JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

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JOINT-COMMITTEE REPORT ON SECURITISATION

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Acronyms

ABS	Asset Backed Securities
ABCP	Asset Backed Commercial Paper
AIFMD	Alternative Investment Fund Managers Directive - Directive 2011/61/EU amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.
AIFM	Alternative Investments Fund Managers
AIFMR	COMMISSION DELEGATED REGULATION (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (Alternative Investments Fund Managers Regulation) published on 22 March 2013 at the European Journal of the European Union
BoE	Bank of England
CRA Regulation	Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies.
CRAs	Credit Rating Agencies.
CRD	Capital Requirements Directive
CRA 3 RTS	Commission Delegated Regulation (EU) 2015/3 published on 6 January 2015 at the Official Journal of European Union
CRR Investors	All institutions except if acting as an originator a sponsor or original lender and exposed to the credit risk of a securitisation positions in its trading book or non-trading book.
CRR RTS	COMMISSION DELEGATED REGULATION (EU) No 625/2014 of 13 March 2014 and published on 13 June 2014 at the Official Journal of European Union
ECAI	External Credit Assessment Institutions
EC	European Commission
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Authority
EUOJ	European Union Official Journal

ESA	European Supervisory Authority
ESMA	European Securities and Markets Authority
ILS	Insurance linked securities
IORP Directive	Institutions for Occupational Retirement Provision Directive
JC	Joint Committee
MIFID	Markets in Financial Instruments Directive
MMF	Money Market Funds
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (Text with EEA relevance)
Prospectus Regulation (PR)	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by the Commission Delegated Regulation No 486/2012, the Commission Delegated Regulation No 862/2012 and Commission Delegated Regulation No 759/2013
PRIIPS	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment Products (PRIIPs)
RMBS	Residential Mortgage Backed Securities
RTS	Regulatory Technical Standards
SCA	Sectoral Competent Authority
SFI	Structured Finance Instruments
SFI website	Website to be set up by ESMA for the publication of the information on structured finance instruments (Article 8b (4) of CRA Regulation)
Solvency II	Directive 2009/138/EC of the European Parliament and of the Council of the 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)
Solvency II Delegated Act	COMMISSION DELEGATED REGULATION (EU) No …/.. of 10.10.2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

SPV	Special Purpose Vehicle
SSPE	Securitisation Special Purpose Entities
UCITS	Undertakings for Collective Investment in Transferable Securities
UCITS Directive	Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferrable Securities

I. Executive Summary

1. In the wake of the financial crisis, various initiatives have been undertaken to ensure a safer and more transparent securitisation market in the European Union (EU)[1]. The EU has built an extensive regulatory framework aimed at establishing transparency rules for structured finance instruments (SFIs). This framework has been established gradually covering requirements in investor due diligence, originator, issuer and sponsor retention, and disclosure.

2. This framework has been established through a number of EU requirements, Regulations and Directives such as the Prospectus Directive, CRR/CRD IV, AIFMD, CRA Regulation, Solvency II. These pieces of legislation work together to set out the information that needs to be assessed as part of the due diligence process for investors and the disclosure requirements for SFIs. As well as this framework, corresponding disclosure requirements to meet the collateral criteria used by the European Central Bank framework must also be taken into account.

3. In addition to these measures, the CRR RTS, the RTS adopted pursuant to Article 8b of the CRA Regulation on disclosure requirements for SFIs[2] sets out wide-ranging disclosure requirements for SFIs. The CRA 3 RTS specifies the content, frequency and presentation of the information that issuers, originators and sponsors of SFIs established in the EU will jointly need to disclose on the SFI website. The disclosure requirements will apply to SFIs issued on or after 1 January 2017 or outstanding on that date, and apply to a broad range of transactions including unrated SFIs while additional reporting templates for other SFIs will be introduced in the course of a phase-in period.

4. In light of the wide scope of the disclosure requirements on SFIs in the CRA Regulation, this report undertakes a wide ranging review of existing legislative and regulatory framework (level-1) and implementing measures supplementing level 1 (level-2) due diligence and disclosure requirements including those found in the Prospectus Directive, CRR/CRD IV, AIFMD, CRA Regulation, Solvency II and central banks' collateral frameworks.

5. The objective of this report is to assess whether the existing framework has been set up in a consistent manner and, where inconsistencies are identified, to put forward recommendations that could be un-

[1] For example, requirements have been put in place to address weaknesses in the markets for securitisation including measures to address the misalignment of incentives of parties involved in securitisation addressed by introducing a "skin in the game" risk retention rule for SFIs and the lack of transparency addressed through improved disclosure to allow for appropriate due diligence by market participants.

[2] Commission delegated Act of 30 September 2014 N°2015/3 published on 6 January 2015 at the Official Journal of EU available at http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0003&from=EN.

dertaken at the EU level[3]. The recommendations constitute the JC response to the Consultation document on securitisation with regard to the standardisation, transparency and information disclosure published on 18 February 2014 by the European Commission[4].

6. This report focuses on the linkages between the due diligence requirements which apply to investors and the disclosure requirements which apply to the issuer, originator and sponsor. This is in order to highlight whether investors are effectively protected and whether the supervision framework is appropriate to support the redevelopment of the securitisation in the EU sought by market participants and EU policymakers.

