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Additional Information

Level 1 Regulation
Securitisation Regulation (EU) 2017/2402

Topic
Securitisation Disclosure Templates

Subject Matter
Recourse

Question
How should this field be reported for defaulted and non-defaulted underlying exposures?

ESMA Answer

15-11-2019

Original language

[ESMA 33-128-563 Securitisation Q&A, Q&A 5.3.26]

This field refers to the originator’s ability (as per the terms and conditions of the underlying exposure, or as per any applicable legal framework governing the underlying exposure) to have recourse to additional assets of the obligor beyond any assets pledged directly as collateral to this underlying exposure. For example, in the event of a residential mortgage, if an underlying exposure originator is able to have recourse to the obligor’s automobile assets, any other properties, or other physical assets (or any financial assets), then this would also constitute recourse beyond the specific collateral (i.e. the property) pledged to this underlying exposure.

In this regard, this field should be completed for both defaulted and non-defaulted underlying exposures, as it does not depend on whether the underlying exposure has defaulted or not, but instead depends on the underlying exposure contract between the obligor and the originator.