

Trends and Developments

Contributed by:

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Matheson LLP

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nancial institutions doing business in and from Ireland. Their clients include over half of the world's 50 largest banks, seven of the world's ten largest asset managers and seven of the top ten global technology brands, and they have advised the majority of the Fortune 100 companies.

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Vincent McConnon is a partner in the finance and capital markets department at Matheson. Vincent's experience covers a range of structured finance work, including substantial experience in various types

of asset-backed securitisations, advising in relation to the financing of alternative lenders, corporate bond issuances, collateralised loan obligation transactions, green bonds, project and infrastructure finance, loan portfolio disposals, noteholder consent solicitations, MTN programmes, securitisation terminations and other forms of structured finance products. Vincent previously worked in the securitisation practice of a Magic Circle law firm in London for several years.



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The logo for Matheson, featuring the word "Matheson" in a large, black, serif font. A thick red horizontal line is positioned directly beneath the text.

Introduction

For the European securitisation market, 2025 was a year characterised by issuance momentum and fresh investor appetite – as well as a macro environment marked by policy recalibration and geopolitical uncertainty. Early signs point to a cautiously optimistic outlook for 2026.

Meanwhile, regulatory evolution continued apace in 2025. This article will explore some of the main legal and regulatory developments that impacted the securitisation market in Ireland in 2025 and that are likely to impact this market in 2026. As a major hub for securitisation activity in the EU, the legal framework in Ireland tracks both EU and domestic Irish legislation. The impact of new and proposed EU laws and regulations on Irish issuers of securitisation debt, which will be of interest to market participants generally, are considered below. The firm also advised on the Irish tax implications of such structures and on the listing of debt securities on various stock exchanges throughout 2025 – although such matters are outside the scope of this article.

EU Securitisation Regulation – the European Commission’s Legislative Proposal

There were a number of developments regarding Regulation (EU) 2017/2402 (the “EU Securitisation Regulation”) throughout 2025, which are of relevance to Irish issuers and investors. The most significant was the publication on 17 June 2025 by the European Commission of a formal legislative proposal in connection with the current EU securitisation framework (the “Securitisation Framework Legislative Proposal”) aimed at revitalising the EU securitisation market. The Securitisation Framework Legislative Proposal follows on from a targeted consultation launched by the European Commission in October 2024 and the publication of a report from the European Supervisory Authorities (ESAs) on the implementation and functioning of the EU Securitisation Regulation on 31 March 2025.

The proposed targeted amendments to the EU Securitisation Regulation contained in the Securitisation Framework Legislative Proposal (the “EU Securitisation Regulation Proposals”) include the following.

- The European Commission is proposing to simplify the due diligence requirements for EU securitisations. Investors will no longer be required to verify a sell-side entity’s compliance with transparency, risk retention, non-performing exposure selection or simple, transparent and standardised (STS) requirements when the sell-side entity is based and supervised in the EU. Where a sell-side entity is situated outside the EU, investors will still be obliged to verify that the transaction complies with various existing requirements set out in the EU Securitisation Regulation.
- Risk assessments to be carried out prior to investing in a transaction are to be made more principles-based by removing the detailed list of structural features that investors need to check. The same applies to the obligation to monitor the securitisation position on an ongoing basis. The European Commission has also indicated, via the recitals, that due diligence assessments should be proportionate to the risk of the securitisation.
- The European Commission proposes to introduce new definitions of public and private securitisation – which are particularly relevant to the transparency requirements contained in the EU Securitisation Regulation. Public securitisations meet any of the following criteria: (i) a prospectus has been prepared; (ii) the notes are admitted to trading on an EU trading venue; or (iii) the notes are marketed to investors, with the specific terms of the transaction being non-negotiable. Private securitisations are securitisation transactions that do not meet the definition of public securitisation.
- Where 70% of the underlying pool of exposures consist of SME loans, this is now deemed to meet the homogeneity requirement for STS securitisations. Previously, it had been a 100% requirement.

At the time of writing, the EU legislative process regarding the EU Securitisation Regulation Proposals is ongoing.

Prudential Requirements for Securitisation Transactions – the European Commission’s Legislative Proposal

In relation to the aforementioned Securitisation Framework Legislative Proposal and on the prudential side, for banks (including Irish banks) participat-

ing in securitisation transactions the European Commission's legislative proposal aims to lower capital requirements and to extend eligibility for inclusion in liquidity buffers.

