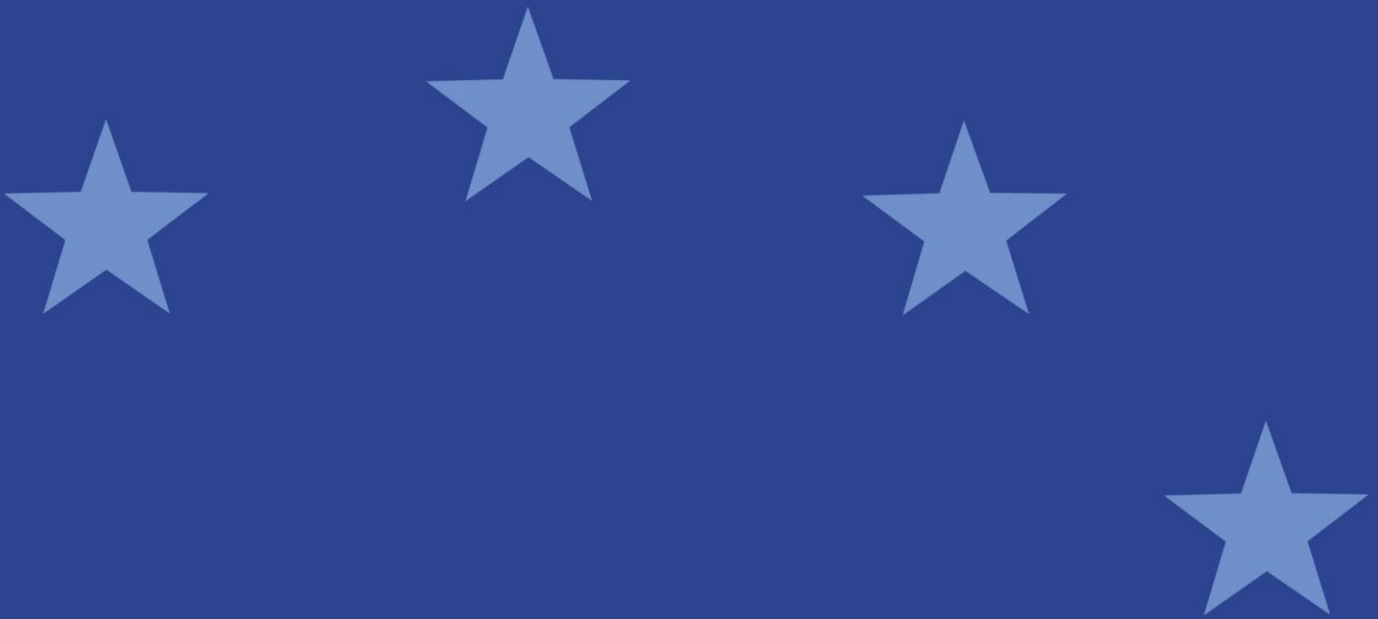




JOINT COMMITTEE OF THE EUROPEAN  
SUPERVISORY AUTHORITIES

# Response form for the Joint Consultation Paper concerning sustainable disclosures for STS securitisations



## Responding to this paper

The European Supervisory Authorities (ESAs) welcome comments on this consultation paper setting out the proposed Regulatory Technical Standards (hereinafter “RTS”) on the content, methodologies and presentation of information in respect of the sustainability indicators in relation to adverse impacts on the climate and other environmental, social and governance-related adverse impacts pursuant to Articles 22(6) and 26d(6) of the Regulation (EU) 2017/2402 (hereafter the Securitisation Regulation) and in particular on the specific questions summarised in Section 5 of the consultation paper under “List of stakeholder questions”.

Comments are most helpful if they:

- contain a clear rationale; and
- describe any alternatives the ESAs should *consider*.

When describing alternative approaches the ESAs encourage *stakeholders to consider how the approach would achieve the aims of SFDR*.

## Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in the present response form.
  - Please do not remove tags of the type <ESA\_QUESTION\_STS\_SUST\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
  - If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
  - When you have drafted your response, name your response form according to the following convention: ESA\_STS\_SUST\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESA\_STS\_SUST\_ABCD\_RESPONSEFORM.
  - The consultation paper is available on the websites of the three ESAs and the Joint Committee. Comments on this consultation paper can be sent using the response form, via the [ESMA website](#) under the heading ‘Your input - Consultations’ by **2 July 2022**.
- Contributions not provided in the template for comments, or after the deadline will not be processed.

## Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-



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disclosure. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

## Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725<sup>1</sup>. Further information on data protection can be found under the [Legal notice](#) section of the EBA website and under the [Legal notice](#) section of the EIOPA website and under the [Legal notice](#) section of the ESMA website.

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<sup>1</sup> Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39.

## General information about respondent

Name of the company / organisation	Leaseurope & Eurofinas
Activity	Other Financial service providers
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Europe

## Introduction

*Please make your introductory comments below, if any:*

Our first point is regarding the approach taken and the regulatory framework in general:

- In our view, whether or not a transaction qualifies as an STS transaction, should not depend on the disclosures made on ESG. These are two different metrics and should not be mixed.
- ESG requirements should be equally applicable to all financial instruments. Securitisations should not be regulated in a different manner than other financial instruments such as loans, Covered Bonds, MTN issues or CLOs.

Secondly, the EBA has concluded in its Report on Developing a Framework for Sustainable Securitisation (EBA/REP/2022/06) that there is no need or rationale for having a conceptually different approach to the definition and regulation of green securitisations from other capital market instruments. We agree with the EBA's views.

The EBA has also stated in its report that a green securitisation should be defined, like any other green bond, by the use made of the proceeds of the issuance rather than by the green nature of the securitised assets. The EBA also suggests that this proceeds-based approach might be a transitional one until we have 'greened' the European economy. We concur with that view.

The ESAs Paper refers to '**assets financed by the underlying exposures**', to subsequently request disclosure on the assets in the securitised pool. We disagree with this approach as we think it may cause confusion with potential investors. As funds raised in a securitisation transaction are not used to fund the assets in the securitised pool, but towards the purchase of new vehicles, the overall approach should be further streamlined. The focus should, for now, be on a 'use of proceeds' structure for the Originator Group, which is typically not the same as the Originator (subsidiary within the originator group).

Further consideration also should be given to the **delineation of responsibilities**:

- the Paper proposes originator groups to give **representations** on items in the value chain they may not control/ be involved in such as 'social and employee, respect for human rights, anti-corruption and anti-bribery matters' in relation to the manufacturers of the vehicles, or recycling efficiency of EV batteries. An independent car leasing company would be relying entirely on the information provided by other parties in the value chain (such as the manufacturers of the vehicles) and therefore should not be held liable for the accuracy and completeness of this information. We expect the final Paper to clarify this.
- the Paper refers to the '**originators**'. In practice, the reference should be made to the 'originator groups', because generally the strategic decisions in relation to sustainability-related matters are taken at group-level, while the originators of the transactions are local entities/ subsidiaries within such group.

In our opinion, a more holistic approach should be followed to disclosure on the originator level and not on a pool or loan level as appears from the present draft RTS. However, these should not go beyond existing requirements for originators (no new product linked requirements).

We would welcome clarification on whether any ABCP- and private transactions are carved out of envisaged sustainability disclosure requirements.

Applying additional obligations towards sustainability disclosures may increase entry barriers in securitisation markets. This would hamper the objective of deepening the European Capital Markets Union.

