

Submission Date

28/05/2020

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Additional Information

Level 1 Regulation

Securitisation Regulation (EU) 2017/2402

Topic

Securitisation Disclosure Templates

Subject Matter

Charge Type

Question

In countries where the concept of fixed and floating charge does not exist, what should be entered in this field?

28-05-2020

Original language

[ESMA 33-128-563 Securitisation Q&A, Q&A 5.3.33]

The concepts of fixed charge and floating charge refer to the following:

- Fixed Charge: a security interest on a specific asset that is identifiable and is furthermore identified at the time that the security interest is created. Here the obligor would generally *not* have the right to sell/transfer/dispose the asset, without seeking prior permission of the originator / original lender.
- Floating Charge: a security interest over a group of assets that may change in quantity and/or in value, i.e. the interest is not attached to a specific asset. dynamic in nature in which the quantity and value of asset changes periodically. Here the obligor would generally have the right to sell/transfer/dispose the asset, without seeking prior permission of the originator / original lender.

If there is a collateral item in which case fields CRPC7 or ESTC7 are being populated, then every effort should be made to report the type of the charge. Only where the charge type is not falling in the two above categories ('Fixed Charge' or 'Floating Charge'), nor in the other available categories in this field, should the entry 'Other' be used to describe the charge type. Where it cannot be determined based on the deal documentation whether the charge is fixed or floating, ND5 may be used.