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.

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**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 | ABI – Associazione Bancaria Italiana (Italian Banking Association) |
| Activity | Associations, professional bodies, industry representatives |
| Are you representing an association? |  |
| Country / Region | Italy |

# 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>

ABI does not agree with maintaining the current disclosure framework unchanged. In ABI’s view, a significant simplification of disclosure can be achieved, in line with the mandate in the 2022 Report of the EU Commission on the functioning of the Securitisation Regulation “*to address possible technical difficulties in completing the information required in certain fields, remove possibly unnecessary fields and align them more closely with investors’ needs*”.

ABI recommends that such simplification is carried out by means of targeted simplifications to the current templates, i.e. reducing mandatory fields of little added value for investors (and in the case of private securitisations) and improving the use of ND options, while preserving the current structure of the templates (known to the industry and developed with significant IT investments).

ABI proposals are explained in the following answers and detailed in the enclosed xls file, illustrating the proposed modifications for each template, field by field.

<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>

Loan-level disclosure is important for most asset class and for certain reasons (e.g. in order to meet the central banks collateral eligibility requirements), but the current level of granularity is operationally burdensome and sometimes redundant. Indeed, while proprietary synthetic securitisations’ Investors Reports contain LLD but limited to the relevant fields needed for risk analysis, with regard instead to true sale transactions, for asset classes (i.e. trade receivables, credits cards,..) involving highly granular portfolios - which are typically evaluated and monitored via a statistical approach and/or on an aggregate level - LLD granularity might not represent a plus, but rather provide data with low informative value and difficult to analyse, as further described in the answer to Q22.

<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>

In ABI’s view the current design is generally reasonable but simplifications are possible, as the current level of detail is more than sufficient for a complete portfolio analysis, and therefore mandatory fields could be reduced accordingly. ABI detailed proposals are illustrated in the enclosed xls file.

<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>

ABI recommends simplifying the requirements for private securitisation but keeping consistency in the template structure. More precisely, for private securitisations the same templates as for public securitisations should be used, but those fields containing information that, depending on the asset class and transaction type, are not deemed necessary should be marked as non-mandatory.

<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>

Option A, implying no action, would have no direct impact compared to the current situation, but would leave untackled the inefficiencies of the current framework. On the contrary, appropriate simplifications, as said below and detailed in the enclosed Annex, would result in higher cost effectiveness without losing meaningful information for investors and authorities.

As outlined above, ABI recommends maintaining the current approach but reducing the number of mandatory fields and opening for more optional (ND) fields.

Among others, a key issue with the current framework is the level of detail required for CRE loans (Annex 3). The collection of this data and its maintenance is a major operational burden that weighs on originators and does not bring value to investors, not requesting this level of depth (for example all information related to rents, occupancy rates etc.). Therefore, a streamlining on Annex 3 seems warranted.

In the same vein, a template for trade receivables securitisations is proposed, since Annex 9 is not considered fit for purpose due to the excessive granularity of information required.

<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>

ABI does not agree on the changes proposed under option B.

As said above, in ABI’s opinion more flexibility is needed on the use of ND fields - e.g. for information that are not relevant for an asset class or type of transaction - and not further restrictions on the use of ND options.

Also, ABI would not support including additional risk indicators.

In particular, ABI would argue that, in the absence of clear and well-established standards, including in the templates climate-related indicators - which are not always available - will result in making the framework more burdensome for originators without providing reliable and meaningful information for users.

ABI would also not support providing payment schedules on individual loans: it would be extremely operationally intensive and not deemed relevant, as the amortization profile of the portfolio and its constituents are already provided for at inception.

<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>

ABI sees no benefit in a reduction of ND thresholds, as the current framework allows for a full representation of the portfolio details useful to perform a portfolio risk analysis. Please see also the answer to Q6 and Q8.

<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>

In ABI’s view, restrictions in the use of ND options would not result in more accurate representation of data, as the originators have already taken all steps to provide the maximum information possible. Stricter limits to the use of ND options would therefore only result in making more difficult for originators to compile the templates.