7. To this end, the report addresses the following issues: i) the nature and content of the due diligence and disclosure requirements, ii) the parties to which the disclosure and due diligence requirements apply and iii) the methods used for the adequate disclosure, reporting and enforcement in cases of non-compliance. The report also covers a number of other transversal issues, such as the differences in the definitions of securitisation across EU legislative texts.

8. The recommendations in this report should be considered in light of further work on the transparency and due diligence requirements of SFIs and similar products, and should not be introduced in isolation, i.e. recommendations should be implemented across all comparable market segments or instruments representing comparable features for all issuers and investors.

Recommendation n°1. Harmonising the due diligence requirements

9. Due diligence should be viewed as a dynamic process which starts from the point when the investment decision is initially considered and ends when the SFI matures or is divested.

10. Current due diligence requirements differ depending on the investors involved (banks, insurers, alternative investment funds, etc.) across CRR, Solvency II, and AIFMD. For example, existing due diligence requirements contain differences on whether due diligence must be performed on an ongoing basis. Due diligence requirements should be well-aligned with the practices of these different investor types and where possible consistent. Common due diligence requirements across investor types should be introduced where possible.

[3] Respondents to the European Central Bank and the Bank of England consultation paper (« The case for a better functioning securitisation market in the European Union", synthesis of responses, October 2014) stressed the lack of consistency across different investor types, and the different regimes applicable (capital requirements, penalties regarding retention rules), across jurisdictions (within Europe and versus the United States) and across instruments (securitisation versus covered bonds) ; in addition, where regulatory initiatives have not yet been finalised, respondents expressed concern about the "related regulatory uncertainty".

[4] European Commission, Consultation Document, "An EU framework for simple, transparent and standardised securitisation", 18 February 2015.

11. A first step towards this for policymakers is to better understand the links between investor practices (e.g. hold-to-maturity, speculative, hedging, etc.), due diligence needs and the nature of SFIs. This would allow for the development of a more coherent conceptual framework, and in turn tailored due diligence requirements for different investor types, dependent on where they sit in the framework.

Recommendation n°2: Due diligence requirements should drive disclosure requirements

12. In light of recommendation n°1, it is essential that investors due diligence needs and requirements are met by the disclosure requirements.

13. For example, the current disclosure requirements under CRA 3 RTS should be amended in such a way to allow investors to conduct their own due diligence through access to loan level data at the date of marketing/offering the transaction. Currently this is only partially achieved. The CRA 3 RTS standardised templates include information on the loans in arrears thus allowing investors to assess at portfolio level the percentage of loans past due. However, the CRA 3 RTS templates either do not contain a field for prepayment amounts or, in the case of RMBS, the prepayment amount is an optional field. Moreover, all the template fields on borrower credit scoring are also optional. As such, investors subject to CRR cannot effectively fulfil all the requirements of CRR Article 406(2).

14. In addition, the status and level of all credit enhancement elements, available to each tranche in the transaction, and the formulae used to calculate any aggregate credit enhancement figures, should be made available.

15. The description of the status of triggers, the formulas used for triggers and the basis (e.g. annualised/cumulative, net/gross, defaults) for the calculation of all the performance metrics used in the report (at a minimum, for default and delinquent loans) should also be provided.

16. Furthermore, information to help assess the financial strength of the originator/servicer and key counterparties, e.g. the disclosure of any standard of creditworthiness and other complementary information, such as updated Basel III capital ratios would strengthen the disclosure framework.

17. Finally, all legal entities specified in transactions' documentation (e.g. swap counterparties, arrangers, etc., going beyond just the originator) should have the Legal Entity Identifier (LEI) specified or, until this is introduced, at least a publicly available identifier (e.g. VAT or Trade register number) to facilitate cross-referencing with other databases (e.g. on financial health). This would also avoid inconsistencies due to different naming conventions for different reporting entities (for example applying accents to certain letters). The requirement of the LEI has been incorporated in the CRA 3 RTS.

Recommendation n°3. Standardised investor report should reflect dynamics of SFIs and be stored in a centralised public space

18. The data stored on the SFI website should be available in a dynamic way, allowing for tailored extraction of information to enable investors to meet their due diligence requirements. Data in investor reports should have the same cut-off date as any loan level and other liability-related data disclosure. In other words, any asset and liability data referenced by the investor reports should be matched by the loan level and liability data submitted to the SFI website. Accordingly, further work should be undertaken in the future to assess the extent to which investor reports could be standardised and best integrated with such a dynamic database.

19. It is recognised that investors have difficulties in aggregating and processing loan level data to perform their own due diligence requirements. Therefore, the loan level data as well as other data reported should be presented as a dynamic document which can be adapted to a user's specific interest. The options available should include the production of information in the format that is needed to allow investors to meet their due diligence requirements. At a minimum, such options should allow building tables with information on i) the percentage of loans more than 30, 60, 90 days past due; ii) default rates; iii) prepayment rates; iv) foreclosed loans; and v) other measures of obligor creditworthiness that can use underlying loan level data, such as loan to value ratios for RMBS[5]. Any loan data related information that is made available in investor reports should match the information that is obtainable from the loan level data. For example, the pool cut off dates for investor reports and loan level data reports should be aligned to ensure consistency.

