EUROPEAN
DATAWAREHOUSE

EDUCATION PART 3: THE INTRICACIES OF DEAL CREATION AND DATA UPLOADING

28 NOVEMBER 2019

WELCOME & INTRODUCTION

DR. CHRISTIAN THUN

EDUCATION SERIES

5 Part webinar series to inform and prepare your organisation

Dates:

- ✓ 06 November @ 16:00 CET
- ✓ 14 November @ 16:00 CET
- ✓ 28 November @ 16:00 CET
- 05 December @ 16:00 CET
- 19 December @ 16:00 CET

CONTENT

Welcome & Introduction

Regulatory Update
- Latest Publications from ESMA
- Review of timelines

Lesson 2 Recap: Preparing the XML

The Intricacies of Deal Creation and Data Uploading
- How to create a deal
- How to upload documents and LLD
- Demo

Q & A

Education Outlook

ON TODAY'S CALL

Regulatory and IT Experts

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REGULATORY UPDATE

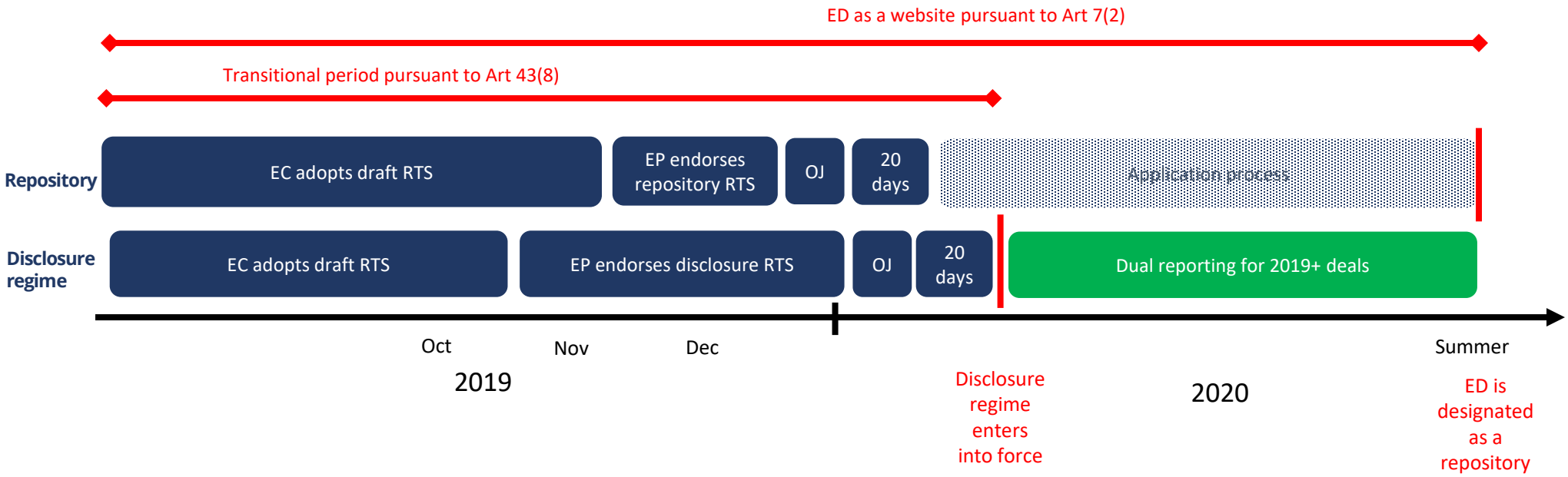
EIRINI KANONI

LATEST TIMELINES

REGULATORY TIMELINE IN 2019 / 2020

Last updated to reflect regulatory developments as of 15 November 2019

Repository & disclosure regime



EC: European Commission
EP: European Parliament
ESMA: European Securities and Markets Authority
OJ: Official Journal of the European Union – potential publication of the Level 2 of the RTS following the translation into the national languages of the European Union
RTS: Regulatory Technical Standards

EUROSYSTEM ELIGIBILITY CRITERIA TO CONVERGE WITH THE TRANSPARENCY REQUIREMENTS UNDER THE EU SECURITISATION REGULATION

On 22 March 2019, the European Central Bank announced that the **"transparency requirements of the EU Securitisation Regulation will be incorporated into the Eurosystem collateral framework"** *

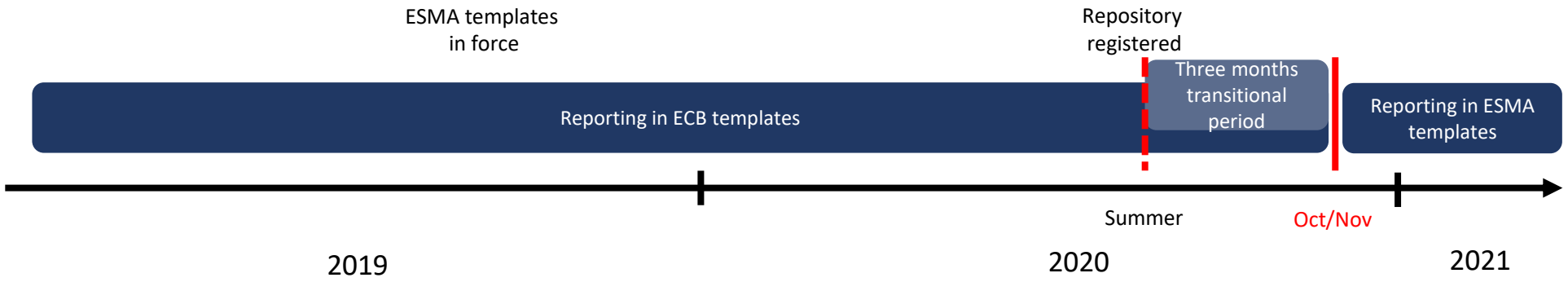
As part of this, the ECB has decided the following:

- The eligibility requirements for loan-level data reporting in the Eurosystem collateral framework will be adjusted to reflect EU Securitisation Regulation's disclosure requirements
- The eligibility criteria for asset-backed securities will change at a future date, subject to the following two conditions being met:
    1. The ESMA templates adopted by the European Commission must have entered into force
    2. At least one securitisation repository must have been registered by ESMA
- The phasing-in of the new loan-level data requirements will be gradual

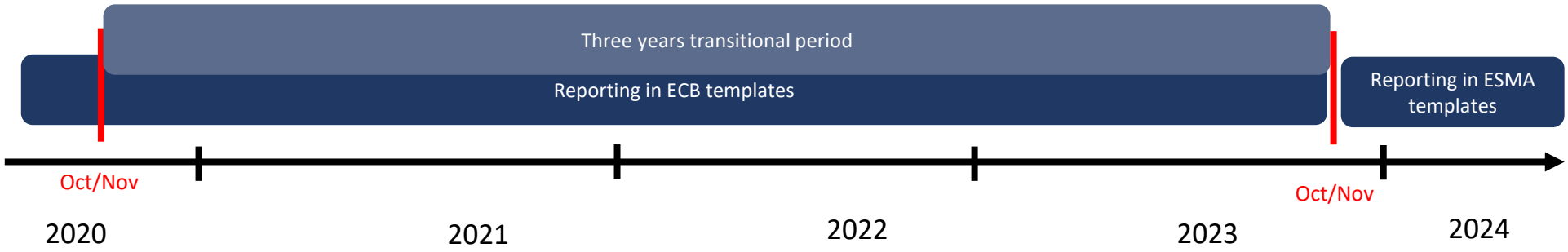
** The ECB press release can be found at the following link: https://www.ecb.europa.eu/press/pr/date/2019/html/ecb.pr190322~1fdcdd3c43.en.html*

TIMELINE – EUROSYSTEM TRANSPARENCY REGIME

FOR 2019+ DEALS



FOR < 2019 DEALS



RECENT COMMUNICATIONS AND DEVELOPMENTS

EBA STS FRAMEWORK FOR SYNTHETIC SECURITISATION

9 October 2019

On 9th October 2019 EBA announced a two-month public consultation on a proposal for a simple, transparent and standardised (STS) framework for synthetic securitisations.

