

EDUCATION PART 5: TECHNICAL AND REGULATORY Q&A

19 DECEMBER 2019



ON TODAY'S CALL

Regulatory and IT Experts



DR. CHRISTIAN THUN

☎ +49 69 50986 9305

✉ christian.thun@eurodw.eu



EIRINI KANONI

☎ +49 69 50986 9318

✉ eirini.kanoni@eurodw.eu



GOPALA SANKARAN

☎ +49 69 50986 9319

✉ gopala.sankaran@eurodw.eu

CONTENT

Regulatory Reminders

Lesson 1-4 Recap:

Part 1: The ESMA Templates – How to avoid the pitfalls in data preparation

Part 2: Preparing your data in XML

Part 3: The intricacies of deal creation and data uploading

Part 4: Action after the upload

Q & A

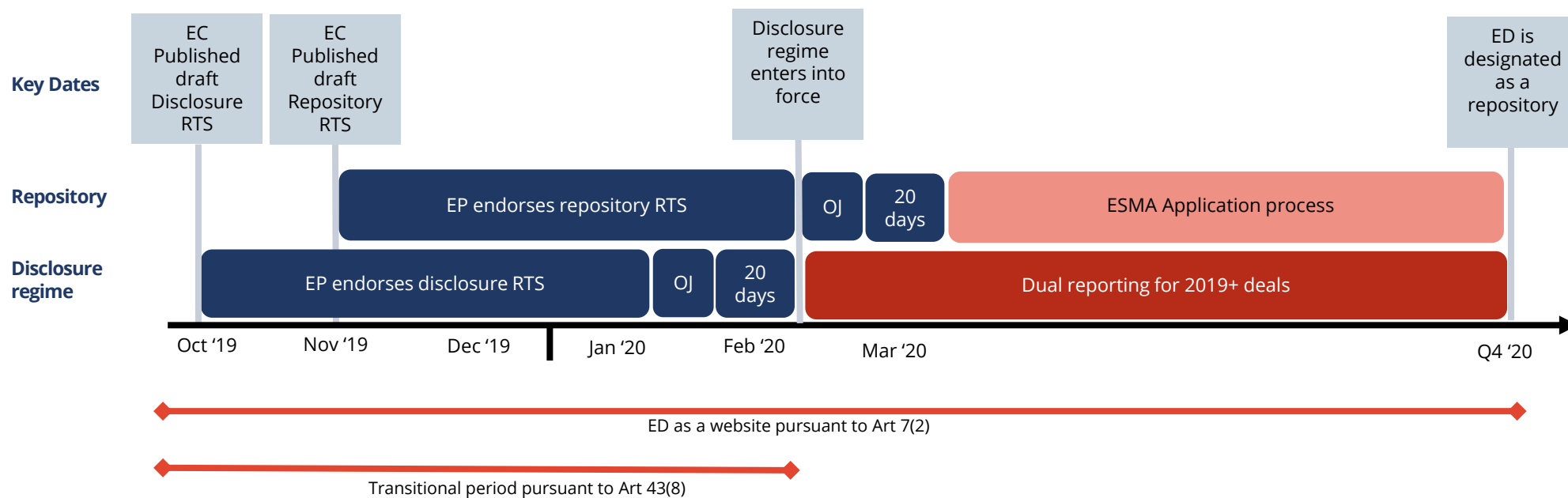
Roundtable Discussion and Open Forum

REGULATORY AND TIMELINE UPDATE

REGULATORY TIMELINE IN 2019 / 2020

Last updated to reflect regulatory developments as of 29 November 2019

Repository & disclosure regime



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

LESSON 1-4 RECAP

GOPALA SANKARAN

XML DATA FORMAT

Data for EMSA eligibility will need to be uploaded as an XML File

- The ESMA XML Templates follow the ISO 20022 standard
- 4 Item codes covered by XML templates (1, 2, 11 & 12)
 - Underlying Exposures
 - Investor Report
 - Inside information
 - Significant Event templates
- Submitting data in XML is mandatory as per the regulation
- ED offers a CSV format and a CSV to XML converter, given that CSVs are easier to generate and they are 10-15x smaller in size compared to XML
- The XML data will be accepted by repositories only after they pass
 - Schema checks [Rejection of the whole file even if there is one schema error]
 - Content checks [Rejection of only those records that fail the content checks]

```
1 <?xml version="1.0" encoding="UTF-8"?>
2 <Document xmlns="urn:esma:xsd:DRAFT1auth.099.001.01" xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
3   <SctstnNonAsstBekdComc1PprUndrlygXpsrRpt>
4     <NewCrrctn>
5       <RptUnqIdr>UNIQEREPORID</RptUnqIdr>