20. In addition, the investor reports, the prospectuses and all other transaction documentation required by the disclosure and due diligence obligations should be subject to common storage within a public space, e.g. the SFI website. In order to minimise operational risks a disruption to the centralised hub, the sponsor or other parties to the securitisation could also make such documentation available on their own websites for a period covering, at the minimum, the life of the securitisation. Finally, unnecessary duplication, such as the repetition of waterfalls in the same document should be avoided. In that respect, standardised templates could be developed to highlight specific information (e.g. transaction diagrams) and avoid repetitious information.

[5] Consistent with Art 406 (2) of the CRR.

Recommendation n° 4. Data providers should be allowed to fulfil disclosure requirements

21. As long as the "data owner" (issuer/sponsor/originator) holds responsibility for the quality of the information, there should be flexibility for the market to determine the most efficient entity to provide the relevant information for disclosure purposes. For example, the "data provider" is allowed to submit the information under the Eurosystem loan-level data initiative.

Recommendation n° 5. Loan by loan data should be provided to investors

22. Loan by loan information - as defined in CRA 3 RTS - should be provided to EU investors. In situations where aggregated or stratified data could be used to comply with a specific provision (such as in CRR RTS), this should only be possible if the loan by loan information is also accessible to investors. The CRA 3 RTS requirements regarding loan level data should be the common basis for the disclosure of loan level data of SFIs.

23. Regardless of the disclosure requirement, it is clear that loan level information is stored in data providers' data bases. The possibility of requesting, stratified/aggregated data for highly granular pools, instead of loan-level data, should be carefully assessed in particular in view of ensuring the accuracy and consistency of the aggregation methods used and the possibility for the investors to conduct effective and reliable stress tests (see recommendation 6).

24. Considering the discrepancies between the due diligence requirements of Art 406 (2) CRR and the data available through the loan level reporting template, it is recommended that:

- The loan level reporting templates are modified to incorporate additional fields regarding prepayments (Pre-payment Amount, Pre-payment Date, Cumulative Pre-payments) and, in the case of RMBS, such fields should be mandatory;
- The loan level data fields containing borrower credit worthiness (such as PD and LGD, obligor credit scores, etc.) should be mandatory to the extent allowed by law and where the originator/original lender is using such data in its internal risk management and/or for regulatory purposes.

Recommendation n°6. All type of investors should be empowered to effectively conduct their own stress tests.

25. The following recommendation should be considered to facilitate investors in conducting stress tests on all types of SFIs in a comprehensive manner:

- In order to ensure cash flow models are reliable and to avoid possible conflicts of interest, when such models are developed by the transaction related parties (e.g. issuer, originator or sponsor)

and provided to investors either directly or through third party vendors, an independent validation of such models from a third party or by the vendor itself should be required. It is expected that such models would be reviewed on an ongoing basis to ensure accuracy.

- The originator or sponsor should retain full responsibility for the validity of the model where it provides the model directly or through third parties. Where independent third parties provide valuation models based on data input received from the transaction related parties, the data owners should retain full responsibility for the data provided.
- Basic stress test requirements should be introduced regarding the default rate at which, given a set of assumptions on the pool, the tranche notes begin to suffer principal losses (i.e. 'break-even default rate' of the tranche in question), regardless of the investor (bank, insurance or fund manager).
- A technical standard should be established requiring that, prior to any transaction being marketed for purchase, a liability cash flow model is made available to investors. This model should allow the calculation of basic tranche-level outputs: the Weighted-Average Life (WAL), the Discount Margin, the accumulated principal losses and interest shortfall, and the loss on the collateral pool. The suitability of such requirements will have to be adapted to the specifics of short term securitisation.
- Loan-level data inputs should be available, with assumptions possible, for at least, on constant default rate, constant pre-payment rates, loss severity, time to recoveries, and the activation of any deal-specific trigger and call events.

Recommendations n° 7. Further work is required to explain/review definitions and key terms in relevant EU legislation, in particular:

- Review the use of different definitions and key terms to avoid discrepancies;
- Where justified, explain the differences in light of the differing objectives of the regulations;
- Develop a comprehensive glossary of definitions/key terms used across EU legislation to minimise uncertainty related to the different scope of application;
- Develop a harmonised approach in the EU regarding private and bilateral SFIs.

Recommendation n°8. Enhance investors protection through disclosure requirements on SFIs which enable investors to comply with their due diligence requirements

26. It is recognised that EU investors will invest in SFIs through different channels:

(A) SFIs admitted to trading on an EU regulated market or offered to the public;

(B) SFIs admitted to trading on a non-EU regulated market; and

(C) SFIs traded OTC ("over the counter").

27. It is therefore important to identify and put in place appropriate measures to ensure that EU investors investing in SFIs will benefit from an adequate level of transparency irrespective of i) the channel used to invest in SFIs, ii) the place where the issuer, originator or sponsor of the SFIs are established and iii) the nature of the SFIs (i.e. the origin of the underlying assets, traded on a private and bilateral basis).

28. Disclosure requirements should become mandatory for all SFIs admitted to trading on an EU regulated market or offered to the public (Channel (A)). This obligation could be enforced by national authorities responsible for prospectus supervision and would enable to protect all EU investors investing in SFIs through this channel. The extension of disclosure requirements to SFIs traded through Channels (B) and (C) could present supervisory challenges, in particular when neither the issuer, the originator nor the sponsor is established in the EU.

