

Reply Form

to the Consultation Paper on the securitisation disclosure templates under Article 7 of the Securitisation Regulation

Responding to this Consultation Paper

ESMA invites comments on all matters in this Consultation Paper and in particular on the specific questions summarised in Annexes. Comments are most helpful if they:

- respond to the question asked;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider or comment to specific questions irrespective of the preferred option.

ESMA will consider all comments received by **15 March 2024**.

All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your input - Consultations’.

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 this reply form.
- Please do not remove tags of the type < ESMA_QUESTION_SECR_0>. 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 responses, save the reply form according to the following convention: ESMA_CP1_SECR _nameofrespondent.
- For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP1_SECR _ABCD.
- Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your input - Consultations’.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on 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 ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading '[Data protection](#)'.

Who should read this paper?

This Consultation Paper may be of particular interest to securitisation investors/potential investors, securitisation issuers/originators, market infrastructures, securitisation repositories, credit rating agencies as well as public bodies involved in securitisations (market regulators, resolution authorities, supervisory authorities, central banks and standard setters).

1 General information about respondent

Name of the company / organisation	Leaseurope & Eurofinas
Activity	Associations, professional bodies, industry representatives
Are you representing an association?	<input checked="" type="checkbox"/>
Country / Region	Europe

2 Questions

Q1 Option A focuses on maintaining the current framework in its entirety. Do you agree with maintaining the current disclosure framework unchanged?

<ESMA_QUESTION_SECR_1>

Leaseurope & Eurofinas do not agree with maintaining the current disclosure framework unchanged. We believe that a significant simplification of disclosure can be achieved, in line with the mandate in the 2022 Report of the EU Commission on the functioning of the Securitisation Regulation “*to address possible technical difficulties in completing the information required in certain fields, remove possibly unnecessary fields and align them more closely with investors’ needs*”.

We are therefore of the view that any amendments to the current reporting framework should aim at simplifying and not increasing the complexity of what is already a demanding set of requirements. We support targeted simplifications to the current templates, i.e. reducing mandatory fields of minimum added value for investors (and in the case of private securitisations) and improving the use of ND options, while preserving the current structure of the templates (known to the industry and developed with significant IT investments).

Before implementing any changes, we recommend that a thorough assessment should be made of the practical utilisation of data by users, and more aggregate alternatives to granular data that are already available should be considered.

Of the options provided, we would be in favour of option C (simplified template for private transactions, removal/streamlining of loan-level data for some asset classes).

<ESMA_QUESTION_SECR_1>

Q2 Do you agree that LLD granularity is essential for performing proper risk evaluation, including due-diligence analysis or supervisory monitoring? Please explain your answer considering the costs and benefits of keeping the current level of granularity in terms of operational costs, compliance burden and any other possible implications.

<ESMA_QUESTION_SECR_2>

Loan-level disclosure (LLD) is important for most asset classes and for certain reasons (e.g. in order to meet the central banks collateral eligibility requirements), but the current level of granularity is operationally burdensome and sometimes redundant. Indeed, while proprietary synthetic securitisations’ Investors Reports contain LLD but limited to the relevant fields

needed for risk analysis, with regard instead to true sale transactions, for asset classes (i.e. trade receivables, credits cards,..) involving highly granular portfolios - which are typically evaluated and monitored via a statistical approach and/or on an aggregate level - LLD granularity might not represent a plus, but rather provide data with low informative value and difficult to analyse.

We question to what extent LLD data, even when downloaded by investors is actively used by market participants throughout the life of the transactions. Although originators have the infrastructure now in place to produce such data, there is an administrative burden and cost associated with maintaining such granular reporting. We are of the view that there should be a thorough analysis of the use of downloaded statistics per asset class; should this indeed confirm the limited actual use of LLD data by investors / regulators, we suggest reconsidering such LLD reporting. Market participants could instead focus on the more aggregated data provided via investor reports as part of the regular reporting cycle.

<ESMA_QUESTION_SECR_2>

Q3 Do you agree that the current design of disclosure templates is adequately structured to facilitate comprehensive risk evaluation, including due diligence analysis and supervisory monitoring of securitisation transactions? If not, please explain your answer.