6       <SctstnRpt>
7         <SctstnIdr>549300056U8YWOKJP92N202001</SctstnIdr>
8         <UndrlygXpsrRcnd>
9           <UndrlygXpsrId>
10            <NewUndrlygXpsrIdr>Max1000TestText</NewUndrlygXpsrIdr>
11            <OrgnUndrlygXpsrIdr>Max1000TestText</OrgnUndrlygXpsrIdr>
12            <NewOblgrIdr>Max1000TestText</NewOblgrIdr>
13            <OrgnOblgrIdr>Max1000TestText</OrgnOblgrIdr>
14            <CutoffDt>2020-12-31</CutoffDt>
15          </UndrlygXpsrId>
16          <UndrlygXpsrData>
17            <ResdtlRealEsttLn>
18              <PrfrmglLn>
19                <UndrlygXpsrCmonData>
20                  <ActvtyDtDtls>
21                    <PoolAddtnDt>
22                      <Dt>2020-12-31</Dt>
23                    </PoolAddtnDt>
24                  <RpdDt>
25                    <NoDataOptn>
26                      <NoData>ND4</NoData>
27                      <Dt>XXXX-XX</Dt>
28                    </NoDataOptn>
29                  </RpdDt>
30                </ActvtyDtDtls>
31              </ResdtlRealEsttLn>
            </UndrlygXpsrData>
          </UndrlygXpsrRcnd>
        </SctstnRpt>
      </NewCrrctn>
    </SctstnNonAsstBekdComc1PprUndrlygXpsrRpt>
  </Document>
```

PREPARING YOUR XML FILE – THINGS TO KNOW

- Each XML has to adhere to a schema
- Reports vs Records & Unique Identifiers
- Each data field has a unique XML Tag and XML Path
- Some fields are grouped under a common XML Tag
- Loan and Collateral details are grouped under a master “Underlying Exposure Record”
- There are specific XML representations for
 - Monetary fields with currency
 - ND values
 - Performing vs Non-Performing Loan
 - New submissions & corrections

```
<FinDtls>  
<PmryOblgrIncm>  
<Val>  
  <Amt>  
    <Amt Ccy="EUR">100000000</Amt>  
    <Sgn>-</Sgn>  
  </Amt>  
</Val>  
<Tp>  
  <Cd>DSPL</Cd>  
</Tp>  
<Vrfctn>  
  <Cd>SCRG</Cd>  
</Vrfctn>  
</PmryOblgrIncm>
```