Recommendation n° 9. Comprehensive framework for supervision and enforcement

29. It is important to complement a harmonised due diligence and disclosure framework with a comprehensive regime for supervision and enforcement. It is suggested that i) capital requirements, ii) eligibility for Liquidity Capital Ratio and Solvency II Delegated Act and central bank collateral framework and iii) admission to trading rules are linked to compliance with the relevant disclosure requirements to enhance the effectiveness of the supervision and enforcement of the disclosure requirements by the relevant supervisors. It should be noted that a different supervisory framework might be needed for private and bilateral SFIs which are of a substantially different nature (for example, because such transactions are generally not admitted to trading).

II. Introduction

30. Over the past few years several legislative provisions introduced disclosure and reporting requirements for issuers, originators, original lenders or sponsors of SFI, and due diligence requirements for investors.

31. Many initiatives related to SFI are on-going at European and international level. Following the introduction of Article 8b of CRA Regulation, the Joint Committee of the European Supervisory Authorities (JC) felt it to be worthwhile to conduct a mapping of all relevant provisions to contribute to the debate for transparent SFI markets.

32. On 27 May 2014, the Joint Committee mandated the three European Supervisory Authorities, supported by ECB, BoE and COM as observers, to set up a joint task force (TF) to conduct a stocktake of the disclosure, due diligence, retention and supervisory reporting requirements (hereafter the "Mapped Requirements") for SFI in CRA Regulation, CRR, PD, AIFMD, Solvency II and the central bank collateral frameworks and corresponding Level-2 measures.

33. Based on the results of this exercise, this report examines the inconsistencies, gaps/overlaps and the possible solutions to address them, focusing on a detailed analytical assessment of the following subjects:

- Loan level information;
- Transaction documents;
- Stress test information;
- Investor reports;
- Other information, if any.

34. The report provides a description of due diligence requirements followed by an analysis of the extent to which originators, sponsors, issuers and/or original lenders are required to provide the information investors need in order to perform their due diligence. It is considered key that the disclosure requirements framework on securitisation is grounded in the due diligence requirements.

35. Given that many investors invest in securitisation in the primary market, the approach to identifying deficiencies is applied both to the moment of purchase, and ongoing, throughout the investment period, to assess whether there is a match at all times between the informational investor needs and the available data.

36. Finally, the report addresses a number of transversal issues whit regard to:

- the definition of securitisation and other key related terms across EU legislative texts;
- Scope of application; and
- Enforceability of the various requirements reviewed.

III. The due diligence requirements applicable to Structured Finance Instruments

37. The EU regulatory frameworks require financial market participants - credit institutions, insurance undertakings or AIFMs - to perform due diligence before assuming exposures to securitisation. The compliance of issuers/originators or sponsors with the retention rules and the quality of credit underwriting is ensured indirectly through the mandatory due diligence to be undertaken by investors[6].

III.I. Nature, extent and content of the due diligence requirements

38. As described in greater detail below, investors are generally required to conduct comprehensive and well-informed due diligence on risk factors, considering both the structure of the transaction and the asset pool backing the transaction. The due diligence requirements do not refer directly to transaction documents, investor reports or loan by loan reporting table even though most of the information that investors need to carefully examine can be found through the disclosure requirements imposed on issuers, originators and sponsors.

CRR and CRR RTS

39. Under Article 406 of the CRR, institutions investing in securitisations are required to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures based on all the materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure and any information required to be disclosed by the originators. All the relevant data are supposed to be disclosed in transaction documents and/or investor report, prospectus, etc., without mentioning them in the level 1 text.

40. Article 406 of the CRR does not explicitly require investors to use investor reports or transaction documents as such. However, investors should have a comprehensive and thorough understanding of the various aspects and risks of their investment in securitisation positions before investing and on a continuous basis. Therefore, investors should establish formal procedures to monitor their investments on an ongoing basis, and the performance information of the underlying exposures in a timely manner. For this purpose, investors need to have access to materially relevant data on the underlying exposures which should be part of the investor reports and/or the transaction documents.

[6] According to Article 409 of the CRR, institution acting as originator, original lender or sponsor shall disclose to investors the level of their commitment under Article 405 to maintain a net economic interest in the securitisation. The requirements are valid for the ongoing life of the securitisation transaction. According to CRR, institutions are required to have the procedures to record information disclosed. If the investor fails to comply with the due diligence requirements on the retained net economic interest then the investor shall apply an additional risk weight on its securitisation holding. However, if CRR Article 405 is satisfied at the date of the securitisation transaction, an investor shall not be sanctioned if the transaction fails to comply later on as long as it is not due to omission or negligence from the investors. According to Article 256 (3 (f)) of the Solvency II Delegated Act insurers should ensure that the originator, sponsor or original lender discloses the level of the retained net economic interest on an on-going basis.

41. The due diligence requirements do not oblige the originator, sponsor or original lender to disclose investor reports or transactions documents to investors. However, the information required to be disclosed by the originator/sponsor is covered by the CRR RTS and includes information such as retention of net economic interest, the risk characteristics of the individual securitisation and of the underlying exposures referred to in Article 406(1)(c) of the CRR, the performance of the underlying exposures referred to in the Article 406(2) of the CRR, and structural features of the securitisation as referred to in the Article 406(1)(g) of the CRR. In general, the requirements in the CRR, even if comprehensive, are less granular and less specific than those in the BoE collateral framework or CRA Regulation.