The key proposed amendments (the "Bank Prudential Proposals") to the "Capital Requirements Regulation" (Regulation (EU) No 575/2013) and the "Liquidity Coverage Ratio Delegated Act" (Commission Delegated Regulation (EU) 2015/61) include the following.

- A recalibration of risk-weight floors for senior positions to make them more risk-sensitive, resulting in lower floors – most notably for senior STS positions.
- Amendments to the calibration of the so-called (ρ) factor to introduce targeted amendments to differentiate between originators/sponsors and third party investors' positions, positions in STS and non-STS securitisations, as well as senior and non-senior positions.
- The introduction of a new concept of "resilient securitisation positions" (being senior positions which satisfy a set of eligibility criteria that ensure low agency risk, low model risk and a robust loss absorbing capacity), which allows further reductions in risk weights and (ρ) factor.
- Eligible securitisation positions for inclusion of senior STS positions in liquidity cover pools are no longer limited to AAA-rated positions and can remain in liquidity buffer pools down to A-. Valuation haircuts for resilient STS senior positions are to be reduced to 15% (provided the minimum tranche size is EUR250 million or the domestic currency equivalent) but will be 25% for non-resilient senior STS positions and will increase to 50% where the senior STS position drops to an A+ rating or lower.

At the time of writing, the EU legislative process regarding the Bank Prudential Proposals is ongoing.

Separately, on 18 July 2025, the European Commission published a legislative proposal to amend the "Solvency II Delegated Regulation" (Commission Delegated Regulation (EU) 2015/35). This legislative proposal was formally adopted by the European Commission on 29 October 2025 and includes amendments to

lower capital requirements for insurers (including Irish insurers) participating in securitisation transactions.

The key proposed amendments to the Solvency II Delegated Regulation (the "Insurers Prudential Proposals") include the following:

- introduce lower capital requirements for insurers holding senior non-STS tranches;
- reduce the spread risk factors for insurers holding non-senior tranches of non-STS securitisations;
- align the prudential capital treatment for senior STS positions held by insurers with covered bonds; and
- reduce the spread risk factors for insurers holding non-senior tranches of STS securitisations, although without full equivalence to covered bonds.

At the time of writing, the EU legislative process regarding the Insurers Prudential Proposals is also ongoing.

Listing Act

In December 2024, a legislative package known as the "Listing Act" came into force, amending Regulation (EU) 2017/1129 (the "Prospectus Regulation"), Regulation (EU) 596/2014 (the "Market Abuse Regulation") and Regulation (EU) 600/2014 (the "Markets in Financial Instruments Regulation") with the objective of making the EU's public capital markets more attractive and facilitating the listing of smaller companies by streamlining the listing process. The amendments introduced by the Listing Act to date have arguably had minimal impact on achieving that objective, although the full impact on the market cannot be assessed until certain Prospectus Regulation amendments are introduced in 2026.

Amendments introduced to date include expanding prospectus exemptions, relaxing the risk factor ranking requirement slightly and clarifying that risk factors should not be generic, only serve as disclaimers or be insufficiently clear, making permanent the EUR150 million higher exemption threshold for non-equity securities offers by credit institutions, extending the walkaway right period for investors where a supplement is published from two to three working days, permitting more documents to be incorporated by ref-

erence and allowing future annual/interim financials to be incorporated by reference into a base prospectus without a supplement.

Amendments being introduced on 5 March 2026 include:

- introducing a simplified prospectus for public offers via an “EU Growth Issuance Prospectus”, available to SMEs and small, unlisted companies with an annual public offering of less than EUR50,000,000 and no more than 499 employees with securities traded on an SME growth market; and
- replacing the simplified disclosure regime for secondary issuances with an “EU Follow-on Prospectus” for issuers whose securities have been admitted to trading on a regulated market or SME growth market continuously for at least 18 months.

Further amendments to be introduced on 5 June 2026 include:

- amending the standardised prospectus format;
- ESG disclosure requirements for EU Green Bond Standard-compliant and EU Green Bond Standard “opt-in” bonds, as well as other green/sustainable bonds that rely on market-based/International Capital Market Association (ICMA) principles; and
- introducing a harmonised threshold for exempting small public offers of securities by replacing the current discretionary EUR8 million threshold with a uniform EUR12 million exemption (aggregated over 12 months), except where offered cross-border. Member states will have discretion to set a lower threshold of EUR5 million.

