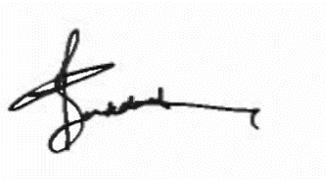
European Securities and Markets Authority (ESMA)
201-203 Rue de Bercy
CS 80910
75589 Paris Cedex 12, France
Submitted via the online response form and by email

31 March 2025

The Joint Associations' response to the ESMA consultation of February 2025 on the revision of the disclosure framework for private securitisation[1]

We, the associations named in the **Annex** to this letter (the **Joint Associations**) and their respective members, welcome the opportunity to respond to the ESMA consultation of 13 February 2025 (ESMA12-2121844265-4462) on the revision of the disclosure framework for private securitisation under Article 7 of the EU Securitisation Regulation (**SECR**). Please see our full response below.



Shaun Baddeley
Managing Director, Securitisation Association for Financial Markets in Europe (AFME)

Peter Cosmetatos
CEO, CREFC Europe

Bryan Pascoe
Chief Executive Officer, International Capital Market Association (ICMA)

[1] https://www.esma.europa.eu/sites/default/files/2025-02/ESMA12-2121844265-4462_-_Consultation_Paper_on_Private_Securitisation.pdf

Table of Contents

Question 1: Do you agree with the proposed approach to disclosing information on private securitisations? If not, please specify any alternative approaches you would recommend, including their advantages and potential drawbacks. 5

Question 2: Do you agree with the proposed scope of application, which requires all of the originators, sponsors, original lenders and SSPES to be established in the Union? Alternatively, do you see any merit in applying the new template when at least the originator and sponsor are established in the Union? Please provide specific examples where the application of the proposed scope might present practical challenges. 14

Question 3: Do you agree that the simplified template should be made available in CSV format, or should ESMA adopt a more flexible approach proposing a machine-readable format to be determined by the CA? Please specify which alternative format(s) you would recommend and provide your rationale. 15

Question 4: Do you agree with the disclosure frequency proposed in the Consultation Paper? Please provide your rationale. 15

Question 5: Do you agree with the structure of the simplified template, specifically the relevance of section A to D for private securitisations? If not, please suggest any changes to the template's structure and provide the rationale for your proposed modifications. 16

Question 6: Do you consider the use of ND Options in the template for private securitisations to be useful? Please provide your rationale. 16

Question 7: Do you agree with the fields proposed in Table 1? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications. 16

Question 8: Do you agree with the fields proposed in Table 2? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications. 16

Question 9: Do you agree with the securitisation characteristics fields proposed in Table 3? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications 17

Question 10: Do you agree with the instrument/securities characteristics fields proposed in Table 4? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications. 17

Question 11: ESMA is not aware of significant issues with the current disclosure framework for ABCP transactions. Do you agree with maintaining this approach (i.e., Annex 11), or do you consider that disclosure via the simplified template would be more appropriate for ABCP transactions? Please provide your rationale. 17

Question 12: If you support the use of the simplified templates for ABCP transactions (Question 10), do you also agree with the specific fields proposed in Table 5? If not, please suggest any changes to the content or structure of the table, along with the rationale for your proposed modifications 20

Question 13: Do you agree with the proposed approach for ABCP transactions, which focuses on information at the programme level? Alternatively, do you consider that disclosure should be based on transaction-level information to ensure alignment with the disclosure requirements for public transactions? Please provide your rationale. 20

Question 14: Do you agree with the contact information collected under Table 6? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications. 20

Question 15: Do you agree with the fields on the underlying exposures proposed in Table 7? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications..... 21

Question 16: Do you believe that a minimum set of information should be made available to users to monitor the evolution of the underlying risks? If so, do you consider that the fields proposed in Table 7 to be relevant for this purpose? If not, please indicate which alternative indications should be used and provide the rationale for your suggestions. 21

Question 17: ESMA proposes the inclusion of fields to capture information on underlying assets to be reported at an aggregated level. Some of this information is also included in the investor report for non-ABCP transactions. Do you agree that such information should be provided in both the template for private securitisations and the investor report for non-ABCP transactions? Alternatively, would you support introducing the option to flag such fields as 'not applicable' in the investor report when used in the context of private securitisations? Please provide your views. 22

Question 18: Do you agree with the inclusion in Table 7.5 of fields related to restructured exposures or do you consider that the information included in the investor reports is sufficient? Please provide your rationale for agreeing or disagreeing. 22

Question 19: If you agree with the inclusion of restructured exposure fields (Question 17), do you also agree with the specific fields proposed in Table 7.5? If not, please suggest any changes to the structure or content of Table 7.5, along with the rationale for your proposed modifications. 23

Question 20: Do you agree with the inclusion in Table 7.6 of fields related to energy performance? Please provide your rationale for agreeing or disagreeing. 23

Question 21: If you agree with the inclusion of energy performance fields (Question 19), do you also agree with the specific fields proposed in Table 7.6? If not, please suggest any changes to the structure or content of Table 7.6, along with the rationale for your proposed modifications. 23

Question 22: Do you agree with the inclusion of the proposed fields related to risk retention, considering that this information is already covered in the investor reports? Please provide your rationale for agreeing or disagreeing..... 23

Question 23: If you agree with the inclusion of risk retention fields (Question 21), do you also agree with the specific fields proposed in table 8? if not, please suggest any changes to the structure or content of Table 8, along with the rationale for your proposed modifications. 24

Question 24: Do you agree with the fields proposed for the position level information in Table 9? if not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications. 24

Question 25: Do you agree with the fields proposed for synthetic securitisation in Table 9? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications..... 25

Question 26: Do you foresee any operational challenges or implications arising from the implementation of the simplified template for EU private securitisations? If so, please describe the challenges you anticipate and suggest any measures that could mitigate them. 25

Question 27: What are the projected implementation costs for sell-side parties for transitioning to the simplified template for private securitisations, and how do these compare to the reduction of reporting burden? 26

Question 28: To what extent does the simplified disclosure framework for private securitisation improve the usefulness of information for investors while maintaining their ability to perform due diligence?..... 27

Question 29: Does in your view the introduction of the simplified template enhance the effectiveness of supervisory oversight without imposing disproportionate costs on market participants?..... 27

Annex 28

Question 1: Do you agree with the proposed approach to disclosing information on private securitisations? If not, please specify any alternative approaches you would recommend, including their advantages and potential drawbacks.

We **welcome** in general the move towards **simplification** of the SECR reporting requirements and we welcome ESMA's engagement with the industry in terms of exploring the possible ways for such simplification. In this response we provide detailed comments on the ESMA proposals and share some thoughts on the alternative approach. In addition to the completion of the online response form, we are also separately submitting to ESMA our **mark-up of the proposed Annex XVI template**.

We also **agree** that what information **EU supervisors** may require to receive for supervisory purposes about securitisations that are treated as "private" under SECR and how such information is notified to EU supervisors should be streamlined avoiding fragmented implementation of different (including in some cases template-based) notification regimes (as is currently the case in different EU Member States).