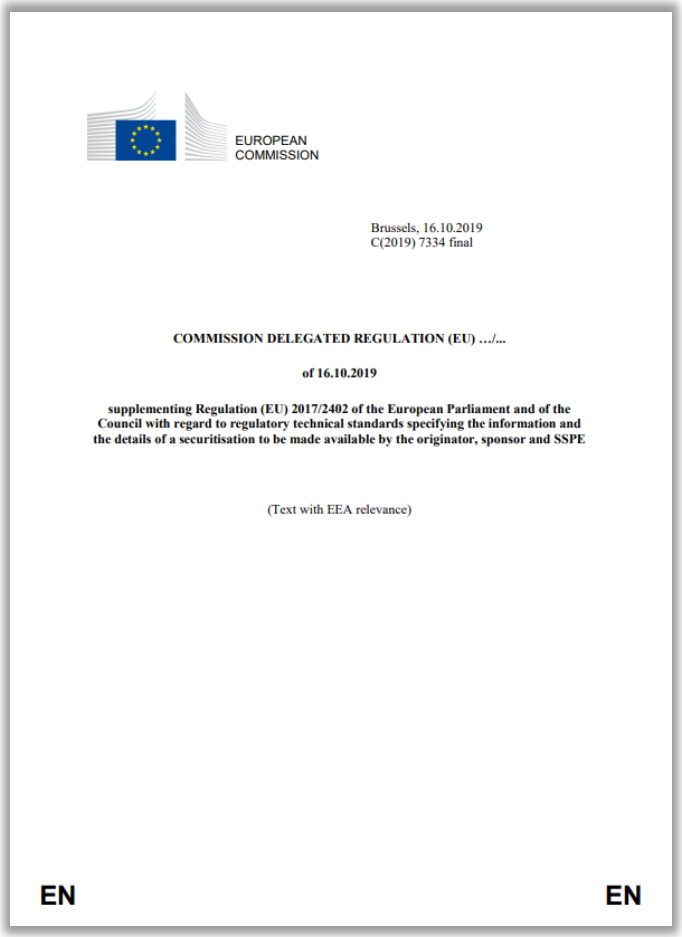
According to EBA, STS synthetic products could create a number of benefits for the financial markets as well as the broader real economy.

Comments to this consultation can be sent to EBA by 25th November 2019. Thereafter EBA aims to publish a final report in 2020. Based on the findings of the EBA final report, the European Commission shall submit a report to the European Parliament and the European Council, together with a legislative proposal, if deemed appropriate.

https://eba.europa.eu/sites/default/documents/files/documents/10180/2963961/418b4777-9e83-4652-bc12-34829f9b7461/EBA%20DP%20on%20STS%20framework%20for%20synthetics%20-%20EBA%20public%20hearing%20October%202019%20final.pdf?retry=1

EUROPEAN COMMISSION PUBLISHED THE RTS ON DISCLOSURE

16 October 2019



EUROPEAN
COMMISSION

Brussels, 16.10.2019
C(2019) 7334 final

COMMISSION DELEGATED REGULATION (EU) …/...

of 16.10.2019

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

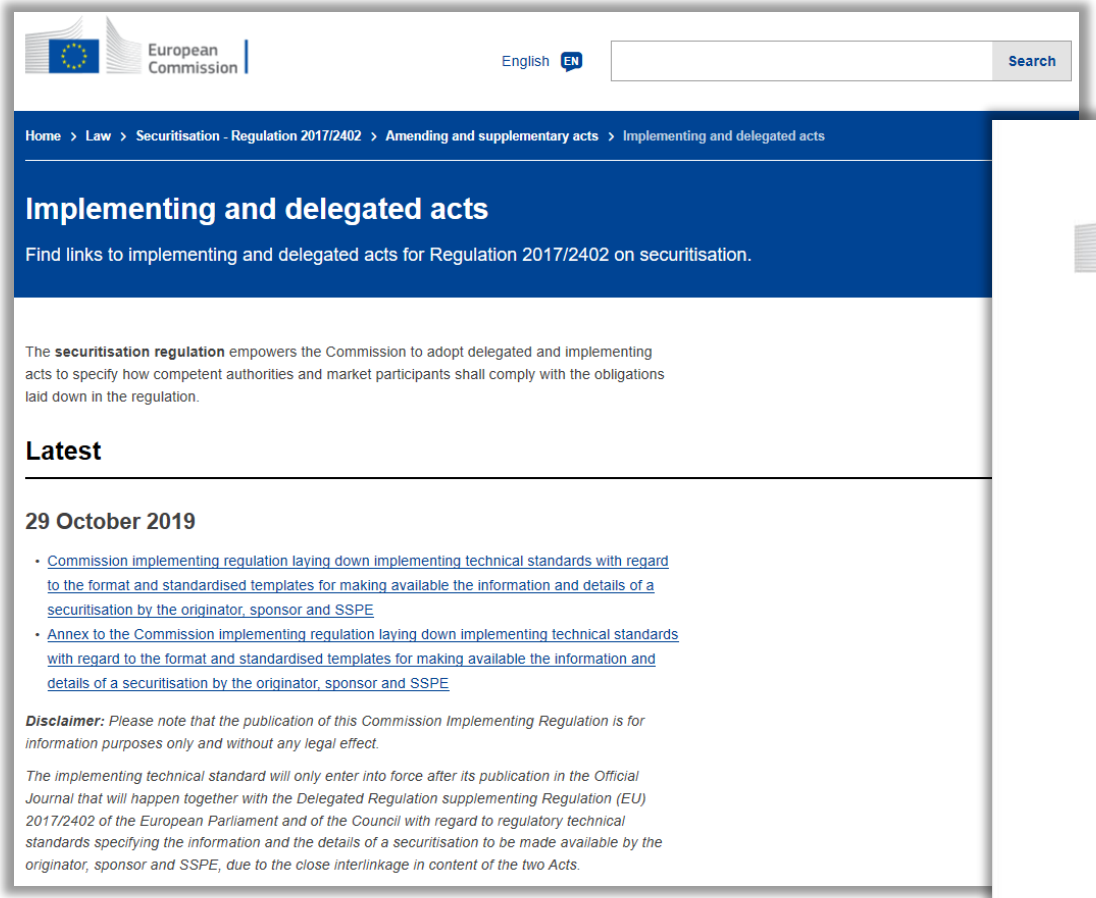
(Text with EEA relevance)

EN **EN**

ESMA Templates	ESMA Templates # fields	European Commission Templates # fields	Changes: ND4 & ND5		Changes: Field name		Changes: Descriptions	
Annex 2 (RMBS)	107	107	3	2.8%	0	0.0%	3	2.8%
Annex 3 (Commercial)	241	241	0	0.0%	0	0.0%	6	2.5%
Annex 4 (SME)	121	121	0	0.0%	0	0.0%	1	0.8%
Annex 5 (AUTO)	84	84	1	1.2%	0	0.0%	1	1.2%
Annex 6 (Consumer)	69	69	0	0.0%	1	1.4%	2	2.9%
Annex 7 (Credit Card)	47	47	0	0.0%	0	0.0%	1	2.1%
Annex 8 (Leasing)	84	84	0	0.0%	0	0.0%	1	1.2%
Annex 9 (Esoteric)	86	86	0	0.0%	0	0.0%	1	1.2%
Annex 10 (NPL)	75	75	0	0.0%	2	2.7%	3	4.0%
Annex 11 (ABCP)	49	49	0	0.0%	0	0.0%	2	4.1%
Annex 12 (IR Non-ABCP)	60	60	0	0.0%	0	0.0%	2	3.3%
Annex 13 (IR ABCP)	24	24	0	0.0%	0	0.0%	5	21.8%
Annex 14 (II or SE Non-ABCP)	204	204	0	0.0%	0	0.0%	3	1.5%
Annex 15 (II or SE ABCP)	99	99	0	0.0%	0	0.0%	3	3.0%
Total	1350	1350	4	0.3%	3	0.2%	34	2.5%

EUROPEAN COMMISSION PUBLISHED THE ITS ON DISCLOSURE

29 October 2019



European Commission

English EN

Search

Home › Law › Securitisation - Regulation 2017/2402 › Amending and supplementary acts › Implementing and delegated acts

Implementing and delegated acts

Find links to implementing and delegated acts for Regulation 2017/2402 on securitisation.

