

EUROPEAN DATAWAREHOUSE

Repository Insights

ESMA Disclosure Templates – Usage and Data Quality

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I. Introduction

Founded in 2012 as part of the implementation of the ECB ABS Loan-Level Initiative, European DataWarehouse GmbH (EDW) is the first central data repository in Europe for collecting, validating, and dissemination of detailed, standardised and asset class specific loan-level data for securitisations. The company became fully operational in January 2013 and is funded and owned by 16 leading participants of the European structured finance market. The company operates as a utility to respond to the need for improved transparency to investors and other market participants in the securitisation market. In June 2021 EDW was registered by the European Securities and Markets Authority (ESMA) as a securitisation repository under the Securitisation Regulation (EU)2017/2402 (SecReg).

EDW currently hosts loan-level data and relevant documentation for over 1,700 public securitisations (thereof ca. 600 active at the end of 2023) belonging to a wide variety of different financial institutions across Europe. Originators, issuers, sponsors, and servicers upload the underlying exposure information and relevant documentation to EDW, while data users including investors, data vendors, rating agencies and public institutions use EDW data for monitoring and risk assessment purposes.

II. ESMA Consultation on disclosure templates

On 21 December 2023, ESMA published its Consultation Paper on the securitisation disclosure templates under Article 7 of the Securitisation Regulation¹. ESMA was invited by the European Commission (EC) to review the technical standards pertaining the disclosure framework following the EC's report on the functioning of the Securitisation Regulation published in October 2022.

In its Consultation Paper, ESMA refers to feedback from market participants about the limited use of the securitisation data collected by securitisation repositories² as well as the observed excessive reliance on ND options that poses obstacles to the usefulness of securitisation.³

In this *Repository Insights* report, European DataWarehouse would like to leverage its wealth of operational experience and data on public securitisations to support a fact-based discussion among market participants and supervisors, by providing:

¹https://www.esma.europa.eu/sites/default/files/2023-12/ESMA12-2121844265-3053_-_Consultation_Paper_on_the_Securitisation_Disclosure_Templates.pdf

² ESMA Consultation Paper, page 21, and page 45.

³ ESMA Consultation Paper, page 35.

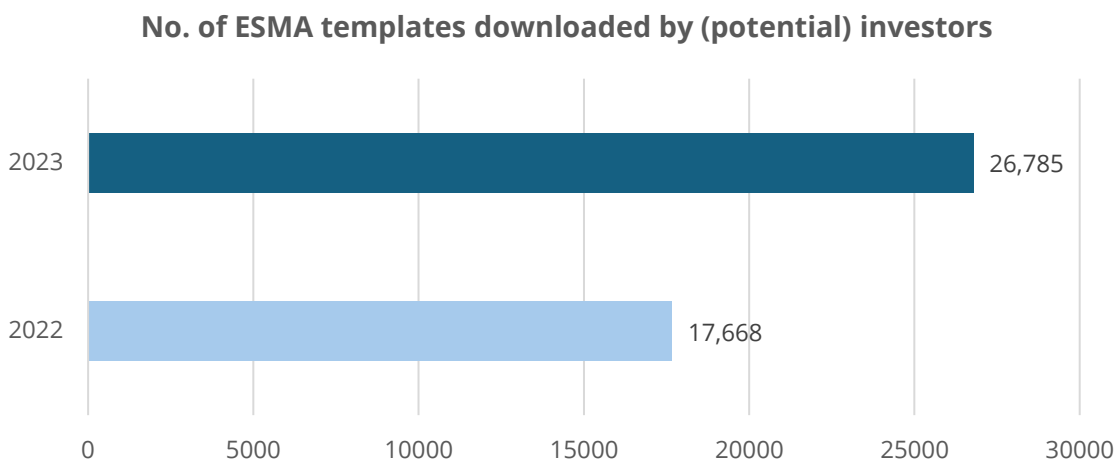
- (a) statistics on the use of securitisation data by (potential) investors (as per article 17 (1) SecReg);
- (b) an overview on the most common data errors in submissions of underlying exposure templates;
- (c) the development of data quality in the period from Q1 2014 until Q4 2023 measured by EDW's proprietary Data Quality Score (DQS).

III. Use of securitisation data by (potential) investors

As a registered securitisation repository, European DataWarehouse provides direct and immediate access free of charge to (potential) investors pursuant to article 17 (1) SecReg to enable them to fulfil their respective responsibilities, mandates and obligations.

In its Consultation Paper, ESMA refers to feedback from market participants about the limited use of the securitisation data collected by securitisation repositories.

To assess the use of securitisation data by (potential) investors, European DataWarehouse has counted the number of downloads of disclosure templates by legal entities registered with European DataWarehouse as (potential) investors. The following graphic shows the number of downloads for the year 2022 and 2023.



(Source: European DataWarehouse)

The number of downloads does not necessarily mean that the securitisation data is actually used by (potential) investors to fulfil their respective responsibilities, but it should be regarded as an indication that there is an interest in the data.

It is also worth noting that in ca. 99% of all cases, (potential) investors have downloaded the ESMA disclosure templates in the CSV-file format provided by European DataWarehouse. Only in ca. 1% of all cases, the (potential) investors chose the regulation prescribed XML-file format.

IV. Most common data errors

As per the RTS on Securitisation Repository Operational Standards, European DataWarehouse (EDW) – as a registered securitisation repository – is responsible to assess whether the information that is provided to it is complete and consistent before making it available to (potential) investors.