However, we **strongly disagree** with the proposal to introduce the simplified private reporting regime only for EU-originated/sponsored securitisations via amendments to Article 7 RTS/ITS in advance of a more settled position on the wider EU securitisation reforms that is likely to amend SECR requirements on transparency and investor due diligence. It is difficult to comment on the questions in this consultation without clarity on where the changes to the SECR level 1 text will land and how (and whether) the definition of "private" securitisation may change and how (and whether) any amendments to the investor due diligence requirements will address proportionate approach to due diligence on transparency and reporting on third country securitisations. Therefore, if the cost and burden of regulatory compliance are to be reduced in a meaningful way, in general, it would be more helpful for the industry if the securitisation reforms are introduced as a comprehensive package of measures, where there is **coherency** between amendments to the primary legislation, such as SECR, and the secondary legislation, such as Article 7 RTS/ITS. While we appreciate ESMA taking forward its work on simplified reporting, **introducing half-measures at this stage is not an answer to the problems identified with the SECR reporting regime and should be avoided.**

If ESMA is potentially thinking of introducing this simplified regime *prior to* entry into force of amendments to SECR Article 7 and Article 5 under the wider reforms, we have a few concerns that we would like to raise. We also have some thoughts on the alternative approach for a simplified (non-ABCP) private EU and non-EU securitisation reporting regime, which we also set out below in point (5). Regarding ABCP, we refer to our ABCP-specific comments in Q.11-13 below for further details on the feedback from our members on the preferred approach to ABCP reporting.

(1) **What constitutes "private" securitisation may change under the wider reforms**: ESMA consultation acknowledges that under the current definition private transactions represent a significant portion of the European securitisation market. It is clear from the European Commission consultation of October 2024 on the wider reforms that "private" securitisation parameters are under review and could change. Therefore, any simplification introduced ahead of the wider reforms will not benefit all securitisations currently

considered "private" equally if this definition changes in due course (ie European securitisations that are "private" now and adopt new Annex XVI may need to switch to different reporting following amendments to the parameters in Article 7). As a result, the proposed simplification would add to the complexity of SECR regime and will not (as proposed) reduce the cost and burden of regulatory compliance for the wider market.

(2) **Simplification cannot be achieved if, upon request of investors or competent authorities, template-based loan-by-loan data (LLD) reporting is nevertheless required. Mandatory use of template-based investor reporting also reduces simplification**: The proposed simplified reporting appears to move away from mandatory template-based LLD reporting and generally supports the conclusion that aggregated asset data reporting can be accepted as sufficient.

We **welcome** this more principles-based approach to the granularity of asset data to be reported and agree that the existing level 1 text already supports the interpretation that references in Article 7 to "information on the underlying exposures" and "loan-level data" do not automatically mean that LLD reporting is mandatory and needed in all cases.

However, the consultation also indicates that template-based LLD reporting must nevertheless be provided upon request of investors or supervisors, which negates the idea of simplification. This is because this will require sell-side parties to put in place *prior to closing* everything that is needed to meet such requests, thus incurring costs and administrative burden that comes with it. As a result, the **new reporting regime does not deliver simplification. In fact, it becomes more burdensome** than the currently applicable "private" securitisation reporting regime, because (in addition to the existing LLD reporting templates and existing template-based investor reporting), the sell-side parties will also need to complete Annex XVI as well as, potentially, deal with any other notification requirements of their national supervisors (on the latter we provide further comments in point (4) below).

The continued mandatory use of the template-based investor reporting (ie Annex XII for non-ABCP) adds to the complexity and does not help to simplify private securitisation reporting regime. It is not something that meets supervisors' needs and if investors receive more tailored information anyway, it is likely to create unhelpful duplication leading to more costs and administrative burden, thus reducing the benefit of simplification.

We therefore propose to consider an **alternative approach** that we discuss in more detail in point (5) below.

(3) **Non-EU (third country) securitisation:** The ESMA proposals to facilitate only European private securitisation leave unresolved the issue with reporting on third country securitisations. Furthermore, there is nothing in the *current* level 1 text of SECR to support the introduction of a split approach on reporting relevant information to investors on European and third country securitisations that are "private" under SECR. Yes, we agree that it will be helpful to harmonise reporting to the EU supervisors of the EU sell-side parties (which we discuss further in point (4) and point (5)(b) below), which Annex XVI is also aimed to address, but that is a separate point from the broader issue concerning whether template-

based reporting should apply when it comes to asset-level and investor reporting on EU and third country securitisation that are treated as "private" under SECR.

To date, the industry had understood that ESMA work on simplified private securitisation reporting will address the position on third country deals. We note in this regard the mandate that the European Commission gave to ESMA in its Article 46 report of October 2022 in which the European Commission stated with respect to the investor due diligence requirements that "*differentiating the scope of information to be provided, depending on whether the securitisation is issued by EU entities or by entities based in third-countries, is not in line with the legislative intent, since it does not matter for the proper performance of the EU-based institutional investors' due diligence whether a securitisation originated inside or outside the EU*". Furthermore, the European Commission specifically noted with regard to the introduction of a simplified reporting for private securitisations that "*…the envisaged measures to amend the technical standards that set out the transparency requirements of Article 7 might help reduce the competitive disadvantage for EU institutional investors. This is because this will make it easier also for sell-side parties from third countries to provide the required information*".

Furthermore, we also note in this regard that in response to the industry request (linked here) for further guidance on SECR Article 5(1)(e), the Joint Committee of ESAs issued a letter on 12 October 2023 stating that "*it would be premature*" to provide further guidance on the compliance challenges on third country securitisations and that "*ESMA is considering what can be done in the absence of Level 1 changes in terms of reviewing the reporting templates*" and invited further collaboration with the industry.

Therefore, it is disappointing to see that such further work by ESMA on the simplified regime expressly excluded third country securitisations.

We would encourage ESMA and the European Commission to consider this issue further and to **avoid introducing half-measures that do not provide meaningful long-term solutions to the challenges (including competitiveness challenges) faced by the EU sell- and buy-side stakeholders.** As noted above, we **strongly support** the move towards simplification, more principles-based and proportionate approach to regulation of securitisation under the SECR regime. If at this stage some of such solutions are heavily dependent on amendments to the primary legislation, **we would strongly support fast-tracking the securitisation package of (prudential and non-prudential) reforms**, similar to how during Covid certain securitisation reforms (aimed in particular at removing regulatory obstacles for securitisation of non-performing exposures) were fast tracked under the Capital Market Recovery Package.

(4) **Simplified template aimed at EU supervisors' needs (harmonising existing fragmented national notification regimes) may not be appropriate to also meet investors' needs**: We note that the proposed Annex XVI is aimed to serve primarily supervisors' needs, but that it also includes some high-level information that ESMA considers that investors may need. It is also acknowledged in the consultation that there will be alternative methods for investors to obtain the necessary information with the less need for disclosure in prescribed templates.

While we welcome in general the review of the reporting regime so that it is made more proportionate to institutional investors' needs, the proposed **Annex XVI will be of little use to investors**:

- A lot of data fields therein are of static nature that will not change between reporting periods and the investors do not need to receive a separate template covering such static data.

- If there are significant events or material changes, investors do not need to receive a separately completed template, they will be instead expecting to receive (as provided under the transaction documentation) the relevant investor communications. We also note that under the current SECR regime Annex XIV for significant event reporting does *not* apply to private securitisations. How in practice on private deals sell-side parties communicate with investors will vary. For example, on some bilaterally negotiated deals all communications with investors will be in the email form. If a private securitisation is listed, notices may be circulated as market announcements (most listing venues commonly have continuing disclosure obligations that require disclosure of material changes). If the debt instruments issued are cleared, notices may be sent via the clearing system. With regard to the latter, our investor members expressed preference for there to be a requirement to use clearing system notices for securitisations already in clearing systems.