**Q1 : Do you agree that it is preferable to make disclosures available in a stand-alone document based on the SFDR template and consider any potential related adjustments to ESMA's disclosure RTS at a later stage?**

<ESA\_QUESTION\_STS\_SUST\_1>

[TYPE YOUR TEX HERE ]

<ESA\_QUESTION\_STS\_SUST\_1>

**Q2 : Do you agree that originators should disclose information in the principal adverse sustainability impacts statement, about whether and, if so, how principal adverse impacts on sustainability factors are taken into account in the originator's credit granting criteria? Do you agree that the disclosed information should rely on and cross-reference existing disclosures?**

<ESA\_QUESTION\_STS\_SUST\_2>

[TYPE YOUR TEX HERE ]

<ESA\_QUESTION\_STS\_SUST\_2>

**Q3 : Do you agree that originators should disclose information about whether, and if so how, PAI indicators on sustainability factors are considered in the selection of underlying exposures to be added/repurchased to/from the pool at the time of marketing or during the lifetime of the securitisation? Do you agree with the level of information required?**

<ESA\_QUESTION\_STS\_SUST\_3>

[TYPE YOUR TEXT HERE ]

<ESA\_QUESTION\_STS\_SUST\_3>

**Q4 : Do you agree with the approach taken in the draft RTS which aims for full consistency with the draft SFDR RTS?**

<ESA\_QUESTION\_STS\_SUST\_4>

[TYPE YOUR TEX HERE ]

<ESA\_QUESTION\_STS\_SUST\_4>

**Q5 : Do you agree with the inclusion of the new mandatory non-green asset ratio indicator for all asset classes covered by the RTS?**

<ESA\_QUESTION\_STS\_SUST\_5>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_5>

**Q6 : Do you agree with the proposed PAI indicators for residential real estate?**

<ESA\_QUESTION\_STS\_SUST\_6>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_6>

**Q7 : Do you propose to add any additional specific indicators for this asset class?**

<ESA\_QUESTION\_STS\_SUST\_7>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_7>

**Q8 : Do you agree with aligning the PAI indicators for motor vehicles with the screening criteria for motor vehicles established in the Taxonomy Regulation?**

<ESA\_QUESTION\_STS\_SUST\_8>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_8>

**Q9 : Do you agree with expanding the indicators to potentially cover these additional aspects at a later stage?**

<ESA\_QUESTION\_STS\_SUST\_9>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_9>

**Q10 : Do you agree with applying the mandatory indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters to the manufacturer of the vehicle?**

<ESA\_QUESTION\_STS\_SUST\_10>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_10>

**Q11 : Do you propose to add any additional specific indicators for this asset class?**

<ESA\_QUESTION\_STS\_SUST\_11>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_11>

**Q12 : Would you agree with using the SFDR real estate PAI indicators for commercial real estate securitisation?**

<ESA\_QUESTION\_STS\_SUST\_12>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_12>

**Q13 : Would you consider it useful to provide originators of securitisations consisting of corporate debt including trade receivables a template to disclose standardised information on principal adverse impacts on sustainability factors?**

<ESA\_QUESTION\_STS\_SUST\_13>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_13>



**Q14 : Would you agree with applying the draft SFDR RTS PAI indicators to exposures to corporates?**

<ESA\_QUESTION\_STS\_SUST\_14>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_14>

**Q15 : Would you agree with applying the proposed application of the same draft SFDR RTS PAIs focusing on the seller in the case of securitisation consisting of trade receivables?**

<ESA\_QUESTION\_STS\_SUST\_15>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_15>

**Q16 : Would you agree with adopting the proposed proportionate approach to SME loan?**

<ESA\_QUESTION\_STS\_SUST\_16>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_16>

**Q17 : Would you propose to add any additional specific indicators for these three types of securitisation?**

<ESA\_QUESTION\_STS\_SUST\_17>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_17>

**Q18 : Would you agree that there are no appropriate PAI indicators for securitisations backed by consumer loans or by credit card debt? If not, which PAI indicators would you propose for these loan types?**

<ESA\_QUESTION\_STS\_SUST\_18>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_18>

**Q19 : Do you consider that it would be useful to develop standardised PAI indicators on sustainability factors for other types of securitisation?**

<ESA\_QUESTION\_STS\_SUST\_19>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_19>