

# SPANISH WEBINAR

**MAY 2020**



## ON TODAY'S CALL

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# AGENDA

- **WELCOME AND INTRODUCTION**
- **SPANISH LEGAL MEASURES FOR COVID-19**
  - Carlos Pérez, Pérez-Llorca
- **COVID-19 UPDATES**
  - **COVID-19 IN OUR DATA**
  - **ECB REPORTING GUIDELINES DURING COVID-19**
- **EUROSYSTEM UPDATES**
- **REGULATORY UPDATE**
- **Q&A**

# SPANISH LEGAL MEASURES FOR COVID-19

CARLOS PÉREZ, PÉREZ-LLORCA

# COVID-19 UPDATES

ROBERTO PÉREZ

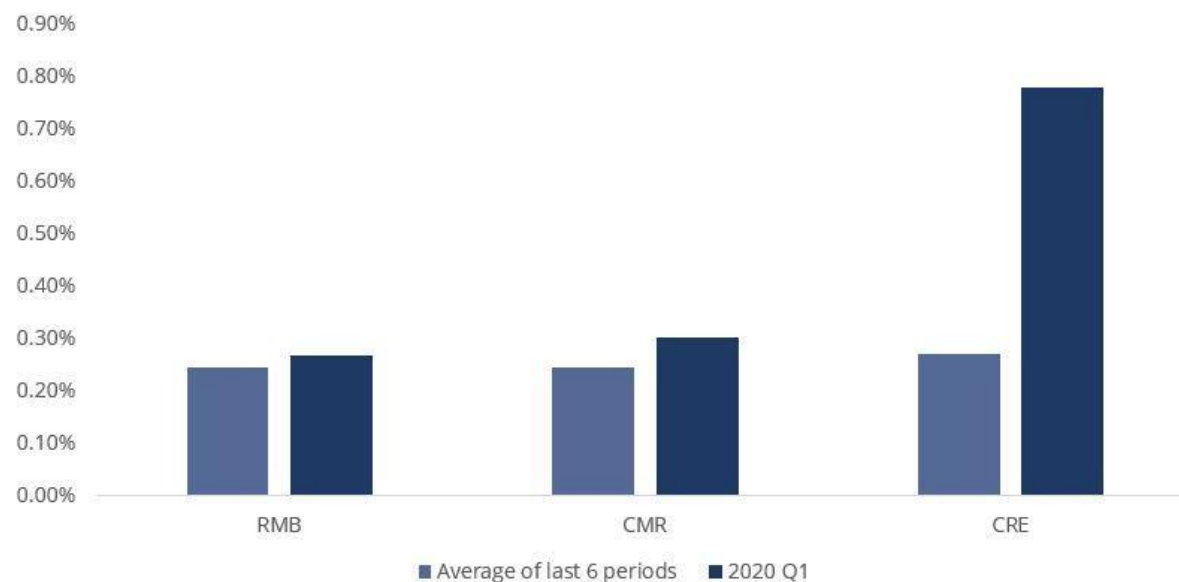
# COVID-19 IN OUR DATA

Are credit card loans the first source of liquidity for many consumers who have lost their incomes?

- We're already starting to see the impacts of COVID-19 in our data set
- Especially prominent in countries which saw an earlier spread of the virus such as Spain and Italy
- This chart shows an extraordinary increase in new delinquencies for Spanish credit card loans (CRE) compared to residential mortgages (RMB) and consumer loans (CMR) in the country.