- Furthermore, Annex XVI creates some duplication with information that is required under Annex XII (if it applies) and information that investors will be already receiving as part of a tailored investor reporting package (see also our separately submitted mark-up of Annex XVI for further comments).

- Limited number of fields with aggregated asset data reporting proposed in Annex XVI will not be helpful for investors to supervise asset performance, instead investors will be looking to other tailored reports (that may be provided on aggregated or loan-by-loan basis) that they would expect to receive post-closing and information that helps investors to supervise ongoing performance as required under Article 5(4). Trying to replicate some of the data fields for such information in Annex XVI is not helpful as it would inevitably create duplication with other more tailored reporting that investors would still expect to receive. However, it is helpful to see (as already noted in point (2) above) more general support from ESMA for more proportionate approach to asset-level reporting and acceptance of aggregated data reporting.

Therefore, **it is arguably not the right approach to design a template that would meet both EU supervisors' and investors' needs**. This is because:

- supervisors' focus is primarily on ensuring that entities within their supervision have proper policies and procedures and that they can demonstrate on request how they comply with their regulatory obligations on relevant securitisations;

- while investors' focus is on information that enables them to make an informed credit assessment of the investment, taking into account all relevant features of the

transaction, the type of the investment that they are making as well as other relevant factors.

As such, and as already demonstrated by the ECB/SSM notification regime and the notification regimes introduced by some other EU competent authorities, the supervisors' focus is more on a "one-off" (rather than ongoing) reporting of certain high-level information about certain features of the transaction and an *ad hoc* reporting in the case of significant events and material changes. If needed, supervisors can always ask for additional information/access everything that is being provided to investors as well as request to see details of the EU sell-side parties' internal policies and procedures relating to SECR compliance.

This is very different from investors' needs that are more focused on information needed for their due diligence prior to investing and, on an ongoing basis, to assess and monitor the performance of the underlying assets and the transaction as a whole.

Finally, the **channel for transmission of information** to the EU supervisors (including any template-based notification) should **not** be the same as how information is required to be made available to investors. A supervisor-focused template should be made available in a manner that ensures access to such information by the relevant supervisor(s) only given that for supervisory purposes additional (and confidential) information may be requested that may not be appropriate for access by existing or potential investors.

(5) **Alternative approach to simplified reporting for EU and non-EU private securitisations:**

For the reasons set out above, we would propose to consider an alternative approach to simplified reporting ensuring that it is introduced as part of a **coherent package** of **fast-tracked** securitisation reforms with relevant amendments in the level 1 text of SECR relating to the more proportionate application of the Article 7 regime for private securitisations (including more proportionate application of the due diligence on transparency for non-EU securitisations under Article 5(1)(e)) and the corresponding amendments in Article 7 RTS/ITS.

(a) Distinguishing between public and private securitisation:

It remains an open question for now as to how the forthcoming legislative package of reforms from the European Commission will propose to amend public/private securitisation parameters and what type of securitisation transactions will not have the benefit of a simplified private securitisation reporting regime and will be forced instead into the more onerous public regime including mandatory use of securitisation repositories. Regarding the topic of reporting and public/private distinction, we also refer ESMA to the AFME response of December 2024 to the European Commission consultation on the wider securitisation package of reforms. Understanding how such public/private securitisation parameters may change is essential for being able to provide a more fulsome response to this consultation and to share further thoughts on the alternative approach. For example, if it is limited only to bi-laterally negotiated private securitisations (where, arguably, only very light touch requirements on transparency should apply), the position on the issues for the market will

be very different compared to the scenario where the parameters for what is considered "private" remain broad encompassing all third country securitisations as well. **Further comments on the alternative approach in points (b) and (c) below are provided on the assumption that the definition of "private" securitisation may potentially remain somewhat broad** (eg it will include most, if not all, synthetic securitisations, private warehouse transactions, certain fund finance transactions etc) and will include third country securitisations. ABCP should remain being treated as private as well, but we refer to our ABCP-specific comments in Q.11-13 below for further details on the feedback from our members on the preferred approach to ABCP reporting.

(b) Notification to EU supervisors by EU sell-side parties on private (<u>non-ABCP</u>) securitisations:

(i) We would propose to amend Article 7 RTS/ITS so that the proposed **Annex XVI is amended and developed as a template aimed at harmonising notification to the EU supervisors of European (non-ABCP) private securitisations** involving EU original lender, EU originator, EU sponsor and/or EU SSPE (see also Qs 11-13 below for ABCP-specific comments). Such template should only be aimed at supervisors' needs (**see our separately submitted mark-up of Annex XVI**) and, therefore, should cover one-off information about certain deal characteristics and key parties involved but should otherwise include only limited detail on the nature of the underlying exposures and securitisation positions created to avoid duplication with more tailored reporting that is provided to investors and which, upon request, can be made available to the EU supervisors. This harmonisation should replace any existing non-ABCP private securitisation reporting regime introduced by the designated national competent authorities in some Member States and by the SSM/ECB.

(ii) As with the ECB/SSM notification regime, **Annex XVI should be completed** by the relevant EU sell-side parties as a one-off reporting **within one month of closing**.

Additional reporting (if any) should only be required on an **ad hoc** basis (without delay) for the purposes of Article 7(1)(g) in the case of a **significant event/material change**. However, we have a few other observations and recommendations in this regard:

(A) **Recommend for significant events reportable to supervisors to be more limited in scope than Article 7(1)(g)**: What constitutes a significant event for the purposes of Article 7(1)(g) is potentially open to interpretation. Some private bi-laterally negotiated securitisations may have frequent changes to certain commercial terms which will be notified to and, if necessary, agreed with investors, but which (even if they are considered as falling under Article 7(1)(g)) are arguably of less relevance to the EU supervisors. Therefore, to avoid excessive significant event reporting to the supervisors we propose for ESMA to consider narrowing the scope of such reporting to certain specific cases. We will welcome further dialogue with ESMA on the possible list of items, but for now, for illustrative purposes only, we set out below a few possible examples of such "reportable" significant events:

- changes impacting certain data fields in Annex XVI (e.g. changes to the STS status, if applicable);

- changes impacting ongoing compliance of the sell-side parties with certain SECR requirements (e.g. risk retention, transparency requirements) and more generally changes relating to a material breach of the obligations provided for in documentation disclosed under Article 7(1)(b) (we note that this will capture default scenarios);

- changes relating to early redemption or unwinding of the transaction.

(B) **Preferred approach is not to require template-based reporting for significant events reportable to supervisors to avoid duplication with information/notices already communicated to investors:** We note that the proposed Annex XVI includes a specific section (Table 2) for significant event reporting. However, it should not be necessary to require template-based reporting for these purposes as it will inevitably create a duplication with existing communications with investors that can be (as already discussed in point (4) above) in the form of emails, investor notices made via the clearing systems or in the form of market announcement published on the trading venues or some other form of communication as agreed by the transaction parties. Therefore, it should be sufficient *(for the purposes of harmonising the EU supervisory reporting regime)* to simply require that the relevant investor notice/communication is made available without delay to supervisors using the same method of submission as what is required for the submission of Annex XVI.

