

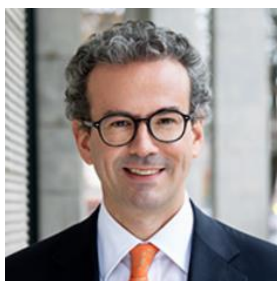
REGULATORY UPDATE

20 AUGUST 2020



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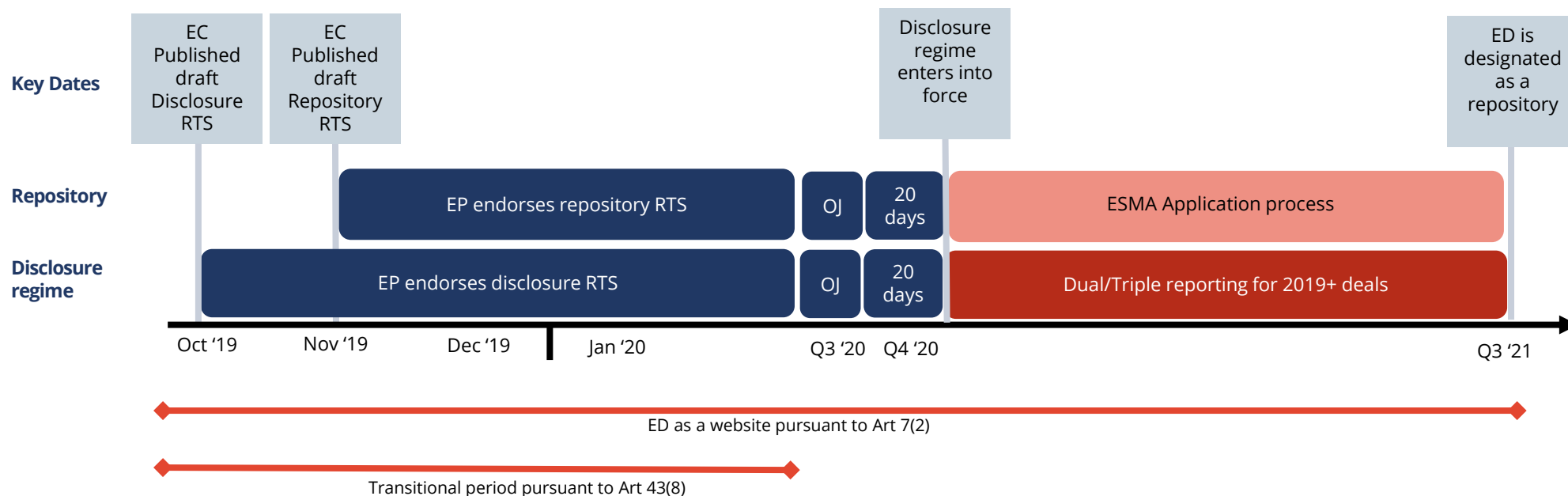


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REGULATORY TIMELINE IN 2019-2021

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

RECENT REGULATORY DEVELOPMENTS

EIRINI KANONI

ESMA REPORTING INSTRUCTIONS, XML SCHEMA AND VALIDATION

- On the 19th August, ESMA published an updated version of the reporting instructions, XML schema and validation rules.
- According to ESMA the reporting entities may choose to use either version 1.1.0 or version 1.2.0 of the XML schema and validation rules until 1 February 2021. As of that date, only version 1.2.0 will be admissible.

REPORTING INSTRUCTIONS, XML SCHEMA AND VALIDATION

The XML schema for these templates and accompanying technical reporting instructions and validation rules are available below. Reporting entities may choose to use either version 1.1.0 or version 1.2.0 of the XML schema and validation rules until 1 February 2021. As of that date, only version 1.2.0 will be admissible.

Current Version: Version 1.2.0 published on 19 August 2020

[Technical reporting instructions](#) ⓘ

[XML schema and validation rules](#) ⓘ

Previous Versions:

[Version 1.1.0 of the XML schema and validation rules published on 19 December 2019](#) ⓘ.

[Version 1.0.0 of the XML schema and validation rules published on 19 December 2019](#) ⓘ.

LATEST PUBLICATIONS

ESMA DOCUMENTS

- **SECURITISATION_DISCLOSURE_TEMPLATES_REPORTING_INSTRUCTIONS_XML_SCHEMA.**

(Reference esma65-8-6469)

- **SECURITISATION DISCLOSURE TEMPLATES REPORTING INSTRUCTIONS**

(Reference ESMA65-8-6469)

ESMA GUIDELINES ON 'NO DATA' THRESHOLDS

- On the 10th July, ESMA published the Guidelines on securitisation repository data completeness and consistency thresholds.
- Based on the feedback collected during the open public consultation, ESMA has increased the tolerance thresholds from 20 to 35 for both the legacy assets field threshold (Threshold 1) and the legacy IT systems field threshold (Threshold 2) for the Corporate underlying exposure template. These thresholds could be tightened over time once market participants have gained experience with the ESMA reporting requirements.
- These verifications will be applied by the securitisation repositories to data on 'public securitisations'. These Guidelines will become applicable once the first securitisation repository is registered with ESMA.