The **securitisation regulation** empowers the Commission to adopt delegated and implementing acts to specify how competent authorities and market participants shall comply with the obligations laid down in the regulation.

Latest

29 October 2019

- Commission implementing regulation 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
- Annex to the Commission implementing regulation 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

Disclaimer: *Please note that the publication of this Commission Implementing Regulation is for information purposes only and without any legal effect.*

The implementing technical standard will only enter into force after its publication in the Official Journal that will happen together with the Delegated Regulation 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, due to the close interlinkage in content of the two Acts.

EUROPEAN COMMISSION

Brussels, XXX
[…](2019) XXX draft

COMMISSION IMPLEMENTING REGULATION (EU) …/...

of XXX

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

(Text with EEA relevance)

EN **EN**

https://ec.europa.eu/info/law/securitisation-regulation-2017-2402/amending-and-supplementary-acts/implementing-and-delegated-acts_en

ESMA RECENTLY PUBLISHED UPDATED Q&As

15 November 2019

On 15th November 2019, ESMA published an updated set of Q&A addressing questions on the disclosure technical standards and providing clarifications relating to STS notification and securitisation repositories.

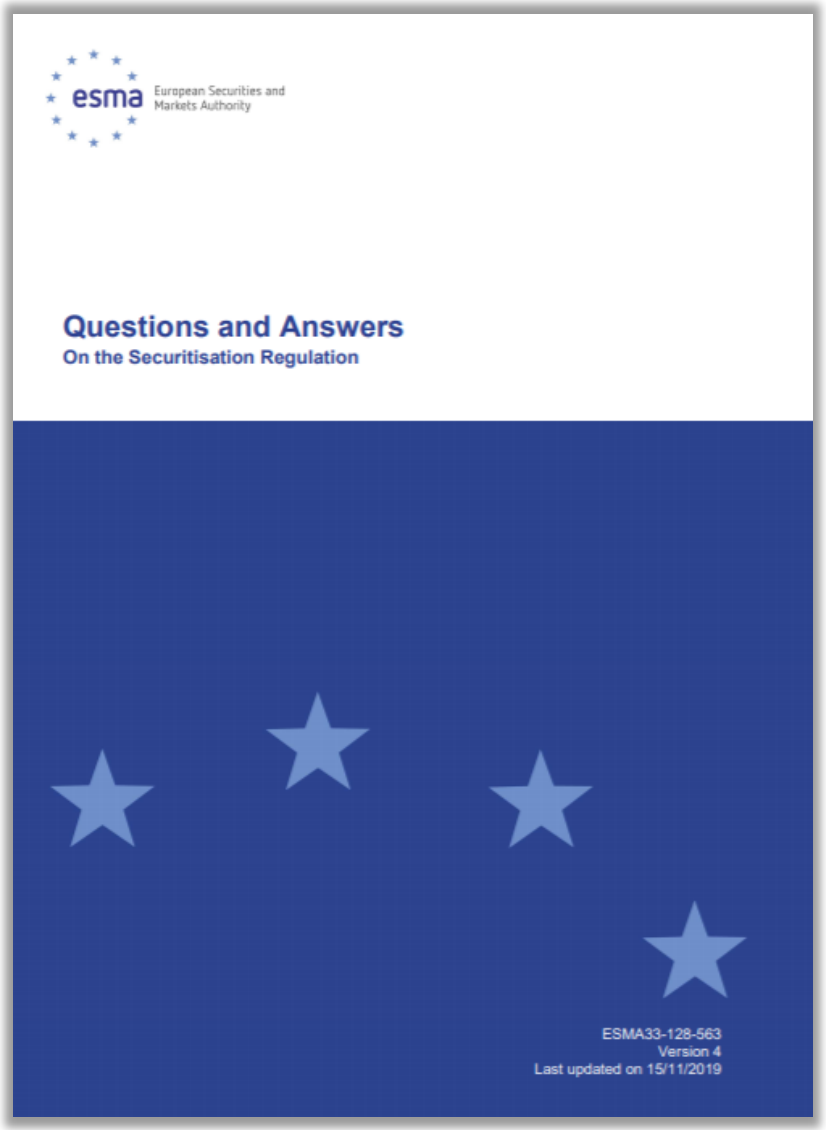
The Q&A cover technical issues on how to report certain information and provide further clarification on template fields to market participants on how to comply with the RTS/ITS

ESMA intends to continue to update this document on a regular basis.

Example of updated Q&As:

- Cashflow information section: Further information has been added, including an example of how a waterfall should be reported (Annex 12/13).

https://www.esma.europa.eu/sites/default/files/library/esma33-128-563_questions_and_answers_on_securitisation.pdf



THE NEW SECURITISATION REGULATION

Legal document overview

LEVEL	MANNER	DOCUMENT / TOPIC	DATE PUBLISHED	VALID FROM
1	ordinance	Securitisation Regulation (EU) 2017/2402	28.12.2017	01.01.2019
2 (ESMA)	RTS / ITS	STS Notification, Final Report	12.11.2018	Estimated Q1 2020
2 (EBA)	RTS	Homogeneity, Final Report	06.11.2019	26.11.2019
2 (EBA)	RTS	Risk Retention, Final Draft	31.07.2018	[Open]
2 (ESMA)	RTS	STS Verification Services, Final Report	16.07.2018	18.06.2019
2 (ESMA)	RTS / ITS	Disclosure, Final Draft (Annex 5.3 of Opinion)	16.10.2019	Estimated Q1 2020
2 (ESMA)	RTS / ITS	Data Repository, Final Report	12.11.2018	[Open]
3 (EBA)	guidelines	Non-ABCP STS criteria	12.12.2018	15.05.2019
3 (EBA)	guidelines	ABCP STS Criteria	12.12.2018	15.05.2019

EDUCATION 3: THE INTRICACIES OF DEAL CREATION AND DATA UPLOAD

GOPALA SANKARAN

LESSON 2 RECAP: PREPARING THE XML

PREPARING THE XML – THE STRUCTURE

- Each Regulatory Reporting XML Messages has 2 parts
  - The **Business Application Header (BAH),** containing the From, To, Identifiers and Related Message details
  - The actual **XML data templates** sent from the Reporting Entity (RE) to Securitisation Repository (SR) or a **Feedback Status Advice XML** sent from SR to RE
- The Business File Header is a simple XML file that encapsulates the BAH and the Reporting message/Status Advice message.

```
<AppHdr xmlns="urn:iso:std:iso:20022:tech:xsd:head.001.001.01">
  <Fr...>
  <To...>
  <BizMsgIdr>BizMsgIdr1</BizMsgIdr>
  <MsgDefIdr>MsgDefIdr1</MsgDefIdr>
  <CreDt>1900-01-01T01:01:01+05:30</CreDt>
  <Rltd...>
</AppHdr>
```

BAH

```
<Document xmlns="urn:esma:xsd:DRAFT1auth.099.001.01" xmlns:x
  <ScrtstnNonAsstBckdComrclPprUndrlygXpsrRpt>
    <NewCrrctn>
      <RptUnqIdr>Max100TextText</RptUnqIdr>
      <ScrtstnRpt>
        <ScrtstnIdr>Max100TextText</ScrtstnIdr>
        <UndrlygXpsrRcrd...>
      </ScrtstnRpt>
    </NewCrrctn>
  </ScrtstnNonAsstBckdComrclPprUndrlygXpsrRpt>
</Document>
```

