

# Securitisation Regulation: Challenges and Opportunities for Compliance Professionals

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Securitisation plays a key role in capital markets, enabling financial institutions to manage risk, improve liquidity, and support economic growth. Since the 1980s, securitisation has provided an innovative way to fund lending activities. However, the 2008 financial crisis revealed risks in complex securitisation structures, prompting regulatory reforms. The EU Securitisation Regulation (2017/2402) aimed to harmonise rules, improve transparency, and strengthen investor protection. Yet, since its implementation in 2019, the European securitisation market has struggled to regain momentum, constrained by regulatory complexity, stringent due diligence obligations, and evolving supervisory expectations.

For compliance professionals, particularly those advising UCITS management companies and AIFMs, securitisation presents challenges due to delegation models, reliance on third-party investment managers (some of whom are based outside the EU), and the lack of regulatory equivalence for third-country securitisations, including those originating from the UK post-Brexit. Given that Irish ManCos and AIFMs oversee both Irish and non-Irish domiciled funds - some with MiFID top-ups allowing them to manage Separately Managed Accounts (SMAs) - they also cater to clients across multiple jurisdictions. Each of these jurisdictions may apply its own securitisation regulatory framework, meaning compliance obligations extend beyond a purely domestic focus. As the European Commission reviews the Securitisation Regulation in 2025, there is an opportunity to reassess whether the framework balances risk mitigation and market efficiency.

## Regulatory Complexity and Oversight Challenges

Securitisation regulation is interconnected with broader EU financial services regulations, including UCITS, AIFMD, MiFID II, EMIR, and SFDR. Unlike

banks, fund managers must navigate compliance obligations in a delegation-heavy structure, increasing regulatory complexity.

Many fund management companies delegate portfolio management functions to third-party investment managers, requiring firms to maintain oversight and ensure regulatory alignment. While delegation is a feature of UCITS and AIFMD, the ManCo retains key responsibilities under the regulatory framework, necessitating strong compliance oversight.

Third-country securitisations create further challenges. Under Article 5 of the Securitisation Regulation, institutional investors must verify that originators, sponsors, and securitisation special purpose entities (SSPEs) comply with EU transparency and risk retention requirements. However, there is no equivalence regime for non-EU securitisations, meaning that funds cannot assume compliance with third-country regulations. This has particularly impacted UK securitisations, which no longer automatically meet EU standards post-Brexit. As the UK develops its independent Securitisation Regulation, compliance teams operating within the second line of defence must ensure that appropriate oversight mechanisms are in place to address any regulatory discrepancies for UK-originated deals in the context of EU investor requirements.

## The 2025 Review: Enhancing Market Efficiency and European Competitiveness

Despite its ambitions, the Securitisation Regulation has not revitalised the European securitisation market, with issuance volumes remaining below pre-crisis levels. Many firms prefer alternative structured finance instruments due to the high regulatory and compliance costs associated with securitisation. The Funds Sector 2030



report highlights the need for reforms to make securitisation a more viable funding tool while maintaining investor protections.

The upcoming 2025 review, which the European Commission has flagged in its Work Programme as part of its broader agenda to boost competitiveness and simplify regulation, is expected to address:

- **Reducing Compliance Burdens for Institutional Investors:** Streamlining disclosure obligations and harmonising reporting requirements, particularly around investor due diligence.
- **Enhancing STS Securitisations:** The Simple, Transparent, and Standardised (STS) framework provides preferential capital treatment for qualifying securitisations, but strict criteria have limited adoption.
- **Aligning Securitisation with ESG and Sustainable Finance Objectives:** ESG risk factors are expected to be more deeply integrated into the regulatory framework, particularly under the EU Green Bond Standard and SFDR requirements.

These policy priorities are reinforced by the Joint Committee of the European Supervisory Authorities, whose 2025 Article 44 Report recommends a proportionate recalibration of investor due diligence rules, simplified templates for private securitisations, and clarification of the jurisdictional scope of the Regulation. For investors, particularly EU funds, the shift towards substance-over-form in Article 5 compliance is a welcomed development.

## Staying Ahead of the Curve

As regulatory reforms take shape, compliance professionals must proactively enhance oversight and risk management frameworks. To adapt, firms should:

- Strengthen governance and oversight mechanisms to ensure regulatory alignment.
- Improve due diligence and risk assessment processes for non-EU securitisations.
- Leverage regulatory technology solutions to streamline reporting and data integration across multiple regulatory frameworks, where appropriate.
- Monitor developments in ESG-linked securitisations to ensure investment policies comply with EU Taxonomy and SFDR standards.

## The Road Ahead

Securitisation remains a critical yet complex area of financial regulation for fund managers. As regulations evolve, compliance professionals must stay informed of changes, industry trends, and best practices. The 2025 review presents an opportunity to reassess inefficiencies and align securitisation with the EU's broader Savings and Investments Union strategy. Compliance professionals will play a pivotal role in ensuring that firms navigate regulatory changes while leveraging securitisation for structured finance opportunities.

**Disclaimer:** The views expressed in this article are those of the Compliance Institute's Funds Working Group and do not represent the views of any individual firm or institution.

# Most Irish in-house lawyers satisfied in their role, with a strong preference for continuing hybrid working

Authors: KPMG Law

In-house counsel across business in Ireland are showing high levels of job satisfaction, optimism, and ambition, despite the complexities and challenges of their roles, according to the inaugural [KPMG Law General Counsel Outlook Report](#), released in April.

This report offers an in-depth exploration of the critical issues shaping the future of in-house legal teams. From the drivers of job satisfaction to the cautious but increasing adoption of AI, and the critical importance of creating opportunities for career progression, this report highlights the emerging trends and key challenges facing senior in-house lawyers.

## A positive outlook

An overwhelming 93% find their roles personally and professionally satisfying, and a similar proportion willing to recommend their career to a friend. Additionally, 84% feel their roles provide them with opportunities to significantly contribute to their organisation's growth and development over the next three years. The report also details a good work-life balance, with just under two-thirds (58%) rating their balance as good or excellent. Notwithstanding the demanding nature of their work, two-thirds also expressed a positive outlook on career progression, emphasising the dynamic and rewarding environment within the profession.

## Navigating the challenges

However, in-house counsel are reporting several key challenges, including the pressure to navigate a complex regulatory landscape—79% believe that compliance with regulations will be a significant challenge over the next three years—manage cyber threats and provide non-legal strategic advice. Interestingly, one in five in-house counsel are consistently required to engage with requests

for non-legal advice from colleagues, and almost half said it happens regularly. While this creates important efficiency and risk considerations, it is also an inevitable consequence of the increasingly important role played by senior in-house lawyers in the management and development of the businesses in which they operate.

Derek Hegarty, Partner at KPMG Law LLP, commented on the growing demand for senior in-house lawyers to provide non-legal advice, stating:

**“While this creates important efficiency and risk considerations, it is also an inevitable consequence of the increasingly important role played by senior in-house lawyers in the management and development of the businesses in which they operate.”**

## Embracing AI and technology

A cautious yet progressive approach towards AI and technology was reported amongst respondents. While 85% of in-house counsel plan to increase their use of AI over the next three years, 73% have apprehensions regarding the accuracy of generative AI tools in legal applications. Nevertheless, 65% of respondents are optimistic that AI will enable them and their teams to concentrate on higher-value workloads, and two in five acknowledge that AI has significantly improved the efficiency of legal research.