<ESMA_QUESTION_SECR_3>

In our view the current design is generally reasonable but simplifications are possible, as the current level of detail is more than sufficient for a complete portfolio analysis, and therefore mandatory fields could be reduced accordingly.

<ESMA_QUESTION_SECR_3>

Q4 Do you agree that disclosure and reporting requirements should be maintained consistent between private and public securitisation?

<ESMA_QUESTION_SECR_4>

Leaseurope & Eurofinas recommends simplifying the requirements for private securitisation but keeping consistency in the template structure. More precisely, for private securitisations the same templates as for public securitisations should be used, but those fields containing

information that, depending on the asset class and transaction type, are not deemed necessary should be marked as non-mandatory.

Alignment of the requirements for private and public transactions would be therefore welcome, however careful consideration should be given to the price-sensitive elements included for instance in documentation of private transactions; depending on the format.

<ESMA_QUESTION_SECR_4>

Q5 Please insert here any general observations or comments that you would like to make on this CP, including how relevant the revision based on the above approach (Option A) may be to your own activities and potential impacts.

<ESMA_QUESTION_SECR_5>

<ESMA_QUESTION_SECR_5>

Q6 Do you believe that the additional adjustments to the current framework proposed by Option B, such as restricting the use of ND options and including additional risk indicators (including climate-related indicators) are necessary? Do you support a revision of the technical standards accordingly? Please explain your answer, indicating whether you support these proposed adjustments and any reasons for your agreement and disagreement.

<ESMA_QUESTION_SECR_6>

Leaseurope & Eurofinas do not agree on the changes proposed under option B. We think that more flexibility is needed on the use of ND fields - e.g. for information that are not relevant for an asset class or type of transaction - and not further restrictions on the use of ND options.

We would also not support including additional risk indicators. In particular, we would argue that, in the absence of clear and well-established standards, including in the templates climate-related indicators - which are not always available - will result in making the framework more burdensome for originators without providing reliable and meaningful information for users.

We are also not in favour of providing payment schedules on individual loans as it would be operationally intensive and not deemed relevant, given that the amortisation profile of the portfolio and its constituents are already provided for at inception.

<ESMA_QUESTION_SECR_6>

Q7 Do you believe that a reduction of ND thresholds would materially improve the representation of data of securitisation reports? Please explain your answer.

<ESMA_QUESTION_SECR_7>

Leaseurope & Eurofinas do not see any benefit in a reduction of ND thresholds, as the current framework allows for a full representation of the portfolio details useful to perform a portfolio risk analysis.

<ESMA_QUESTION_SECR_7>

Q8 Do you think that the advantages stemming from restricting the consistency thresholds and/or removal of ND options for specific fields, resulting in more accurate representation of data, would justify the heightened compliance costs for reporting entities?

<ESMA_QUESTION_SECR_8>

We are convinced that any changes to the current set-up would increase the reporting burden and would entail additional costs, so we suggest to leave it as is, especially if the data appears not to be used or only sporadically used at best.

<ESMA_QUESTION_SECR_8>

Q9 Do you believe that the proposal of enriching the Annexes with additional risk-sensitive indicators (presented in Section 5.3) is necessary?

<ESMA_QUESTION_SECR_9>

<ESMA_QUESTION_SECR_9>

Q10 Do you believe that reporting entities would face challenges and/or significant costs if requested to report those additional indicators? If yes, please elaborate your answer.

<ESMA_QUESTION_SECR_10>

<ESMA_QUESTION_SECR_10>

Q11 Do you believe that the proposal of enriching the Annexes with climate risk indicators (presented in Section 5.4) is warranted?

<ESMA_QUESTION_SECR_11>

In our opinion enriching the Annexes with climate risk indicators is not warranted until standardisation, data accuracy and availability are at a more mature stage. We think this proposal would only entail additional burden in compiling the templates, without providing reliable and meaningful information for users.

We are not in favour of such proposal as for instance, 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 cannot and should not be held liable for the accuracy and completeness of this information.

<ESMA_QUESTION_SECR_11>

Q12 In addition to the list of advantages and challenges identified by ESMA in introducing the proposed sustainability indicators, do you believe additional advantages and challenges should be factored in?

<ESMA_QUESTION_SECR_12>

<ESMA_QUESTION_SECR_12>

Q13 Please insert here any general observations or comments that you would like to make on this CP, including how relevant the revision based on the above approach (Option B) may be to your own activities and potential impacts.

