

DATA QUALITY MANAGEMENT ENHANCEMENTS

AUGUST 2019



AGENDA

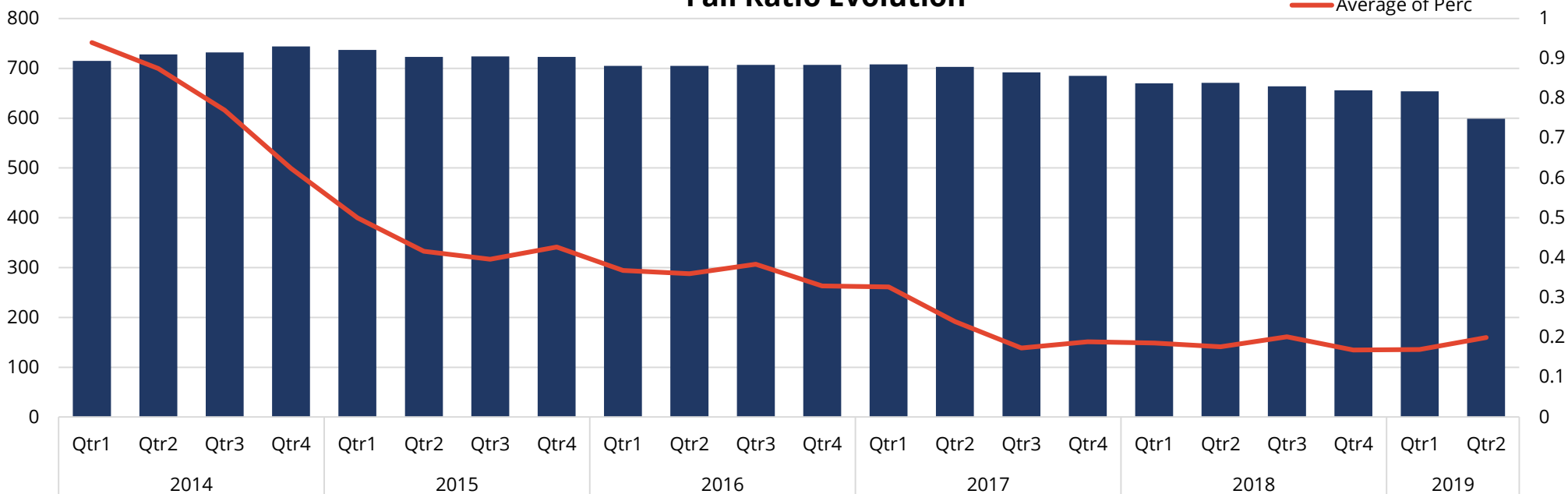
- **INTRODUCTION**
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INTRODUCTION