It remains to be seen whether the Listing Act’s objective of making the EU’s public capital markets more attractive will be met by these amendments alone. However, the Listing Act changes due in March 2026 in particular should help reduce the regulatory compliance burden and cost for SMEs, thereby potentially increasing the volume of public offers from smaller issuers in 2026 and beyond.

CSRD and the Omnibus Package

On 26 February 2025, the European Commission announced its omnibus proposals to simplify certain

EU ESG laws. This announcement included proposals (the “CSRD Omnibus Proposals”) to amend Directive (EU) 2022/2464 (the EU’s “Corporate Sustainability Reporting Directive”; CSRD). The effect of the CSRD Omnibus Proposals, if adopted as proposed by the European Commission, would be to significantly scale back CSRD reporting obligations – which is a positive development from the perspective of Irish special purpose vehicles (SPVs) and the Irish securitisation industry.

If the CSRD Omnibus Proposals become law in the form proposed by the European Commission, the scope of application of the CSRD would be significantly changed by taking EU companies/groups with less than 1,000 employees out of scope. If adopted, this change would effectively take Irish SPVs out of scope for CSRD reporting as SPVs would invariably have fewer than 1,000 employees. Sustainability information in respect of SPVs may still need to be included in the consolidated report of an in-scope parent company, if the SPV has one.

The proposed amendments referenced above to the scope of application of the CSRD are contained in a draft Directive, which proposes a range of amendments to the CSRD and other EU ESG laws. At the time of writing, the EU legislative process is ongoing but the European Parliament and the Council of the EU have both informally indicated that, amongst other matters, the final version of the Directive will likely take EU companies/groups with less than 1,000 employees out of scope.

Under the CSRD, as previously in force, some SPVs currently falling within scope were first due to report under the CSRD in respect of their 2025 financial year, and some other SPVs were first due to report for their 2026 financial year. Under the CSRD Omnibus Proposals, the CSRD reporting obligations for SPVs that were due to report for their 2025 financial year would be delayed to their 2027 financial year – with the first report published in 2028. Furthermore, the CSRD reporting obligations for SPVs that were due to report for their 2026 financial year would be delayed to their 2028 financial year – with the first report published in 2029. Directive (EU) 2025/794 enshrined this two-year delay into EU law and was published in the *Official*

Journal of the European Union on 16 April 2025. It was subsequently transposed into Irish law via the European Union (Corporate Sustainability Reporting) Regulations 2025.

EU Green Bond Standard

Regulation (EU) 2023/2631 (as amended, the “Green Bond Standard Regulation”) was published in the *Official Journal of the European Union* in November 2023 and has been directly effective in Ireland since 21 December 2024. The European Green Bond Standard (EuGBS) provided for in the Green Bond Standard Regulation is a voluntary standard. The EuGBS is open to any issuer of green bonds, including Irish issuers and issuers located outside of the EU. As well as the requirements of the Green Bond Standard Regulation itself, the adoption of the EuGBS by issuers is being driven by factors such as investor appetite, reputational considerations, pricing impacts and the financial costs involved in meeting the new standard.

The key terms of the Green Bond Standard Regulation include the following.

- The funds raised by EuGBS bonds must be allocated to projects aligned with the taxonomy outlined in the EU Taxonomy Regulation (the “EU Taxonomy”).
- Transparency requirements on how EuGBS bond proceeds are allocated through detailed reporting requirements. There are pre-issuance and post-issuance reporting requirements in this regard.
- All EuGBS bonds must be checked by an external reviewer to ensure compliance with the Green Bond Standard Regulation and that funded projects are aligned with the EU Taxonomy.
- External reviewers providing services to issuers of EuGBS bonds will need to be registered with and supervised by the European Securities and Markets Authority (ESMA). There is an 18-month transition period to 21 June 2026 in which external reviewers can provide services to issuers of EuGBS without being registered, provided that they have notified ESMA of their intention to provide such services.

As well as corporate bond issuers, the Green Bond Standard Regulation is also relevant to issuers, spon-

sors and originators of securitisations. In 2022, both the European Banking Authority and the European Commission expressed the view that, rather than developing a specific framework for sustainable securitisations in the EU, legislators should ensure that the EuGBS is appropriate for use by securitisations. This has been reflected in the final text of the Green Bond Standard Regulation, which includes the provision that certain of the EuGBS requirements apply to the originator, rather than the issuer. This ensures that rather than being limited to including green collateral at the issuer level, a securitisation may benefit from looking at the originator’s role in sourcing green assets and still meet the EuGBS. The Green Bond Standard Regulation also contains some exclusions for securitised exposures and additional specific disclosure requirements for securitisations.