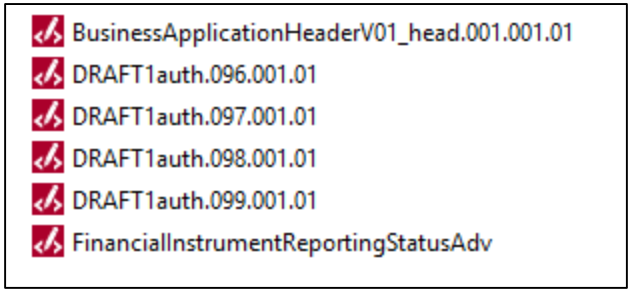
XML Data Template

PREPARING THE XML – THE CONTENT

I. BAH Contents
   I. **From & To** (i.e. the Org Names, Org Ids, etc.). ED will define the Org ID for every issuer.
   II. **Business Message Identifier** – a unique identifier for this particular message instance, as defined by the Reporting Entity (RE)
   III. **Message Definition Identifier** - The identifier of relevant ISO 20022 message ***(TBC)***
   IV. **Creation Date**
   V. **Related** – Related BAH of the original message when the SR responds with feedback

II. XML Data Templates (sent from RE to SR)
   I. Non-ABCP Underlying Exposure
   II. Non-ABCP Significant Event (Mandatory) & Inv. Report (Optional)
   III. ABCP Underlying Exposure
   IV. ABCP Significant Event (Mandatory) & Inv. Report (Optional)

III. XML Data Template (sent from SR to RE)
   I. Status Advice / Feedback



PREPARING THE XML – THE TECHNIQUES

XML Serializer

DocumentBuilder

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CSV to XML Converter Tool

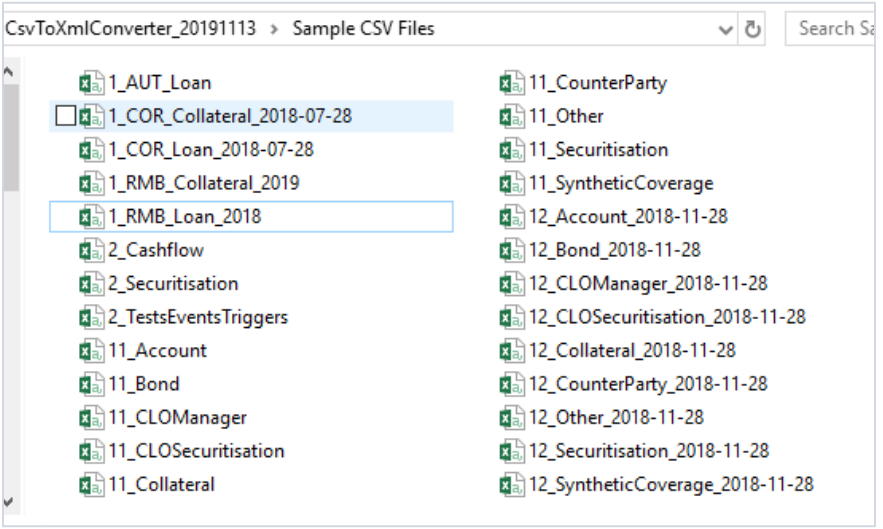
CSV TO XML CONVERTER TOOL

I. Works with ED's CSV format
   I. One or Two lines of header
   II. Separate fields for currency
   III. Comma Separated
   IV. Double quotes as text qualifier for fields with multiple values, e.g. Restructuring Date

II. Files are named with ESMA item codes and data sections

III. Each Data Section in the template is one CSV file

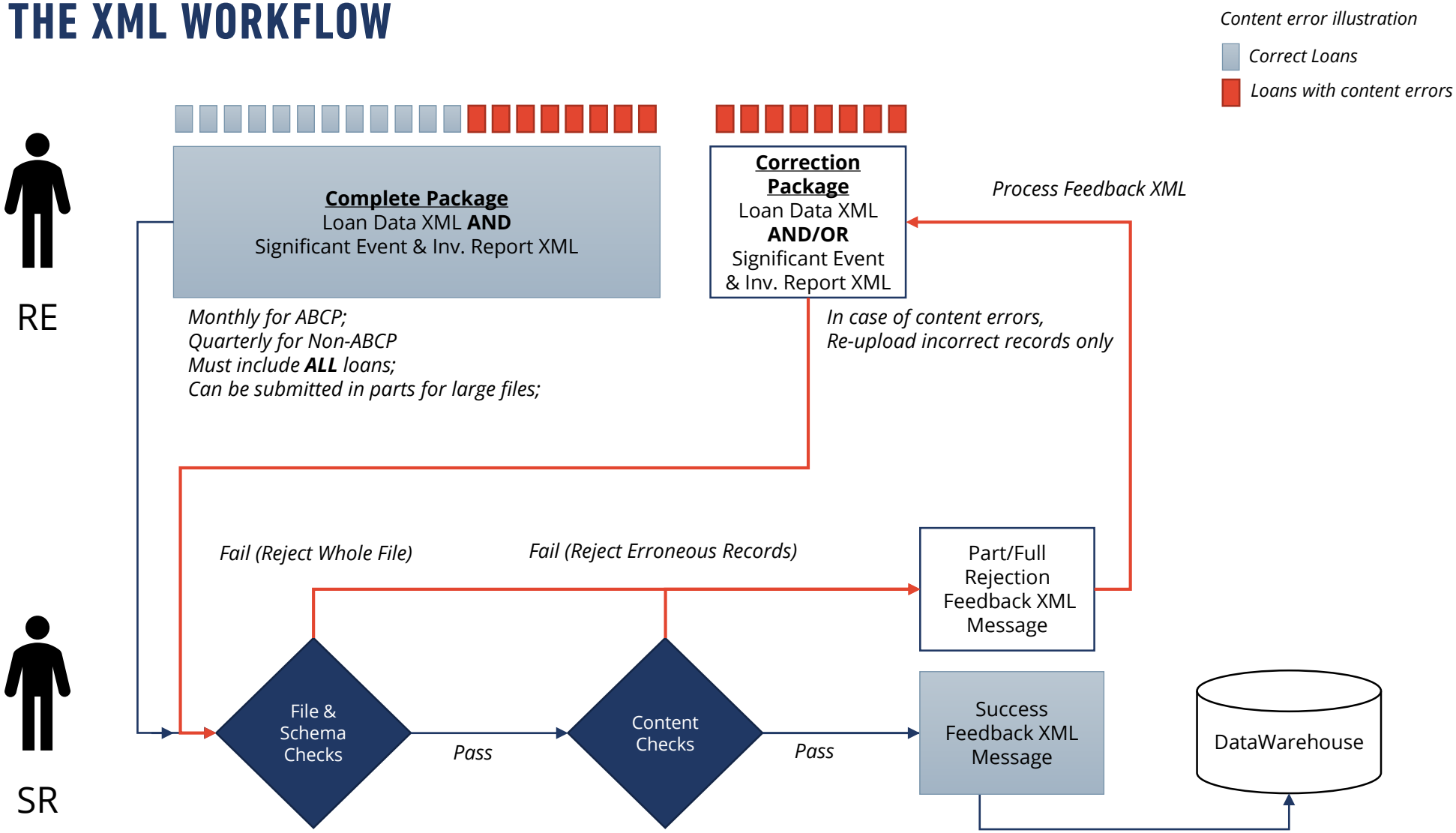
IV. Two modes of conversion
   I. Normal – Scan all collaterals for every loan
   II. Fast – Loan and Collaterals are pre-sorted in the CSV