Alternative investment managers (AIFMs) acting as investors in securitisation

42. Similar to CRR, there is an explicit requirement under AIFMR[7] that AIFMs perform adequate due diligence before investing in securitisation. This includes an assessment of the commitment of the originator, sponsor or original lender to maintain a certain net economic interest and the demonstration (to the competent authority) for each of their individual securitisation positions that the AIFMs have a comprehensive and thorough understanding of those positions and have implemented formal policies and procedures appropriate to the risk profile of the relevant AIF's investments in securitised positions.

43. When AIFMs act as investors, AIFMD[8] and its delegated regulation do not explicitly require either investor reports or transaction documents from the originator. AIFMs must, inter alia, make sure that sponsors and originators[9] have a sound credit underwriting policy and an effective risk management system, diversify each credit portfolio based on target market and credit strategy. In addition, AIFMs shall ensure that the sponsor and originator grant ready access to relevant data necessary for AIFMs to understand and manage risks inherent in the assumed exposures. In practice, this can be partially done using the information included in investor reports produced by the originators.

44. The AIFMR provides that the rules on investment in securitisation positions apply (i) in relation to new securitisations issued on or after 1 January 2011 and (ii) after 31 December 2014, in relation to existing securitisations where new underlying exposures are added or substituted after that date.

45. AIFMR is closely aligned to CRR and CRR RTS in terms of the information required for the investors to assess the risks for the securitisation positions. As in the provisions in the CRR (Article 406 and 409),

[7] Article 53 (1) of AIFMR employs the same terms as Article 406 (1) of CRR.
[8] The main difference is that CRR and CRR RTS give examples of the risk characteristics of individual securitisation positions (e.g. tranche seniority, CF profile, existing rating, historical performance of similar tranches, obligations related to the tranches and credit enhancement) while such examples are not included in the AIFMD. However, Art. 53(5) AIFMR requires reporting to investors upfront and on an ongoing manner on exposure to the credit risk of securitisation and their risk management procedures.
[9] Under AIFMR the requirement is always related to the originator or sponsor; for the ease of reading, this section will only refer to the originator.

pursuant Article 52 (e) and (f) of AIFMR, the AIFM needs to ensure before investing that the sponsor and originator grants ready access to all relevant data necessary to manage the risks on an ongoing basis.

Insurers acting as investors in securitisation (Solvency II Delegated Act)

46. There is an explicit requirement under the Solvency II Delegated Act that insurers perform adequate due diligence before investing in securitisations. This shall encompass an assessment of the commitment of the originator, sponsor or original lender to maintain a certain material net economic interest. The Solvency II Delegated Act provides general due diligence requirements which apply to all investments in securitisation[10]. According to Article 256 (3) Solvency II Delegated Act, the insurer has to ensure before investing that the originator, sponsor or original lender grants ready access to all relevant data necessary for the insurer to manage the risks on an ongoing basis.

47. In addition, the Solvency II Delegated Act includes the requirement that the originator, sponsor or original lender grants credit based on sound, well-defined criteria. In addition, the Delegated Act clearly requires a process for approving, amending, renewing and refinancing securitised loans. Insurers also need to verify that originators, sponsors and original lenders have effective risk-management systems, a written policy on credit risk in place and diversify each credit portfolio based on target market and credit strategy. Finally, insurers must also verify that originators, sponsors and original lenders maintain a 5% material net economic interest and grant ready access to all relevant data necessary for the insurance undertaking.

48. Under the Solvency II Delegated Act, a classification as type 1[11] securitisation is possible if certain requirements are met with respect to seniority, the use of derivatives, the structure of the securitisation (e.g. true-sale) and its underlying assets, servicing agreement etc. Insurers should be able to justify their conclusion that a securitisation qualifies as type 1 securitisation. The insurer needs also ongoing information throughout the duration of the investment to monitor that a securitisation continues to meet the criteria for type 1 as set out in the Solvency II Delegated Act.

49. Transaction documents or investor reports are not explicitly required under the Solvency II Delegated Act. However, they may be a source of information to allow investors to perform the required due diligence and to verify that the criteria for the classification as a type 1 securitisation are met.

[10] Article 256 of the Solvency II Delegated Act.
[11] Type 1 securitisation refers to categories of securitisations, which fulfil a number of requirements concerning structure, underlying exposures, disclosure etc. They receive a lower capital charge under the Solvency II Delegated Act.

50. Identical to the AIFMR, Solvency II Delegated Act requires that the originator, sponsor or original lender grant ready access to all relevant data necessary for the investor to manage the risks on an ongoing basis.

Central bank frameworks

51. While investor reports are not required under the Eurosystem collateral framework, interested parties are able to customise tables through the loan-level data stored in the data warehouse, thus creating tables akin to some of those in investor reports, but with added flexibility.