EUR, -10000000, DSPL,SCRG

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:scrtstn="urn:esma:xsd:scrtstn.099.001.01">
  <ScrtstnNonAsstBckdComrc1PprUndrlygXpsrRpt>
    <NewCrrctn>
      <RptUnqIdr>Max100TextText</RptUnqIdr>
      <ScrtstnRpt>
        <ScrtstnIdr>Max100TextText</ScrtstnIdr>
        <UndrlygXpsrRcrd[...]>
      </ScrtstnRpt>
    </NewCrrctn>
  </ScrtstnNonAsstBckdComrc1PprUndrlygXpsrRpt>
</Document>
```

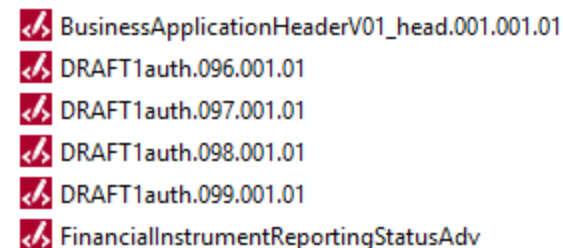
**XML
Data
Template**







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

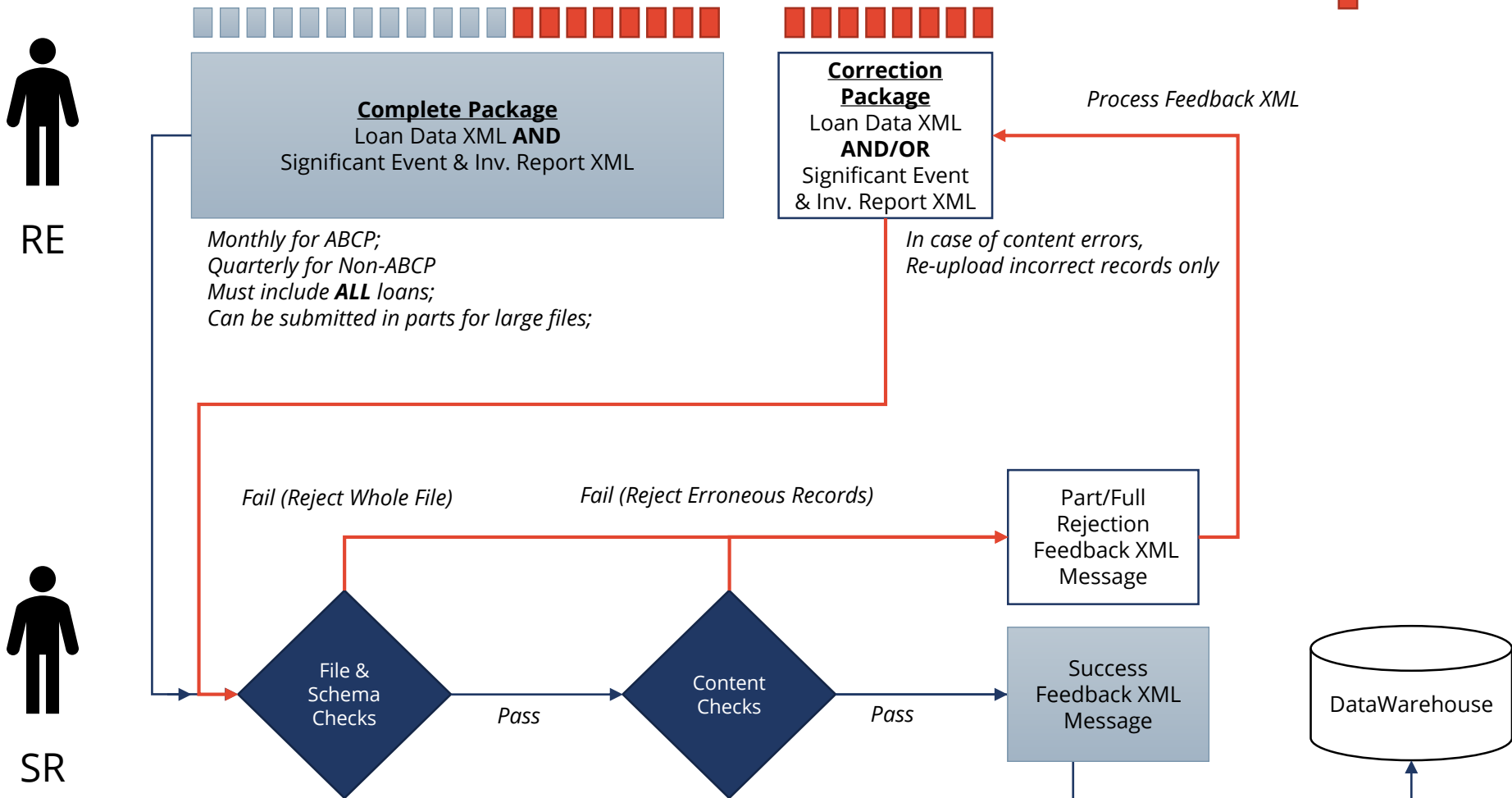


-  BusinessApplicationHeaderV01_head.001.001.01
-  DRAFT1auth.096.001.01
-  DRAFT1auth.097.001.01
-  DRAFT1auth.098.001.01
-  DRAFT1auth.099.001.01
-  FinancialInstrumentReportingStatusAdv

THE FEEDBACK WORKFLOW

Content error illustration

- Correct Loans
- Loans with content errors



FEEDBACK MESSAGE STRUCTURE

- I. Follows the ISO 20022 Status Advice Structure
- II. Contents:
 - The overall status of processing
 - Statistics of records per status
 - Record level status indicating what checks failed on each record
- III. Timing
 - Sent after processing a report or Every 60 minutes (in case of large files)
- IV. Alternatives to XML Processing
 - An excel based Summary report will be made available as usual on EDITOR for easy comprehension of the feedback message