1_RMB_Loan_2018.csv

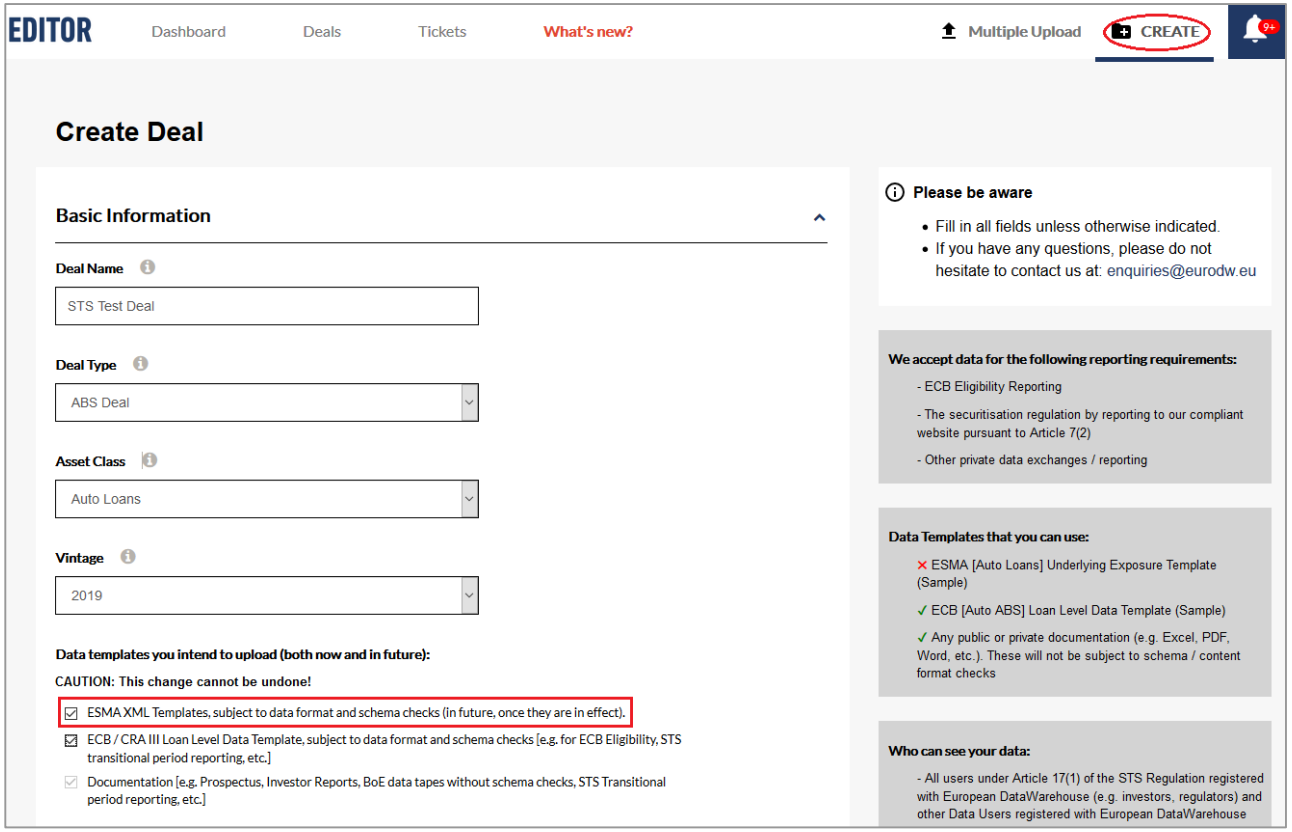
```
1 RREL1,RREL2,RREL3,RREL4,RREL5,RREL6,RREL7,RREL8,RREL9,RREL10,RREL11,RREL12,RREL13,RREL14,RREL15,RREL16,RREL16_CURRENCY,RREL17,RREL18,RREL19,RREL20,
2 Unique Identifier,Original Underlying Exposure Identifier,New Underlying Exposure Identifier,Original Obligor Identifier,New Obligor Identifier,Dat
3 9845006A0EDK9B99AM17N199911,HSIIWKSP8980,JSIIWKSP8980,KSIIWKSP8980,FSIIWKSP8980,2021-09-03,2018-11-29,2018-11-29,2018-09-03,Y,BE251,2019,ND1,Y,CNEO
4 9845006A0EDK9B99AM17N199911,HSIIWKSP8981,JSIIWKSP8981,KSIIWKSP8981,FSIIWKSP8981,2018-11-29,2018-11-29,2018-11-29,2018-11-29,Y,BE251,2019,EMBL,Y,CEM
5 9845006A0EDK9B99AM17N199911,HSIIWKSP8982,JSIIWKSP8982,KSIIWKSP8982,FSIIWKSP8982,2018-11-29,2018-11-29,2018-11-29,2018-11-29,Y,BE251,2019,EMUK,Y,CNR
6 9845006A0EDK9B99AM17N199911,HSIIWKSP8983,JSIIWKSP8983,KSIIWKSP8983,FSIIWKSP8983,2021-09-03,2018-11-29,2018-11-29,2018-11-29,Y,BE251,2019,UNEM,Y,CNE
7 9845006A0EDK9B99AM17N199911,HSIIWKSP8984,JSIIWKSP8984,KSIIWKSP8984,FSIIWKSP8984,2018-11-29,2018-11-29,2018-11-29,2018-11-29,Y,BE251,2019,SFEM,Y,CNE
8
```

THE XML WORKFLOW



LESSON 3: THE INTRICACIES OF DEAL CREATION AND DATA UPLOADING

HOW TO CREATE A DEAL

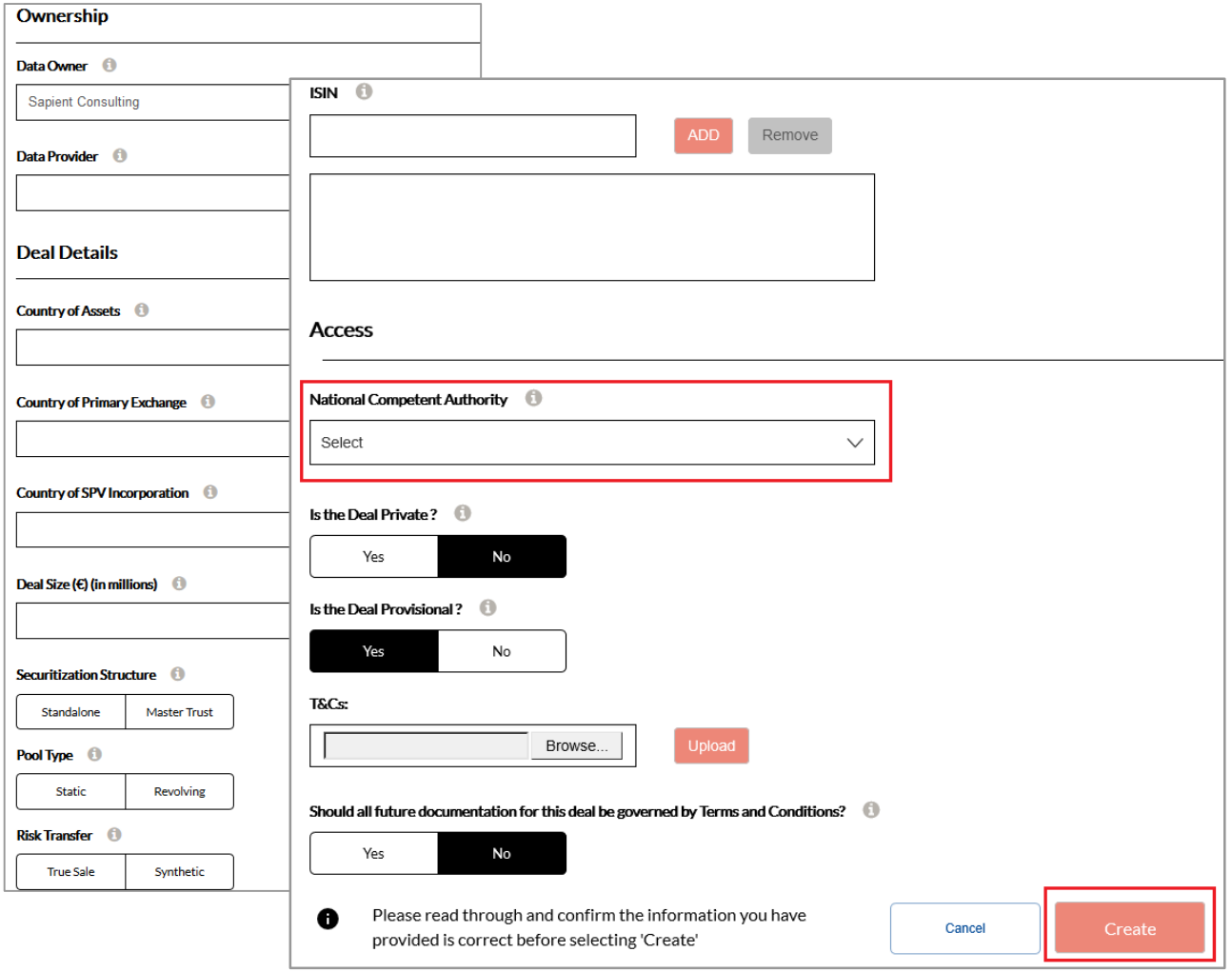


1. To create a new deal, please click "Create". The relevant fields will be automatically displayed subject to the "Deal Type" selected.