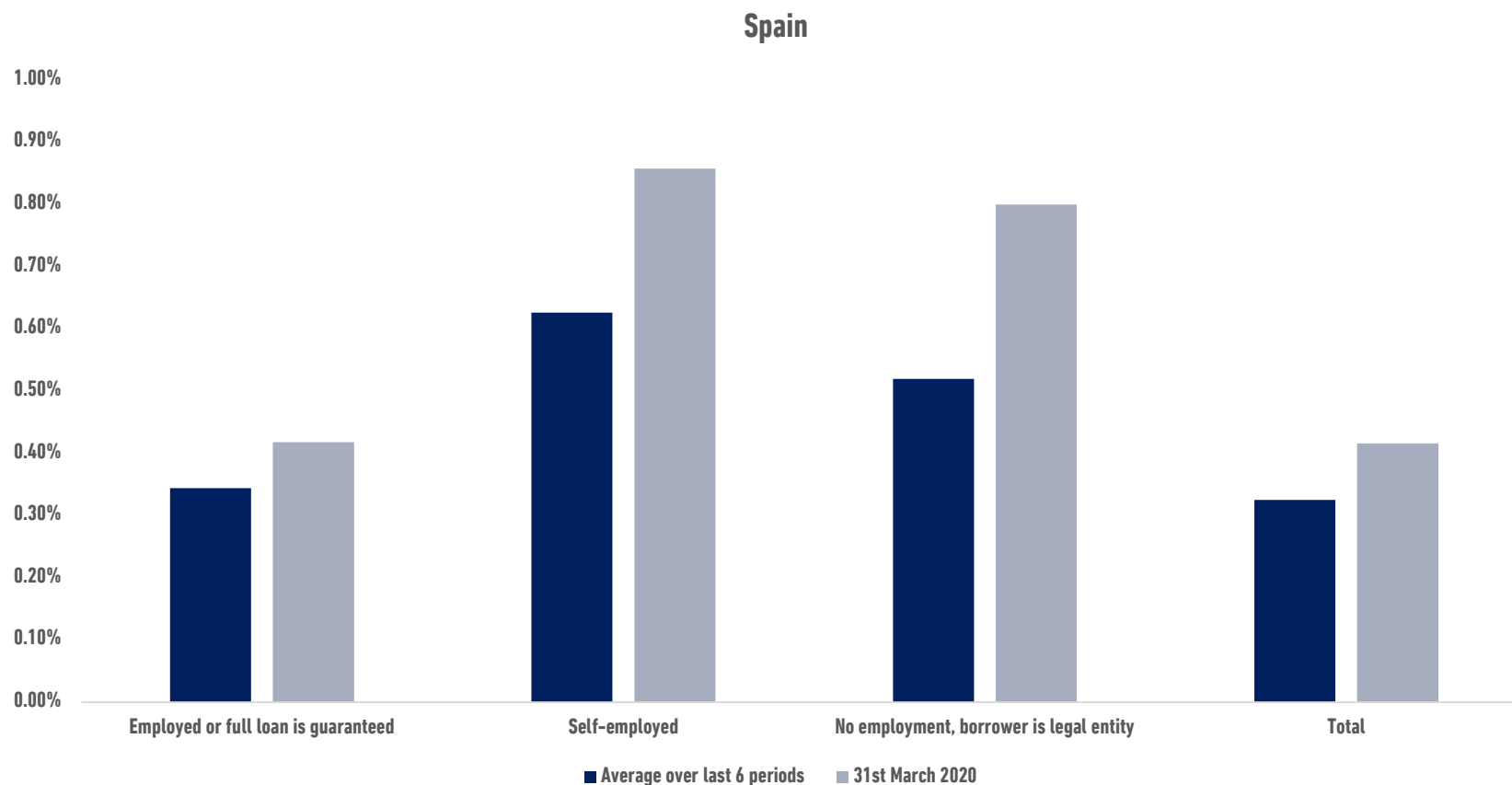
## PERIODIC NEW DELINQUENCIES ACROSS SPANISH LOANS

