

**Submission Date**

26/02/2021

# ESMA\_QA\_1348

Status: Answer Published

## **Additional Information**

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### **Level 1 Regulation**

Securitisation Regulation (EU) 2017/2402

### **Topic**

Securitisation Disclosure Templates

## **Subject Matter**

Allocated Losses

### **Question**

(a) Is the relevant amount in the field 'Allocated Losses' the losses allocated to the SSPE or the amount of provisioning calculated by the seller prior to the sale?

(b) Should this field only be completed following default of the underlying exposure (e.g. liquidation of collateral/properties) or should this field also be completed upon the sale of

properties throughout the life of the underlying exposure?

(c) What is included in 'Losses'?

## ESMA Answer

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26-02-2021

Original language

[ESMA 33-128-563 Securitisation Q&A, Q&A 5.3.12]

(a) The field 'Allocated Losses' should reflect the amount calculated by the originator or a specialised third party managing the underlying exposure during the recovery/work-out process, at the time that a 'loss' has been deemed to take place. It should reflect the situation of the underlying exposure before any adjustments have been made to allocate losses to the SSPE, and the amount should be calculated as set out in the Content To Report for each field. Where no recovery/work-out process has begun, this field should be completed as 'ND5'. Note that 'loss' information here is distinct to any loss information on the tranches/bonds in the securitisation, as set out in the relevant investor report (Annex 12 and 13).

(b) This field should be completed upon any sale of properties or collateral as part of a recovery/work-out process for the underlying exposure (which is generally expected to commence following a default of the underlying exposure).

(c) The estimate of losses should be as complete as possible excluding accrued interest plus unpaid principal. Where possible, default interest should be included.