Please note:

- It is possible to create one deal for all reporting requirements. Manage both ECB Eligibility Reporting and Securitisation Regulation Compliance from one place.
- In the Production Environment it is not yet possible to upload ESMA XML/CSV Templates. However, we suggest ticking the checkbox of ESMA Reporting.
- Only users with the Data Owner role have the authorisation to create new deals.
- Once the reporting purposes are selected, it cannot be undone by editing the deal.

HOW TO CREATE A DEAL

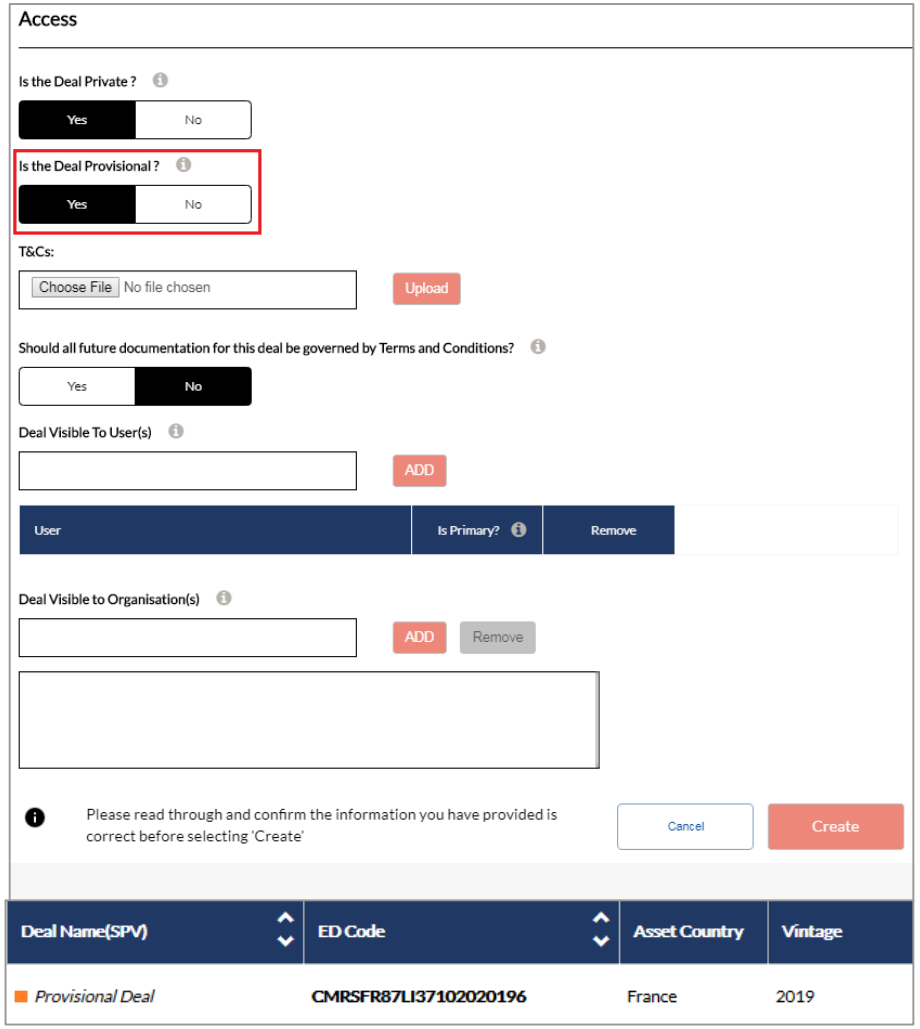


2. Please choose 'NA' and edit this field at a later stage once the final National Competent Authority (NCA) is available.

   NCA will be automatically displayed only if the deal is targeted for ESMA Reporting.

(end of process)

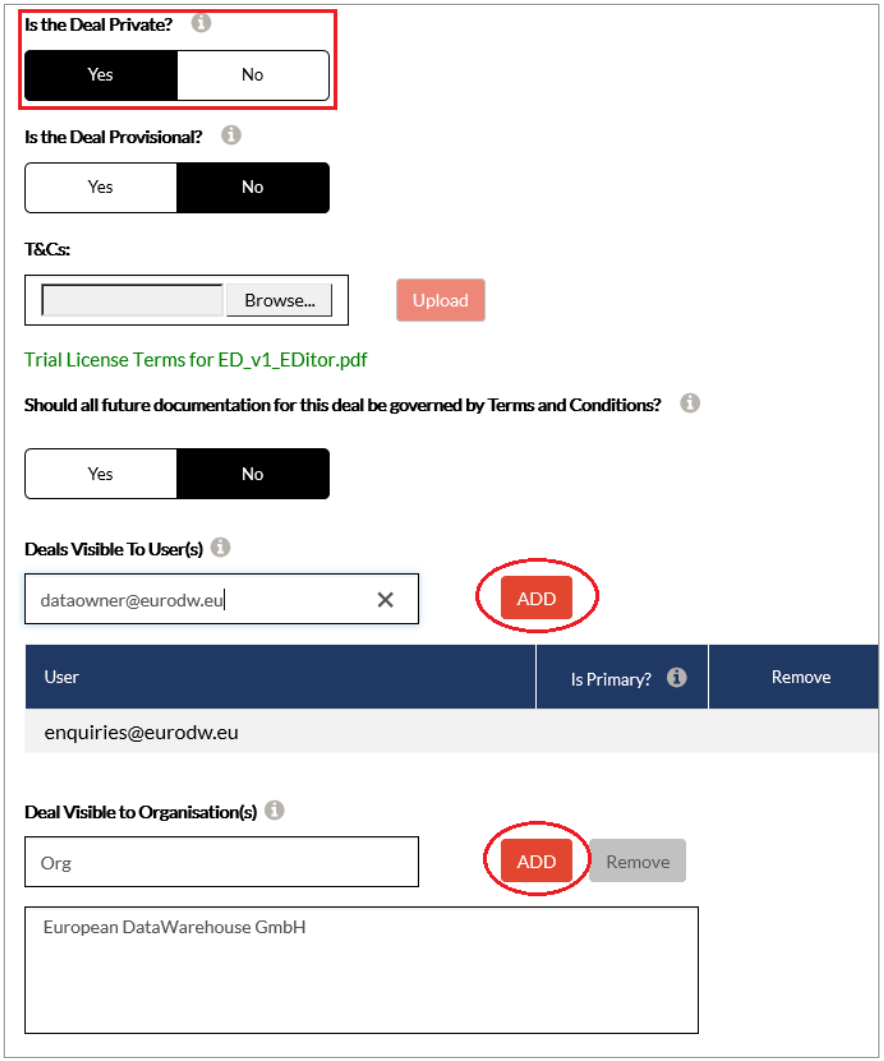
PROVISIONAL FLAG



Please note:

- **The Marketing Flag** is a feature implemented in EDITOR in order to meet the market demand for uploading provisional data files and other relevant documents into the platform for all public ABS deals during their marketing period.
- A deal can be marked as "Provisional" to indicate that the deal is in marketing period and has not yet been priced/closed. Relevant Terms & Conditions can be uploaded for such deals and need to be accepted by Data Users prior to downloading the LLD submissions or documents made during the marketing period.
- Provisional deals can be switched to non-provisional at a later stage (once the deal is priced/closed). **However, a non-provisional deal cannot be switched to provisional.**
- Provisional submissions remain visible after a provisional deal is switched to non-provisional.
- All such deals in the marketing period are identified with an orange flag

PRIVATE FLAG



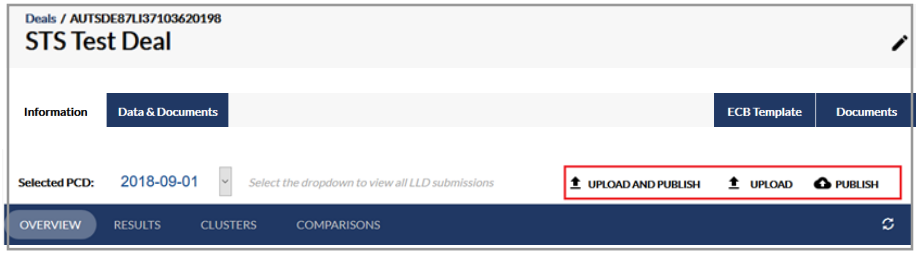
EDITOR enables users to create private deals. This flag indicates the deal is private, i.e. it is only visible to Data Users specified by the Deal Creator.