(iii) The **transmission channel for Annex XVI submission should be streamlined and harmonised** so that on any transaction involving sell-side parties in multiple EU Member States it should not be necessary to have duplicative reporting to multiple EU supervisors. Arguably, it will help with the convergence of supervisory practices if there is a single access point/portal that all EU sell-side parties can use for making the notification and to which all EU supervisors *(but not investors)* have access. **Format of reporting** in this case will be dictated by the technical specification of the portal that needs to be used for Annex XVI submission. We would welcome further engagement with ESMA on this point and would advise against the application of the xml format.

(iv) **Completion and submission of Annex XVI** can be done by any of the EU sell-side parties (in case of multiple EU sell-side parties being involved on the same deal). It may also be needed to expressly address delegation provisions further, but it will partly depend on how the portal for submitting the completed template will be set up.

(v) Amendments to level 1 text of SECR or Article 7 RTS should **make it clear that designated competent authorities should not prescribe any other templates** for notification of private securitisations involving EU sell-side parties. **Transitional/grandfathering provisions** are also needed to phase in this new notification regime to minimise disruption and to reduce costs and administrative burden for EU supervisors and EU sell-side parties. Preparatory work for the introduction of this new notification regime can commence now so that it is ready to be implemented following the entry into force of the wider package of securitisation reforms.

(c) No mandatory template-based reporting for asset-level and investor reporting by EU and non-EU sell-side parties on private (non-ABCP) securitisations – principles-based/substance over form approach to reporting is the starting point:

We propose to amend SECR Article 7 private securitisation reporting regime directly applicable to the EU sell-side parties and SECR Article 5(1)(e) that triggers the need to comply with the EU transparency requirements when EU institutional investors invest in non-EU securitisation, so that asset-level and investor reporting is moved onto a more proportionate principles-based (substance over form) approach that would strike a better balance between investors' needs to receive information they need to make an informed assessment of their investment and the move away from the mandatory use of the prescribed templates which may not be fit for purpose on private securitisations. This would require that post-closing the following reporting is provided to institutional investors:

(i) **Asset-level information:**

(A) **Either**, applying **principles-based approach**, it is agreed by the EU and/or non-EU sell-side parties and disclosed to the institutional investors by the EU and/or non-EU sell-side parties that such investors and potential investors will receive (at least quarterly) reports containing appropriate **information sufficient to assess and to model the performance and, if relevant, amortisation profile of the underlying exposures, and to validate data in investor reports**. Information provided must also be sufficient to monitor securitisation on an ongoing basis (to the extent available and relevant) such as the items listed in SECR Article 5(4)(a), which also reflect the due diligence requirements under the Basel securitisation framework.

Aggregated data reporting may be accepted in certain cases, if considered sufficient by institutional investors, as could be the case for highly granular and fluctuating pool of assets like credit card or trade receivables or in the case of synthetic securitisations. Otherwise, such reports shall be made available to investors in the form of **loan tape(s)** (without mandatory formatting requirements) covering at least the following: *[**Note to ESMA:** Given limited time available for this consultation, we would welcome further discussion on this with ESMA in terms of how it is best to develop a high-level list of non-exhaustive illustrative examples of some data fields. We also recommend in this context to add a further obligation on sell-side parties to*

provide any other relevant data fields necessary to understand the transaction, the idea of this additional obligation is to avoid the situation that only the minimum fields are supplied – which will never be sufficient to understand the pool – but without mandatory obligation to provide an extended template that is not fit for purpose. We also note to ESMA in this context that under this proposed principles-based approach, there is nothing to stop the parties from otherwise voluntarily adopting the ESMA templates, if that is what they want, but with the freedom to make any modifications to such templates as may be needed on a case-by-case basis so that only the most relevant data fields from such templates are adopted, with or without incorporation of any other fields to cover other information necessary to assess the securitised exposure(s).].

Or

(B) Failing such agreement and disclosure, asset-level information would need to be provided on a quarterly basis to investors and potential investors in the form of the reporting annexes (ie Annexes II-IX) applicable to the type of underlying exposure(s).

(ii) **Investor reporting:**

(A) **Either**, applying **principles-based approach,** it is agreed and disclosed to the institutional investors and potential investors by the EU or non-EU sell-side parties that such investors will receive reports providing periodic updates covering at least the following information, where relevant: the credit quality and performance of the underlying exposures, any relevant financial or other triggers contained in the transaction documentation including information on events which trigger changes to the priority of payments or a substitution of any counterparty to the transaction, data on the cash flows generated by the underlying exposures and accruals on and allocations to the liabilities of the securitisation and the calculation and modality of retention of a material net economic interest in the transaction by the originator, sponsor or original lender;

Or

(B) failing such agreement and disclosure, quarterly investor reporting in the form of Annex XII will apply.

(iii) **Format of asset-level/investor reporting**: We agree with the consultation proposal to move to the CSV format instead of XML and further note that under the simplified regime for private securitisations in general it should not be necessary to prescribe any formatting rules for asset-level and investor reporting, transaction parties should be free to select their preferred format for such reporting.

(iv) **Grandfathering/transitional provisions** would also be needed to phase in the new reporting regime to minimise disruption to the existing deals and transactions that will be closing/reporting shortly after the entry into force of the new requirements.

Question 2: Do you agree with the proposed scope of application, which requires all of the originators, sponsors, original lenders and SSPEs to be established in the Union? Alternatively, do you see any merit in applying the new template when at least the originator and sponsor are established in the Union? Please provide specific examples where the application of the proposed scope might present practical challenges.

No, as per our comments to Q.1 above (see comments in points (4) and (5)(a) above in particular), **if Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only**, it should apply to any private securitisations involving EU original lender, EU originator, EU sponsor and/or EU SSPE. This will trigger the application of this one-off template if there is one or more EU sell-side party and will ensure that the notification of private securitisations to EU supervisor(s) is harmonised and no longer fragmented, thus avoiding unnecessary costs, administrative burden and duplication whilst addressing supervisors' needs and helping to drive convergence of supervisory practices. It should not be restricted (as currently defined) to European private securitisations where all sell-side parties are in the EU. This is because a European private securitisation may have an SSPE that is established outside the EU, or there maybe multiple sell-side parties (eg multiple originators) some of which are established in the EU whilst others are established outside the EU.

We would separately note that, as proposed by ESMA, limiting the use of the private disclosure template to securitisations where all of the originators, sponsors, original lenders and SSPEs are established in the Union would run completely contrary to the market's expectations following the publication of the European Commission Article 46 report that we refer to in our comments to Q.1 above. This approach would do nothing to mitigate this significant issue for EU institutional investors with operations outside the Union, or who otherwise wish to invest in securitisations with non-EU issuers/originators. EU investors in non-EU transactions would be required to obtain more detailed reporting templates than for EU private transactions, which is precisely the situation where it is more difficult for EU investors to obtain such information where it is required to be reported using ESMA templates that are not designed with third country deals in mind.

In addition, it would mean that EU investors would receive different reports depending on whether all the relevant parties are located in the Union or not. They are unlikely to need different reporting templates based on jurisdiction and it would mean that the reporting is inconsistent. Furthermore, it would lead to changes in approach in the case of EU securitisations where a non-EU originator is added, or where an ABCP conduit sponsored by a non-EU bank accedes as a funder, since we would assume that at that point the reporting would have to change from the simplified reporting template to the more detailed reporting templates (see also our further ABCP-related comments in Q.11 below).

