Reply Form

**to the Consultation Paper on the securitisation disclosure templates under Article 7 of the Securitisation Regulation**

**Responding to this Consultation Paper**

ESMA invites comments on all matters in this Consultation Paper and in particular on the specific questions summarised in Annexes. Comments are most helpful if they:

* respond to the question asked;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider or comment to specific questions irrespective of the preferred option.

ESMA will consider all comments received by **15 March 2024.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

**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 this reply form.
* Please do not remove tags of the type < ESMA\_QUESTION\_SECR\_0>. 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 responses, save the reply form according to the following convention: ESMA\_CP1\_SECR \_nameofrespondent.
* For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_CP1\_SECR \_ABCD.
* Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at www.esma.europa.eu under the heading *‘Your input - Consultations’*.

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. 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 ESMA’s rules on 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 ESMA’s Board of Appeal and the European Ombudsman.

**Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘[Data protection](https://www.esma.europa.eu/about-esma/data-protection)’.

**Who should read this paper?**

This Consultation Paper may be of particular interest to securitisation investors/potential investors, securitisation issuers/originators, market infrastructures, securitisation repositories, credit rating agencies as well as public bodies involved in securitisations (market regulators, resolution authorities, supervisory authorities, central banks and standard setters).

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | ENGAGE Consortium |
| Activity | Others |
| Are you representing an association? |  |
| Country / Region | Germany |

# Questions

1. Option A focuses on maintaining the current framework in its entirety. Do you agree with maintaining the current disclosure framework unchanged?

<ESMA\_QUESTION\_SECR\_1>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_1>

1. Do you agree that LLD granularity is essential for performing proper risk evaluation, including due-diligence analysis or supervisory monitoring? Please explain your answer considering the costs and benefits of keeping the current level of granularity in terms of operational costs, compliance burden and any other possible implications.

<ESMA\_QUESTION\_SECR\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_2>

1. Do you agree that the current design of disclosure templates is adequately structured to facilitate comprehensive risk evaluation, including due diligence analysis and supervisory monitoring of securitisation transactions? If not, please explain your answer.

<ESMA\_QUESTION\_SECR\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_3>

1. Do you agree that disclosure and reporting requirements should be maintained consistent between private and public securitisation?

<ESMA\_QUESTION\_SECR\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_4>

1. Please insert here any general observations or comments that you would like to make on this CP, including how relevant the revision based on the above approach (Option A) may be to your own activities and potential impacts.

<ESMA\_QUESTION\_SECR\_5>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_5>

1. Do you believe that the additional adjustments to the current framework proposed by Option B, such as restricting the use of ND options and including additional risk indicators (including climate-related indicators) are necessary? Do you support a revision of the technical standards accordingly? Please explain your answer, indicating whether you support these proposed adjustments and any reasons for your agreement and disagreement.

<ESMA\_QUESTION\_SECR\_6>

TheENGAGE Consortium believes that the inclusion of additional climate-related indicators is pivotal in enabling the transition towards a more sustainable economy. In this context, the increase of sustainable investments is dependent on the disclosure of climate-related information on the underlying assets of transactions. The ENGAGE Consortium fully agrees with the ESAs and the ECB regarding the need to enhance climate disclosure standards including new, proportionate, and targeted climate change-related information and is committed to supporting the ESAs and the ECB in their objective. In fact, the ENGAGE Consortium has developed a specific template (hereinafter, the “**ENGAGE Templates**”) aimed -in its version 1.0[[1]](#footnote-2)- at disclosing the alignment degree of mortgage loans with the requirements set by the EU Taxonomy Regulation and its delegated acts.[[2]](#footnote-3)

The ENGAGE Templates (version 1.0) build upon Annex 2 of the existing technical standards on disclosure requirements under the Securitisation Regulation. When developing version 1.0 of the ENGAGE Templates, the ENGAGE Consortium has considered existing (granular) financial reporting standards for residential mortgage loans (primarily, the technical standards on disclosure requirements under the Securitisation Regulation, hereinafter, the “**ESMA templates**”), existing market practices, the importance of minimising the reporting burden for lending institutions, neutrality with regard to transaction structures, proportionality, and homogeneity.