<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>

As said above, additional risk indicators are not deemed necessary. Please see also the answer to Q10.

<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>

With specific regard to the proposals in paragraph 5.3, ABI would highlight that:

Annex 4: aggregate data for PD (according to pre-defined ranges) and for LGD (weighted average of the underlying exposures) are already provided in Annex 12. This aggregate information is deemed sufficient for evaluating the creditworthiness and potential losses associated with the underlying exposures. Providing loan-by-loan data may instead raise confidentiality issues

Annex 10: in the NPE securitization templates, there are rooms for simplification (please refer to Q20)

Annex 11, 12, 13: the proposed integrations does not appear particularly burdensome

Payment schedules on individual loans: as said above (Q6), including this information would be extremely operationally intensive and is not deemed relevant as the amortization profile of the portfolio and its constituents are already provided for at inception.

<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>

In ABI’s opinion, enriching the Annexes with climate risk indicators is not warranted until standardization, data accuracy and availability are at a more mature stage. In the meantime, it would only represent additional burden in compiling the templates, without providing reliable and meaningful information for users. Please refer also to Q6.

<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>

TYPE YOUR TEXT HERE

<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>

In light of the aspects highlighted above, ABI believes the proposals under Option B would significantly raise costs and complexity for originators without corresponding benefits for users.

<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>

Option C is considered the preferred way forward. Compared to the previous options, it allows to achieve important results, such as simplifying the template relating to private securitizations and remove loan by loan disclosure for more granular operations. Furthermore, consistent with Option C of the CP, some less invasive changes in the other templates can be introduced, enhancing the efficiency of the framework with only limited IT interventions and operational burden.

ABI proposed solutions in regard of simplifications for private transactions, loan-level disclosure, new template for trade receivables, and other aspects, are presented below and detailed in the enclosed xls file.

In any case, ABI does not expect that proprietary Investor Reports will be dismissed, as it is improbable that a one-fits-all template could be suitable for the specificities of any transactions.

<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>

ABI agrees that a simplification of the templates for private transactions is needed and recommends achieving such simplification through the current templates and the non-mandatory nature of selected fields that are considered not useful/essential, without significant changes in the existing structure of the annexes. This approach would greatly simplify the necessary IT interventions, also being beneficial in terms of timing.

This solution would be suitable to satisfy supervisory needs, since supervisors already receive all the information on securitizations as reported to investors (including current ESMA templates) and the one required by supervisory regulations (i.e. as per art. 6-8 SECR, COREP).

<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>

No, ABI recommends using the current templates as a starting point to provide a streamlined solution for private transactions. Please refer also to Q15.

<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>

Yes, ABI agrees that ESMA should follow this path as, in the case of highly granular operation, having information at the level of single loan is of limited advantage, while aggregated information would be easier to produce and more effective to use. ABI proposals in regard of Annex 6 and Annex 9 are presented below in the answers to Q21 and Q22.

<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>

ABI does not believe that the path to follow is deleting current disclosure templates, given the important efforts made for their implementation. ABI proposal is focused on starting from the current templates and introducing simplifications and targeted changes in order to improve the framework.

<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>

Within Option C it is possible to intervene, even if in a non-invasive manner, where deemed necessary in order to avoid reporting information not used by investors. ABI has worked extensively with banks to elaborate a detailed proposal to streamline the current disclosure templates for public operations, where some fields are redundant.

The proposals are presented in the enclosed xls file and can be summarized as follows:

**Annex 2 - true sale Annex 2 - synthetic**

* Fields to remove (11 in total). - Fields to remove (57 in total)
* Fields to amend (2 in total) - Fields to amend (1 in total)

**Annex 3 - true sale Annex 3 – synthetic**

* No comments - Fields to remove (146 in total)
* No comments - Fields to amend (2 in total)

**Annex 4 - true sale Annex 4 - synthetic**

* Fields to remove (21 in total). - Fields to remove (64 in total)
* Fields to amend (10 in total) - Fields to amend (no one)

**Annex 6 - true sale Annex 6 - synthetic**

* Fields to remove (5 in total). - No comments
* Fields to amend (1 in total) - No comments

**Annex 8 - true sale Annex 8 - synthetic**

* Fields to remove (34 in total) - Fields to remove (34 in total)
* Fields to amend (no one) - Fields to amend (no one)

**Annex 9 - true sale Annex 9 - synthetic**

* Fields to remove (All. See below for Trade Rec.). - No comments
* Fields to amend (no one) - No comments

**Annex 9 – Trade Receivables**

* **New aggregate and simplified template proposed** for trade receivables in line with Annex 11 for ABCP transactions.