Therefore, for the reasons set out in our comments to Q.1 and the above paragraphs:

- The proposed approach to introduce simplified reporting for European private securitisations only, does not deliver true simplification and does not provide meaningful long-term solution to the challenges faced by the EU sell-side and buy-side parties when dealing with burdensome reporting regime on EU and non-EU securitisations.

- It is arguably not the right approach to design a single template that would meet EU supervisors' and investors' needs.

- There is nothing in the current level 1 text of SECR to support the introduction of a split approach on reporting relevant information to investors on European and third country securitisations that are "private" under SECR.

Therefore, we invite ESMA and the European Commission to consider our suggestions for an **alternative approach** set out in point (5) comments to Q.1 above.

Question 3: Do you agree that the simplified template should be made available in CSV format, or should ESMA adopt a more flexible approach proposing a machine-readable format to be determined by the CA? Please specify which alternative format(s) you would recommend and provide your rationale.

As noted in our comments to Q.1 above (see point (5)(b) above), **if Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only** and the transmission channel is harmonised avoiding fragmentation, the format for Annex XVI submission will be dictated by the technical specification of the portal that will need to be used and we would welcome further engagement with ESMA on this and would recommend avoid using XML format.

As a general point, which we have raised in our responses to previous ESMA consultations, the feedback from sell-side and buy-side members is that vast majority of investors do not – or cannot – use data in XML format and exclusively use CSV or Excel. Additionally, the usage of XML is on the decline generally with the emergence of new technologies and disciplines, and CSV files are the standard choice when dealing with large datasets which can be represented in simple tabular form such as loan tapes. CSVs allow for faster, easier reading and processing (both by humans and machine) due to their plain text and lack of complexity and take up less storage (and therefore energy) than the equivalent XML.

Therefore, Article 5 of Article 7 ITS should be amended to accommodate the use of CSV (and Excel) format for reporting on private securitisations (including ABCP). We also refer to our comments to Q.1 (see point (5)(c) in particular) on the alternative approach and further note that if there is no mandatory application of the reporting templates to provide relevant information to *investors*, it should not be necessary to prescribe any formatting rules for such reporting, transaction parties should be free to select their preferred format for any such reporting.

Question 4: Do you agree with the disclosure frequency proposed in the Consultation Paper? Please provide your rationale.

No, as per our comments to Q.1 above (see comments in points (4) and (5)(b) above in particular), **if Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only**, it should only be required to be prepared as a one-off notification following closing. If any additional notification on an *ad hoc* basis is required in the case of a significant event/material change, it should be kept simple avoiding template-based reporting and duplication with information already made available to investors in the

relevant investor communications/notices. For further details on our recommendations we refer you to point (5)(b)(ii)(A)-(B) in our comments to Q.1 above.

We also refer to our comments to Q.1 on the alternative approach to asset-level and investor reporting for EU and third country securitisations set out in point (5)(c) which, for non-ABCP securitisation, should remain to be at least quarterly.

See also our separate ABCP-related comments in Q.11-13 below.

Question 5: Do you agree with the structure of the simplified template, specifically the relevance of Section A to D for private securitisations? If not, please suggest any changes to the template's structure and provide the rationale for your proposed modifications.

If Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only, then its structure needs to change removing certain fields and sections that supervisors do not need, fields which require dynamic updating and which, from investors' perspective, are unnecessary and duplicative with more tailored reporting that investors will receive otherwise on the performance of the underlying exposures and the transaction as a whole.

Question 6: Do you consider the use of ND Options in the template for private securitisations to be useful? Please provide your rationale.

The ability to select "no data" option for some fields that are not relevant to a particular transaction is useful. However, **if Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only**, which will reduce the number of fields required to be completed, it is arguably not necessary to retain the column for ND1-ND4 options and instead a single column for "no data", or ND5 option should suffice.

Please refer to our separately submitted mark-up of Annex XVI for further comments on where more flexibility on the use of ND5 option is needed.

Question 7: Do you agree with the fields proposed in Table 1? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.

If Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only, Table 1 is useful. However, we have some specific comments on most fields, in particular on the use of ND5 option. Please refer to our separately submitted mark-up of Annex XVI for further comments.

Question 8: Do you agree with the fields proposed in Table 2? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.

If Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only, we query the usefulness of Table 2 if it creates duplicative reporting with

relevant investor communications/notices, which is contrary to the idea of simplification. As noted in our comments to Q.1 and suggestions for an alternative approach (see in particular point (5)(b)(ii)(A)-(B)) it should be sufficient for such investor communications/notices to be shared with the EU supervisors, without having to complete Table 2 of Annex XVI.

We also refer you to our recommendations to limit the scope of events that may need to be reported for supervisory purposes, which are discussed in more details in point (5)(b)(ii)(A) of our comments to Q.1 above.

Please also refer to our separately submitted mark-up of Annex XVI for further comments.

Question 9: Do you agree with the securitisation characteristics fields proposed in Table 3? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.

We have a few observations and proposals for amending some of the fields. Please refer to our separately submitted mark-up of Annex XVI for further details and comments.

Question 10: Do you agree with the instrument/securities characteristics fields proposed in Table 4? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.

We have a few observations on some of the fields. Please refer to our separately submitted mark-up of Annex XVI for further details and comments.

Question 11: ESMA is not aware of significant issues with the current disclosure framework for ABCP transactions. Do you agree with maintaining this approach (i.e., Annex 11), or do you consider that disclosure via the simplified template would be more appropriate for ABCP transactions? Please provide your rationale.

(1) The ABCP conduit bank sponsors that are required to comply with the ABCP programme/transaction reporting requirements under SECR are **all** European banks that are significant institutions supervised under the SSM by the ECB.

Significant investments have already been made by such European banks to establish internally infrastructure, systems and procedures to facilitate efficient compliance with applicable template-based SECR and ECB/SSM reporting.

The proposed simplified reporting regime using Annex XVI will not bring any benefit to ABCP, it will not result in any simplification of what European ABCP market currently complies with, on the contrary, the proposed new regime can be detrimental to it.

Therefore, the overall feedback from our members has been that the preferred approach for ABCP reporting is as follows:

> (a) If private securitisation parameters are redefined under the wider reforms, ABCP programmes/transactions should **remain being treated as "private"**.

(b) From the perspective of **EU supervisor's needs**, existing ECB/SSM template-based notification regime (but with some ABCP-specific improvements that we discuss further below) should continue to apply to ABCP conduit bank sponsors as it works well enough already.

Therefore, **Annex XVI** should be developed as **not applicable to report on ABCP** programmes or ABCP transactions "reportable" to the ECB. For the avoidance of doubt, "**reportable ABCP transaction**" for the ECB supervisory purposes are securitisations where the ABCP bank sponsor acts as either originator or sponsor of the underlying ABCP transaction (i.e. it is itself the relevant EU sell-side party in that underlying securitisation) and does not *only* lend/invest (i.e. it is only a buy-side party) in that underlying securitisation via it ABCP conduit (the latter is the case of a "**non-reportable ABCP transaction**", where existing ABCP template-based reporting will continue to apply, but where the ECB notification requirements should not arise).