```

1  <?xml version="1.0" encoding="utf-8"?>
2  <Document xmlns="urn:iso:std:iso:20022:tech:xsd:auth.031.001.01">
3  <FinInstrmRptgStsAdv<
4  <StsAdv<
5  <MsgRptIdr>MsgRptIdr1</MsgRptIdr>
6  <MsgSts>
7  <Sts>ACPT</Sts>
8  <VldtnRule>...</VldtnRule>
16 <VldtnRule>...</VldtnRule>
24 <VldtnRule>...</VldtnRule>
32 <MsgDt>1900-01-01</MsgDt>
33 <Sttstcs>
34 <TtlNbOfRcrds>TtlNbOfRcrds1</TtlNbOfRcrds>
35 <NbOfRcrdsPerSts>...</NbOfRcrdsPerSts>
39 <NbOfRcrdsPerSts>...</NbOfRcrdsPerSts>
43 <NbOfRcrdsPerSts>...</NbOfRcrdsPerSts>
47 </Sttstcs>
48 </MsgSts>
49 <RcrdSts>...</RcrdSts>
95 <RcrdSts>...</RcrdSts>
41 <RcrdSts>...</RcrdSts>
87 <SplmtryData>...</SplmtryData>
93 <SplmtryData>...</SplmtryData>
99 <SplmtryData>...</SplmtryData>
!05 </StsAdv<
!06 </FinInstrmRptgStsAdv<
!07 </Document>

```

DISCLOSURE REQUIREMENTS – DOCUMENTS TO REPORT

Everything you need to know about the Reporting Requirements of the EU Securitisation Regulation

Disclosure Requirements - Documents to Report



Before Pricing

Documentation

Item Code	Document
[3]	Final offering document; prospectus; closing transaction documents, excluding legal opinions
[4]	Asset sale agreement; assignment; novation or transfer agreement; any relevant declaration of trust
[5]	Derivatives and guarantees agreements; any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator
[6]	Servicing; back-up servicing; administration and cash management agreements
[7]	Trust deed; security deed; agency agreement; account bank agreement; guaranteed investment contract; incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value
[8]	Inter-creditor agreements; derivatives documentation; subordinated loan agreements; start-up loan agreements and liquidity facility agreements
[9]	Any other underlying documentation that is essential for the understanding of the transaction
[10]	STS Notification

Quarterly (Non-ABCP); Monthly (ABCP)

XML Data Templates

[1]	Underlying exposures or underlying receivables or credit claims 
[2] [11] or [12]	Investor report Inside Information or Significant Event Common XML file to report [2] and [11]/[12] in a single XML file 

PRE-SUBMITTED Q&A

PRE-SUBMITTED Q&A: YES/NO ANSWERS

1. Once the ESMA templates are applicable for those deals that were issued in 2019, will there be any DQS scores? **No initially, but...**
2. With the website for converting CSV to XML, could there be any GDPR issue? **No.**
3. When there is a Significant Event, do DPs also have to submit the IR (populated)? **No, but with exceptions.**
4. For ECB eligibility purposes, for a deal issued 2019+, if the ESMA templates are approved, and the DP is ready with the ESMA templates, could they avoid the double reporting and submit only the ESMA templates for complying the Securitisation Regulation and the ECB requirement? **No.**
5. For the II/SE Annex there are different sections and CSV files, if the deal is not a CLO or Synthetic, must these sections (CLO or Synthetic) be populated? **No.**
6. Do the XML files have to be compressed when submitting to the repository? **Yes, when uploaded as document.**
7. Is it possible to use your sandbox environment for ECB data upload tests as well? **Yes.**
8. Can I use the Auto template for deals with automobile underlying exposures that are leases? **Yes, you must.**
