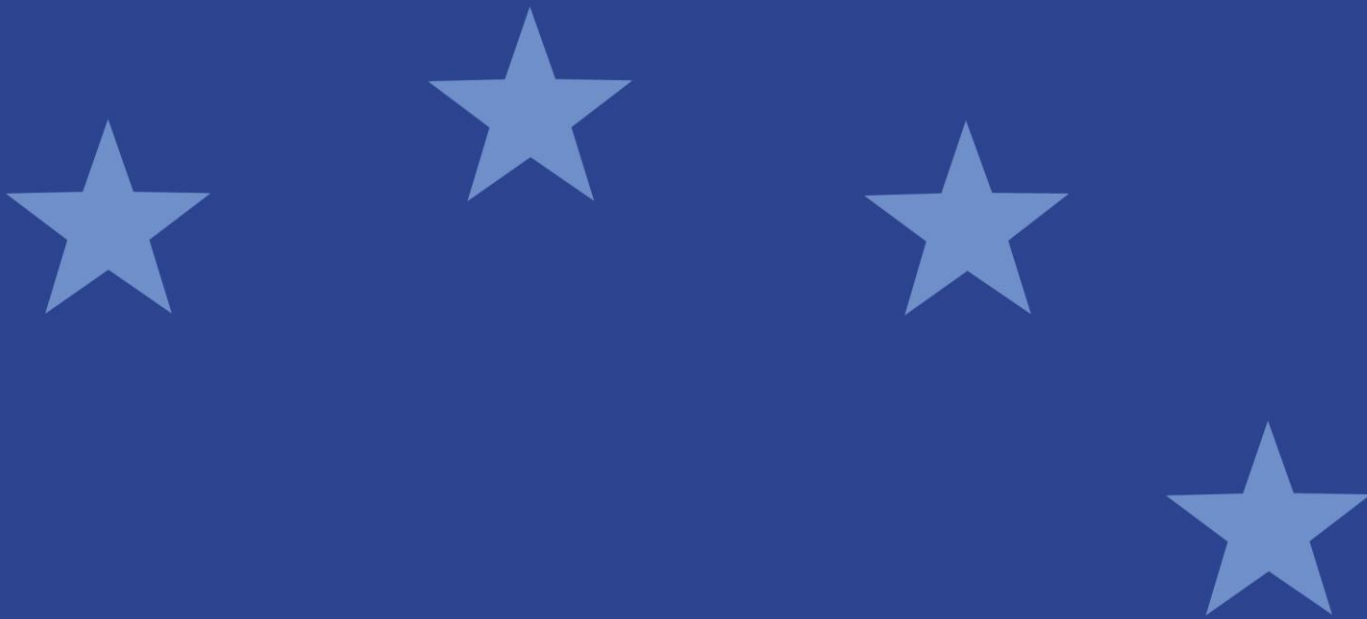




JOINT COMMITTEE OF THE EUROPEAN  
SUPERVISORY AUTHORITIES

# Response form for the Joint Consultation Paper concerning sustainable disclosures for STS securitisations



## Responding to this paper

The European Supervisory Authorities (ESAs) welcome comments on this consultation paper setting out the proposed Regulatory Technical Standards (hereinafter “RTS”) on the content, methodologies and presentation of information in respect of the sustainability indicators in relation to adverse impacts on the climate and other environmental, social and governance-related adverse impacts pursuant to Articles 22(6) and 26d(6) of the Regulation (EU) 2017/2402 (hereafter the Securitisation Regulation) and in particular on the specific questions summarised in Section 5 of the consultation paper under “List of stakeholder questions”.

Comments are most helpful if they:

- contain a clear rationale; and
- describe any alternatives the ESAs should *consider*.

When describing alternative approaches the ESAs encourage *stakeholders to consider how the approach would achieve the aims of SFDR*.

## Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in the present response form.
- Please do not remove tags of the type <ESA\_QUESTION\_STS\_SUST\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
- When you have drafted your response, name your response form according to the following convention: ESA\_STS\_SUST\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESA\_STS\_SUST\_ABCD\_RESPONSEFORM.
- The consultation paper is available on the websites of the three ESAs and the Joint Committee. Comments on this consultation paper can be sent using the response form, via the [ESMA website](#) under the heading ‘Your input - Consultations’ by **2 July 2022**.
- Contributions not provided in the template for comments, or after the deadline will not be processed.

## Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

## Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725<sup>1</sup>. Further information on data protection can be found under the [Legal notice](#) section of the EBA website and under the [Legal notice](#) section of the EIOPA website and under the [Legal notice](#) section of the ESMA website.

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<sup>1</sup> Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39.