ND thresholds applicable to the exposure type reports

Annex in Securitisation Disclosure Requirements Delegated Regulation	Exposure type report	Threshold 1	Threshold 2
II	Residential Real Estate	30	30
III	Commercial Real Estate	50	50
IV	Corporate	35	35
V	Automobile	15	15
VI	Consumer	15	15
VII	Credit card	10	10
VIII	Leasing	15	15
IX	Esoteric	61	61
X	Add-On for Non-Performing Exposures	203	203
XI	Asset-Backed Commercial Paper	39	39

ESAS INDUSTRY SURVEY ON THE IMPLEMENTATION OF THE STS FRAMEWORK

- The Joint Committee of the ESAs has recently launched a market survey on the implementation of the STS Framework. The purpose of this survey is to collect the industry feedback on the implementation of the STS requirements (Art.18-27) pursuant to Art. 44 (a) of the Securitisation Regulation (EU) 2017/2402.
- The survey contains a list of questions addressed at originators, sponsors, SSPEs or investors in securitisations on the implementation of the STS framework.
- The deadline for the responses is 1 October 2020.

Industry survey for the Joint Committee report under article 44 of Regulation 2017/2402	
<p>This document contains a list of questions addressed at originators, sponsors, SSPEs or investors in securitisations, as the case may be, as regards the matters referred to in art. 44(a) "the implementation of the STS requirements as provided for in Articles 18 to 27" of the SECR.</p> <p>Respondents are invited to answer the questions by filling in the GREEN cells and using the drop-down list when applicable.</p> <p>Answers to the survey should be sent to the EBA (Mira.Lamriben@eba.europa.eu and Carlos.Echave-Aboy@eba.europa.eu) by Thursday 1st of October.</p>	
<p>Please indicate your relevant capacity :</p>	
<p>Please further specify if necessary :</p>	
<p>i. Use of the STS label (TO BE FILLED BY ALL RESPONDENTS)</p>	
1	<p>Have you already originated, issued or invested in an STS compliant securitisation or are you planning to do so?</p>
2	<p>If you already have originated, issued, or invested in an STS compliant securitisation or are planning to do so, please answer the following questions :</p>
a	<p>Which type of STS securitisation have you originated, sponsored, issued or invested in :</p> <ul style="list-style-type: none"> - Term securitisation : - ABCP conduit : - Both :
b	<p>Which type of STS label as regards underlying assets you have originated, sponsored, issued or invested in :</p> <ul style="list-style-type: none"> - RMBS : - Auto loans : - Credit cards : - Consumers loans other than those mentioned above : - Other assets (please specify):
3	<p>In case you have not originated, issued, or invested in an STS compliant securitisation yet, what were the main reasons? For each of the following items, please provide a score from 0 (i.e. 'no relevant') to 5 (i.e. 'extremely relevant') :</p> <ul style="list-style-type: none"> - Current market conditions - Complexity of the new regulatory framework - Uncertainties about new regulatory framework - Costs higher than benefits - Other reasons (please explain)

EUROPEAN COMMISSION 'QUICK FIX' PROPOSALS FOR SECURITISATION

On 24th July 2020, the EC has put forth a package of proposals with amendments to the Securitisation Regulation (EU) 2017/2402 and other Capital Market Union rules to facilitate the economic recovery post-COVID-19 pandemic. This is part of the broader response by the European Commission to the COVID-19 crisis.

As part of this package, the EC proposes to extend the STS framework to synthetic securitisations **by creating a specific framework for balance-sheet synthetic securitisations**. The proposed STS criteria are aligned as much as possible with those for the traditional STS securitisations taking into consideration the specificities of synthetic securitisations (Art. 26-27).

Another set of proposals aim to address the regulatory shortcomings of NPE securitisations by:

- putting forward a **definition of NPE securitisation** which is also in alignment with the work of the Basel Committee on Banking Supervision (Art. 2)
- introducing **risk retention requirements for NPE securitisations** that take into account the special characteristics of NPE securitisations (Art. 6)
- adding a **clarification on the verification of credit granting standards when securitising NPE underlying exposures** (Art. 9)

Source: https://ec.europa.eu/finance/docs/law/200724-securitisation-review-proposal_en.pdf

EDW RESPONSES TO THE EC CONSULTATIONS

MARCO ANGHEBEN

EC CONSULTATION ON THE NON-FINANCIAL REPORTING DIRECTIVE (1)

EDW has responded to the EC public consultation on the review of the Non-Financial Reporting Directive (NFRD). The deadline for the responses was on 11th June 2020.