SOURCE: EUROPEAN DATAWAREHOUSE



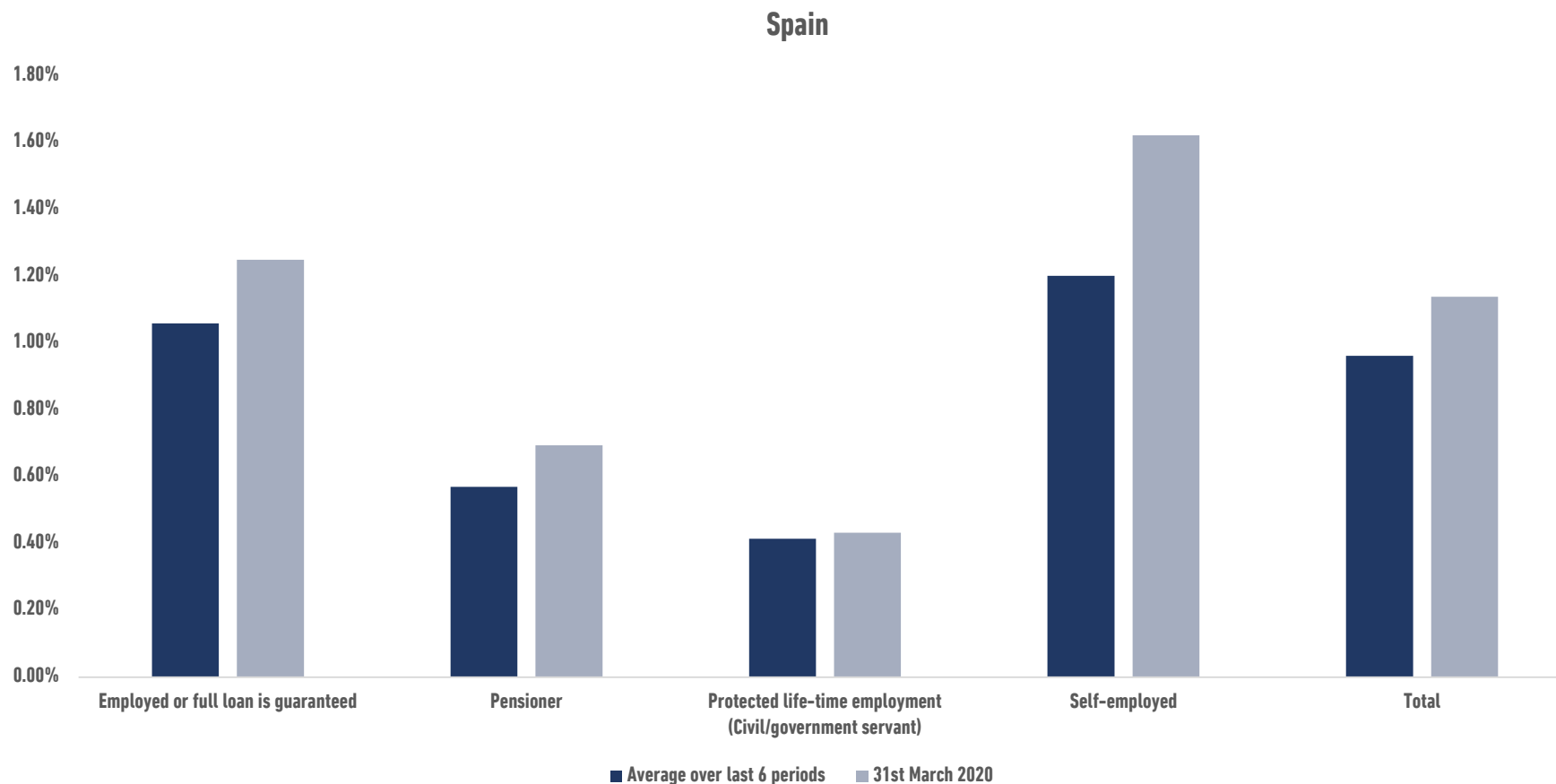
# COVID-19 IN OUR DATA

## AUTO - Periodic New Delinquencies in Spain



# COVID-19 IN OUR DATA

## CONSUMER - Periodic New Delinquencies in Spain





# ECB REPORTING GUIDELINES DURING COVID-19

ROBERTO PÉREZ

## HOW TO REPORT PAYMENT HOLIDAYS DURING COVID-19

In general, the following rules apply across asset classes/jurisdictions

- Report all template fields with the most recent information available irrelevant if the field is labelled as static or dynamic in the taxonomy
- Use optional fields - especially Length of Payment Holiday, Subsidy Period, Restructuring Arrangement or Guarantee Provider
- Additional documents can be uploaded under each deal in the document section that explain any kind of particularities in the reporting and treatment of borrowers due to Covid-19.
- Issuers are kindly invited to provide a document to the securitisation repository with the list of all Loan Identifiers affected by the moratorium for the relevant PCD.
- Regarding all contracts which have not entered into a payment agreement and are therefore expected to make normal payments, please continue reporting everything as usual.

# HOLIDAY PERIOD REFERENCE UNDER EACH ASSET CLASS

## ECB RMBS template and taxonomy as of 24 July 2019

- **Payment Due (AR71):** If the contract is under payment holiday, then please enter the amount that will be payable on the borrower's next occurring payment date i.e. zero. If there is a suspension for only the principal or the interest payment, Scheduled Payment Due (AR71) should reflect the special payment arrangement and only the interest or principal part is to be reported.
- **Account Status (AR166):** The account status (particularly “arrears”, “performing”, and “default”) needs to be consistent with the definition in the relevant transaction documentation.
- **Length of Payment Holiday (AR92) (optional):** Report the remaining number of months as of PCD. The length of Payment Holiday should be measured since the cut-off date, going forward only. For example, for a loan that previously went through a payment holiday period but is no longer enjoying that payment holiday it should be fill in with 0.
- **Restructuring Arrangement (AR122) (optional):** Report as ‘Y’ if applicable as per transaction documentation.
- **Principal Grace Period (AR62)** This field must not be used to report loans under Covid-19 as it is stated in the ECB Q&As that AR62 refers only to the start of the loan (i.e. from the origination date) when the borrower may initially only be required to make interest payments for a period (e.g. for 2 years) before then becoming a repayment loan making payments of both interest and principal. This field does not refer to any principal grace period granted at a later date.

Source: [www.eurodw.eu](http://www.eurodw.eu)

# HOLIDAY PERIOD REPORTING EXAMPLE FOR RMBS

Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Optional	Mandatory	Mandatory	Mandatory	Optional	Optional	Optional	Mandatory	Optional	Mandatory	Mandatory
Dynamic	Static	Static	Static	Static	Dynamic	Static	Static	Dynamic	Dynamic	Static	Static	Dynamic	Dynamic	Static	Static	Dynamic
AR1	AR3	AR21	AR26	AR55	AR56	AR62	AR66	AR67	AR71	AR75	AR92	AR93	AR109	AR122	AR135	AR166
Pool Cut-off Date	Loan Identifier	Borrower's Employment Status	Primary Income	Loan Origination Date	Date of Loan Maturity	Principal Grace Period	Original Balance	Current Balance	Payment Due	Guarantee Provider	Length of Payment Holiday	Subsidy Period	Current Interest Rate	Restructuring Arrangement	Original Loan to Value	Account Status
2020-03-31	1	4	12000	2005-01	2030-08	ND,5	200000	35875	0	Spanish Government	6	ND,5	5	ND,5	75	1
2020-02-29	1	1	50000	2005-01	2030-02	ND,5	200000	35000	300	ND,5	0	ND,5	5	ND,5	75	1

- Grey fields must remain static
- Blue fields have to be reported with the most recent information available
- Red text refers to Covid-19 particularities

# HOLIDAY PERIOD REFERENCE UNDER EACH ASSET CLASS

## ECB SME template and taxonomy as of 14 December 2012

- **Regular Principal Instalment (AS63):** Please enter the amount that will be payable on the borrower's next occurring payment date, zero or positive if only interest is covered by the payment holiday.
- **Regular Interest Instalment (AS64):** Please enter the amount that will be payable on the borrower's next occurring payment date, zero or positive if only principal is covered by the payment holiday.
- **Principal Grace Period End Date (AS70):** This field must not be used to report loans under Covid-19 as it is stated in the ECB Q&As that this field is static and therefore refer only to grace periods granted at the commencement of the loan. It does not refer to any forbearance granted at a later date.