## General information about respondent

Name of the company / organisation	True Sale International GmbH
Activity	Banking sector
Are you representing an association?	<input type="checkbox"/>
Country/Region	Germany

### Introduction

***Please make your introductory comments below, if any:***

<ESA\_COMMENT\_STS\_SUST\_1>

Input has been collected by TSI and its stakeholders which primarily comprise originators experienced in both private (ABCP and non-ABCP) as well as public transactions. TSI and its stakeholders welcome the ESA initiative towards STS securitisations-related sustainability disclosures aligned with the SFDR. Appropriate disclosure obligation may help matching investor needs. However, TSI stakeholders favour a more holistic approach to disclosure on the originator level to any reporting on a pool or loan level as appears from the present draft RTS. From their point of view, disclosure requirements must not go beyond the underlying Art. 22 (4) of the Securitisation Regulation. In addition, TSI and its stakeholders kindly ask the ESA for clarifying whether and to what extent any ABCP- and private transactions are carved out of the envisaged sustainability disclosure requirements for STS securitisations. The downside risk of additional obligations towards sustainability disclosures is in raising entry barriers in securitisation markets. This would counteract the aim of deepening the Capital Markets Union. Most notably, further entry barriers would derail the scope of securitization, in particular, in terms of its contribution to financing the sustainable transformation of European economies.

<ESA\_COMMENT\_STS\_SUST\_1>

**Q1 : Do you agree that it is preferable to make disclosures available in a stand-alone document based on the SFDR template and consider any potential related adjustments to ESMA's disclosure RTS at a later stage?**

<ESA\_QUESTION\_STS\_SUST\_1>

Yes, the impression is that the envisaged sustainable disclosures for STS securitisations do not fit with existing templates.

<ESA\_QUESTION\_STS\_SUST\_1>

**Q2 : Do you agree that originators should disclose information in the principal adverse sustainability impacts statement, about whether and, if so, how principal adverse impacts on sustainability factors are taken into account in the originator's credit granting criteria? Do you agree that the disclosed information should rely on and cross-reference existing disclosures?**

<ESA\_QUESTION\_STS\_SUST\_2>

No, we think that PAI indicators for securitisations and credit granting at the originator level should be observed separately. We think that the envisaged non-green asset ratio would only result in a duplicity of information which complicates investor decisions.

<ESA\_QUESTION\_STS\_SUST\_2>

**Q3 : Do you agree that originators should disclose information about whether, and if so how, PAI indicators on sustainability factors are considered in the selection of underlying exposures to be added/repurchased to/from the pool at the time of marketing or during the lifetime of the securitisation? Do you agree with the level of information required?**

<ESA\_QUESTION\_STS\_SUST\_3>

In general, PAI indicators on sustainability factors should be considered at the originator level and not the pool of purchased assets. Please note that random selection is commonly regarded as market standard. Hence, PAI on sustainability factors do typically not play any role at all in the selection process.

<ESA\_QUESTION\_STS\_SUST\_3>

**Q4 : Do you agree with the approach taken in the draft RTS which aims for full consistency with the draft SFDR RTS?**

<ESA\_QUESTION\_STS\_SUST\_4>

Basically, yes. Full consistency with the SFDR RTS, however, might not be reasonable in all cases and practically not feasible. In absence of a final SFDR RTS it is hard to give a qualified opinion about it.

<ESA\_QUESTION\_STS\_SUST\_4>

**Q5 : Do you agree with the inclusion of the new mandatory non-green asset ratio indicator for all asset classes covered by the RTS?**

<ESA\_QUESTION\_STS\_SUST\_5>

No, the suggested indicator does not fit the inherent logic of SFDR meaning that a non-green asset ratio does not necessarily imply a PAI indicators with regard to securitisations on transaction level.

<ESA\_QUESTION\_STS\_SUST\_5>

**Q6 : Do you agree with the proposed PAI indicators for residential real estate?**

<ESA\_QUESTION\_STS\_SUST\_6>

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<ESA\_QUESTION\_STS\_SUST\_6>

**Q7 : Do you propose to add any additional specific indicators for this asset class?**

<ESA\_QUESTION\_STS\_SUST\_7>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_7>

**Q8 : Do you agree with aligning the PAI indicators for motor vehicles with the screening criteria for motor vehicles established in the Taxonomy Regulation?**

<ESA\_QUESTION\_STS\_SUST\_8>

No. In general, consistency may help reduce the administrative burden. Regarding motor vehicles, however, the alignment of PAI indicators with screening criteria established in the Taxonomy Regulation is not an appropriate approach. The taxonomy has been developed to identify and classify economic activities as environmentally sustainable. In order to ensure a credible classification as environmentally sustainable, the DNSH-criteria (Do-No-Significant-Harm) were deliberately formulated very strictly. In principle, the DNSH-criteria are suitable for classifying economic activities

and assets as environmentally sustainable. This is not the case for describing the PAI on environmental factors, particularly, not in the case of motor vehicles. Rather, it would be reasonable to tie in with current legal requirements for vehicles, which are getting steadily stricter. In particular, older used cars often have a significantly worse environmental performance than new cars or young used cars. The reason is that technology and legal requirements are constantly developing, whilst registration of a vehicle is based on the limit values for CO<sub>2</sub> emissions and air pollutants applicable at the time of registration. It would therefore be appropriate to employ current legal limit values for all vehicles, i.e. for new and used cars regardless of their age and registration, for mapping PAI in a transparent manner. This could be based on WLTP-values (Worldwide Harmonised Light Vehicles Test Procedure) for new cars or NEDC –values for used cars (New European Driving Cycle) that would have to be transformed into WLTP-values by means of manufacturer-related standard conversion factors as far as available. This would also enable to reflect continuous improvement in the CO<sub>2</sub> intensity of financing and leasing of motor vehicles.