<ESMA_QUESTION_SECR_13>

<ESMA_QUESTION_SECR_13>

Q14 Do you agree with Option C as the preferred way forward (simplified template for private transactions, removal/streamlining of loan-level data for some asset

classes, new template for trade receivables) for the revision of the disclosure templates?

<ESMA_QUESTION_SECR_14>

Option C is considered the preferred way forward. Compared to the previous options, it allows to achieve important results, such as simplifying the template relating to private securitisations and remove loan by loan disclosure for more granular operations. Furthermore, consistent with Option C of the consultation, some less invasive changes in the other templates can be introduced, enhancing the efficiency of the framework with only limited IT interventions and operational burden.

We do not expect that proprietary Investor Reports will be dismissed, as it is unlikely that a one-fits-all template could be suitable for the specificities of any transactions.

We also agree with option C as private transactions initially need to be defined as private bilateral (or syndicated) transactions in contrast to public transactions where typically no bilateral relationship exists in all cases and external parties (e.g. Rating Agencies) are involved.

A private bilateral transaction is a transaction in which the sponsoring/investing Institution has a direct “credit” relationship to the originating entity comparable to a typical corporate credit. In this specific situation there is no need for data templates as all the information is obtained directly from the originator as part of the risk analysis process.

<ESMA_QUESTION_SECR_14>

Q15 Do you agree with the analysis and the inclusion of a new simplified template for private transactions that focuses mostly on supervisory needs?

<ESMA_QUESTION_SECR_15>

Leaseurope & Eurofinas agree that a simplification of the templates for private transactions is needed and recommends achieving such simplification through the current templates and the non-mandatory nature of selected fields that are considered not useful/essential, without significant changes in the existing structure of the annexes. This approach would greatly simplify the necessary IT interventions, also being beneficial in terms of timing.

This solution would be suitable to satisfy supervisory needs, given that supervisors already receive all the information on securitisations as reported to investors (including current ESMA templates) and the one required by supervisory regulations (i.e. as per art. 6-8 SECR, COREP).

We therefore think there is no need to a new template for private securitisations.

Changes in existing templates or a new reporting template produce additional costs for market participants especially for SMEs and make the securitisation product less attractive. Another new reporting template is inefficient and does further increase the scattered reporting regime for securitisations. Please refer for more details to the article “Reviving securitisation in the EU: A critical analysis of the reporting requirements” by Olivia Hauet, Principal Economist, European Central Bank.

Therefore, the streamlining of reporting requirements for private transactions should be based on efforts to use the data already collected and implemented e.g. with the ABCP reporting templates / SSM notification template and make use of them for all private transactions irrespective of its booking location (e.g. on-balance, purchasing SPV or within an ABCP program.)

<ESMA_QUESTION_SECR_15>

Q16 Do you believe that ESMA should proceed with the review of the RTS based on this option and using the SSM notification template as a starting point? Please provide details in your answer.

<ESMA_QUESTION_SECR_16>

Yes, but taking into account that changes in the existing templates and reporting procedures produce costs for all market participants especially for SMEs and make the securitisation product less attractive. The current SSM notification template or ABCP template may be used without introducing new data requirements. Please refer to our answers for Q14 and Q15 for more details.

<ESMA_QUESTION_SECR_16>

Q17 Do you consider that a simplified template can be useful even though the operational way to submit the data is exempted from the mandatory reporting via the SRs?

<ESMA_QUESTION_SECR_17>

Yes, a simplified template in the meaning that already existing ABCP templates or SSM notification template are used and application of those is extended to all private securitisation structures independent of how they are booked (on-balance, SPV, or ABCP).

Supervisory bodies can access the data based on the current reporting procedures and no SR involvement is necessary.

<ESMA_QUESTION_SECR_17>

Q18 Do you believe that ESMA should proceed with the review of the RTS based on the proposal to deviate from loan-level data reporting for those asset classes which are highly granular, of short-term maturity or revolving pools? What are the potential benefits, challenges, or considerations that ESMA should consider if adopting this approach?