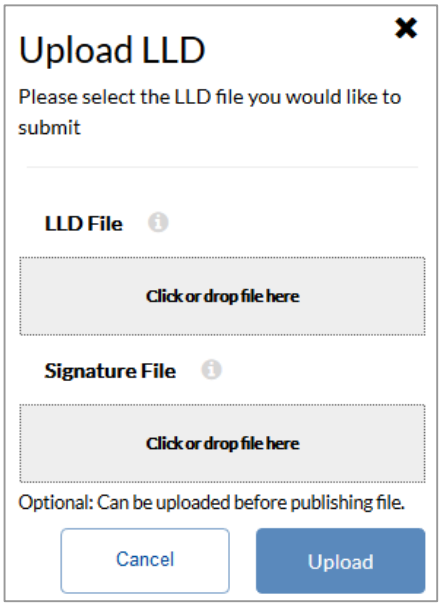
In order to create a private deal, please select it as **private** and enter the users (email addresses) and organisations in the visible list. A semicolon (;) should be inserted between multiple users or multiple organisations.

Please note:

- **Only the Deal Creator** can edit a private deal e.g. change ISINs, update deal status or invite users/organisations for private access.
- Private deals can be switched to public and all private submissions can remain as private (not visible) or visible to data users while the LLD file inherits the status of the deal. **Note: a deal is created as public deal, it is not possible to be switched to private**.
- Once an **existing user** is added, the user will receive access without further approval. Once a **non-existing user** is added, the user will receive an invitation to complete the registration process prior to having access to this deal.
- **It is not possible** to add a non-registered organisation. In order to add an organisation, the complete organisation name should be entered, otherwise an error will be displayed. In this case contact ED at enquiries@eurodw.eu. After the organisation is added, only the users with special permissions will be able to view the deal and add other users within the same organisation.

SUBMIT LOAN LEVEL DATA (LLD)





1. In order to upload the LLD files, please select the deal
2. Click “ECB Template”
3. Click “UPLOAD AND PUBLISH” to immediately publish the LLD file **OR** click “UPLOAD” in order to view failed rules prior to publishing
4. Browse or drop the compressed LLD file and the signature file generated by ED Digital Signature Utility, click “Upload”
5. “Multiple Upload” is possible by selecting deals one by one.

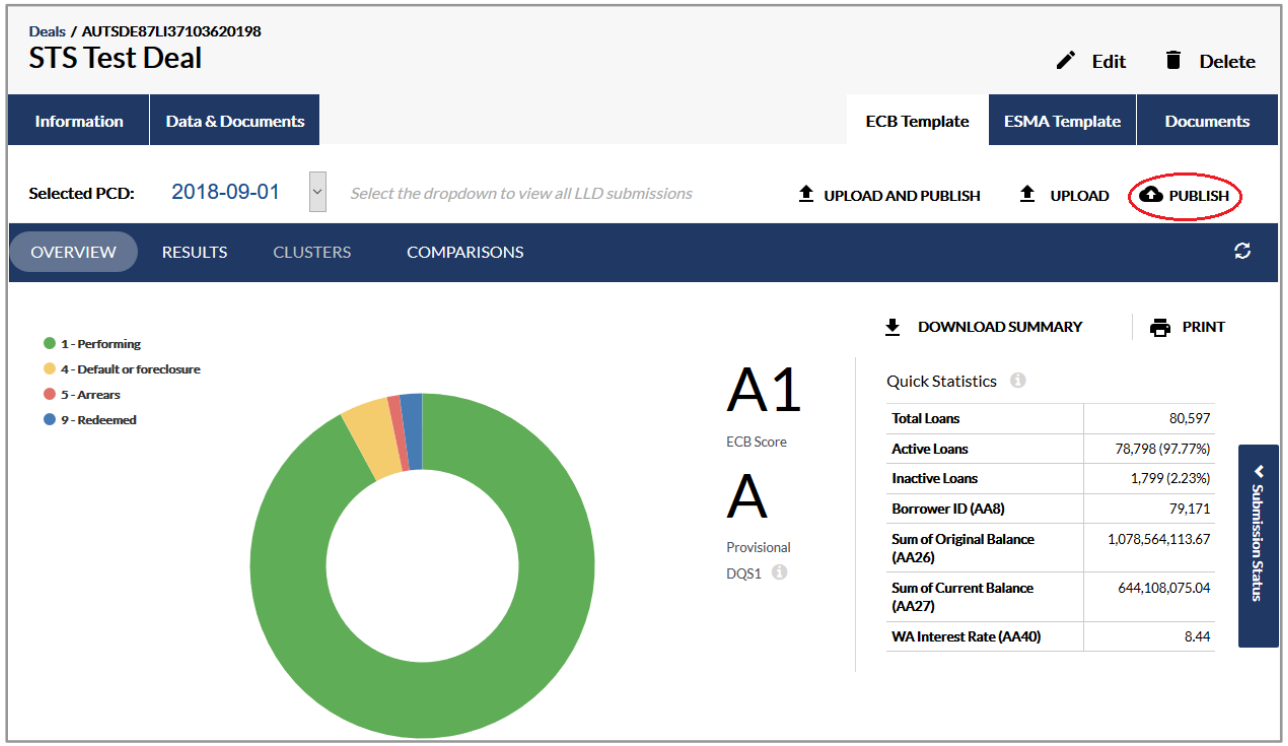
Please note:
Currently, the submission of LLD is only possible in the ECB template format. ESMA format will also be available in the future .

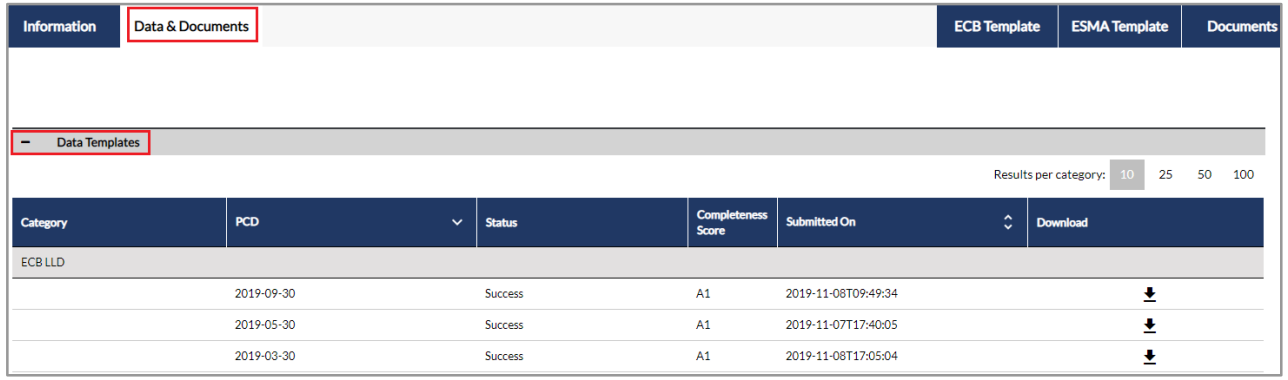
The supported formats for LLD files and signature files are:

