPR, [All hands on the green deck: the pressing necessity of a multi-faceted review to revitalise the European securitisation market](#), 2025 ; EBA, [Developing a framework for sustainable securitisation](#), 2022

⁵ Today, a definition of green securitisation is included to the [EU Green Bond Standard Regulation](#). Per this definition:

- Green securitisation must comply with standard requirements on its use of proceeds;
- Synthetic securitisation cannot qualify as green;
- Green securitisation cannot be based on assets tied to the production of fossil fuels and/or to the production of electricity or heat from these fuels if these activities do not meet the taxonomic "do no significant harm" (DNSH) criteria.

securitisations are not green and can be used to increase financing of polluting activities. For example, despite very limited data availability, Reclaim Finance found evidence that securitisation was used for fossil fuel assets.⁶

Securitisation could hide⁷ – and even help spread – climate-related and ESG risks⁸. Indeed, there is no transparency on the exposure of securitized assets to these risks⁹ and no specific due diligence from investors on them.¹⁰ While banks are increasingly supervised on these risks,¹¹ the securitisation of assets that are likely to concentrate them – especially fossil fuel assets – would take advantage of this opacity at the cost of financial stability.

To help make securitisation a tool that contributes to finance the EU transition and avoid seeing it contribute to perpetuating most polluting activities and dissimulating ESG risks, Reclaim Finance proposes the amendments below to the Commission proposal:¹²

- Provide transparency on exposure to most harmful and risky assets and potential exposure to risks and require due diligence from investors on the topic:
 - Integrate climate to the due diligence of investors through: (i) the explicit requirement to look at potential exposures to ESG risks of the securitisation position and underlying assets; (ii) check whether there is an underlying exposure to fossil fuel assets.

However, this definition is non-binding and not tied to specific provisions to help develop such securitisation. In its , the European Commission indicates that “the present proposals do not entail any changes to the EU Green Bond Standard Regulation”. [Framework](#), the European Commission indicates that “the present proposals do not entail any changes to the EU Green Bond Standard Regulation”.

⁶ See: Reclaim Finance, [Note on securitisation](#), October 2024

⁷ See: Isabella Mueller and al, “[Loan securitisation during the transition to a low-carbon economy](#)”, CEPR, May 2023

⁸ ESG risks have been identified in the [supervisory priorities of the ECB for 2025-2027](#) and in key EU directives related to prudential regulation (notably the [Capital Requirement Directive](#)).

⁹ In the current framework, there is no mandatory reporting on environmental and social dimensions. The framework solely provides for voluntary disclosure on the principal adverse impacts (PAIs) of the assets financed by the underlying exposures for STS securitisation. While the EBA recommended this PAIs disclosures to be mandatory for all securitisation, no change has been made to the framework. Here, and as a review of SFDR PAIs is scheduled, Reclaim Finance proposes to replace PAI disclosures with narrower and simpler indicators tied to high potential impact and risk.

¹⁰ The EBA [pointed out](#) that “investors should also be expected to examine the originator's track-record and forward-looking business plans to ensure that ESG principles are enshrined in the originator's policies and strategies and to determine whether these are in line with the investor's internal ESG policy and objectives”. According to the supervisor, this should be part of the due diligence requirements that are set by the Securitisation Regulation (Article 5) and benefit from the criteria set in the EU Green Bond Standard for green securitisation. Yet, there are no clear evidence to suggest that investors usually carry out such assessments. Furthermore, such due diligence does not apply directly to ESG risks, but rather to the ESG track record of the originator.

¹¹ See: EBA, [Final Guidelines on the management of ESG risks](#), January 2025

¹² To access the European Commission proposal, see: European Commission, “[Commission proposes measures to revive the EU securitisation framework](#)”, June 2025

- Require sponsors and originators to provide information on whether there is an underlying exposure to fossil fuel assets and if the securitisation qualifies as green per the EU Green Bond Standard.
- Ban fossil fuel securitisation or apply a high risk weight to account for potential financial risks:
 - Ban the securitisation of fossil fuel assets, or;
 - Ensure securitisation positions that trigger exposure to fossil fuel assets are considered as highest risk (1250% risk weight), or;
 - Double the risk weight of securitisation positions that trigger exposure to fossil fuels.
- Require the securitisation sub-committee to publish guidelines on ESG risks management.
- Make sure the review and evaluation of the directive considers the role of securitisation in the EU transition and explores potential related improvements:
 - Ensure regular reports used to follow and evaluate the regulation consider its impact on and contribution to EU climate and environmental goals.
 - Ensure the review of the regulation takes its impact on and contribution to EU climate and environmental goals into account.
 - Ensure the review of the regulation considers whether measures should be taken to support green securitisation¹³ or to limit securitisation based on or contributing to harmful activities.