III.II. The level of granularity requested by the due diligence requirements

52. The due diligence requirements for investors and institutions differ across Solvency II, CRR and AIFMD. In addition, none of the EU regulations explicitly require investors to fulfil their due diligence requirements on the basis of loan-level data. A good example is Article 52(e) of AIFMR, which states that AIFMs must ensure that the sponsor and originator grant them access to the relevant data on the credit quality and performance of the individual underlying exposures for the performance of on-going due diligence. It should also be noted that while the due diligence requirements of AIFMR and CRR are essentially the same with respect to institutions and investors (AIFMR Article 53 and CRR Article 406) they differ to a certain degree with Article 256(6) and (7) of the Solvency II Delegated Act, which frames these with different wording.

53. This difference in wording between Solvency II on the one hand and CRR and AIFMR on the other could constitute discrepancy, as the requirement of Article 256(7) of the Solvency II Delegated Act that insurers/reinsurers investing in securitisations need to have "a comprehensive and thorough understanding of the investment and its underlying exposures" and the CRR requirement [12]that institutions need to have "a comprehensive and thorough understanding" of "the risk characteristics of the exposures underlying the securitisation position"[13] are clearly not identical.

54. In addition, other due diligence requirements not strictly related to loan-level data are significantly different for AIFM and insurer/reinsurer investors on the one side and for banks and investment firms on the other side. Consideration should therefore be given to whether it would be beneficial to align the requirements of AIFMR, Solvency II and CRR with respect to due diligence and credit granting while duly respecting the justified structural differences between the sectoral frameworks. At the same time the potential impacts of such an alignment on these of the frameworks, should be thoroughly assessed.

[12] Article 406(1)(c) of the CRR.
[13] Article 53 of the AIFMR states that "a comprehensive and thorough understanding of those positions (i.e. individual securitisation positions)".

55. Another area of difference between frameworks can be seen between CRR, and the Solvency II Delegated Act which require – implicitly – investors to undertake their due diligence requirements on a continuous basis, whereas the "CRA 3 RTS" only requires disclosure of instrument data after the transaction closing and, "no later than one month following the due date for payment of interest on the SFI concerned" (Article 5(1)). These differing requirements may however be the result of sectoral specificities.

III.III. Stress Test on the cash flows supporting the SFIs

56. As part of their due diligence requirements, any type of investor is required to perform stress tests in order to be prepared for a particular vulnerability to a given set of circumstances. For example, credit institutions, AIFMs[14] or insurance and reinsurance undertakings acting as investors are required to regularly monitor the cash flows and collateral values supporting the underlying exposures in the stress testing scenarios. The wording used in CRR, Solvency II Delegated Act and AIFMR is similar for the three regulations; however, the CRR provides more details on the type of stress testing.

57. According to the CRR[15], investors and institutions shall perform their own stress tests and may rely on models developed by ECAIs provided that these institutions can demonstrate that they can validate the relevant assumptions, the structuring of the models and understand the methodology, assumptions and results. In contrast, AIFMR[16] and the Solvency II Delegated Act only specify that the stress tests on the cash flows and collateral values supporting the underlying exposures shall be commensurate with the nature, scale and complexity of the risk inherent to the securitisation position without more details on the methodology to be used[17].

58. Sanctions for not complying with the due diligence requirements on stress tests performance are the same for CRR[18] and the Solvency II Delegated Act[19] i.e. subject to additional requirements, an additional risk weight on the securitisation position can be imposed by the supervisory authority.

59. Solvency II Delegated Act requires, in addition, the insurance undertaking to establish monitoring and internal reporting procedures, to perform regular stress tests commensurate with the nature, scale and complexity of the inherent risk in the securitisation position; and to be able to demonstrate to supervi-

[14] This is an indirect result obtained from a combined reading of Article 52(e) and 53(3) of AIFMR.
[15] Article 406 of the CRR.
[16] Article 53(2) of the AIFMR states that they shall be conducted in accordance with Article 15(3) of the AIFMD.
[17] One of the requirements for type 1 securitisations under Solvency II is that the issuer, originator or sponsor of the securitisation should disclose any information that is necessary for investors to conduct comprehensive and well-informed stress tests (Article 177 (2 (t)) Solvency II Delegated Act).
[18] Article 407 of the CRR.
[19] Article 257 (5) of the Solvency II Delegated Act in combination with Article 37 (1) (c) of Directive 2009/138/EC (Solvency II).

sory authorities that they have a comprehensive and thorough understanding of each investment and its underlying exposures[20].

60. Under the AIFMR, AIFMs shall establish formal monitoring procedures aligned with the risk profile of the relevant AIF in relation to the credit risk of a securitisation position in order to monitor on an ongoing basis and in timely manner performance information on the exposures underlying such securitisation positions. The AIFMR sets out the elements to be included in such a piece of information.[21]

III.IV. Entities to which the due diligence requirements apply

61. The due diligence requirements of CRR apply to all institutions within the scope of the CRR (i.e. credit institutions and investment firms) that are involved in any securitisation transaction, acting as an investor as defined by the CRR. Investors have to carry out due diligence based on the information disclosed by the originator, sponsor and original lender of the securitisation.

62. The due diligence requirements under the Solvency II Delegated Act and AIFMD apply to all insurers/AIFM[22] subject to the Solvency II /AIFMD, which invest in securitisation.

63. Institutions for Occupational Retirement Provision (IORPs), which invest in securitisation products, have to obey the "prudent person" rule under the IORP Directive (Directive 2003/41/EC, Article 18 (1)).