## ECB Auto template as of 20 September 2013

- **Scheduled Payment Due (AA28):** Please enter the amount that will be payable on the borrower's next occurring payment date i.e. zero. If there is a suspension for only the respective principal or the interest payment, Scheduled Payment Due (AA28) should reflect the special payment arrangement and only the interest or principal part is to be reported.
- **Account Status (AA74):** The account status (particularly “arrears”, “performing”, and “default”) needs to be consistent with the definition in the relevant transaction documentation.

# HOLIDAY PERIOD REFERENCE UNDER EACH ASSET CLASS

## ECB Leasing template as of 20 September 2013

- **Payment Due (AL61):** Please enter the amount that will be payable on the borrower's next occurring payment date i.e. zero. If there is a suspension for only the respective principal or the interest payment, Payment Due (AL61) should reflect the special payment arrangement and only the interest or principal part is to be reported.
- **Account Status (AL122):** The account status (particularly “arrears”, “performing”, and “default”) needs to be consistent with the definition in the relevant transaction documentation.

## ECB Consumer Finance ABS template as of September 2013

- **Scheduled Payment Due (AN27):** Please enter the amount that will be payable on the borrower's next occurring payment date i.e. zero. If there is only a suspension for only the respective principal or the interest payment, the Scheduled Payment Due (AN27) should reflect the special payment arrangement and only the interest or principal part is to be reported.
- **Account Status (AN58):** The account status (particularly “arrears”, “performing”, and “default”) needs to be consistent with the definition in the relevant transaction documentation.

## ECB Credit Card template as of September 2013

- **Next Minimum Contractual Payment (AT38):** Please enter the amount that will be payable on the borrower's next occurring payment date i.e. zero. If there is a suspension for only the principal or the interest payment, Payment Due (AT38) should reflect the special payment arrangement and only the interest or principal part is to be reported.
- **Account Status (AT42):** The account status (particularly “arrears”, “performing”, and “default”) needs to be consistent with the definition in the relevant transaction documentation.

# EUROSYSTEM UPDATES

## ROBERTO PÉREZ

# ECB PRESS RELEASE AS OF 7 APRIL 2020

PRESS RELEASE

## ECB announces package of temporary collateral easing measures

7 April 2020

- › ECB adopts an unprecedented set of collateral measures to mitigate the tightening of financial conditions across the euro area
- › Temporary increase in the Eurosystem's risk tolerance in order to support credit to the economy
- › ECB eases the conditions for the use of credit claims as collateral
- › ECB adopts a general reduction of collateral valuation haircuts
- › Waiver to accept Greek sovereign debt instruments as collateral in Eurosystem credit operations
- › ECB will assess further measures to temporarily mitigate the effect on counterparties' collateral availability from rating downgrades

The Governing Council of the European Central Bank (ECB) today adopted a package of temporary collateral easing measures to facilitate the availability of eligible collateral for Eurosystem counterparties to participate in liquidity providing operations, such as the targeted longer-term refinancing operations (TLTRO-III). The package is complementary to other measures recently announced by the ECB, including additional longer-term refinancing operations (LTROs) and the Pandemic Emergency Purchase Programme (PEPP) as a response to the coronavirus emergency. The measures collectively support the provision of bank lending especially by easing the conditions at which credit claims are accepted as collateral. At the same time the Eurosystem is increasing its risk tolerance to support the provision of credit via its refinancing operations, particularly by lowering collateral valuation haircuts for all assets consistently.

The emergency collateral package contains three main features.

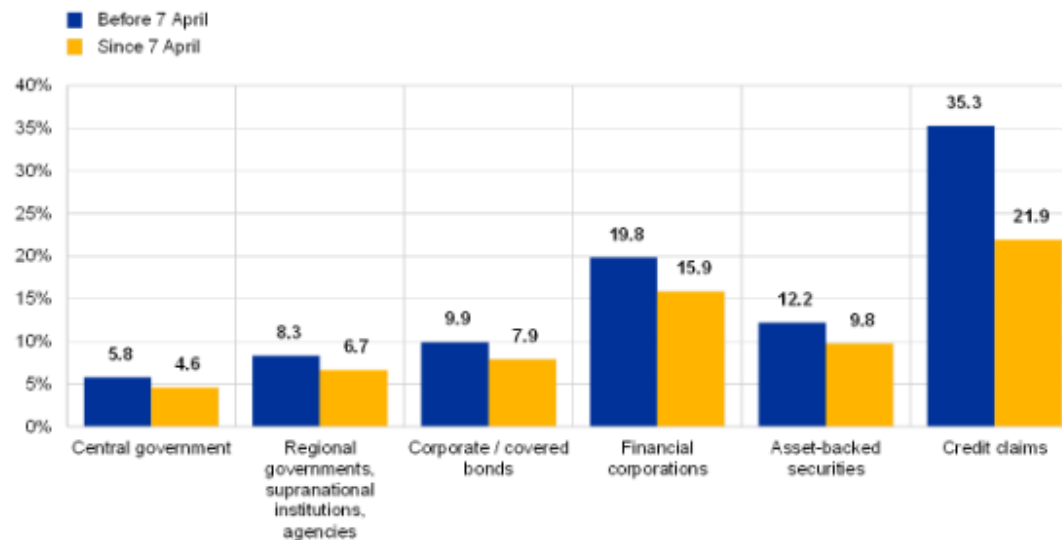
The emergency collateral package contains various features, the ones for affecting ABS are as follows:

- Governing Council (GC) decided to temporarily increase its risk tolerance level in credit operations through a general reduction of collateral valuation haircuts by a fixed factor of 20%.
- GC decided on a set of collateral measures to facilitate an increase in bank funding against loans to corporates and households. GC decided to temporarily extend the additional credit claims (ACC) frameworks further by:
  - Accommodating the requirements on guarantees to include government and public sector guaranteed loans to corporates, SMEs and self-employed individuals and households
- Full release is available [here](#).



