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 | BAWAG P.S.K. |
| Activity | Banking |
| Are you representing an association? |  |
| Country / Region | Europe |

# 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>

Yes

<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>

Yes. LLD are essential for accurate monitoring / understanding of a pool’s current performance and for forecasting returns. The full transparency provided by LLD is particularly important during times of extreme stress as e.g. in 2008/2009. I do not see operational cost in putting together the data feeds as a valid objection. If no LLD were made available, some form of aggregate-level performance information would still need to be disclosed; such information can only be computed correctly by aggregating loan-level information, which would still need to be subject to the same quality controls that are required when disclosing loan-level information directly. In other words, at a fundamental level there should not be a material difference in overall operational costs.

<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>

Yes

<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>

I think this is mostly helpful for institutions with a supervisory function, which need to process large amounts of deals on a routine basis. For investors in private deals, bespoke data disclosure is a workable solution as well. It comes with the disadvantage of extra analysis work on a deal-by-deal basis, but allows for some extra flexibility.

<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 will allow us to continue to use the data as we are doing at present. It is the least disruptive along with option B.

<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>

I can see how the use of just 2 ND options (one “not applicable” and one “applicable but data not available”) could simplify matters. From my own experience, I’m not sure to what extent the current full range of ND options are generally applied correctly. Restricting the use of ND values, i.e. forcing data suppliers to include actual values, would be useful.

As far as further ESG related fields are concerned, this would certainly not be detrimental, but perhaps not strictly necessary at this stage.

<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>

It is hard to answer this in general. It would certainly make sense to give securitization data repositories the power to reject data submissions in cases where the data supplier consistently populates fields with ND values where actual non-missing data should obviously be available.

<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>

This is again case-specific. However, I think poor data governance by reporting entities should not be an excuse for failing to populate required fields.

<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>

I have not had a particular need for this myself.

<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>

Not for those listed in item 107 of section 5.3. That said, quantities such as “Probability of Default” appear to be opinion-based and hence of limited value.

<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>

This would only be useful if these are fully objective hard data.

<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>

No opinion.

<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>

I think that a programme to reduce the use of “ND” values would be the most useful feature of this proposal.

<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>

No.

<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>

I have no strong opinion on this aspect of the proposal.

<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.

<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>

If this route were taken, investors in private transactions would most likely still insist on receiving the necessary loan-level information on a bilateral basis.

<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>

No. Whether an asset pool has 500 or 50000 underlying exposures should not make any difference in the way it is treated. In both cases the monthly datasets to be delivered are very small by today’s standards. A loan servicer with good data governance practices should not have any problems handling loan data at this scale.

<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>

No

<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>

No

<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>

No.

<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>

No strong opinion.

<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>

No strong opinion.

<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>

No

<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>

This is hard to answer in general and would need to be evaluated on a case-by-case basis. One area where I have found the current templates somewhat arbitrary is in some of the categorical fields such as “Collateral Type” and similar, where one of a list of possible values must be selected. These lists often contain many different very specific but otherwise undocumented options, yet are – understandably - not fully exhaustive and have more than one variant of the “OTHER” option. This leads to an increased chance that data suppliers are unsure which option to select, select the wrong one, or just use one of the “OTHER” values. This then makes it harder to compare across deals. Reducing the list of options to a few broader categories might be a useful simplification in such cases.

<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>

No.

<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>

I do not agree with option D as an approach in general. But I do agree that any templates should be tailored to the nature of the underlying assets (as the current templates are).

<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>

No. There is no benefit to doing so. Aggregated data are far harder to analyse and interpret and compare across transactions.

<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>

No.

<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>

I think this could be a useful way to try to force data suppliers to improve the completeness of the data provided.

<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>

There is a risk that it will be hard to agree on fields that should be truly “mandatory” for every single deal within a given asset class. Given that this change would require a change in legal text, perhaps an alternative whereby securitization repositories have more power to enforce improvements in data quality over time is a more effective and less costly approach.

<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>

Any departure from full loan-level data reporting is in my view a big step back in time and in the wrong direction. Certainly from the viewpoint of a data consumer, more granular is always better – aggregation of loan-level data can always be done by the data consumer, but disaggregation of aggregate-level reports cannot.

<ESMA\_QUESTION\_SECR\_33>