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Additional Information

Level 1 Regulation

Securitisation Regulation (EU) 2017/2402

Topic

Securitisation Disclosure Templates

Subject Matter

Principal Grace Period End Date RREL36, CREL88, CRPL47, AUTL33, CMRL33, CCDL25, LESL32, ESTL32

Question

(a) What is the definition of a principal grace period and how is it different from a payment holiday?

(b) Is there any applicability to interest only loans where the principal is all repaid at the end

of the loan term?

(c) How should this field be completed if the terms and conditions of the underlying exposure contemplates principal grace periods in particular circumstances, but no grace period is in effect as at the data cut-off date?

ESMA Answer

05-10-2020

Original language

[ESMA 33-128-563 Securitisation Q&A, Q&A 5.3.15]

(a) A principal 'grace period' can be understood as a period during which no principal payments are required, regardless of whether interest payments are required or not. The same field should also be used to reflect a payment holiday or a debt moratorium.

(b) Yes, for interest only loans, the principal grace period end date is equal to the end date of the loan term. If the obligor is unable to make the scheduled principal payment at the end of the loan term, and this payment is delayed by the originator, then the updated end-date must be provided.

(c) In such situations, this field must be reported as ND5. If, in the future, a principal grace period end date comes into effect, then that end date must be reported for as long as that grace period end date is in effect (even if the obligor has not respected the deadline for that end-date). If subsequent negotiations lead to modifications to the principal grace period end date, then the updated end date must be reported.