# INCREASE OF THE EUROSYSTEM'S RISK TOLERANCE

Average valuation haircuts applicable to eligible asset categories.



Source: ECB calculations, based on Decision (EU) 2020/506 of the European Central Bank of 7 April 2020 amending Guideline (EU) 2015/510 on the implementation of the Eurosystem monetary policy framework and Guideline (EU) 2016/65 on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework (ECB/2020/20); and Guideline (EU) 2020/515 of the European Central Bank of 7 April 2020 amending Guideline ECB/2014/31 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2020/21).

Notes: The haircuts represent the unweighted average of valuation haircuts across credit quality steps and maturity brackets for assets with fixed coupon structures for each haircut category. These haircut categories reflect a combination of asset type and issuer group. The blue and yellow bars display the average haircuts in place before and after the implementation of the first collateral easing package, respectively.

# ECB PRESS RELEASE AS OF 22 APRIL 2020

PRESS RELEASE

## ECB takes steps to mitigate impact of possible rating downgrades on collateral availability

22 April 2020

- › ECB to grandfather until September 2021 eligibility of marketable assets used as collateral in Eurosystem credit operations falling below current minimum credit quality requirements
- › Appropriate haircuts will apply for assets that fall below the Eurosystem minimum credit quality requirements
- › Decision reinforces broader package of collateral easing measures adopted by the Governing Council on 7 April 2020, which will also remain in place until September 2021
- › ECB may decide further measures, if needed, to continue ensuring the smooth transmission of its monetary policy in all jurisdictions of the euro area

The Governing Council of the European Central Bank (ECB) today adopted temporary measures to mitigate the effect on collateral availability of possible rating downgrades resulting from the economic fallout from the coronavirus (COVID-19) pandemic. The decision complements the broader collateral easing package that was announced on 7 April 2020. Together these measures aim to ensure that banks have sufficient assets that they can mobilise as collateral with the Eurosystem to participate in the liquidity-providing operations and to continue providing funding to the euro area economy.

Specifically, the Governing Council decided to grandfather the eligibility of marketable assets and the issuers of such assets that fulfilled minimum credit quality requirements on 7 April 2020 in the event of a deterioration in credit ratings decided by the [credit rating agencies accepted in the Eurosystem](#) as long as the ratings remain above a certain credit quality level. By doing so, the Governing Council aims to avoid potential procyclical dynamics. This would ensure continued collateral availability, which is crucial for banks to provide funding to firms and households during the current challenging times.

The following decisions have been taken:

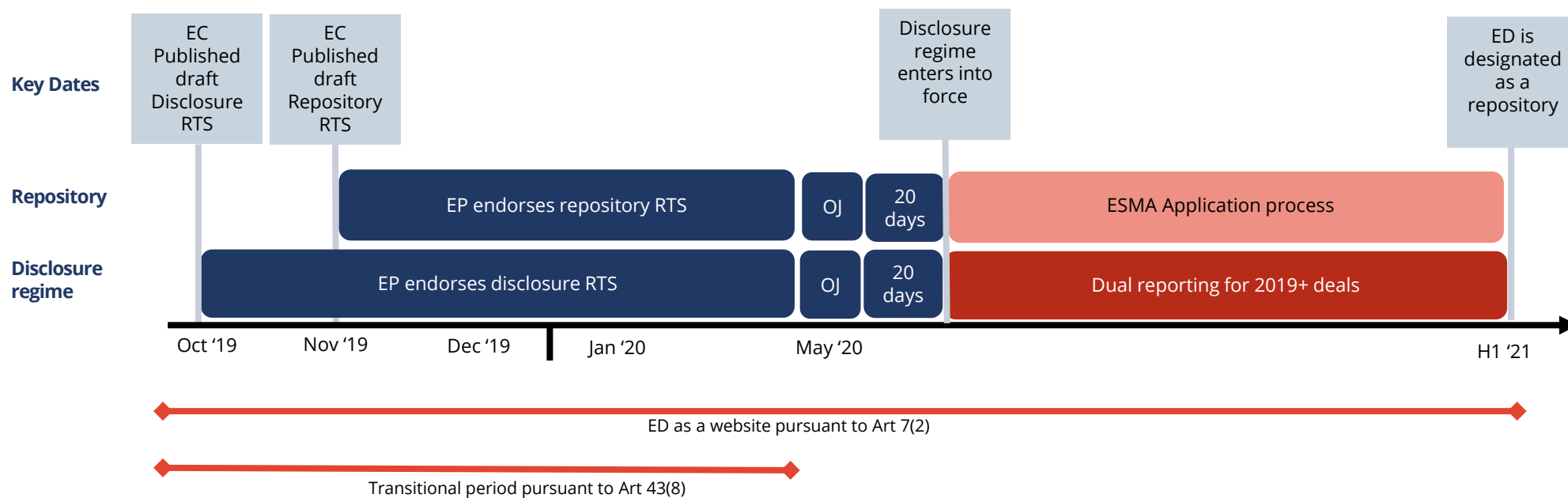
- Marketable assets and issuers of these assets that met the minimum credit quality requirements for collateral eligibility on 7 April 2020 (BBB- for all assets, except asset-backed securities (ABSs)) will continue to be eligible in case of rating downgrades, as long as their rating remains at or above credit quality step 5 (CQS5, equivalent to a rating of BB) on the Eurosystem harmonised rating scale. This ensures that assets and issuers that were investment grade at the time the Governing Council adopted the package of collateral easing measures remain eligible even if their rating falls two notches below the current minimum credit quality requirement of the Eurosystem.
- To be grandfathered, the assets need to continue to fulfil all other existing collateral eligibility criteria.
- Future issuances from grandfathered issuers will also be eligible provided they fulfil all other collateral eligibility criteria.
- Currently eligible covered bond programmes will also be grandfathered, under the same conditions.
- Currently eligible ABSs to which a rating threshold in the general framework of CQS2 applies (equivalent to a rating of A-) will be grandfathered as long as their rating remains at or above CQS4 (equivalent to a rating of BB+).
- Assets that fall below the minimum credit quality requirements will be subject to haircuts based on their actual ratings.