64. This means that investments shall be made in the best interests of members and beneficiaries, in a manner to ensure the security, quality, liquidity and profitability of the portfolio, and appropriate to the nature and duration of the expected future retirement benefits and predominantly on regulated markets. Investment in derivative instruments shall be possible insofar as they contribute to a reduction of investment risks or facilitate efficient portfolio management[23].

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[20] Article 256 of the Solvency II Delegated Act.

[21] Article 53(2) of the AIFMR states that "AIFMs shall establish formal monitoring procedures in line with the principles laid down in Article 15 of the Directive 2011/61/EU commensurate with the risk profile of the relevant AIF in relation to the credit risk of a securitisation position in order to monitor on an ongoing basis and in a timely manner performance information on the exposures underlying such securitisation positions. Such information shall include (if relevant to the specific type of securitisation and not limited to such types of information further described herein), the exposure type, the percentage of loans more than 30, 60 and 90 days past due, default rates, prepayment rates, loans in foreclosure, collateral type and occupancy, frequency distribution of credit scores or other measures of credit worthiness across underlying exposures, industry and geographical diversification and frequency distribution of loan to value ratios with bandwidths that facilitate adequate sensitivity analysis. Where the underlying exposures are themselves securitisation positions, AIFMs shall have the information set out in this subparagraph not only on the underlying securitisation tranches, such as the issuer name and credit quality, but also on the characteristics and performance of the pools underlying those securitisation tranches".

[22] AIMF are subject to due diligence requirements by virtue of Article 51, 25 and 53 of the AIFMR.

[23] As stipulated by Article 18 of the IORP Directive on investment rules, assets must be valued on a prudent basis, taking into account the underlying asset, and included in the valuation of the institution's assets. The institution shall avoid excessive risk exposure to a single counterparty and to other derivative operations. Assets shall be properly diversified in a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and accumulations of risk in the portfolio as a whole. Furthermore, investments issued by the same issuer or by issuers belonging to the same group shall not expose the institution to excessive risk concentration.

65. Compared to the Solvency II Delegated Act, CRR and AIFMR due diligence requirements, the IORP Directive takes a more principle based and less prescriptive approach, which in practice can entail identical or similar results and levels of due diligence. However, the due diligence requirements for IORPs may deviate from one Member State to another, depending on the specific national legislative measures taken and the interpretation of the prudent person rule.

Recommendation n°1. Harmonising the due diligence requirement

Due diligence should be viewed as a dynamic process which starts from the point when the investment decision is initially considered and ends when the SFI matures or is divested.

Current due diligence requirements differ depending on the investors involved (banks, insurers, alternative investment funds, etc.) across CRR, Solvency II, and AIFMD. For example, existing due diligence requirements contain differences on whether due diligence must be performed on an ongoing basis. Due diligence requirements should be well-aligned with the practices of these different investor types and where possible consistent. Common due diligence requirements across investor types should be introduced where possible.

A first step towards this for policymakers is to better understand the links between investor practices (e.g. hold-to-maturity, speculative, hedging, etc.), due diligence needs and the nature of SFIs. This would allow for the development of a more coherent conceptual framework, and in turn tailored due diligence requirements for different investor types, dependent on where they sit in the framework.

Recommendation n°2: Due diligence requirements should drive disclosure requirements

In light of recommendation n°1, it is essential that investors due diligence needs and requirements are met by the disclosure requirements.

For example, the current disclosure requirements under CRA 3 RTS should be amended in such a way to allow investors to conduct their own due diligence through access to loan level data at the date of marketing/offering the transaction. Currently this is only partially achieved. The CRA 3 RTS standardised templates include information on the loans in arrears thus allowing investors to assess at portfolio level the percentage of loans past due. However, the CRA 3 RTS templates either do not contain a field for prepayment

Investment in the sponsoring undertaking shall be no more than 5 % of the portfolio as a whole and, when the sponsoring undertaking belongs to a group, investment in the undertakings belonging to the same group as the sponsoring undertaking shall not be more than 10 % of the portfolio. When the institution is sponsored by a number of undertakings, investment in these sponsoring undertakings shall be made prudently, taking into account the need for proper diversification. Institutions are prohibited from borrowing or acting as guarantor on behalf of third parties, but may carry out some borrowing only for liquidity purposes and on a temporary basis.

amounts or, in the case of RMBS, the prepayment amount is an optional field. Moreover, all the template fields on borrower credit scoring are also optional. As such, investors subject to CRR cannot effectively fulfil all the requirements of CRR Article 406(2).

In addition, the status and level of all credit enhancement elements, available to each tranche in the transaction, and the formulae used to calculate any aggregate credit enhancement figures, should be made available.

The description of the status of triggers, the formulas used for triggers and the basis (e.g. annualised/cumulative, net/gross, defaults) for the calculation of all the performance metrics used in the re-port (at a minimum, for default and delinquent loans) should also be provided.

Furthermore, information to help assess the financial strength of the originator/servicer and key counterparties, e.g. the disclosure of any standard of creditworthiness and other complementary in-formation, such as updated Basel III capital ratios would strengthen the disclosure framework.

Finally, all legal entities specified in transactions' documentation (e.g. swap counterparties, arrangers, etc., going beyond just the originator) should have the Legal Entity Identifier (LEI) specified or, until this is introduced, at least a publicly available identifier (e.g. VAT or Trade register number) to facilitate cross-referencing with other databases (e.g. on financial health). This would also avoid inconsistencies due to different naming conventions for different reporting entities (for example applying accents to certain letters). The requirement of the LEI has been incorporated in the CRA 3 RTS.

