



Commission de Surveillance
du Secteur Financier

Circular CSSF 20/756

CIRCULAR 20/756 ON THE
ADOPTION OF THE GUIDELINES
OF THE EUROPEAN BANKING
AUTHORITY ON THE
DETERMINATION OF THE
WEIGHTED AVERAGE
MATURITY (WAM) OF THE
CONTRACTUAL PAYMENTS DUE
UNDER THE TRANCHE IN
ACCORDANCE WITH POINT (A)
OF ARTICLE 257(1) OF
REGULATION (EU) No
575/2013
(EBA/GL/2020/04)

Circular 20/756

Re: Application of the Guidelines of the European Banking Authority on the determination of the weighted average maturity (WAM) of the contractual payments due under the tranche in accordance with point (a) of Article 257(1) of Regulation (EU) No 575/2013 (EBA/GL/2020/04).

Luxembourg, 09 November
2020

Ladies and Gentlemen,

To all credit institutions and CRR investment firms incorporated under Luxembourg law and to Luxembourg branches of credit institutions and of CRR investment firms having their registered office in a third country

The purpose of this circular is to inform you that the CSSF, in its capacity as competent authority, complies with¹ and applies the Guidelines of the European Banking Authority (EBA) on the determination of the weighted average maturity of the contractual payments due under the tranche in accordance with point (a) of Article 257(1) of Regulation (EU) No 575/2013² (**EBA/GL/2020/04**) (the **Guidelines**). Consequently, the CSSF has integrated the Guidelines into its administrative practice and regulatory approach with a view to promote supervisory convergence in this field at European level.

All institutions measuring the tranche maturity in accordance with point (a) of Article 257(1) of Regulation (EU) No 575/2013 shall duly comply with them.

The Guidelines

¹ "Significant supervised entities" as defined in Article 2, point 16 of Regulation (EU) No 468/2014 of the European Central Bank (ECB) of 16 April 2014 (SSM Framework Regulation) shall refer to the relevant ECB rules (if any).

² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms

The calculation of risk-weighted exposure amounts of securitisation positions is subject to the requirements laid down in Chapter 5 of Part Three of Regulation (EU) No 575/2013 (the **CRR**). Chapter 5 introduces notably a hierarchy of methods and common parameters for the calculation of risk-weighted exposure amounts of securitisation positions. When determining their credit risk mitigation for securitisation positions subject to the Standardised Approach, institutions may measure the maturity of a tranche (MT) in accordance with the methods laid down in Article 257 CRR. In accordance with the mandate in Article 257(4) CRR, the Guidelines specify the methodology for measuring the weighted average maturity of the contractual payments due under the tranche referred to in point (a) of Article 257(1) of Regulation (EU) No 575/2013.

The Guidelines are available on the [EBA's website](#).

Scope of application

The present circular shall apply to all credit institutions, to CRR investment firms incorporated under Luxembourg law and to Luxembourg branches of credit institutions and of CRR investment firms having their registered office in a third country in case they opt for the use of the weighted average maturity approach instead of the final legal maturity approach when calculating the risk-weighted exposure amounts for the specific purpose of determining the capital requirement of a securitisation position.

Date of application

This circular shall apply with immediate effect.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

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