Full release is available [here](#).

# REGULATORY UPDATE

ADELINA ASANI

# REGULATORY TIMELINE IN 2019/2020



EC: European Commission

EP: European Parliament

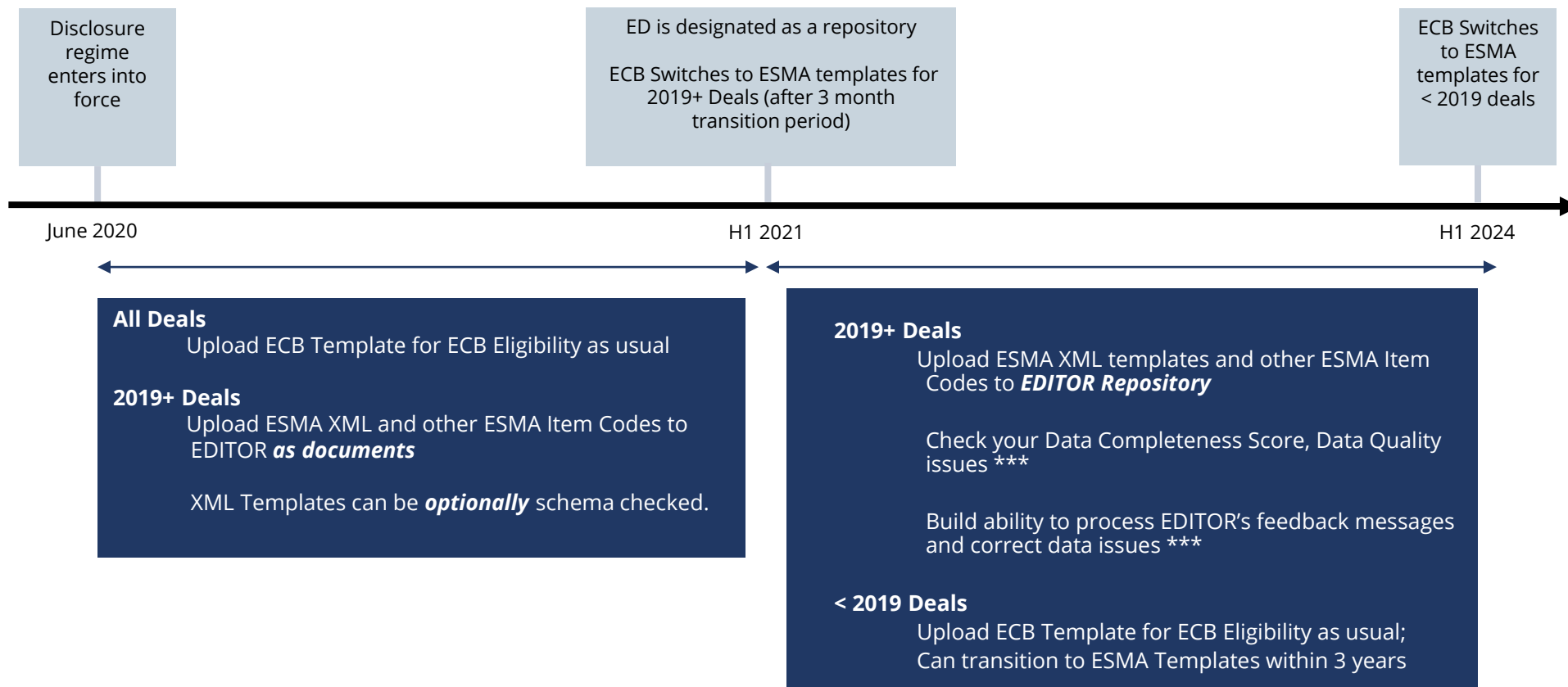
ESMA: European Securities and Markets Authority

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

# REPORTING REQUIREMENTS TIMELINE

## ECB & ESMA Templates



\*\*\* ED will make these features available in Sandbox at least 1-2 months before becoming a repository to help issuers with the transition

