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 | The Bank of New York Mellon SA/NV |
| Activity | Credit institutions, CSDs, investment firms, market operators, e-money institutions, UCITS management companies, AIFs  |
| 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>

Option A alone is not the best course of action. We do see the possibility for some improvements in the near term. We are aware that any modifications to the current framework would result in operational expense and would require updates to procedures and system enhancements. We believe that these are real and legitimate concerns. However, postponing an early evaluation of the disclosure framework until the SECR's subsequent assessment will impede growth in the market, thereby undermining the regime’s primary objectives.

<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>

The loan-level disclosure (LLD) granularity is useful but not essential for performing proper risk evaluation, especially for high level managed loans or structures with short-term, and revolving asset classes, where the operational costs, compliance burden associated with the LLD granularity is particularly high.

<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>

The existing framework allows investors and competent authorities to compare various portfolios from different issuers and ensures uniformity in the information provided on securitisations. However enhancements are required, and we acknowledge specific fields on the disclosure template are not relevant to all asset classes or may be subject to varying interpretations, potentially leading to investor confusion.

<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>

We support the principle that the information provided should be consistent across all securitisations. However, it may well be the case that certain data fields are not necessary for a private securitisation.

<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>

We believe that the securitisation disclosure templates have promoted transparency. However, we also believe that further enhancements are possible and desirable to sustain and strengthen the market.

<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>

We believe that by itself limiting the options for No Data is not appropriate or necessary. There are important questions of how information on climate-related indicators should be distributed as it is important to keep data consistent across reports and not to cause duplication disclosure requirements. We believe that more work on this topic is needed, and it will be important to collect feedback from all stakeholders.

<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>

No. Some specific fields are not in scope for certain asset classes. The reduction of these fields could potentially pose difficulties for the reporting entities if they are now obliged to include this data.

<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>

Since we don't think restricting ND alternatives is required, we can't see any justification for reporting entities to incur higher compliance costs.

<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>

On Annex 4 (Corporates), it could be advantageous for investors to include details regarding Probability of Default and Loss Given Default. However, a thorough cost-benefit analysis should be conducted prior to implementing any changes that mandate additional information to be disclosed.

<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>

Yes. Prior to proceeding, reporting entities must locate a dependable source for this data and obtain feedback on a universal standard to be adopted within the industry. Any modification to the RTS will inevitably incur expenses, such as those related to IT implementation and operational procedures.

<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>

Information pertaining to climate-related items is important, but it is also important to consider the overall mechanism for the provision of climate-related data points, and to ensure consistency and absence of duplication with other reporting obligations.

<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>

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<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>

We do not see Option B as the most appropriate way forward for the reasons set out in our other answers.

<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>

We consider the information currently available meets investors' demands and offers data in a consistent style for all facilities. Although the templates are onerous for private market participants as they are already accustomed to standard asset level reporting for CLO transactions. Implementing a streamlined and simplified format will allow investors to effortlessly access templates for different facilities within this market.

<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>

In the immediate future, the transition to a new template may pose difficulties in terms of operations and technology. However, implementation of a streamlined template longer term for private transactions will effectively lower compliance expenses and facilitate expansion within the broader market.

<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>

Yes. We do believe that the SSM notification template is a good starting point, and certain issuers do find the SSM notification template to be beneficial, especially when it comes to private securitisations like CLOs. In the context of simplifying the SSM notification template, we do want to highlight that trustee reports do contain the necessary information for investors to conduct a transparent review of the underlying portfolio. These reports are tailored to private securitisation reporting as agreed in the CLO deal documents and separately provided monthly.

<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>

More analysis/feedback is required from the market before forming a view.

<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>

For private securitisations the current loan-level information for CLOs provided in the Trustee reports is sufficient and does not need adjustments in terms of data granularity. A simplified reporting method as outlined in Option C would be beneficial for the overall private market. Other assets classes should be reviewed individually to determine if any changes could potentially impact investors transparency.

<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>

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<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>

We believe that deletion of the current disclosure templatesgoes against the objective of Article 7 Securitisation Reporting, which aims to enhance transparency in the securitisation market and furnish investors with detailed information for effective risk management.

<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>

We consider this an option, however each annex and/or asset class should be evaluated separately with appropriate input from stakeholders.

<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>

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<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>

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<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>

Modifying the existing templates brings about various obstacles, including data accessibility, expenses related to aligning IT systems, and the need to reorganise established processes. Therefore, any adjustments to templates must offer clear benefits to stakeholders and necessitate enough time for adapting to new requirements.

<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>

Conducting a thorough analysis of option D will be a lengthy process that necessitates the involvement of various stakeholders and industry bodies. Option D may prove to be a viable long-term solution if the benefits outweigh the time and resources required to reach a consensus.

<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>

Yes. The simple and standardised templates will help investors, but implementing athorough analysis of every asset class to create simplified templates will take time.

<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>

A simplified and standardised format would enable investors to easily navigate through templates for various asset classes.

<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>

Yes. This appears to be a promising approach. However, there will be a need to gather input and views from all relevant stakeholders.

<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 refer to our answer to question 2.

<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>

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<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>

This appears to be an interesting approach that would lead to more transparency as to what data fields are required from reporting entities.

<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>

The availability of the data for the 'mandatory’ fields will need to be reviewed for certain assets classes.

<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>

The potential for securitisation to advance relies on continued efforts from both public authorities and private stakeholders. Without changes to the existing framework, the identified issues and limitations will remain unaddressed. Implementing any significant changes to the regime would need several years. In the immediate future, attention should be directed towards resolving the specific concerns regarding the private market templates, with a thorough review of the disclosure framework to come afterwards.

<ESMA\_QUESTION\_SECR\_33>