If it is essential to channel securitisation toward the transition, policymakers should also be aware that the development of securitisation will at best play a limited role in meeting transition funding needs.¹⁴ Developing securitisation can raise risks, increase the role of lightly regulated non-banking institutions, and be less efficient than other capital instruments available.¹⁵ Many levers must be activated if the EU is to meet its climate funding gap,¹⁶ current regulations like due diligence and non-financial reporting obligations should notably be preserved and sustainable targeting should become a key feature of the Saving and Investment Union (SIU).¹⁷

¹³ So far, only the involvement of the European Investment Bank (EIB) supports the development of green securitisation in the EU. Indeed, the EIB [has been partnering](#) with financial institutions on several green securitisation projects over the past few years, but the volume and scope of these projects remain constrained by essence.

¹⁴ See: Finance Watch, "[Can Securitisation Reboot the Capital Markets Union? The limits of recent policy proposals to 'revive' the market for asset-backed securities in Europe](#)", October 2024 / Finance Watch, "[More risk, no reward? The strange revival of securitisation](#)", June 2025

¹⁵ See: Finance Watch, "[Introduction to Securitisation: Structures, regulation and market for asset-backed securities in the EU](#)", October 2024

¹⁶ See: Reclaim Finance, "[EU Elections: Our four key proposals for private finance](#)", August 2023

¹⁷ See : Reclaim Finance, "[The Capital Markets Union is not a solution to fund the Green Deal](#)", October 2024.

I/ Amendments to the Regulation of the European parliament and of the council amending Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation

Amendment to article 5 - Explicitly require investors to consider ESG risks

Proposal for a directive

Article 1 – paragraph 3 – (b) – point (i a) [new]

Directive 2017/2402EC

Article 5, paragraph 3

Text proposed by the Commission	Amendment
	<i>“(i a) point (a) is replaced by the following: “(a) the risk characteristics of the individual securitisation position and of the underlying exposures, including potential exposure to ESG risks;””</i>

Amendment to article 5 - Require investor to verify whether securitized assets include exposure to fossil fuel assets

Proposal for a directive

Article 1 – paragraph 3 – (b) – point (ii)

Directive 2017/2402EC

Article 5, paragraph 3

Text proposed by the Commission	Amendment
<i>“(ii) point (c) is deleted;”</i>	<i>“(ii) point (c) is replaced by the following: “(c) whether the underlying exposures include exposure to fossil fuel assets.””</i>

Amendment to article 7 - Require originators, sponsors and SSPEs to be in capacity to provide information on whether the securitized product include fossil fuel assets and if it qualifies as a green securitisation

Proposal for a directive

Article 1 – paragraph 5 – point (e) [new]

Directive 2017/2402EC

Article 7, paragraph 1

Text proposed by the Commission	Amendment
	<p><i>“(e) In paragraph 1, after point (g), add the point (k) as follows:</i></p> <p><i>“(k) information on whether underlying assets include fossil fuel assets and, where relevant, on whether the securitisation position qualifies as green securitisation as defined per chapter 3 of Regulation (EU) 2023/2631.””</i></p>

[New] Article 8a – Ban fossil fuel securitisation

Proposal for a directive

Article 1 – paragraph 6a [New]

Directive 2017/2402EC

Article 8a [New]

Text proposed by the Commission	Amendment
	<p><i>“After Article 8, add an Article 8a:</i></p> <p><i>“Article 8a</i></p> <p><i>Ban on the securitisation of fossil fuel assets</i></p> <p><i>The underlying exposures used in a securitisation shall not include fossil fuel assets.</i></p> <p><i>For the purpose of this article, fossil fuel assets are defined as assets linked to coal, oil and gas production projects and to companies active in coal, oil and gas production.””</i></p>

Amendment to article 36 – Require the securitisation sub-committee to publish guidelines on ESG risks management

Proposal for a directive

Article 1 – paragraph 18 – (c)