Based on the work performed for the development of the ENGAGE Templates, the ENGAGE Consortium hereby expresses its willingness to assist ESMA in the identification and selection of the relevant climate-related data fields that could significantly enhance the transparency of climate-related risks and the characteristics of the underlying assets.

Additionally, we want to indicate that next to climate-related indicators, information on energy efficiency performance is at least equally important. In order for the Capital Markets Union to contribute towards the EU Renovation Wave, – detailed insights into renovation (potential) of building units is paramount. Therefore, we want to underpin the importance of extending residential building unit (collateral) data related to (potential) renovations.

Most importantly, the ENGAGE Templates aim to reduce greenwashing by including granular information whilst remaining compliant with current regulations such as the General Data Protection Regulation and the Energy Performance of Buildings Directive.

<ESMA\_QUESTION\_SECR\_6>

1. Do you believe that a reduction of ND thresholds would materially improve the representation of data of securitisation reports? Please explain your answer.

<ESMA\_QUESTION\_SECR\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_7>

1. Do you think that the advantages stemming from restricting the consistency thresholds and/or removal of ND options for specific fields, resulting in more accurate representation of data, would justify the heightened compliance costs for reporting entities?

<ESMA\_QUESTION\_SECR\_8>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_8>

1. Do you believe that the proposal of enriching the Annexes with additional risk-sensitive indicators (presented in Section 5.3) is necessary?

<ESMA\_QUESTION\_SECR\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_9>

1. Do you believe that reporting entities would face challenges and/or significant costs if requested to report those additional indicators? If yes, please elaborate your answer.

<ESMA\_QUESTION\_SECR\_10>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_10>

1. Do you believe that the proposal of enriching the Annexes with climate risk indicators (presented in Section 5.4) is warranted?

<ESMA\_QUESTION\_SECR\_11>

Indeed, the ENGAGE Consortium believes that the proposal of enriching the Annexes with climate risk indicators is warranted due to the increasing demand from data users (including institutional investors, credit rating agencies, and academics), in particular, with regard to assets significantly exposed to physical risks, such as residential real estate.

The ENGAGE Consortium agrees that the proposed climate risk indicators are generally appropriate. However, a systematic and teleological approach to integrate such indicators into the templates would be welcome. In this sense, the ENGAGE Consortium recommends adding to the ESMA templates the relevant additional fields that enable the qualification of transactions as “sustainable” according to the EU Taxonomy Regulation and its delegated acts as a first step. At a second stage, the proportion of key financial performance indicators (operational expenditures, capital expenditures, turnover), as well as the property location and physical characteristics not provided under the scope of the EU Taxonomy Regulation -and its delegated acts- requirements could be incorporated, as this information is already present in the ESMA reporting templates for RMBS. Furthermore, this could bring the sustainability related content that is in development in the forthcoming EU Green Bond Standard closer to securitisation disclosure.

<ESMA\_QUESTION\_SECR\_11>

1. In addition to the list of advantages and challenges identified by ESMA in introducing the proposed sustainability indicators, do you believe additional advantages and challenges should be factored in?

<ESMA\_QUESTION\_SECR\_12>

The unavailability of detailed energy efficiency indicators pertaining to real estate exposures, constitutes one of the main challenges, especially for old properties (built before 2020). The challenges relate, amongst others, to personal data protection restrictions and to the lack of comparable indicators across jurisdictions -due to inconsistent national legislation regulating the access (or lack of it open access) to the Energy Performance Certificates (EPCs), for instance-.

