

ESMA defines disclosure standards under Securitisation Regulation

These TS contain detailed arrangements to implement the new European regulatory framework for securitisations, which is intended to promote simple, transparent and standardised (STS) securitisations.

The draft RTS specify information to be provided regarding:

- The underlying exposures, i.e. the loans, leases, and other receivables required to be made available according to the Regulation. Specific templates have been developed according to the type of securitisation and underlying exposure, to reflect the specific features of relevance for investors, potential investors, and public authorities to meet their obligations;
- Investor report information, including details on the credit quality and performance of underlying exposures, on events that trigger changes in the priority of payments or the replacement of any counterparties, and, where applicable given the type of securitisation, on the cash flows;
- Any inside information on insider dealing and market manipulation relating to the securitisation that is obliged to be made public in accordance with Article 17 of Regulation (EU) No 596/2014; and
- Information on significant events affecting the securitisation, including material changes in its structural features, changes to its risk characteristics and, for STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative sanctions.

The RTS distinguishes between non-ABCP securitisation and ABCP securitisation. In line with ESMA's legal mandates under the different related articles of the Securitisation Regulation, the RTS also distinguishes between all securitisations and those securitisations that are required to make information available via a securitisation repository.

The draft ITS specify the format and templates that are expected to be used by originators, sponsors and SSPEs for making this information available.

ESMA has prepared these draft technical standards with due regard for its mandates of investor protection, orderly markets, and financial stability. ESMA has sought to ensure an adequate level of data quality, while allowing some flexibility for the market to adjust to the new requirements and dealing with legitimate cases where data is not available

As set out in its letter to the European Commission on 24 April 2018 that ESMA has taken note of significant concerns from market participants regarding the transitional provisions of the Securitisation Regulation. ESMA is receptive to these understandable concerns from stakeholders and, consequently, has re-organised its resources in such a manner as to prioritise the delivery of these items well ahead of the formal deadline of

19 January 2019. In doing so, ESMA hopes that this will allow the templates to be adopted as soon as possible, and thus ensure that market participants have sufficient time to understand these requirements and to adapt their reporting systems with minimal disruption.

Next Steps

ESMA submitted today these draft RTS/ITS to the European Commission for endorsement. These RTS/ITS will contribute to delivering a regulatory rule-book for European securitisation markets.

The XML schema for these templates shall be made available in the coming months.