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## BANKING & FINANCE

### EU SECURITISATION REGULATION – DISCLOSURE TECHNICAL STANDARDS AND TEMPLATES

On September 3, 2020, two regulations on disclosure requirements under the Securitisation Regulation<sup>1</sup>, were published in the Official Journal of the European Union, finally bringing the process of harmonizing the information disclosure on securitisation transactions across the European Union to an end.

These regulations further elaborate on the information to be provided to investors, competent authorities and potential investors in securitisation transactions which fall under the scope of the Securitisation Regulation, providing greater certainty and accuracy to these players.

#### Background

The Securitisation Regulation applies to all securitisations (as defined therein) completed on or after 1 January 2019 or which create new securitisation positions on or after such date (the “Securitisation Transactions”).

According to article 7 of the Securitisation Regulation, originators, sponsors and SSPEs<sup>2</sup> are required to make certain information available to investors, competent authorities and potential investors.

This duty includes the provision of reports on the underlying exposures and investor reports, which shall be provided quarterly in respect of non-ABCP securitisations<sup>3</sup> and monthly in respect of ABCP securitisations<sup>4</sup>. Institutional investors subject to the Securitisation Regulation are also required to undertake due diligence on the underlying exposures and verify that originators, sponsors or SSPEs comply with the requirements of article 7<sup>5</sup>.

The heterogeneity of the exposures underlying the different Securitisation Transactions, lead the EU legislator to take concern in increasing efficiency of data collection and assessment by the relevant parties and facilitating seamless aggregation and comparability across Securitisation Transactions.

In this context, ESMA<sup>6</sup> was mandated under article 7 of the Securitisation Regulation to produce draft technical standards and standardised templates to be used for the provision of detailed information on the underlying exposures and investor reports.

The drafting process has included several reviews and has culminated with the adoption by the European Commission, in October 2019, of the Disclosure RTS<sup>7</sup>, and the Disclosure ITS<sup>8</sup> prepared by ESMA.

The publication of these regulations ended up occurring on September 3, 2020, and their entry into force is scheduled to occur on September 23, 2020.

<sup>1</sup> Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012

<sup>2</sup> Securitisation special purpose entities, as defined in article 2(2) of the Securitisation Regulation

<sup>3</sup> A securitisation not within an asset-backed commercial paper programme, as defined in articles 2(7) and 2(8) of the Securitisation Regulation

<sup>4</sup> A securitisation within an asset-backed commercial paper programme, as defined in articles 2(7) and 2(8) of the Securitisation Regulation

<sup>5</sup> As per article 5 of the Securitisation regulation

<sup>6</sup> The European Securities and Markets Authority

<sup>7</sup> Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and the details of a securitisation to be made available by the originator, sponsor and SSPE

<sup>8</sup> Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards with regard to the format and standardised templates for making available the information and details of a securitisation by the originator, sponsor and SSPE

## New disclosure templates

The Disclosure RTS contains in its annexes the set of information to be provided, for Securitisation Transactions, on underlying exposures and investor reports and, for public Securitisation Transactions, on inside information and significant events.

In turn, the Disclosure ITS contains in its annexes the standardised templates for making such information available.

The templates are as follows (links enclosed):

Annex	Template/ Exposure	Type of exposure
<a href="#">Annex 2</a>	Underlying exposures / Residential real estate	Non-ABCP
<a href="#">Annex 3</a>	Underlying exposures / Commercial real estate	Non-ABCP
<a href="#">Annex 4</a>	Underlying exposures / Corporate	Non-ABCP
<a href="#">Annex 5</a>	Underlying exposures / Automobile	Non-ABCP
<a href="#">Annex 6</a>	Underlying exposures / Consumer	Non-ABCP
<a href="#">Annex 7</a>	Underlying exposures / Credit card	Non-ABCP
<a href="#">Annex 8</a>	Underlying exposures / Leasing	Non-ABCP
<a href="#">Annex 9</a>	Underlying exposures / Esoteric / trade receivables	Non-ABCP
<a href="#">Annex 10</a>	Underlying exposures / Add-on for non-performing exposures	Non-ABCP
<a href="#">Annex 11</a>	Underlying exposures	ABCP
<a href="#">Annex 12</a>	Investor report	Non-ABCP
<a href="#">Annex 13</a>	Investor report	ABCP
<a href="#">Annex 14</a>	Inside information / significant events	Non-ABCP
<a href="#">Annex 15</a>	Inside information / significant events	ABCP

The Disclosure RTS also set out guidance on those cases where certain information can not be made available or is not applicable, allowing the use of specific “No Data” options. The use of these “No Data” options is limited to the situations in which there are justifiable reasons to do so and should not be used to circumvent the reporting requirements set out under the Securitisation Regulation. Securitisation repositories are required to verify the completeness and consistency of the information provided with respect to public securitisations and that the use of the “No Data” options does not prevent the reported information from being sufficiently representative of the underlying exposures, as well as the compliance with certain percentage thresholds.

## Securitisation repositories

Securitisation repositories will centrally collect and maintain the records of securitisations and will be registered and supervised by ESMA. Multiple technical standards on securitisation repository registration and supervisory fees were published in the Official Journal of the European Union on 3 September 2020, and will enter into force on 23 September 2020, allowing for the registration of securitisation repositories with ESMA as of such date. Until at least one securitisation repository has been registered with ESMA, information that should be made available by reporting entities in securitisation repositories must instead be made available via a website that meets the requirements set out under article 7(2) of the Securitisation Regulation.

## Final Remarks

As of September 23, 2020, the templates referred herein shall be used to report the information in respect of the existing Securitisation Transactions and the transitional provisions currently in force – namely article 43(8) of the Securitisation Regulation, which allows for the use of the so-called “CRA 3” reporting templates<sup>10</sup> – will cease to apply.

The publication of the Disclosure RTS and Disclosure ITS and entry into force of these reporting templates has been long-awaited by the securitisation market stakeholders and will bring a greater level of homogeneity and certainty in the information disclosed to the investors, therefore reducing due diligence costs and increasing comparability across transactions. Nevertheless, the actual relevance and level of difficulty in the filling of these templates will only be duly assessed as the market starts to make wide use of them.

More information on these updates can be found on the following ESMA webpage: <https://www.esma.europa.eu/policy-activities/securitisation>

<sup>9</sup> We refer to Delegated Regulation (EU) 2020/1226 of 12 November 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council and laying down regulatory technical standards specifying the information to be provided in accordance with the STS notification requirements, Commission Implementing Regulation (EU) 2020/1227 of 12 November 2019 laying down implementing technical standards with regard to templates for the provision of information in accordance with the STS notification requirements, Commission Implementing Regulation (EU) 2020/1228 of 29 November 2019 laying down implementing technical standards with regard to the format of applications for registration as a securitisation repository or for extension of a registration of a trade repository pursuant to Regulation (EU) 2017/2402 of the European Parliament and of the Council, Commission Delegated Regulation (EU) 2020/1229 of 29 November 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on securitisation repository operational standards for data collection, aggregation, comparison, access and verification of completeness and consistency, Commission Delegated Regulation (EU) 2020/1230 of 29 November 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the application for registration of a securitisation repository and the details of the simplified application for an extension of registration of a trade repository

<sup>10</sup> Available at [https://www.esma.europa.eu/sites/default/files/library/2015/11/2014-685\\_draft\\_rts\\_under\\_cra3\\_regulation.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2014-685_draft_rts_under_cra3_regulation.pdf)