DQS1* (FAIL RATIO) EVOLUTION FROM 2014 UNTIL Q1 2019

Fail Ratio Evolution

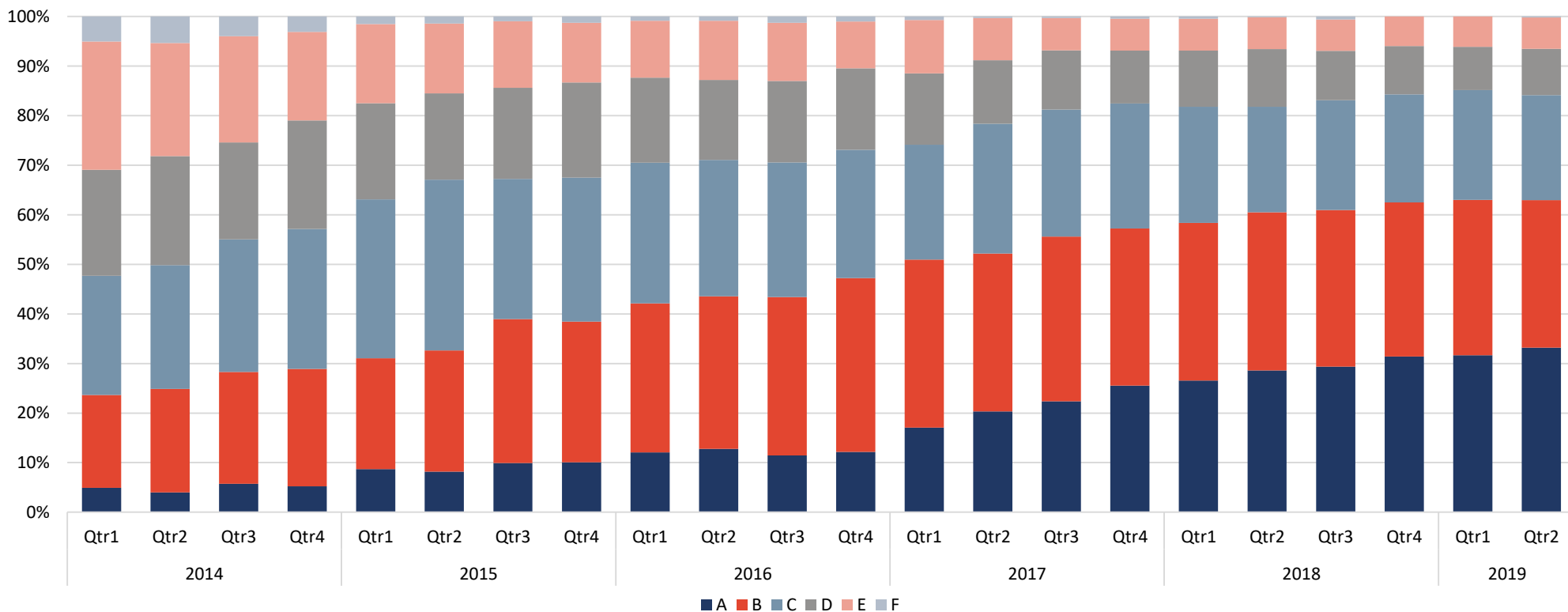
Count of EDCode
Average of Perc



*Data quality score 1

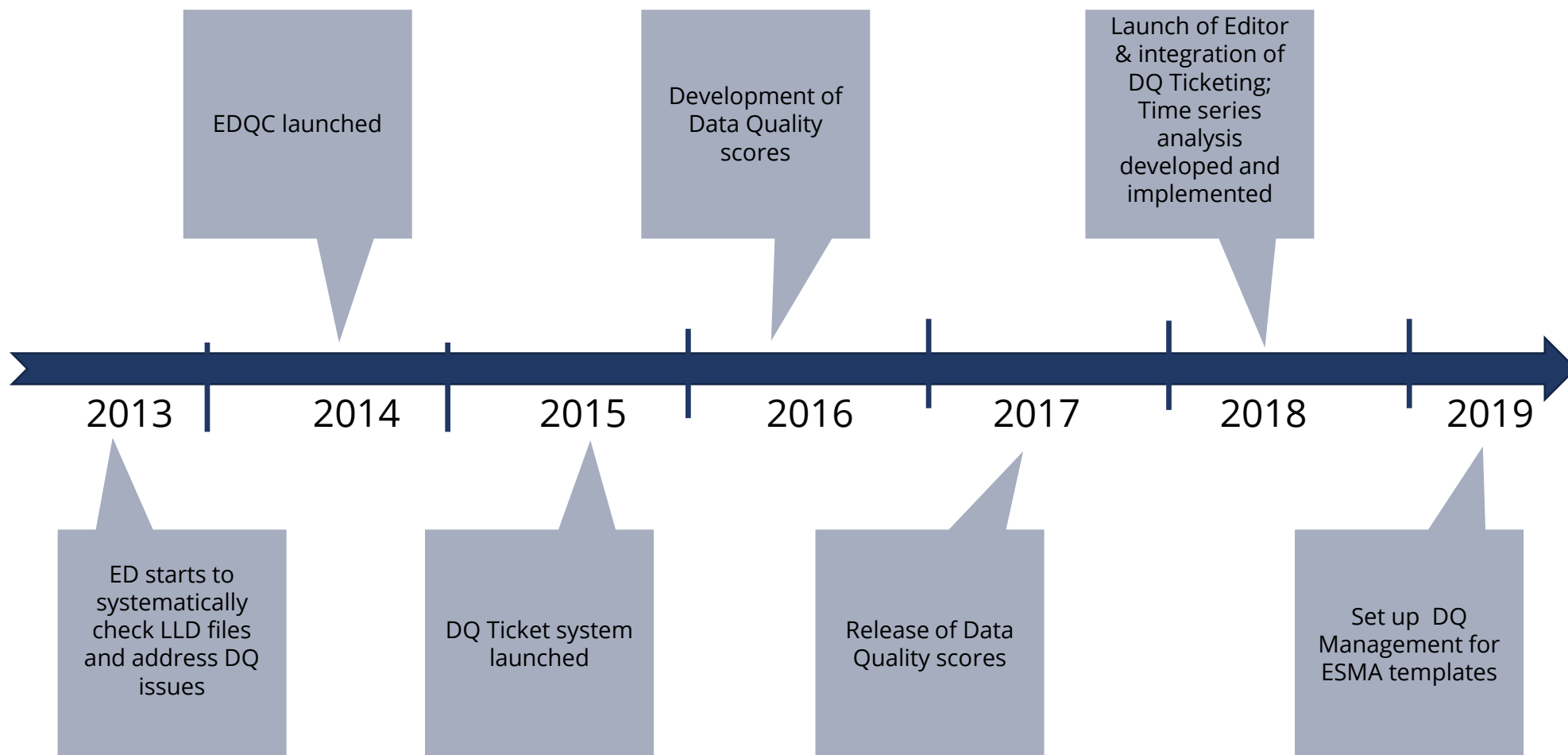
DQS1 (GRADES) EVOLUTION FROM 2014 UNTIL Q1 2019

