

Chapter 5

Requirements on risk retention

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5.10 Application of the retention options on NPE securitisations

- (1) In case of *NPE securitisations* as referred to in ■ SECN 5.2.8(2), for the purposes of applying ■ SECN 5.5.1R(1) and ■ SECN 5.6R to ■ SECN 5.9R to the share of *non-performing exposures* in the pool of underlying exposures of a *securitisation*, any reference to the nominal value of the securitised exposures shall be construed as a reference to the net value of the *non-performing exposures*.
- (2) For the purposes of ■ SECN 5.7, the net value of the retained *non-performing exposures* shall be calculated using the same amount of the *non-refundable purchase price discount* that would have been applied had the retained *non-performing exposures* been securitised.
- (3) For the purposes of ■ SECN 5.2.8R(1)(a), ■ SECN 5.6 or ■ SECN 5.9 the net value of the retained part of the *non-performing exposures* shall be computed using the same percentage of the *non-refundable purchase price discount* that applies to the part that is not retained.
- (4) Where the *non-refundable purchase price discount* as referred to in ■ SECN 5.2.8(2)(b) has been agreed at the level of the pool of underlying *non-performing exposures*, the net value of individual securitised *non-performing exposures* included in the pool or sub-pool, as applicable, shall be calculated by applying a corresponding share of the *non-refundable purchase price discount* agreed at pool or sub-pool level to each of the securitised *non-performing exposures* in proportion to their nominal value or, where applicable, their outstanding value at the time of origination.
- (5) Where the *non-refundable purchase price discount* includes the difference between the nominal amount of one tranche or several *tranches* of a *NPE securitisation* underwritten by the *originator* for subsequent sale and the price at which that *tranche* or those *tranches* are first sold to unrelated third parties as referred to in ■ SECN 5.2.8R(2)(c), that difference shall be taken into account in the calculation of the net value of individual securitised *non-performing exposures* by applying a corresponding share of the difference to each of the securitised *non-performing exposures* in proportion to their nominal value.