Signature files:
CSV: **.tar.gz.asc** AND **.zip.asc**
XML: **.xml.gz.asc**
Excel: **.zip.asc**

LLD files:
CSV: **.tar.gz** AND **.zip**
XML: **.xml.gz**
Excel: **.zip**

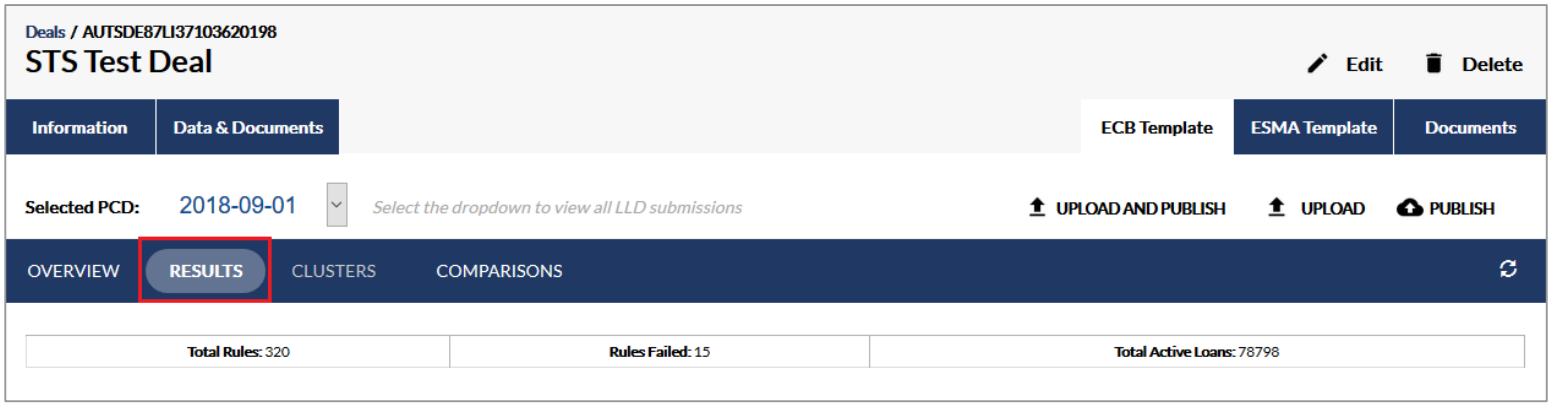
SUBMIT LOAN-LEVEL DATA (LLD)





- After a successful submission, the ECB Score and a provisional Data Quality Score (DQS1) will be calculated.
- **<u>To make the LLD files available to the Data Users click "PUBLISH"</u>**
- If a publication is successful the LLD file will be available under the section **Data&Documents.**
- Data submissions can be overwritten if the file is re-uploaded with the same Pool Cut-off Date.
- The successful LLD uploaded will be displayed under the tab "Data & Documents" with the relevant status if click "Data Templates"

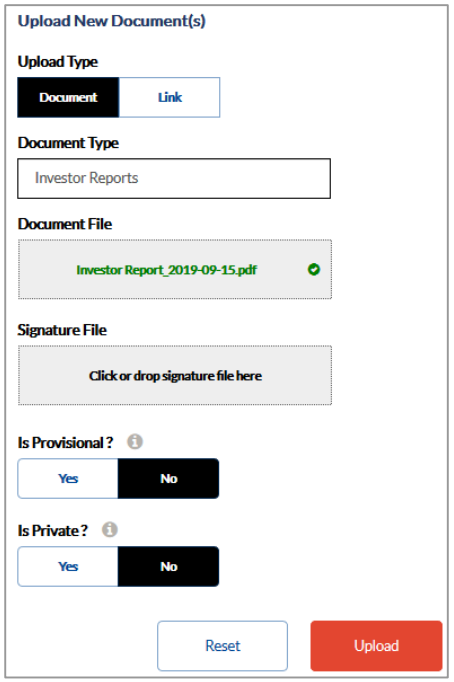
SUBMIT LOAN LEVEL DATA (LLD)

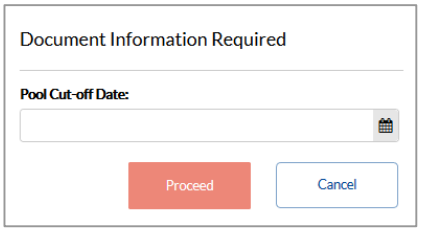


Check ID	Rule Description	Impacted Total Loans		Impacted Active Loans		Impacted Active Loans %		Current Underlying Data
		Current	Previous	Current	Previous	Current	Previous	
AA28/IIC/A/02	Scheduled Payment Due (AA28) greater than zero when Account Status is 'Redeemed' (AA74='9').	24461	23019	NA	NA	NA	NA	
AA44/ND5/A/01	Car Manufacturer (AA44) equal to ND,5.	5502	5617	5502	5617	10.55	10.48	
AA58/ND5/A/01	Date Removed from the Pool (AA58) equal to ND,5 when Account Status is 'Default or Foreclosure', 'Repurchased' or 'Redeemed' (AA74 in '4','6','7','8',..	1425	1365	NA	NA	NA	NA	
AA16/IIC/A/03	Borrower's Employment Status equal to 'Other' (AA16='9') when Customer Type is 'Individual' (AA55='4').	896	911	896	911	1.72	1.70	

- In order to understand the DQS score and view the failed rules click “RESULTS”
- All rules failing for at least one loan will be available in this section. Rules used to calculate the DQS1 score are signaled with a “star”
- In order to view the affected underlying data click
- Please note: Data Quality Scores (DQS1 and DQS2) are applicable only for the **ECB Template** and have no impact on the ECB score used by the Eurosystem for its ABS collateral eligibility assessment

SUBMIT AND MANAGE DOCUMENTS – INDIVIDUAL DOCUMENT UPLOAD





To upload an individual document:

1. Please click "Documents" and select the Document Type
2. Individual document upload also supports URL upload.

<u>Please note</u>:

- **Signature File is not mandatory for Document Upload**
- The types of Underlying Exposures, Investor Reports, Inside Information and Significant Events request also the Pool Cut-off Date in the file name with the below format, otherwise an error will be displayed indicating "Invalid File Name".
- **FileName_YYYY-MM-DD**

  YYYY-MM-DD refers to the pool cut-off date (PCD). For example the file name of the investor report could be

  Investor Report_2019-10-15.pdf

  The PCD is supposed to be in line with the PCD in the LLD file

SUBMIT AND MANAGE DOCUMENTS - ITEM TYPES & CODES OF DOCUMENTS

ESMA Regime - Item Types and Codes (only relevant for public deals)

Item Types & Codes required as part of the STS regulation
1 – Loan Level Data (Underlying Exposures)
2 – Investor Report
3 – Prospectus
4 – Asset sale agreement; any relevant declaration of trust
5 – Derivatives and guarantees agreements
6 – Servicing; backup servicing; cash management agreements
7 – Trust deed; security deed
8 – Inter-creditor agreements; derivatives documentation
9 – Any other underlying documentation essential for understanding of the transaction
10 – STS Notification
11 – Inside Information
12 – Significant Event

Internally Provided Item Types and Codes

90 - General Private Documents
91 – Cash Flow Model
92 – Pre-sale Report

Q&A

EDUCATION OUTLOOK

UPCOMING SESSIONS

5 Part series before the Christmas holidays

- ✓ 06 November: Part 1: The ESMA Templates – How to avoid the pitfalls in data preparation
- ✓ 14 November: Part 2: Preparing your data in XML
- ✓ 28 November: Part 3: The intricacies of deal creation and data uploading
- **05 December: Part 4: Action after the upload**
- **19 December: Part 5: Issuer Roundtable and extensive Q&A**

THANK YOU//CONTACT US

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