9. Is the converter from CSV to Excel for free? How does it work? **Yes...**

PRE-SUBMITTED Q&A: EXTENSIVE ANSWERS

- 1. What is the exact point in time when we need to stop using CRA3 and starting with ESMA reporting?**
- 2. At first, do you have an idea how long the ECB reporting will still be required? To our knowledge, the ECB reporting will cease to exist after the start of the ESMA reporting.**
- 3. I thought that ESMA only becomes mandatory after ECB has phased out completely, meaning approx. in November 2020**
- 4. We understand there is a feedback xml message in case of failed xml upload to ESMA due to content error or others. We would like to understand if EDW will get this file and translate what error is causing the file upload (will they relay) that information to you (the analyst)? Or will the feedback xml be provided to the client?**
- 5. I've just tried to create a new deal in your sandbox environment. I get the odd message that the securitization identifier is already in use. I am pretty sure that I have not used that very identifier in the past.**

PRE-SUBMITTED Q&A: RELEASE DATES AND TIMELINE ANSWERS

1. When will the Credit Cards XML converter be ready to use?

- AUTO: Ready
- RMBS: Ready
- CORP: Ready
- LES: Ready
- CMR: Ready
- Non-ABCP: Ready
- Investor Report/Significant event: Ready
- Credit Cards: Coming in Jan

2. When will the schema and content checks start to work for the ESMA templates?

3. When is the ND threshold expected to be released?

4. When will ESMA release the final XML templates?

ROUNDTABLE DISCUSSION AND OPEN FORUM

GAP ANALYSIS 3.0 AND 3.1

Comprehensive comparisons to facilitate template transitions

Version 3.0: Analysis between the ESMA draft disclosure templates released in Aug 2018 and Jan 2019

Version 3.1: Analysis between RTS published by the European Commission on 16 October 2019 and those published on 31 January 2019 by the European Securities and Markets Authority



THANK YOU//CONTACT US

EUROPEAN DATAWAREHOUSE GMBH

Walther-von-Cronberg-Platz 2

60594 Frankfurt am Main

 **www.eurodw.eu**

 **enquiries@eurodw.eu**

 **+49 (0) 69 50986 9017**

This presentation (the “Presentation”) has been prepared by European DataWarehouse GmbH (the “Company”) and is being made available for information purposes only. The Presentation is strictly confidential and any disclosure, use, copying and circulation of this Presentation is prohibited without the consent from the Company. Information in this Presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. No representation, warranty or undertaking, express or implied, is made as to the accuracy, completeness or appropriateness of the information and opinions contained in this Presentation. Under no circumstances shall the Company have any liability for any loss or damage that may arise from the use of this Presentation or the information or opinions contained herein. Certain of the information contained herein May include forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, “May”, “will”, “should” and similar expression. The forward-looking looking statements, contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are uncertain and subject to risks.