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Additional Information

Level 1 Regulation

Securitisation Regulation (EU) 2017/2402

Topic

Securitisation Disclosure Templates

Subject Matter

Annex 11: Underlying Exposures - ABCP - Residual maturity

Question

(a) What is meant by residual maturity? Does this refer to Weighted Average Life?

(b) If an exposure of EUR100 has two equal payments due, one after 1 year and one after 2 years, is this treated, for the purposes of IVAL18, as €100 with residual maturity of 2 years, or as €50 with residual maturity 1 year and €50 with residual maturity 2 years?

(c) What would be appropriate to enter into the fields 'Maximum Residual Maturity' (IVAL17) and 'Average Residual Maturity' (IVAL18), if none of the exposures of a single type has a defined residual maturity (e.g. credit card receivables)? If some exposures of a particular type have a defined residual maturity, and others do not, should the answer here be ND5, or the longest residual maturity of those exposures which do have a residual maturity.

(d) Where some of the residual maturities are known, and others are not, should the reporting entity report the longest known residual maturity, or report ND1-4 (whichever is most applicable) on the grounds that it does not have all the data necessary to determine the longest maturity with certainty.

ESMA Answer

28-05-2020

Original language

[ESMA 33-128-563 Securitisation Q&A, Q&A 5.13.1]

(a) Residual maturity refers to the difference, in months, between the data cut-off date of the data submission and the maturity date of the loans. In the case of field IVAL17, this is the longest residual maturity, in months, of any underlying exposure in the ABCP transaction of the same type. Field IVAL18 is the average residual maturity across all underlying exposures of the same type in the ABCP transaction.

For example, if an ABCP transaction contains 1000 trade receivable underlying exposures and 100 auto loans underlying exposures, then Annex 11 must be completed twice (as set out in Article 4(2)(d) of the RTS on disclosure). In the completed template of Annex 11 that refers to the 1000 trade receivables,

- field IVAL17 should be equal to the residual maturity of the trade receivable with the longest residual maturity (among the 1000 trade receivables); and
- field IVAL18 refers to the average residual maturity across the 1000 trade receivables.

Similarly, in the second completed template of Annex 11 that refers to the 100 auto loans underlying exposures,

- field IVAL17 refers to the residual maturity of the auto loan with the longest residual maturity (among the 100 auto loans); and
- field IVAL18 refers to the average residual maturity across the 100 auto loans.

(b) In this case, for the purposes of computing IVAL18, this would be an underlying exposure of €100 with a residual maturity of 2 years.

(c) Where at least one underlying exposure of a single type has no defined residual maturity, then IVAL17 should be entered as ND5 for that underlying exposure type. IVAL18 should be computed for each underlying exposure type excluding even if a number of underlying exposures of that type do not have a defined residual maturity. However, where the underlying exposures of a single type with no defined residual maturity are equivalent to more than half of the current outstanding principal balance of that underlying exposure type, ND5 should be entered into IVAL18 for that underlying exposure type.

(d) in this case, the relevant No Data option (1-4) should be entered into the fields IVAL17 and IVAL18 as appropriate.