<ESMA_QUESTION_SECR_18>

Yes. For private transactions as defined in our response to Q14 there is no need for loan-by-loan data as the required information is accessed directly between the transaction parties independent from the granularity, term or revolving structures.

Especially for highly granular portfolios and/or short maturities loan-level-data is not useful. For private bilateral transactions it is inefficient, as the involved parties have direct access to all relevant receivables data and costs to produce the data population of templates not in use can make the product more attractive especially for SMEs.

The removal of the requirement will benefit SMEs immediately with lower reporting costs and reduced barriers to implement securitisation structures. Ultimately it will help the EU securitisation market to develop more broadly as a viable funding diversification tool for SMEs. It will also reduce discrimination in the market as SMEs often do not have the IT resources to implement complex data reporting procedures.

<ESMA_QUESTION_SECR_18>

Q19 Are there any additional asset classes that should be further explored based on the proposal of deviating from the loan-level data reporting? Please list the relevant asset classes or annexes and explain why.

<ESMA_QUESTION_SECR_19>

Yes. For all granular transactions in the private bilateral transaction category there is no need for loan-by-by loan data.

<ESMA_QUESTION_SECR_19>

Q20 Do you agree, in the context of option C, that ESMA should further explore the deletion of the current disclosure templates? Please provide details in your answer.

<ESMA_QUESTION_SECR_20>

We do not believe that the way forward is deleting the current disclosure templates, given the important efforts made by the industry for their implementation. We propose introducing simplifications and targeted changes in the current templates in order to improve the framework. For all private bilateral transactions there should be no loan-by-loan data reporting and replacement with already established ABCP templates/ current SSM notification template should be realised.

Therefore, from the options provided, we would be in favour of option C (simplified template for private transactions, removal/streamlining of loan-level data for some asset classes.

<ESMA_QUESTION_SECR_20>

Q21 Do you agree, in the context of option C, that ESMA should further explore the streamlining of the current disclosure templates? Please provide details in your answer.

<ESMA_QUESTION_SECR_21>

No, under the assumption that ABCP templates/ current SSM notification template are used for all private bilateral transactions there should be no change to the format and content to prevent unnecessary costs.

Within Option C it is possible to intervene, even if in a non-invasive manner, where deemed necessary in order to avoid reporting information not used by investors.

Leaseurope & Eurofinas propose to:

- remove fields containing information not required by the investors or already provided at the transaction origination, or where the information is not available to the originator.
- extend the “no data” options to all the securitisation types and providing more flexibility in the case of traditional cash ABSs for all the available asset classes. Additionally, for certain fields where the ‘no data’ option is already admitted, the penalty treatment should be reconsidered. In fact, for some clusters of performing assets the recovery of some historical data set currently required by the templates could now result too expensive or too time-

consuming, whilst at their origination date such data set was not required. For these cases, the use of 'ND' options should not lead to any penalty in the template scoring. Moreover, there are few fields currently not admitted to the use of the 'ND' option, for which the use of this optionality would be desirable.

<ESMA_QUESTION_SECR_21>

Q22 Do you consider that a new template for non-ABCP trade receivables should be included and why? Please provide reasons for your answer.

<ESMA_QUESTION_SECR_22>

No, under the assumption that ABCP templates/ current SSM notification template are used for all private bilateral transactions there should be no change to the existing format and content.

<ESMA_QUESTION_SECR_22>

Q23 Which additional template could be relevant for the reporting of other asset classes that are not currently covered in the framework? Please provide details in your answer.

<ESMA_QUESTION_SECR_23>

No further templates should be introduced, under the assumption that ABCP templates/ current SSM notification template are used for all private transactions.

<ESMA_QUESTION_SECR_23>

Q24 Please provide any general observations or comments that you would like to make on this CP, including how the revision based on the above approach (Option C) may be relevant to your own activities, and any potential impacts.

<ESMA_QUESTION_SECR_24>

The removal of the requirement for loan-by-loan data for private bilateral securitisations would benefit all market participants and especially SMEs with lower reporting costs and reduced barriers to implement securitisation structures.

Ultimately it will support the securitisation market to be a viable funding diversification tool for SMEs which often do not have the IT resources to implement complex data reporting structures. Some of the main unnecessary challenges the ESMA securitisation templates pose for private bilateral securitisation would be substantially reduced if all private bilateral securitisation will be covered by the ABCP template/ current SSM notification template.

