**Issue of proportionality of securitization framework of the CRR**

Application of securitization framework of the CRR is a challenge for smaller banks. Securitization framework of the CRR is designed to achieve the greatest possible capital relief from securitization schemes with respect to the level of risk being transferred. However, in case banks are not willing to apply securitization framework (due to additional burden of supervisory reporting and specific calculation of risk weight etc.) we believe that guarantees should not be ignored, but the principle of proportionality should be possible to apply. In the absence of a possibility to recognize a smaller and prudent effect of such guarantees in a simpler way, smaller banks would not be able to benefit from these guarantees, and it may be more difficult for these banks to provide credit to the economy, which is particularly relevant for the recovery from Covid-19.

It should be noted that not always the originator is seeking for guarantee to transfer the risk, but guarantee providers (international development banks, national governments) are introducing portfolio guarantee schemes, to foster certain lending activities in certain jurisdiction or specific area. However, even in that case most of the burden to comply with SECR falls on the originator which disincentives to participate in these schemes.