<ESA\_QUESTION\_STS\_SUST\_8>

**Q9 : Do you agree with expanding the indicators to potentially cover these additional aspects at a later stage?**

<ESA\_QUESTION\_STS\_SUST\_9>

No. The suggested metric does not fit. The fleet limit is a value that applies to the average of new cars produced by the manufacturer and registered in the Union. The fleet-wide emission targets can only be achieved by distributing e-vehicles and hybrid driving. Vehicles with combustion engines do not meet this limit value in most cases.

<ESA\_QUESTION\_STS\_SUST\_9>

**Q10 : Do you agree with applying the mandatory indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters to the manufacturer of the vehicle?**

<ESA\_QUESTION\_STS\_SUST\_10>

No. Realistically, any such statement can only be made by the respective manufacturer of the vehicle underlying the respective Auto loan / lease contract. In case of securitised portfolios with underlying Auto loans / leases relating to a variety of vehicles from different manufacturers, it is practically not feasible for a non-captive originator to make such statement for the entire securitised pool. The information should therefore be provided on the manufacturer level. Investors / supervisors may retrieve such information from forms compiled by manufacturers.

<ESA\_QUESTION\_STS\_SUST\_10>

**Q11 : Do you propose to add any additional specific indicators for this asset class?**

<ESA\_QUESTION\_STS\_SUST\_11>

Yes, additional value added may be derived from reporting the share of e-vehicles and hybrid-vehicles in securitised portfolios. This is more meaningful than reporting on targets and limit for CO2 and air pollutants that virtually only e-vehicles and hybrid vehicles can fulfil. In addition, reporting available average CO2-emissions of vehicles in g/km CO2 may also give an indication for investors that allow for gauging the CO2 intensity of their investment.

<ESA\_QUESTION\_STS\_SUST\_11>

**Q12 : Would you agree with using the SFDR real estate PAI indicators for commercial real estate securitisation?**

<ESA\_QUESTION\_STS\_SUST\_12>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_12>

**Q13 : Would you consider it useful to provide originators of securitisations consisting of corporate debt including trade receivables a template to disclose standardised information on principal adverse impacts on sustainability factors?**

<ESA\_QUESTION\_STS\_SUST\_13>

No, transaction-level data based on the originator would be useful but loan-level based data are not possible for trade receivables.

<ESA\_QUESTION\_STS\_SUST\_13>

**Q14 : Would you agree with applying the draft SFDR RTS PAI indicators to exposures to corporates?**

<ESA\_QUESTION\_STS\_SUST\_14>

No. TSI and its stakeholders are generally in favour of disclosure. However, these should not go beyond existing requirements for originators.

<ESA\_QUESTION\_STS\_SUST\_14>



**Q15 : Would you agree with applying the proposed application of the same draft SFDR RTS PAIs focusing on the seller in the case of securitisation consisting of trade receivables?**

<ESA\_QUESTION\_STS\_SUST\_15>

In addition to our comment on Q14 we propose to consider that in case of different seller entities from one group, such requirements shall be met at group level.

<ESA\_QUESTION\_STS\_SUST\_15>

**Q16 : Would you agree with adopting the proposed proportionate approach to SME loan?**

<ESA\_QUESTION\_STS\_SUST\_16>

|TYPE YOUR TEXT HERE |

<ESA\_QUESTION\_STS\_SUST\_16>

**Q17 : Would you propose to add any additional specific indicators for these three types of securitisation?**

<ESA\_QUESTION\_STS\_SUST\_17>

No. TSI and its stakeholders are generally in favour of disclosure. However, these should not go beyond existing requirements for originators.

<ESA\_QUESTION\_STS\_SUST\_17>

**Q18 : Would you agree that there are no appropriate PAI indicators for securitisations backed by consumer loans or by credit card debt? If not, which PAI indicators would you propose for these loan types?**

<ESA\_QUESTION\_STS\_SUST\_18>

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<ESA\_QUESTION\_STS\_SUST\_18>

**Q19 : Do you consider that it would be useful to develop standardised PAI indicators on sustainability factors for other types of securitisation?**



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<ESA\_QUESTION\_STS\_SUST\_19>

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<ESA\_QUESTION\_STS\_SUST\_19>