Directive 2017/2402EC

Article 36 – Paragraph 3

Text proposed by the Commission	Amendment
<p><i>(c) the following paragraphs 3a and 3b are inserted:</i></p> <p><i>'3a. The securitisation sub-committee referred to in paragraph 3 shall by [12 months after adoption] develop guidelines to establish common supervisory procedures.</i></p> <p><i>3b. Following the notification to the competent authorities under Article 7(1), the competent authorities of the sell-side entities in the transaction shall appoint a lead supervisor to coordinate actions and avoid divergences of application of this Regulation for transactions involving sell-side entities under the remit of competent authorities from more than one Member State. A competent authority may delegate the exercise of some or all of the tasks and powers referred to in this Regulation to the lead supervisor. In case the competent authorities of the sell-side entities do not reach an agreement on the appointment of the lead supervisor, the securitisation</i></p>	<p><i>(c) the following paragraphs 3a, 3b and 3c are inserted:</i></p> <p><i>'3a. The securitisation sub-committee referred to in paragraph 3 shall by [12 months after adoption] develop guidelines to establish common supervisory procedures.</i></p> <p><i>3b. The securitisation sub-committee referred to in paragraph 3 shall by [12 months after adoption] develop guidelines for the management of ESG risks in securitisation.</i></p> <p><i>3c. Following the notification to the competent authorities under Article 7(1), the competent authorities of the sell-side entities in the transaction shall appoint a lead supervisor to coordinate actions and avoid divergences of application of this Regulation for transactions involving sell-side entities under the remit of competent authorities from more than one Member State. A competent authority may delegate the exercise of some or all of the tasks and powers referred to in this Regulation to the lead supervisor. In case the competent authorities of the sell-side entities do not reach an agreement on the appointment of the lead supervisor, the securitisation</i></p>

Amendment to Article 44 – Reports on the regulation consider the impact on and contribution to EU climate and environmental goals

Proposal for a directive

Article 1 – paragraph 19 – point c [New]

Directive 2017/2402EC

Article 44 - Points (f) and (g) [New]

Text proposed by the Commission	Amendment
	<p><i>“(c) In the first subparagraph, two points (f) and (g) are added:</i></p> <p><i>“(f) the contribution of securitisation to funding sustainable activities and meeting the funding needs to reach EU climate and environmental goals.”</i></p> <p><i>“(g) the contribution of securitisation to funding activities at odds with EU climate and environmental goals, notably fossil fuel production.””</i></p>

Amendment to Article 46 - Review of the regulation considers the impact on and contribution to EU climate and environmental goals

Proposal for a directive

Article 1 – paragraph 20

Directive 2017/2402EC

Article 46 – paragraph 2 – subparagraph (b)

Text proposed by the Commission	Amendment
<p><i>(b) the contribution of securitisation to:</i></p> <p><i>(i) to funding EU companies and economy, in particular on access to credit for SMEs and investments;</i></p> <p><i>(ii) the interconnectedness between financial institutions and the stability of the financial sector</i></p>	<p><i>(b) the contribution of securitisation to:</i></p> <p><i>(i) to funding EU companies and economy, in particular on access to credit for SMEs and sustainable investments aligned with EU climate and environmental objectives.</i></p> <p><i>(ii) the interconnectedness between financial institutions and the stability of the financial sector</i></p> <p><i>(iii) to funding activities at odds with EU climate and</i></p>

	<i>environmental objectives, notably fossil fuel production.</i>
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Amendment to Article 46 - Review of the regulation considers whether measures should be taken to support green securitisation or to limit securitisation based on or contributing to harmful activities

Proposal for a directive

Article 1 – paragraph 20

Directive 2017/2402EC

Article 46 – paragraph 2 – point (e) [New]

Text proposed by the Commission	Amendment
	<i>(e) whether additional measures should be taken to support the development of green securitisation and to limit securitisation based on or contributing to the financing of harmful activities.</i>

II/ Amendments to the Regulation of the European parliament and of the council amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions as regards requirements for securitisation exposures

Amendment to article 247 – Impose a minimum risk weight of 1250% for all securitisation positions when exposed to fossil fuels

Proposal for a directive

Article 1 – paragraph 5a [New]

Directive 575/2013EC

Article 247 – paragraph 6

Text proposed by the Commission	Amendment
	<p><i>“(5a) At the end of paragraph 6. of Article 247, add the following sentence:</i></p> <p><i>“When a securitisation position includes exposure to fossil fuel assets, the total risk weight shall be no lower than 1250%.”</i></p>

Amendment to article 247 – Double the total risk weight for all securitisation positions exposed to fossil fuels

Proposal for a directive

Article 1 – paragraph 5a [New]

Directive 575/2013EC

Article 247 – paragraph 6

Text proposed by the Commission	Amendment
	<p><i>“(5a) At the end of paragraph 6. of Article 247, add the following sentence:</i></p> <p><i>“When a securitisation position includes exposure to fossil fuel assets, the total risk weight shall be multiplied by two.”</i></p>