In line with the Joint ESAs-ECB Statement disclosure on climate change for structured finance products as of 13 March 2023 (“**ESAs-ECB Statement**”) to develop a dedicated reporting template for EU Taxonomy compliance, the ENGAGE Consortium delivered a proposed set of fields to improve the harmonisation of sustainability disclosures for mortgages. The ENGAGE Consortium believes that the addition of a limited number of sustainability indicators is the best way forward to achieve the goals of the ESAs-ECB Statement for structure finance products taking into consideration the more granular existing reporting requirements used by market participants. With regard to data availability challenges, the existence of a European-wide disclosure requirement embedded in the ESMA templates will encourage national competent authorities in the diverse areas (securities and markets authorities, data protection authorities, energy authorities, climate change and financial stability etc.) to adopt a uniform European approach for the issuance of standardised information that market participants will use for the reporting under the Securitisation Regulation. This will ultimately benefit the buy-side, facilitating the comparability of credit and sustainability information across EU Member States. Currently, the lack of open access EPC availability reduces financing for existing properties, unduly penalising dwellings rated in the lower energy performance classes (F, G in particular) as rising energy costs impact the availability of disposable income to European citizens. Addressing energy poverty via the financing of older properties and renovations are at the core of the ENGAGE initiative consistently with the current revision of the Energy Performance of Buildings Directive.

In light of the evolving regulatory landscape and the pressing global imperative to address climate change, there is a growing recognition of the necessity to integrate environmental considerations, particularly those related to energy efficiency and climate risks, into financial market regulations. As such, the potential additional forthcoming inclusion of additional data fields concerning energy efficiency and climate risks within securitisation regulations is a significant step towards fostering transparency and resilience in financial markets.

However, it is essential to underscore the principle of fairness and ensure a level playing field across all relevant financial instruments. In this context, it is incumbent upon regulatory authorities to extend similar disclosure obligations across financial instruments within the EU. Structured finance products represent a significant segment of the financial market, and their omission from comparable disclosure requirements would create asymmetry and potentially undermine the efficacy of regulatory efforts aimed at addressing climate-related risks. By aligning disclosure obligations related to energy efficiency and climate risks across fixed income instruments, the EU can enhance transparency, facilitate informed decision-making, and mitigate systemic risks arising from climate-related factors.

In summary, the ENGAGE Consortium strongly recommends the addition of key climate-related data fields in the revised ESMA templates. The ENGAGE Consortium anticipates that while data quality might not be optimal upon the introduction of such disclosures, it firmly believes that it will progressively improve as market participants become familiar with this type of disclosure over time.

In terms of overlap with other reporting regimes, the ENGAGE Consortium is fully committed to the harmonisation and centralisation of disclosures.

In fact, while developing the ENGAGE Templates, the ENGAGE Consortium has adopted a one-size-fits-all approach, aiming to provide a solution useful for the diverse sustainability disclosures regimes and thus, avoiding duplicated reporting.

The ENGAGE Consortium hereby expresses its willingness to assist ESMA in the cost-benefit analysis and assessment for the introduction of sustainability indicators for securitisations with residential real estate and home renovation loan exposures.

We remain at your disposal for any questions related to the proposed ENGAGE Templates and infrastructure solution for ESG compliance related to residential mortgages and home renovation loans.

<ESMA\_QUESTION\_SECR\_12>

1. Please insert here any general observations or comments that you would like to make on this CP, including how relevant the revision based on the above approach (Option B) may be to your own activities and potential impacts.

<ESMA\_QUESTION\_SECR\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_13>

1. Do you agree with Option C as the preferred way forward (simplified template for private transactions, removal/streamlining of loan-level data for some asset classes, new template for trade receivables) for the revision of the disclosure templates?

<ESMA\_QUESTION\_SECR\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_14>

1. Do you agree with the analysis and the inclusion of a new simplified template for private transactions that focuses mostly on supervisory needs?

<ESMA\_QUESTION\_SECR\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_15>

1. Do you believe that ESMA should proceed with the review of the RTS based on this option and using the SSM notification template as a starting point? Please provide details in your answer.

<ESMA\_QUESTION\_SECR\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_16>

1. Do you consider that a simplified template can be useful even though the operational way to submit the data is exempted from the mandatory reporting via the SRs?