Currently the challenges arise mainly due to the following (for private bilateral securitisations):

1. The templates are overly complex and difficult to understand, especially for smaller market participants with limited resources and no dedicated securitisation experts internally employed.
2. Compliance with ESMA securitisation templates is perceived as burdensome, particularly for smaller firms that lack the necessary resources or expertise to effectively implement and maintain reporting processes. Implementing the necessary systems and processes to comply with ESMA securitisation templates can be costly, particularly for SMEs or those with limited technological infrastructure and budgets.
3. The objective of the templates to promote harmonisation and standardisation across the EU securitisation market, makes sense for public transactions with external parties involved (rating agencies, investors with no bilateral credit relationship to the originator). However, this is not the case for private bilateral transactions where direct access to all relevant data already exists between the involved parties.
4. The regulatory framework for securitisations is complex and subject to frequent changes, leading to challenges for market participants in staying up-to-date and compliant with evolving requirements. It is a welcomed step to reduce resources for unnecessary reporting requirements. Addressing the loan-by-loan template burden is easily possible for private bilateral transactions without reducing the transparency between the involved parties.

<ESMA_QUESTION_SECR_24>

Q25 Do you agree with Option D (a comprehensive review of the disclosure framework) as the preferred way forward for the revision of the disclosure templates?

<ESMA_QUESTION_SECR_25>

<ESMA_QUESTION_SECR_25>

Q26 Do you think that it would be possible to achieve a level of simplification and standardisation within fields, across multiple templates, without having an impact on the overall risk analysis of the transaction? Please explain the rationale behind your answer.

<ESMA_QUESTION_SECR_26>

<ESMA_QUESTION_SECR_26>

Q27 Do you think that the overall usability would improve with simplified and standardised templates? Please explain the rationale behind your answer.

<ESMA_QUESTION_SECR_27>

<ESMA_QUESTION_SECR_27>

Q28 Do you agree with the approach proposed by Option D, to create a set of templates based on the characteristics and nature of underlying assets rather than the categorisation of the securitisation transaction (i.e., public or private, true sale or synthetic)?

<ESMA_QUESTION_SECR_28>

<ESMA_QUESTION_SECR_28>

Q29 Do you believe that ESMA should proceed with the review of the RTS based on the proposal to deviate from loan-level data disclosure for those asset classes which are highly granular, of short-term maturity or revolving pools? What are the potential benefits, challenges, or considerations that ESMA should consider if adopting this approach?

<ESMA_QUESTION_SECR_29>

<ESMA_QUESTION_SECR_29>

Q30 Are there any additional asset classes that should be further explored based on the proposal of deviating from the loan-level data reporting? Please list the relevant asset classes or annexes explain why.

<ESMA_QUESTION_SECR_30>

<ESMA_QUESTION_SECR_30>

Q31 What are your views on the proposal to transition from the current ‘no-data’ options to a framework based on ‘mandatory’, ‘conditional mandatory’ and ‘optional’ fields for securitisation transactions?

<ESMA_QUESTION_SECR_31>

Given that the management of the ND options is a pillar of the framework, changing the current “no-data” options logic is not advisable, as it would require significant investments, while a more conservative approach would be preferable.

Marking fields as non-mandatory (optional) where appropriate, in addition to the existing ND options (amended as said), would be very useful to achieve substantial simplification without incurring in the constraints applied to the use of ND options. This is especially the case for private securitisation templates. To this end, it is essential that leaving non-mandatory fields blank is not considered as making use of available NDs for the purpose of the relevant limit.

<ESMA_QUESTION_SECR_31>

Q32 Do you think that this transition be of added value to the securitisation framework? What challenges or concerns, if any, do you anticipate with the introduction of 'mandatory,' 'optional,' and 'conditionally mandatory' fields? Are there specific considerations related to data availability, feasibility, or implementation that should be considered?

<ESMA_QUESTION_SECR_32>

<ESMA_QUESTION_SECR_32>

Q33 Please provide any general observations or comments that you would like to make on this CP, including how the revision, based on the above approach (Option D) may be relevant to your own activities and any potential impacts.

<ESMA_QUESTION_SECR_33>

<ESMA_QUESTION_SECR_33>