# EDITOR LATEST RELEASE

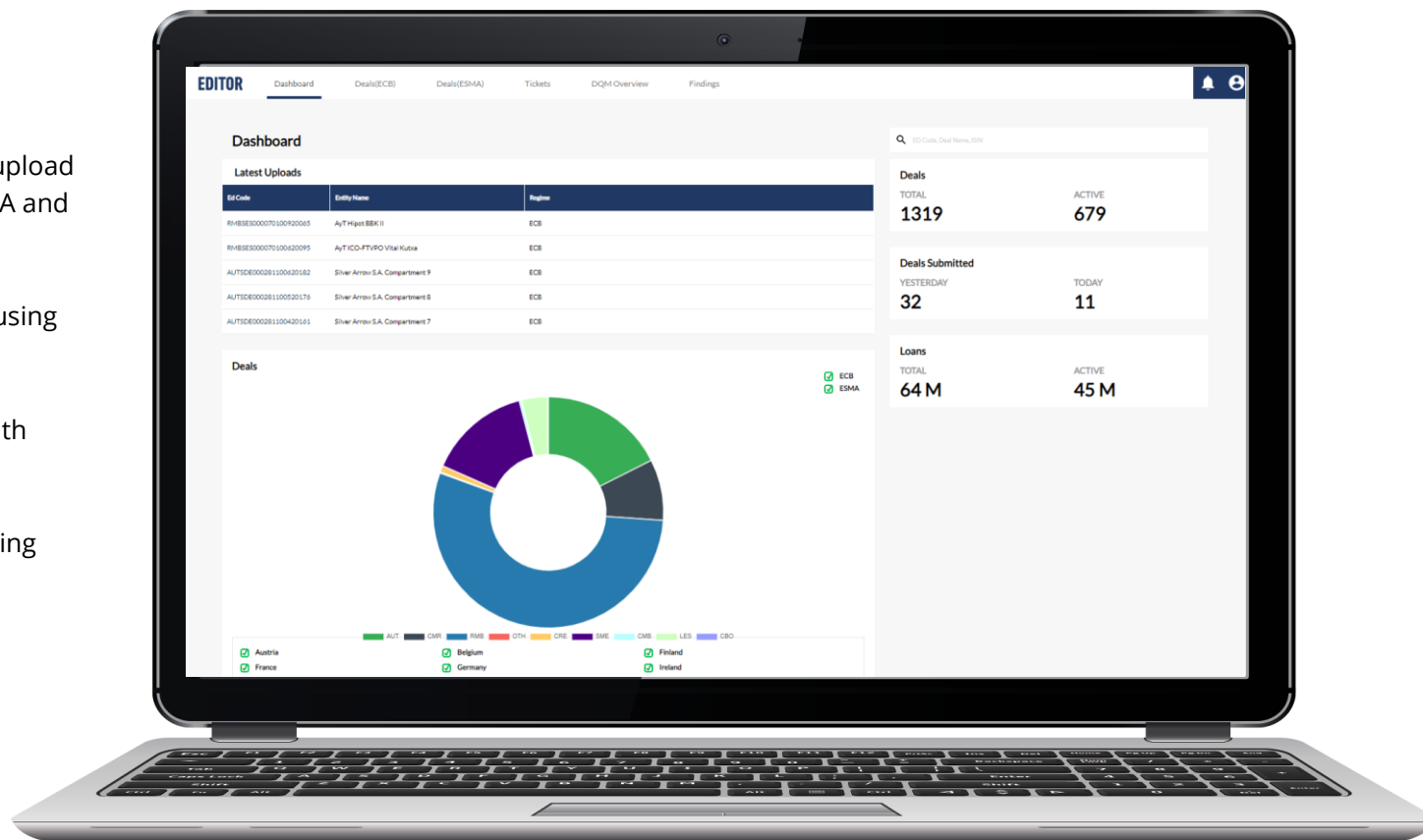
**ADELINA ASANI**

# EDITOR

An integrated web application for the analysis and upload of loan level data (LLD) and documentation

## Key Features:

- Allows Data Providers to pre-screen and analyse LLD and upload it in compliance with the ESMA and ECB reporting requirements
- In-depth data quality checks using over 2,500 rules
- Centralised rule repository with automatic updates
- Integrated Data Quality Tracking System (DQTS)



## WHY EDITOR?

- Secure, integrated platform for all regulatory reporting requirements
- Meets all ESMA requirements around security, encryption, data quality and completeness
- Secure FTP and Website interfaces for data upload and data download
- Data made available to investors and other relevant stakeholders as per regulatory requirements
- Technical and data preparation support
- **Dedicated private area**
  - Issuers (Data Owners) have full control of who can see their data
  - Grant and revoke access to specific people or organisations
  - Private area can also be used for public deals (e.g. pre-marketing phase)







# EDITOR PRODUCT UPDATES

## LATEST ENHANCEMENTS

- Introduced new STS and Green Flags
- Upload of ESMA data through Secure Machine to Machine File Transfer (SFTP)
- Upload of the latest ESMA XML templates as a Document with optional schema checks
- A web-based CSV to XML Converter for Underlying Exposures, Investor Report and Significant Event data