DQS1 Score Distribution



DEAL ANALYSIS

DATA QUALITY MANAGEMENT



EMAIL NOTIFICATION

EUROPEAN DATAWAREHOUSE

IMPORTANT UPDATE

Dear all,

As you may already be aware, European DataWarehouse (ED) has significantly improved the data quality of the files uploaded to our platform in the past several years. This evolution was possible because of valuable input from customers such as yourself, as well as our introduction of 'Data Quality Scores'. This progress has earned our team significant praise from Rating Agencies, National Central Banks, Competent Authorities, investors and other market participants.

After numerous customer conversations and in light of the new regulation with the corresponding ESMA templates, European DataWarehouse has decided to review its data quality process along with its extensive set of data quality checks. As a result, European DataWarehouse has:

- revised existing rules
- removed obsolete rules
- created new rule checks
- introduced a dynamic immateriality threshold
- considered if the related fields are likely to be relevant in the upcoming ESMA templates

Starting 1 August 2019, all deal analysis conducted by our team and consequent Data Quality Scores will be based on this updated and comprehensive rule set. ED has performed an extensive impact analysis with regards to score migration and potential new tickets. While we expect limited impact overall, please email enquiries@eurodw.eu with any questions, or join our [webinar on 22 August](#) for further explanation.

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WHY DID EUROPEAN DATAWAREHOUSE UPDATE THE RULESET?

WHY DID EUROPEAN DATAWAREHOUSE UPDATE THE RULESET?

1. To factor in industry feedback on different data quality (DQ) issues during the last five years
2. To factor in the impact expected by the introduction of the new ESMA templates
3. To focus on material DQ issues only, excluding those deemed inconsequential
4. To balance the treatment of DQ issues among all asset classes
5. To simplify descriptions of DQ issues for better understanding

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET?