However, the final text of the Green Bond Standard Regulation also confirms that bonds issued for the purpose of synthetic securitisation shall not be eligible to meet the EuGBS. The ESAs will review and report on possible changes to this exclusion by December 2028, subject to which the European Commission may produce a further report, and possibly a legislative proposal.

ESG Ratings Regulation

Regulation (EU) 2024/3005 (the “ESG Ratings Regulation”) will apply from 2 July 2026 (having been published in the *Official Journal of the European Union* in December 2024). It aims to increase transparency and confidence in sustainability-related information by introducing a mandatory framework for providers of ESG ratings. The ESG Ratings Regulation will apply to ESG ratings issued by ESG ratings providers operating in the EU. An “ESG rating provider” is any legal person whose occupation includes (i) the issuance of ESG ratings and (ii) the publication or distribution of ESG ratings on a professional basis.

The concept of “operating in the Union” covers either (i) issuing and publishing ratings on the provider’s website or through other means or (ii) issuing and distributing ratings through subscription or other contractual relationships to certain entities, such as regulated financial undertakings in the EU. Providers established outside the EU will only be within scope

where they engage in the activities referenced in (ii). ESG ratings are defined widely as an opinion, score or combination of both regarding a rated item's profile or characteristics with regard to environmental, social and human rights or governance factors, exposure to risks or the impact on environmental, social and human rights or governance factors based on both an established methodology and a defined ranking system of rating categories, irrespective of whether such ESG rating is explicitly labelled as an "ESG rating", "ESG opinion" or "ESG score".

Any legal person that wishes to operate as an ESG ratings provider in the EU must obtain authorisation from ESMA if it is established in the EU. Third-country ESG ratings providers who wish to operate in the EU typically must (i) be authorised and supervised in that third country and (ii) benefit from an equivalence opinion in respect of that jurisdiction by ESMA. There are also other routes to market for small non-EU ESG ratings providers in the absence of an equivalence decision, such as where an authorised EU ESG ratings provider endorses the ratings of a third-country ESG ratings provider in the same group.

In anticipation of the application of the ESG Ratings Regulation from July 2026, ESMA was mandated to prepare regulatory technical standards (the "ESG Ratings RTS") providing more details to stakeholders on both the application process for prospective ESG ratings providers and on certain aspects of its supervisory expectations for the governance arrangements of supervised entities. The draft ESG Ratings RTS were published in a consultation paper on 2 May 2025; feedback was provided by relevant stakeholders and, on 15 October 2025, ESMA published its final report and subsequently submitted each of the draft ESG Ratings RTS to the European Commission for adoption in the form of three draft Delegated Regulations. At the time of writing, each of the three draft ESG Rating RTS remain subject to adoption by the European Commission.

The draft ESG Ratings RTS provide the relevant information requirements for applications for both (i) authorisation to become an EU ESG ratings provider and (ii) recognition for third-country ESG ratings providers. Once authorised, various governance, transparency, conflict-of-interest and methodology requirements will apply. A key requirement of the ESG Ratings Regulation is the "separation of business and activities" whereby in general, and subject to limited exceptions, ESG ratings providers cannot engage in activities regarding consulting, credit ratings, audit or assurance, investments, banking, insurance, reinsurance and/or benchmarks. The draft ESG Ratings RTS provide more details on the measures and safeguards that should be put in place to satisfy the "separation of business and activities" requirement, and it is noteworthy that, following the public consultation, the requirement for physical separation of staff remains. Another key requirement of the ESG Ratings Regulation is the obligation on the ESG ratings provider to publish on its website prescribed information pertaining to the methodologies, models and key rating assumptions used; again, the draft ESG Ratings RTS provide greater detail on the disclosure requirements. Following the consultation process, a number of disclosure elements have been revised in order to ensure they are practically achievable, while others have been removed where ESMA concluded such disclosures did not provide sufficient added value to justify the burden on ESG ratings providers.

It is incumbent on in-scope providers to assess the ESG Ratings Regulation and the draft ESG Ratings RTS in detail, and to ensure applicable governance, transparency and methodology processes and procedures are updated in good time ahead of the entry into force of the ESG Ratings Regulation.