Based on EDW’s verification processes, a list of common data errors can be identified. The most common errors in the data fields in the ESMA disclosure templates in Q4 2023 were i) the use of the value “zero”, ii) the inappropriate use of the “no data” (ND5) option and iii) the excessive use of the list field option “Other” (OTHR).

For illustration purposes, the following table displays several data fields found in the ESMA disclosure templates with the number of loans that have shown the most common data errors in Q4 2023.

ESMA Field	‘ZERO’	ND5	‘Other’
Current Interest Rate Margin	2,905,770	3,495,901	n/a
Current Interest Rate	2,976,626	2,713,600	n/a
Current Principal Balance	4,717,333	6,845	n/a
Current Interest Rate Index	n/a	43,418	2,946,574
Amortisation Type	n/a	n/a	1,566,668

(Source: European DataWarehouse)

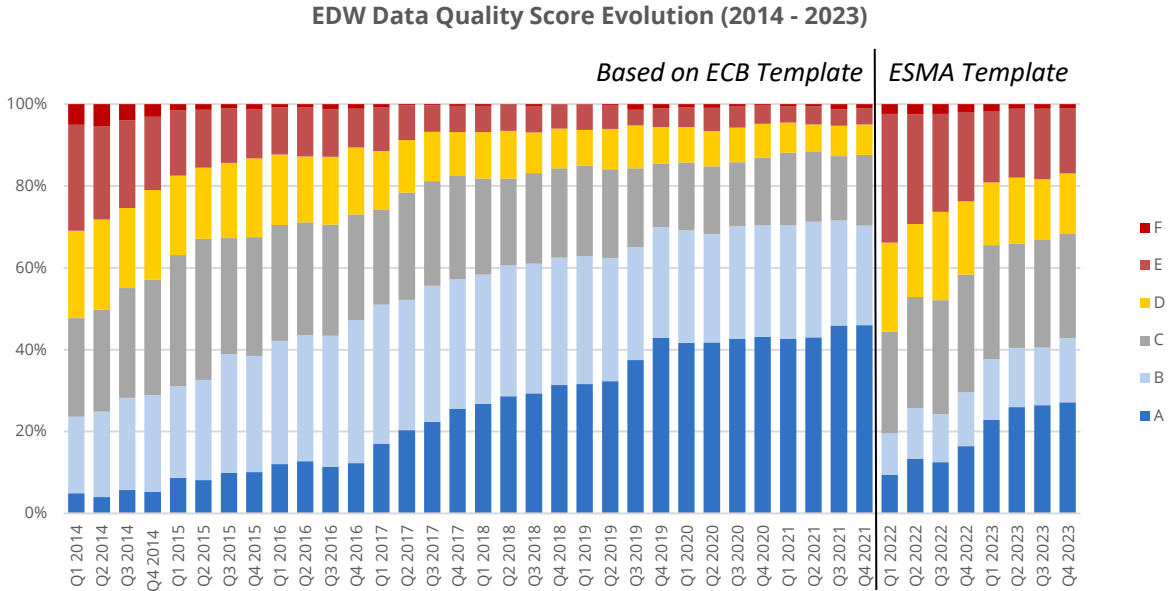
V. Development of data quality

From its inception in 2012 data quality has been one of the guiding principles for the work of European DataWarehouse (EDW) as Europe’s first securitisation repository. From the start of its operations in 2013, EDW worked closely with market participants to constantly improve the quality of the data submitted to its repository platform.

An additional instrument to measure the effectiveness of EDW’s data quality management process and the quality of the data submitted in ECB reporting templates is EDW’s proprietary Data Quality Score (DQS). Unlike the ECB’s scoring approach from 2013 to assess the eligibility of ABS or the ESMA’s scoring from 2020 that are based on *data completeness*, i.e., the number of data fields without available information (‘No Data’ or ND), EDW’s DQS focuses on *data quality*, comprising of several hundred ‘black or white’ validation rules that assess data fields with regard to consistency, accuracy and integrity (e.g., the data field ‘Current Principal Balance’ cannot be negative). All validations rules of EDW’s DQS have been designed and selected to allow for an objective and common approach for all securitisations, jurisdictions, and asset classes.

With the phase out of the ECB reporting templates and their replacement by the ESMA disclosure templates in Q4 2021, several hundred validation rules based on the new ESMA disclosure templates were selected to form the rule set for a revised DQS using the same methodology already in place for the existing DQS calculation based on the ECB reporting templates.

To better understand the DQS, the ratio of data errors (=fail ratio) was mapped to a six-grade scale ranging from “A” (best quality) to “F” (worst quality). The development of the data quality from Q1 2014 until Q4 2023 measured by EDW’s DQS is displayed in the following graphic. In the period from Q1 2014 until Q4 2021 the DQS was calculated based on ECB reporting templates. Since Q1 2022 the DQS has been calculated based on ESMA disclosure templates.



(Source: European DataWarehouse)

The steady increase of data submissions that were either marked as “A” or “B” illustrates the ongoing improvement of the quality of the data submitted in ECB reporting templates between 2014 and 2021. The introduction of the ESMA disclosure templates resulted in a significant decline of data quality in Q1 2022 as the new templates introduced new data fields that caused misunderstandings and erroneous data entries by reporting entities. By Q4 2023 the quality of data submitted in ESMA disclosure templates has improved significantly (share of “A” and “B” has doubled since Q1 2022) but remained below the data quality observed in the ECB reporting templates in late 2021.

CONTACT US

EUROPEAN DATAWAREHOUSE GMBH

Walther-von-Cronberg-Platz 2
60594 Frankfurt am Main
www.eurodw.eu

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