<ESMA\_QUESTION\_SECR\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_17>

1. Do you believe that ESMA should proceed with the review of the RTS based on the proposal to deviate from loan-level data reporting for those asset classes which are highly granular, of short-term maturity or revolving pools? What are the potential benefits, challenges, or considerations that ESMA should consider if adopting this approach?

<ESMA\_QUESTION\_SECR\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_18>

1. Are there any additional asset classes that should be further explored based on the proposal of deviating from the loan-level data reporting? Please list the relevant asset classes or annexes and explain why.

<ESMA\_QUESTION\_SECR\_19>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_19>

1. Do you agree, in the context of option C, that ESMA should further explore the deletion of the current disclosure templates? Please provide details in your answer.

<ESMA\_QUESTION\_SECR\_20>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_20>

1. Do you agree, in the context of option C, that ESMA should further explore the streamlining of the current disclosure templates? Please provide details in your answer.

<ESMA\_QUESTION\_SECR\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_21>

1. Do you consider that a new template for non-ABCP trade receivables should be included and why? Please provide reasons for your answer.

<ESMA\_QUESTION\_SECR\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_22>

1. Which additional template could be relevant for the reporting of other asset classes that are not currently covered in the framework? Please provide details in your answer.

<ESMA\_QUESTION\_SECR\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_23>

1. Please provide any general observations or comments that you would like to make on this CP, including how the revision based on the above approach (Option C) may be relevant to your own activities, and any potential impacts.

<ESMA\_QUESTION\_SECR\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_24>

1. Do you agree with Option D (a comprehensive review of the disclosure framework) as the preferred way forward for the revision of the disclosure templates?

<ESMA\_QUESTION\_SECR\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_25>

1. Do you think that it would be possible to achieve a level of simplification and standardisation within fields, across multiple templates, without having an impact on the overall risk analysis of the transaction? Please explain the rationale behind your answer.

<ESMA\_QUESTION\_SECR\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_26>

1. Do you think that the overall usability would improve with simplified and standardised templates? Please explain the rationale behind your answer.

<ESMA\_QUESTION\_SECR\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_27>

1. Do you agree with the approach proposed by Option D, to create a set of templates based on the characteristics and nature of underlying assets rather than the categorisation of the securitisation transaction (i.e., public or private, true sale or synthetic)?

<ESMA\_QUESTION\_SECR\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_28>

1. Do you believe that ESMA should proceed with the review of the RTS based on the proposal to deviate from loan-level data disclosure for those asset classes which are highly granular, of short-term maturity or revolving pools? What are the potential benefits, challenges, or considerations that ESMA should consider if adopting this approach?

<ESMA\_QUESTION\_SECR\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_29>

1. Are there any additional asset classes that should be further explored based on the proposal of deviating from the loan-level data reporting? Please list the relevant asset classes or annexes explain why.

<ESMA\_QUESTION\_SECR\_30>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_30>

1. What are your views on the proposal to transition from the current ‘no-data’ options to a framework based on ‘mandatory’, ‘conditional mandatory’ and ‘optional’ fields for securitisation transactions?

<ESMA\_QUESTION\_SECR\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_31>

1. Do you think that this transition be of added value to the securitisation framework? What challenges or concerns, if any, do you anticipate with the introduction of 'mandatory,' 'optional,' and 'conditionally mandatory' fields? Are there specific considerations related to data availability, feasibility, or implementation that should be considered?

<ESMA\_QUESTION\_SECR\_32>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_32>

1. Please provide any general observations or comments that you would like to make on this CP, including how the revision, based on the above approach (Option D) may be relevant to your own activities and any potential impacts.

<ESMA\_QUESTION\_SECR\_33>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SECR\_33>

1. Currently under registration process at the Spanish Intellectual Property Register with entry reference number *09/261246.9/24*. [↑](#footnote-ref-2)
2. The ENGAGE Templates will evolve in the near future with the aim to include additional metrics from the European Investment Fund as well as the European Central Bank climate disclosures. [↑](#footnote-ref-3)