If Annex XVI were to apply instead of the existing ECB/SSM template *and* if it were also made available to investors, as currently proposed, it is not fit for purpose for ABCP and could jeopardise the functioning of this important market segment as it is not appropriate and would be impossible to provide some of the mandatory reporting required by Annex XVI. For example, originator details are not acceptable to provide for ABCP. There is a reason why existing reporting templates do not require granular information on underlying transactions and bank sponsors already provide tailored reporting to ABCP investors. Among other things, ABCP investors are typically content with aggregate information and rely on the liquidity support from the ABCP conduit bank sponsor. We can provide further details if needed, but ESMA consultation already noted (and we agree with that statement) that ESMA is not aware of significant issues with the current ABCP reporting framework.

Assuming in response to our comments the ECB/SSM template will continue to apply to ABCP, we **have some recommendations on how such ECB template could be improved so that it is more tailored to ABCP programme-level and ABCP transaction-level reporting and makes it easier for the ECB to identify "reportable ABCP transactions"** (i.e., as noted above already, in cases where the ABCP bank sponsor acts as either originator or sponsor of the underlying ABCP transaction), **thus avoiding current situation where there is some degree of over-reporting of ABCP transactions** (i.e. reporting of ABCP transactions where the ABCP bank acts only as investor/lender). We have discussed this point with the ECB team previously and would welcome further dialogue on this issue with the ECB.

Finally, at the ABCP-programme level, supervisory reporting should only be required (as is currently the case under the SSM/ECB notification regime) for the ABCP conduit EU bank sponsor and no additional supervisory reporting should be required for the EU ABCP SSPE (ie ABCP conduit) itself. It would be important to clarify this point when introducing reforms to avoid any uncertainty.

(c) From the perspective of **EU investors' needs**, **Annex XI and Annex XIII should continue to apply** as they work well enough already, and it is not necessary to

introduce a new reporting annex like Annex XVI to address investors' needs. However, it would be helpful if Annexes XI and XIII were improved based on our previously submitted feedback on the field-by-field review of the reporting templates where we provided some suggestions for how some of the fields in Annexes XI and XIII could be modified or deleted (this feedback is separately submitted in addition to this online response).

(2) There is, however, a separate issue that we would like to raise regarding the current SECR framework and **dual (ABCP and non-ABCP) disclosure burden that arises in the context of certain ABCP transactions**.

The industry has been seeking a clarification on this issue since 2019 with no result, so now that there is a review of Article 7 RTS/ITS and a wider review of the level 1 text of SECR, it presents a good opportunity to finally address this. In short, the issue arises in **"co-funding" structures** where a private securitisation falls under multiple ABCP and non-ABCP reporting templates because lenders/investors in such private transaction include one or more bank and one or more ABCP conduit (ie where the ABCP conduit is on the buy-side only so that the ABCP bank conduit sponsor lends/invests in that underlying securitisation via its ABCP conduit). It could be that with the introduction of a simplified private securitisation reporting regime this dual disclosure burden falls away, however, it is still unclear how such regime will be implemented, and therefore, for now, the issue with the dual disclosure burden remains unresolved. Here is a short summary of the issues at hand and we would welcome further engagement with ESMA and the European Commission on this:

- Private securitisations are often syndicated across multiple lending banks. Depending on each bank's funding structure and preference, the same securitisation position may either be funded via (i) an ABCP conduit (which makes such private securitisation an "ABCP transaction") or (ii) on the bank's own balance sheet (where bank itself, rather than its ABCP conduit, acts as lender/investor). This decision is also subject to change at the bank's discretion.

- The current format of the Article 7 RTS suggests that the sell-side parties of a private securitisation must in a co-funding scenario provide (i) ABCP reporting to meet the ABCP transaction requirements that are triggered as a result of the ABCP conduit being one of the lenders; and (ii) non-ABCP reporting, because from the bank lender's perspective it is a non-ABCP securitisation. That is, reporting on underlying exposures would need to be done using ABCP Annex XI template *and* the non-ABCP templates for relevant exposure type using, as applicable, Annexes II-IX. Having to make disclosures on multiple templates significantly increases the complexity and burden for the sell-side parties of the private securitisation.

- Moreover, even when the private securitisation issuance is not syndicated, there could be a scenario whereby the template which the sell-side parties on the private securitisation are required to use may change during the life of the securitisation. For example, if an auto loan securitisation held by Bank A (*funded via its ABCP conduit*) was sold to a Bank B and funded *via Bank B's balance sheet*, the asset-level reporting on that private securitisation would be required to switch from Annex XI to Annex V. This can cause significant confusion for market participants, and excessive burden

for the sell-side parties of the private securitisation as they would have to ensure that the new arrangements are made for switching between different disclosure templates during the life of the deal.

- Finally, if all investors in a private securitisation are ABCP conduits, and the sponsor agrees to accept only ABCP disclosures, it potentially loses liquidity, because it could never sell, except to other conduits. Therefore, practically speaking it means that either the bank accepts reduced liquidity or it demands both types of disclosure which again increases the burden on the sell-side parties of the underlying private securitisation.

- For example, for the purposes of the *current regime*, it could be clarified via ESMA guidance that it is sufficient for only ABCP reporting to be done, even if subsequently a position is sold to a non-ABCP investors.

- The introduction of a *new simplified reporting regime* for private securitisation would need to consider the issues discussed above so that they are appropriately addressed in the forthcoming amendments to Article 7 RTS.

Question 12: If you support the use of the simplified templates for ABCP transactions (Question 10), do you also agree with the specific fields proposed in Table 5? If not, please suggest any changes to the content or structure of the table, along with the rationale for your proposed modifications.

We do not support the use of Annex XVI for reporting on ABCP programmes/transactions and refer to our earlier comments in Q.11. Please also refer to our separately submitted mark-up of Annex XVI where we propose to delete all references to ABCP.

Question 13: Do you agree with the proposed approach for ABCP transactions, which focuses on information at the programme level? Alternatively, do you consider that disclosure should be based on transaction-level information to ensure alignment with the disclosure requirements for public transactions? Please provide your rationale.

We do not support the use of Annex XVI for reporting on ABCP programmes/transactions and refer to our earlier comments in Q.11. Please also refer to our separately submitted mark-up of Annex XVI where we propose to delete all references to ABCP.

Question 14: Do you agree with the contact information collected under Table 6? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.

We have some thoughts and observations on Table 6 and propose to delete the law firm contact, clarify the trust contact-related field and to delete or add "not applicable" option for SSPE field. Please refer to our separately submitted mark-up of Annex XVI for further details and comments.

Question 15: Do you agree with the fields on the underlying exposures proposed in Table 7? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.

As noted in our comments to Q.1 above, **if Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only**, information on the underlying exposures will need to be significantly reduced and limited to only general description in relation to the size of the pool, type/class of exposures, currency, jurisdiction and whether it is NPE securitisation – ie broadly be limited to the sort of items that ECB/SSM and other supervisors currently require, but providing more flexibility on the use of ND5, avoiding data that requires dynamic updating and limiting reporting on *securitised exposures only* excluding (as the SSM/ECB template currently does already) any reporting on non-securitisation exposures that may be retained to meet the risk retention requirements of Article 6.

If supervisors feel that it is necessary for them to monitor more closely the performance of the securitised exposures, it is not the answer to include certain duplicative with investor reporting (but incomplete) information in Annex XVI. Instead, supervisors should simply request the relevant transaction parties to give them access to all tailored investor reporting provided each reporting period.

If Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only, we also have some thoughts on the additional considerations that arise for **existing and new (non-ABCP) programme issuers**. For example, for such programme issuers, the programme size rather than reporting on the creation of individual securitisation positions under the programme (which will require dynamic updating or may not be possible to provide at the new programme establishment) will be the relevant information for the purposes of one-off Annex XVI reporting. There will be other considerations to address as well, but given limited time available for this consultation we would welcome further engagement on this with ESMA so that if Annex XVI is introduced as supervisor-focused template it is fit for purpose for programme issuers while limiting the burden of any additional reporting as much as possible.

Question 16: Do you believe that a minimum set of information should be made available to users to monitor the evolution of the underlying risks? If so, do you consider that the fields proposed in Table 7 to be relevant for this purpose? If not, please indicate which alternative indications should be used and provide the rationale for your suggestions.

It is most relevant for investors (rather than supervisors) to monitor the evolution of the underlying risks. The metrics that can help to monitor such evolution are more appropriate to include in the tailored investor reports rather than in Annex XVI, if Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only.

We also note that prudential supervisors in the EU are already (on an ongoing basis) receiving information that the EU CRR firms are required to provide in relation to securitisation positions and securitised exposures for the purposes of the EU CRR common reporting requirements (COREP) and, where applicable, the EU CRR financial reporting requirements (FINREP).

Therefore, as already noted above, investors should receive necessary information via tailored investors reports and supervisors are always able to request access to such information if they wish to carry out their own analysis and, in the case of EU CRR firms, supervisors can also monitor EU CRR regulatory reporting.

Therefore, if EU supervisors require some additional information for ongoing monitoring, more clarity on this is needed so that the industry can engage in a constructive dialogue with ESMA and national supervisors as to how/whether such additional information is appropriate for reporting under Annex XVI to ensure that the new regime is truly simplified and does not result in new duplicative reporting.

Question 17: ESMA proposes the inclusion of fields to capture information on underlying assets to be reported at an aggregated level. Some of this information is also included in the Investor Report for non-ABCP transactions. Do you agree that such information should be provided in both the template for private securitisations and the Investor Report for non-ABCP transactions? Alternatively, would you support introducing the option to flag such fields as 'not applicable' in the Investor Report when used in the context of private securitisations? Please provide your views.

We refer to our comments in Q.1 above and generally support ESMA acceptance that aggregated asset data reporting can be sufficient and that it should not be mandatory in all cases to require LLD reporting.

We also agree that as much as possible simplified private securitisation reporting regime should avoid duplication when it comes to reporting information needed by supervisors and information that investors need to receive under their own (bespoke) reporting.

If Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only, it should be limited to static fields with the main characteristics of the transactions, underlying exposures and key parties involved. All other information that needs to be dynamically updated to monitor the performance of the underlying exposures and the transaction should be left to the tailored investor reports rather than any of such information being included in the supervisor-focused mandatory template. This will ensure that investors focus on such tailored reports where all relevant information is provided in one place, rather than having to also consider anything that may be relevant in the supervisor-focused template-based reporting.

The alternative referred to in this Q.17 that introduces the option for flagging duplicative fields as "not applicable" in the Investor Report is not a workable solution. As noted above, Annex XVI should be developed as supervisor-focused template leaving all other reporting aimed at investors' needs to the tailored investor reporting that does not need to include any "not applicable" fields because investors will be receiving all necessary/relevant and available information only to facilitate such investors' due diligence.

Question 18: Do you agree with the inclusion in table 7.5 of fields related to restructured exposures or do you consider that the information included in the investor reports is sufficient? Please provide your rationale for agreeing or disagreeing.

We refer to our earlier comments on Table 7 and agree that the information on restructured exposures should be included in tailored investor reports only.

Question 19: If you agree with the inclusion of restructured exposure fields (Question 17), do you also agree with the specific fields proposed in Table 7.5? If not, please suggest any changes to the structure or content of Table 7.5, along with the rationale for your proposed modifications.

Not applicable, see our response to Q. 18 above.

Question 20: Do you agree with the inclusion in table 7.6 of fields related to energy performance? Please provide your rationale for agreeing or disagreeing.

No. **If Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only**, it is unclear why supervisors need to separately receive information on ESG credentials of the underlying exposures.

This potentially increases the reporting burden instead of decreasing it.

We also note that, currently, EPC-related disclosure is only relevant (but not always available) for certain asset classes only and it must only be considered for STS-designated securitisations.

Furthermore, for STS RMBS and auto ABS, a new voluntary template has been developed for reporting on principal adverse impact on sustainability factors, although it does not appear that such template has been widely adopted in practice so far.

Furthermore, in our response to an earlier ESMA consultation on the field-by-field review of the reporting templates we have provided detailed feedback on how for certain assets classes (eg auto) reporting on EPC alone is not enough and less relevant and provided some suggestions for new fields/information that may be more relevant.

Therefore, given that the reporting on ESG-related matters is an evolving area, it is best if it is left to the tailored investor reports for now.

Question 21: If you agree with the inclusion of energy performance fields (Question 19), do you also agree with the specific fields proposed in Table 7.6? If not, please suggest any changes to the structure or content of Table 7.6, along with the rationale for your proposed modifications.

No, we do not agree and refer to our response in Q.20 above.

Question 22: Do you agree with the inclusion of the proposed fields related to risk retention, considering that this information is already covered in the investor reports? Please provide your rationale for agreeing or disagreeing.

Yes, we agree with the inclusion of certain risk retention fields, but have some concerns with the proposed approach, because it is too detailed, more burdensome to complete than

existing reporting on risk retention and such approach is at odds with the idea of simplification. Therefore, it will be more appropriate to reproduce in Annex XVI existing fields on risk retention reporting from Annex XII template (i.e. IVSS 8 and IVSS 9, which will be also reflective of how such information is provided to investors in tailored investor reports).

If supervisors require additional detail on risk retention compliance, they can access upon request all relevant transaction documentation, which will be also made available to investors.

Please refer to our separately submitted mark-up of Annex XVI for further details and comments.

Question 23: If you agree with the inclusion of risk retention fields (Question 21 *[typo, should refer to Q.22]***), do you also agree with the specific fields proposed in Table 8? If not, please suggest any changes to the structure or content of Table 8, along with the rationale for your proposed modifications.**

We agree with the inclusion of certain risk retention fields, but not with how it is proposed to be approached in Annex XVI. We have concerns about making reporting much more complicated and burdensome, in particular certain fields relating to the description of compliance with the restriction on adverse selection, retention on a consolidated basis, including description of compliance with the applicable guidance in the risk retention RTS, etc.

Any fields that require provision of complex explanation on compliance, which may be very difficult if not impossible to provide within 1-million-character limit, is against the idea of simplification.

The sell-side parties when completing such fields may not be able to easily "lift and shift" from disclosure and undertakings the relevant explanation. Therefore, this gives rise to unnecessary burden and costs, including legal costs as a separate legal advice may need to be obtained on how it is best to set out the relevant explanation within the character limit ensuring that such explanation is clear, sufficiently concise and not misleading.

Please also refer to our comments to Q. 22 above and to our separately submitted mark-up of Annex XVI for further details and comments.

Question 24: Do you agree with the fields proposed for the position level information in Table 9? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.

I**f Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only**, Table 9 should be deleted as it would require dynamic updating, and it should be sufficient to capture general information about securities/instruments being issued based on Table 4. If supervisors need information on the total outstanding, they can receive it by accessing tailored investor reporting. Information on the share of each tranche in the proposed "retention" field is not however something that would be reported as it can

be commercially sensitive information, which would not be reported to investors, and it is not entirely clear what benefit this information can serve to the supervisor. We note that currently only the ECB/SSM template applicable to significant institutions only requires information on retention, but it is framed differently from how it is presented in Table 9 as it is limited as what is retained according to Article 6.

