ESMA_QA_1333

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Additional Information

Level 1 Regulation
Securitisation Regulation (EU) 2017/2402

Topic
Securitisation Disclosure Templates

Subject Matter
Interest rate reset interval for certain fixed rate products

Question
(a) How should the field Interest Rate Reset Interval be filled in for an underlying exposure whose Interest Rate Type is “Fixed rate underlying exposure with compulsory future switch to floating (FLCF)”?
(b) How should the field Interest Rate Reset Interval be filled in for an underlying exposure whose Interest Rate Type is “Fixed with future periodic resets (FXPR)”?

(c) How should the field Interest Rate Reset Interval be filled in for an underlying exposure whose Interest Rate Type is “Fixed rate underlying exposure (for life) (FXRL)”?

ESMA Answer

27-05-2019

Original language

[ESMA 33-128-563 Securitisation Q&A, Q&A 5.2.14]

(a) Where the Interest Rate Type (RREL42; CREL109; CRPL52) of an underlying exposure is “Fixed rate underlying exposure with compulsory future switch to floating (FLCF)”, the option “not applicable” (ND5) should be entered in field “Rate Reset Interval” (RREL47; CREL114; CRPL57). The date of the switch to floating interest rate will be entered in field “Interest Revision Date 1” (RREL51 and CPRL61) or in field “Index Determination Date” (CREL116).

(b) Where the Interest Rate Type (RREL42; CREL109; CRPL52) of an underlying exposure is “Fixed rate underlying exposure with future periodic resets (FXPR)”, then the period of time (in months) between each reset should be entered in field “Rate Reset Interval” (RREL47; CREL114; CRPL57). The date of the reset/change in (fixed) interest rate will be entered in field “Interest Revision Date 1” (RREL51 and CPRL61) or in field “Index Determination Date” (CREL116).

(c) Where the Interest Rate Type (RREL42; CREL109; CRPL52) of an underlying exposure is “Fixed rate underlying exposure (for life) (FXRL)”, then the “ND5” should be typed into the field “Rate Reset Interval” (RREL47; CREL114; CRPL57).