

ASSET COVERED SECURITIES ACT 2001
REGULATORY NOTICE (SECTION 41A(4),(5) and (7)) 2011

This regulatory notice is issued by the Central Bank of Ireland pursuant to sections 41A(4),(5) and (7) of the Asset Covered Securities Act 2001 (No. 47 of 2001) (the "Act") .

This regulatory notice applies in relation to designated mortgage credit institutions.

1. The following creditworthiness standards and criteria are specified for securitised mortgage credit assets comprised in the cover assets pool for the purposes of section 41A(1)(c)(iii) of the Act:-

Exposures that have a credit quality assessment of Credit Quality Step 1, based on their long-term or, as applicable, short-term rating from an eligible ECAI and the ratings mapping process as set out in the Codified Banking Directive.

2. Subject to paragraph 3, the applicable percentage specified by the Central Bank of Ireland for the purposes of section 41A(1)(c)(iv) of the Act, in respect of all circumstances, is 10 per cent of the nominal or principal amount of the outstanding mortgage covered securities issued by the designated mortgage credit institution.
3. Prior to 31 December 2013, paragraph 2 shall not apply provided that
 - a. the securitised mortgage credit assets were originated by a member of the same consolidated group of which the designated mortgage credit institution is also a member or by an entity affiliated to the same central body to which the designated mortgage credit institution is also affiliated (that common group membership or affiliation to be determined at the time the securitised mortgage credit assets are made collateral for mortgage covered securities); and
 - b. a member of the same consolidated group of which the designated mortgage credit institution is also a member or an entity affiliated to the same central body to which the designated mortgage credit institution is also affiliated retains the whole first loss tranche supporting those securitised mortgage credit assets.
4. Any securitised mortgage credit asset held outside of the cover assets pools must have a minimum credit quality assessment of Credit Quality Step 2, based on the long-term or, as applicable, short-term rating from an eligible ECAI and the ratings mapping process as set out in the Codified Banking Directive.

5. Terms and expressions used in this regulatory notice shall, subject to the Act, have the meaning given to them in laws implementing the Codified Banking Directive in the State (including, without limitation, the European Communities (Capital Adequacy of Credit Institutions) Regulations 2006 (S.I. No. 661 of 2006)).

6. This Regulatory Notice replaces the Asset Covered Securities Act 2001 Regulatory Notice (Section 41A (4), (5) and (7)) 2007 published in Iris Oifigiúil on 31 August 2007 which is repealed.

Signed for and on behalf of
THE CENTRAL BANK OF IRELAND
on this the 6 day of December 2011



Mr Matthew Elderfield
Deputy Governor
Central Bank of Ireland

This regulatory notice was published in Iris Oifigiúil on 9 December 2011 and comes into operation on that date.