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET? (1/3)

1. We have decided to modify rules to reflect valuable feedback we have received regarding standard industry practices for reporting certain fields
 - i.e. Rule flagging Arrears Balance (AA65) equal to zero when the Account Status is in Arrears (AA65/CZ/A/01) now is classified as non-DQS1 as per the industry feedback: these cases arise when loans have fees in arrears and not their instalments.
2. We have focused on rules that maintain relevance in the upcoming ESMA templates, as well as in the ECB ones
 - i.e. we have limited the Inter-Submission rules scope, given that ESMA allows more flexibility and dynamic behavior of reported fields. Inter-Submission checks concerning Interest Rate Type, Valuation Date or Valuation Type have been removed (AR137/IS/A/01, AR107/IS/A/01...).

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET? (2/3)

3. We have introduced the immateriality concept regarding fields that:

- Are not performance-related and
- Fall below a certain failure threshold

ED identified performance-related fields across asset classes, i.e.:

Account Status, Arrears Balance, Default Amount and Cumulative Recoveries among others

Findings Breakdown	Percentage of findings	Comments
Total number of open and pending findings	100%	
Findings under 0.1 % (less than 1 out 1,000 loans impacted)	35%	
Performance-related fields and not DQS1	10%	ED keeps flagging
DQS1 and non- performance fields	10%	ED keeps flagging
DQS1 and performance-related fields	5%	ED keeps flagging
Total number of findings ED suggests to drop due to immateriality	10%	ED drops the finding

WHAT HAS EUROPEAN DATAWAREHOUSE CHANGED IN THE RULESET? (3/3)

4. We have streamlined the rules so that they flag the same DQ issues throughout all asset classes:
 - a. Parallel conditions: Same logic applied throughout the different templates
 - b. Same DQS1 treatment: Same rule is DQS1 or non-DQS1 for all asset classes
 - c. Same priority of flagging: Based on percentage of failures

5. We have updated the technical descriptions to be more user-friendly in order to allow issuers to have a better comprehension of the DQ problem.

i.e. Descriptions have gone from:

“AR143 | Current Valuation Amount | Count Zeros and AR179 = 0 or 'ND%' and AR67 > 0 and (AR122 is null or AR122 = ND%) for active loans”

to

“Current Valuation Amount (AR143) equal to zero when Sale Price Lower Limit (AR179) is not reported, Current Balance (AR67) is higher than zero and there is no Restructuring Arrangement (AR122 <> 'Y').”

WHAT IS THE IMPACT ON ISSUERS?

WHAT IS THE IMPACT ON ISSUERS? (1/2)

1. You may notice that some existing tickets have been dropped for reasons such as:
 1. Immateriality. This finding is now considered to be immaterial for the LLD
 2. Change in CheckID. This finding is now tracked through a different rule
 3. Rule has been dropped. The rule doesn't exist anymore
2. You may notice that some new tickets have been opened:
 1. Referring to a completely new finding
 2. Referring to an existing finding that has changed its CheckID

WHAT IS THE IMPACT ON ISSUERS? (2/2)

- The DQ Score may exhibit slight changes. Limited impact is expected

		New DQS1 Score						Grand Total
		A	B	C	D	E	F	
Old DQS1 Score	A	164	23	8	1			196
	B	16	156	6	1			179
	C	8	4	120	2			134
	D	1	2	4	52	8		67
	E			1	1	27		29
	F					4	1	5
	Total	189	185	139	57	39	1	610

- No impact on the day-to-day activity of issuers

OUTLOOK: WHAT COMES NEXT?

EDITOR – ROADMAP

Upcoming Release Details:

A mid-October release will...

- Introduce a common Create / Edit Deal Form covering all reporting requirements (ECB, ESMA)
- Enable both ECB and ESMA data & documentation to be accessed from the deal page
- Allow uploading ESMA data through Secure Machine to Machine File Transfer (SFTP)
- Revise roles & privacy standards
 - New Role – Individual Deal Access – to access specific public deals upon request (e.g. Potential Investor, Arranger, etc.)
 - Ability to easily invite users and manage permissions for all private deals
- Incorporate new templates
 - Independent CSV to ESMA Draft XML converter
 - ESMA Draft XML template support for RMB, AUT asset classes



Q&A

THANK YOU//CONTACT US

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