**Annex 10 - true sale Annex 10 - synthetic**

* Fields to remove (40 in total) - No comments
* Fields to amend (no one) - No comments

**Annex 12 - true sale Annex 12 - synthetic**

* No comments - Fields to remove (60 in total)
* No comments - Fields to amend (no one)

**Annex 14**

Securitization section is considered redundant and could be eliminated. The section is mainly filled in by most Italian counterparties using ND options.

Among other things, ABI proposal includes:

- removing fields containing information not required by the investors or already provided at the transaction origination, or where the information is not available to the originator

- extending the “no data” options to all the securitization types and providing more flexibility in the case of traditional cash ABSs for all the available asset classes. Additionally, for certain fields where the ‘no data’ option is already admitted, the penalty treatment should be reconsidered. In fact, for some clusters of performing assets - high seasoned mortgage loans, secured and unsecured loans acquired by an originator via the incorporation by merge with other originator(s) - the recovery of some historical data set currently required by the templates could now result too expensive or too time-consuming, whilst at their origination date such data set were not required. For these cases, the use of ‘nd’ options should not lead to any penalty in the template scoring. Further, there are few fields currently not admitted to the use of the ‘ND’ option, for which the use of this optionality would be desirable.

<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>

Based on experience accrued since introduction of the ESMA disclosure templates, Annex 9 (Esoteric) is not seen as a suitable template for trade receivables. It is often perceived as too complex and hardly processable for a potential receiver (i.e. fields not applicable to the type of underlying asset, fields not relevant for investors, too deep level of detail in terms of fields number and loan by loan disclosure). This is especially true in the context of transactions with high granularity in terms of underlying exposures, where investors are used to run monitoring and risk assessment at a more aggregate level or via statistical approach.

Considering, as a very last point, that trade receivables transactions are in most cases funded mainly via ABCP conduit-based financing, ABI would suggest adopting a simplified disclosure template reporting information at aggregate portfolio level in line with Annex 11 in use for ABCP transactions. The detailed proposal is illustrated in the enclosed xls file.

<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>

ABI considers that the proposals put forward, consistent with Option C of the CP, would allow for significant simplifications in producing the templates without jeopardizing their informative content.

<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>

Considering the costs and efforts spent to implement the current framework, its major revision as proposed under Option D, which would entail further costs and organizational burden on originators and investors, is not deemed to be the most efficient solution. Streamlining the current templates as illustrated above would instead maximise the overall results.

<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>

Simplification and standardisation do not imply less significance of the disclosure. ABI believes that the streamlining of the templates, as described above, can meet investors’ needs not negatively affecting the overall risk analysis of the transactions.

<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>

Please refer to Q26

<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>

ABI believes that, although this kind of approach could have merits if introduced at the starting point, it is now more efficient working on some adjustments as previously detailed, via simplifications in templates and appropriate use of ND options and non-mandatory fields.

<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>

Please refert to Q18

<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>

Given that the management of the ND options is a pillar of the framework, changing the current “no-data” options logic is not advisable, as it would require significant investments, while a more conservative approach would be preferable.

Anyway, marking fields as non-mandatory (optional) where appropriate, in addition to the existing ND options (amended as said), would be very useful to achieve substantial simplification without incurring in the constraints applied to the use of ND options. This is especially the case for private securitisation templates. To this end, it is essential that leaving non-mandatory fields blank is not considered as making use of available NDs for the purpose of the relevant limit.

<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>

Please refer to Q31

<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>

Please refer to Q25

<ESMA\_QUESTION\_SECR\_33>