Question 25: Do you agree with the fields proposed for synthetic securitisation in Table 9 *[typo, should refer to Table 10]***? If not, please suggest any changes to the Table's structure and provide the rationale for your proposed modifications.**

Regarding on balance sheet (synthetic)/significant risk transfer (SRT) securitisations, it is important that this type of deals can benefit from the simplified private securitisation reporting regime and that any changes to public/private securitisation parameters under the wider reforms to SECR accommodate that outcome.

As we noted in our previous submissions to ESMA, external investors in such synthetic securitisations will almost always be junior or mezzanine specialised investors who will have significant commercial leverage to insist on receiving the information they consider to be relevant for risk evaluation and due diligence analysis. The due diligence on this type of transactions is a process that typically takes place over many months and involves investors working closely with originators to understand their business in great detail in order to ascertain the originators' risk drivers so that the investor can determine the best way to underwrite the risk of the securitisation (and we note that EIB/EIF adopt the same approach on this type of private securitisation). As such, given that investors will necessarily be sophisticated entities involved in meaningful negotiations with the sell side, they will be able to ensure they are receiving disclosure and deal reporting tailored precisely to what they require in order to make an informed initial investment decision and to monitor their investment on an ongoing basis.

Therefore, **if Annex XVI is to be developed as a template aimed at meeting the needs of the EU supervisors only**, Table 10 should be limited to information needed for supervisory purposes only and Annex XVI (as noted already in our comments to Q.1 point 5(b)(iii) above) should *not* be made available to investors, as there may be concerns about certain sensitivities in some of the data fields that supervisors may require. For example, given that some synthetic securitisations issue credit-linked notes held in a clearing system, it is not possible for the EU originator to report on the name of the protection provider(s), nor would it be appropriate for the identities of multiple protection providers to be disclosed to other investors or potential investors. Please also refer to our separately submitted mark-up of Annex XVI where we provide further comments on Table 10.

We also support comments made in the IACPM response.

Question 26: Do you foresee any operational challenges or implications arising from the implementation of the simplified template for EU private securitisations? If so, please describe the challenges you anticipate and suggest any measures that could mitigate them.

Yes. There will be operational challenges, new administrative burden and costs if the new simplified reporting regime is introduced as proposed without coherence with the wider package of securitisation reforms that will be implemented in the coming years and may change private securitisation parameters and otherwise amend the existing SECR regime that will impact on coherence of the continued application of the proposed simplified reporting. Introducing any changes to the reporting requirements without full coordination with the wider reforms and without meaningful transitional and grandfathering provisions should be avoided.

As noted in our responses to Q.11-13, the simplified private reporting regime should not apply to ABCP.

To reduce operational costs when implementing the new simplified private securitisation reporting regime, as much as possible, Annex XVI should be designed so that sell-side parties can easily complete it using automated processes whereby fields relating to certain static data that needs to be reported for supervisory purposes and which are already used for investor reporting can be replicated automatically in Annex XVI. Introducing fields that require completion manually should be avoided as much as possible. As noted in our earlier responses, the proposed Annex XVI currently includes too many fields that will require manual completion, including fields on the description of compliance with risk retention and certain other matters.

We also refer to our comments in Q.1 and Q.2 above.

Question 27: What are the projected implementation costs for sell-side parties for transitioning to the simplified template for private securitisations, and how do these compare to the reduction of reporting burden?

It is difficult to provide projected implementation costs at this stage, however, it is safe to assume that such costs will not be insignificant as any changes to the infrastructure or systems already set up by the relevant transaction parties would require budget approvals, IT and other resources, which smaller originators may find it more challenging to resource.

Therefore, meaningful transitional and grandfathering provisions are needed to avoid creating compliance challenges when the new regime on reporting is introduced.

For ABCP, for example, there would be no reduction of the reporting burden compared with the existing templates, which is the reason why (as noted in our responses to Q.11-13) the preferred approach is to keep existing ABCP reporting regime as is (subject to certain limited improvements being made in the existing Annex XI and XIII based on earlier provided feedback regarding removal or modification of some of the fields). The issue with co-funding structures should also be addressed.

For non-ABCP, removal of reporting burden will not be achieved if template-based investor reporting is still required and, upon request of supervisors or investors, template-based LLD reporting on the underlying exposures will also need to be provided. We refer in this regard to our more detailed comments in Q.1 above.

Question 28: To what extent does the simplified disclosure framework for private securitisation improve the usefulness of information for investors while maintaining their ability to perform due diligence?

We refer to our comments in Q.1 where we discuss in more detail that the proposed Annex XVI will be of limited use to investors and that investors will be relying on tailored investor reporting rather than Annex XVI to receive the information they need. See also our proposals in Q.1 (set out in point (5)) on the alternative approach whereby Annex XVI should be further developed as a short-form template aimed at EU supervisors' needs only avoiding reporting of any data that requires dynamic updating and principles-based approach to tailored asset-level and investor reporting in the first instance subject to certain fall-back provisions.

Question 29: Does in your view the introduction of the simplified template enhance the effectiveness of supervisory oversight without imposing disproportionate costs on market participants?

We refer to our comments in Q.1 where we discuss in more detail how if Annex XVI is further developed as a reporting template aimed at meeting supervisors' needs only, it could help to harmonise and streamline existing fragmented approach of the supervisors to such reporting, which could in turn help to reduce costs of compliance with the supervisor requirements and will drive convergence of supervisory practices across EU Member States.

ANNEX

DESCRIPTION OF THE JOINT ASSOCIATIONS

The **Association for Financial Markets in Europe** (**AFME**) is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent the leading global and European banks and other significant capital market players. We advocate for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. We aim to act as a bridge between market participants and policy makers across Europe, drawing on our strong and long-standing relationships, our technical knowledge and fact-based work. For more information, please visit the AFME website: www.afme.eu.

The **Commercial Real Estate Finance Council (CREFC) Europe** is the industry association representing commercial real estate (CRE) finance markets in Europe (our sister organisation in the United States is CREFC). Our membership comprises over 180 firms, including banks and non-bank lenders, debt investors, rating agencies, loan servicers, lawyers and other advisers, as well as real estate firms that use debt to fund their activities. We promote well-functioning, responsible and sustainable markets that are appropriately transparent and liquid, serving both institutions investing capital (their own or on behalf of others) and CRE businesses (large or small) borrowing to finance their investments, without unduly threatening financial stability. We do not favour any particular product, lender category or strategy, because we believe diversity makes markets more resilient.

The **International Capital Market Association** (**ICMA**) promotes well-functioning cross-border capital markets, which are essential to fund sustainable economic growth. It is a not-for-profit membership association with offices in Zurich, London, Paris, Brussels, and Hong Kong, serving over 610 members in 70 jurisdictions globally. Its members include private and public sector issuers, banks and securities dealers, asset and fund managers, insurance companies, law firms, capital market infrastructure providers and central banks. ICMA provides industry-driven standards and recommendations, prioritising three core fixed income market areas: primary, secondary and repo and collateral, with cross-cutting themes of sustainable finance and FinTech and digitalisation. ICMA works with regulatory and governmental authorities, helping to ensure that financial regulation supports stable and efficient capital markets.