In its response to the consultation, EDW focused on the following key points:

- **Development of a common non-financial reporting standard**

One of the main advantages of **standardisation** is the **comparability and consistency of the non-financial information**. EDW believes that the upcoming revision of the NFRD should result in the **harmonisation of the ESG reporting** reducing also the companies' reporting burden. In EDW's view, the responsible public body or authority for the development of this standard should have expertise also in the area of financial reporting to ensure a smooth connectivity and integration with the non-financial reporting. Therefore, EDW strongly supports the involvement of all the relevant European Supervisory Authorities, the ECB and the Platform on Sustainable Finance in the development of this standard. It is essential to involve and consult also the key market participants such as e.g. investors, reporting entities, data experts, among others, in the development of the reporting standard. This could be potentially in a form of a working or expert group in line with other regulatory frameworks and European initiatives.

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive/public-consultation>

EC CONSULTATION ON THE NON-FINANCIAL REPORTING DIRECTIVE (2)

- **Digitisation of the non-financial information under the NFRD and the set up of a wider ESG data register**

The **use of a structured machine-readable format** is a necessity and consistent with other regulatory disclosure obligations, especially with respect to financial data reporting. The **digitisation of the information** would allow the enhancement of the non-financial information with other public corporate information.

This would require also the **set up of a wider ESG data repository for all sustainability related information**, including any information that would be required to be disclosed under the EU taxonomy, with the aim to increase transparency and enhance data accessibility. A **single centralised source of information** would be beneficial for the investors and other relevant key stakeholders such as e.g. the regulatory authorities and policy makers, leading to better investment decisions and informed policy decisions.

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive/public-consultation>

EC CONSULTATION ON THE RENEWED SUSTAINABLE FINANCE STRATEGY (1)

EDW has responded to the EC public consultation on the Renewed Sustainable Finance Strategy. The deadline for the responses was on 15th July 2020. Given the diversity of the topics under consultation, EDW has focused on the following topics:

- **ESG common database:**

EDW is very supportive of the development of a common publicly accessible environmental data space for companies' ESG information, combining data reported under the NFRD and other ESG related reporting requirements. This is in line with EDW's objective to foster transparency in the market. EDW is already working on a technical solution for a common centralised repository for the collection of standardised energy efficient mortgage information based on harmonised definitions with the aim to facilitate the comparability of energy efficiency information.

https://ec.europa.eu/info/consultations/finance-2020-sustainable-finance-strategy_en

EC CONSULTATION ON THE RENEWED SUSTAINABLE FINANCE STRATEGY (2)

- **EU Green bond standard:**

EDW advocates the authorisation and supervision of the verifiers of EU Green Bonds and third-party service providers on ESG data, ratings and research similar to the Credit Rating Agencies under the CRA 3 Regulation (EU) 1060/2009 or similar to the model adopted for the third-party STS verifiers under the Securitisation Regulation (EU) 2017/2402.

- **Other standards and labels to energy efficient mortgage loans and green loans:**

EDW strongly supports the development of those standards. EDW actively participates at the Energy-Efficient Mortgages Initiative (EEMI). This initiative is designed on the premise that the banking industry could play a game changing role in supporting the EU in meeting its EU energy savings targets and delivering on its COP21 commitments.

- **Green securitisation:**

EDW believes, as highlighted also in AFME's Green Securitisation Position Paper published in September 2019, that green securitisation can play a major role in increasing capital allocated to sustainable projects and activities, helping the EU to meet the climate and energy targets. A number of legislative reforms are yet necessary to further improve the EU securitisation market, including a regulatory and prudential framework for green securitisation.

https://ec.europa.eu/info/consultations/finance-2020-sustainable-finance-strategy_en

UPCOMING WEBINARS AND EVENTS

Registration links available at <https://eurodw.eu/news-events-and-multimedia/events/>

27 August	EDW Explores ESG Challenges
08 September	Credit Performance Insight with Deloitte
15-17 September	Global ABS Online
1-2 October	TSI Online and in Berlin
13 October	UK Virtual Workshop
15 October	Italian Virtual Workshop
20 October	German Virtual Workshop
22 October	Spanish Virtual Workshop
03 November	Dutch Virtual Workshop
05 November	French Virtual Workshop
10 November	Portuguese Virtual Workshop
12 November	Irish Virtual Workshop

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