## FULL SUITE OF FLAGS NOW AVAILABLE

-  STS
-  Green
-  Marketing/Provisional
-  Restructuring

 SANTANDER CONSUMO 3 FONDO DE TITULIZACIÓ N	CMRSES000089104020209
CHAVES FUNDING No. 8	AUTSPT001684100220195
AYT CAJAMURCIA HIPOTECARIO II,FTA	RMBSSES000045100620063
PBD Germany AUTO ABS 2018	AUTSDE001317100120184
 Quarzo Srl 2020	CMRSIT000265100820201
 Pontormo RMBS 2017 s.r.l.	RMBSIT000069100620179

# CSV TO XML CONVERTER

- **What is it?** An online portal (<https://csv2xml.eurodw.eu>) to convert ESMA Templates from ED defined CSV to ESMA XML Format
- **Which documents does the converter support?**
  - 4 Item codes supported (1, 2, 11 & 12)
  - Underlying Exposures, [Investor Report](#), [Inside Information & Significant Event](#)
- **What does it include?** CSV to ESMA XML file conversion for
  - Underlying Exposure - XML #97 for ABCP and #99 for Non-ABCP
  - Other 3 - XML #96 for ABCP and #98 for Non-ABCP
- **When can the converted XML be uploaded to EDITOR?**
  - When the templates enter into force the XML files can be uploaded to EDITOR as documents
  - When ED becomes a repository the XML files can be uploaded to EDITOR in a structured way which includes data completeness score calculations, quality checks, etc.

	BusinessApplicationHeaderV01_head.001.001.01
	FinancialInstrumentReportingStatusAdv
	DRAFT1auth.096.001.02
	DRAFT1auth.097.001.02
	DRAFT1auth.098.001.02
	DRAFT1auth.099.001.02
	head.003.001.01

For more information on the ED converter please see our webinar replay at [www.eurodw.eu](http://www.eurodw.eu)

# EDITOR - ROADMAP

## Upcoming Release Details:

### Future releases will ...

- Introduce Integrated Score Computation & Data Quality checks for ESMA regime
- Incorporate ESMA Draft XML template support for all asset classes
- Perform content validation on the uploaded data
- Provide feedback messages in XML format
- Enable easy bulk creation of ABCP transactions
- Introduce Ad-hoc queries
- Provide sponsors, originators and SSPEs the ability to invite users to access their public deals

# FREE SANDBOX ENVIRONMENT

Users can test their new ESMA templates and processes in a dedicated testing facility

Key Features:

- Upload unlimited test files and create test deals
- Frequently updated to reflect regulatory developments

Testing Includes:

- Free Access to Editor for a limited period
- Supported Templates (Non-ABCP):
  - I. Underlying Exposures for RMB, AUT, CMR, LES, COR, CRE
  - II. Investor Reports
  - III. Inside Information/Significant Events



Please send an email to [enquiries@eurodw.eu](mailto:enquiries@eurodw.eu) for any requests

# DISCLOSURE REQUIREMENTS – DOCUMENTS TO REPORT

For more technical information, see our EDUCATION series

## 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]	Investor report	Common XML file to report [2] and [11]/[12] in a single XML file 
[11] or	Inside Information or Significant Event	
[12]		

# CLOSING REMARKS AND Q&A

**MARCO ANGHEBEN**

# EDW HOSTS FIRST PORTUGUESE GREEN PRIME RMBS IN EDITOR

**EUROPEAN**  
DATAWAREHOUSE

**PRESS RELEASE**

**European Datawarehouse Hosts Green Prime RMBS from Portugal**

**FRANKFURT, GERMANY - 06 May 2020** – European DataWarehouse is pleased to announce the first Green Prime RMBS backed by Portuguese assets on the platform. This transaction is a €385 million deal issued by Unión de Créditos Inmobiliarios Establecimiento Financiero de Credito (UCI) branch in Portugal, which closed on 30 April 2020.

The deal is certified Green by [Sustainalytics](#) and is STS verified by [Prime Collateralised Securities \(PCS\)](#). According to UCI, proceeds from the deal will be used to fund earmarked green building initiatives and sustainable finance projects on the Iberian Peninsula.

UCI is one of the pilot financial institutions participating in the Energy Efficient Mortgages Initiative (EEMI) led by EMF/ECBC. In the context of EEMI, European DataWarehouse is a key partner of the Energy Efficiency Data Protocol and Portal (EeDaPP), which aims to create a standardized energy efficient data protocol and portal for European mortgages.

Dr. Christian Thun, CEO of European DataWarehouse noted *“European DataWarehouse is pleased to host such a pioneering deal. We are heavily involved in the development of sustainable finance in the ABS market”*.

Philippe Laporte, Chief Operating Officer at UCI, commented *“We are extremely proud to have concluded this new RMBS transaction in a never-before-seen challenging environment. This first Green Portuguese STS transaction gave this deal even more merit and satisfaction to add to our Spanish Prado saga”*.

**About European DataWarehouse GmbH**

European DataWarehouse (ED) is the first and the only centralised data repository in Europe for collecting, validating and distributing detailed, standardised and asset class specific loan-level data for Asset-Backed Securities (ABS) and private whole loan portfolios. ED stores loan-level data and corresponding documentation for investors and other market participants.

Range of Energy Performance	Number of loans	Percentage of loans
A	156	3.87%
B	717	17.80%
C	1,390	34.50%
D	987	24.50%
E	517	12.83%
F	148	3.67%



**Q&A**



# THANK YOU//CONTACT US

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