Recommendation n°3. Standardised investor report should reflect dynamics of SFIs and be stored in a centralised public space

The data stored on the SFI website should be available in a dynamic way, allowing for tailored extraction of information to enable investors to meet their due diligence requirements. Data in investor reports should have the same cut-off date as any loan level and other liability-related data disclosure. In other words, any asset and liability data referenced by the investor reports should be matched by the loan level and liability data submitted to the SFI website. Accordingly, further work should be undertaken in the future to assess the extent to which investor reports could be standardised and best integrated with such a dynamic database.

It is recognised that investors have difficulties in aggregating and processing loan level data to perform their own due diligence requirements. Therefore, the loan level data as well as other data reported should be presented as a dynamic document which can be adapted to a user's specific interest. The options available should include the production of information in the format that is needed to allow investors to meet their

due diligence requirements. At a minimum, such options should allow building tables with information on i) the percentage of loans more than 30, 60, 90 days past due; ii) default rates; iii) prepayment rates; iv) foreclosed loans; and v) other measures of obligor creditworthiness that can use underlying loan level data, such as loan to value ratios for RMBS[24]. Any loan data related information that is made available in investor reports should match the information that is obtainable from the loan level data. For example, the pool cut off dates for investor reports and loan level data reports should be aligned to ensure consistency.

In addition, the investor reports, the prospectuses and all other transaction documentation required by the disclosure and due diligence obligations should be subject to common storage within a public space, e.g. the SFI website. In order to minimise operational risks a disruption to the centralised hub, the sponsor or other parties to the securitisation could also make such documentation available on their own websites for a period covering, at the minimum, the life of the securitisation. Finally, unnecessary duplication, such as the repetition of waterfalls in the same document should be avoided. In that respect, standardised templates could be developed to highlight specific information (e.g. transaction diagrams) and avoid repetitious information.

[24] Consistent with Art 406 (2) of the CRR.

IV. Disclosure requirements applicable to Structured Finance instruments

66. This section focusses on (i) what issuers, originators, sponsors or original lenders need to disclose in order to discharge their regulatory requirements (ii) whether those requirements mirror the due diligence requirements and (iii) to whom these requirements apply.

IV.I. What issuers, sponsors and originator need to disclose

IV.I.1 Transaction documents

67. Requirements for disclosure of SFIs' transaction documents exist in CRA 3, CRR, PD/PR, Bank of England and Eurosystem rules. However, while Article 406 CRR requires "CRR investors" to have a comprehensive and thorough understanding of their individual securitisation positions including all the structural features of the securitisation[25], neither CRR nor the CRR RTS explicitly refer to transaction documents but only to information which should be available in the transaction documents.

68. AIFMD does not require any originators/ sponsors/ issuers-type of disclosure as the AIFMD's focus is on AIFMs acting as investors (i.e. assuming exposure to securitisations on behalf of one or more AIFs), not as originators/ sponsors/ issuers.

[25] Such as the contractual waterfall and waterfall related triggers, credit enhancement, liquidity enhancements, market value triggers and deal specific definitions of default also cross-referred in Article 16 (3) of the CRR RTS. Article 16 (1) (e) of the same RTS also refers to obligations related to the tranches included in the document relating to the securitisation.

Table 1. Transaction documents: a comparison between CRA 3 RTS, BoE and Eurosystem[26]

Element	**CRA 3 RTS**	**BoE**	**Eurosystem**
Detailed description of the waterfall of payments	x	Waterfall cash flow models are requested through a specific template	Not separately required (but assumed to be contained in prospectus).
Final offering document or prospectus, together with the closing transaction documents, including any public documents referenced in the prospectus or which govern the workings of the transaction (excluding legal opinions)	x	x	Final prospectus/offering circular, Information memorandum
Asset sale agreement, assignment, novation or transfer agreement (and any relevant declaration of trust)	x	x	Not separately requested, but may be required to facilitate eligibility assessment, depending on the transaction and information content of prospectus
Servicing, back-up servicing, administration and cash management agreements	x	x	Not separately requested, but may be required to facilitate eligibility assessment, depending on the transaction and information content of prospectus
Trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement	x	x	Not separately requested, but may be required to facilitate eligibility assessment, depending on the transaction and information content of prospectus
Any relevant inter-creditor agreements, swap documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements	x	x	Swap documentation
Any other material underlying documentation	x	The BoE is also referring to "transaction summaries"	Rating agencies new issuance reports
Reporting entities	Issuer, originator, sponsor	Originator/ issuer	Not specified: "Data provider" (normally originator/sponsor but can also be arranging banks).

69. The CRA3 and BoE requirements cover all transaction documents. These rules are aligned, except for minor discrepancies regarding the provision of additional underlying documentation. The CRA 3 rules require also "any other material underlying documentation" (no examples provided), while the BoE rules require also "any other relevant underlying documentation" (no examples provided). The latter wording is more comprehensive, as there is no requirement for the relevant underlying documentation to be also "material".

70. The Eurosystem rules do not contain a general requirement for disclosure of all transaction documents or any reference to a set of required documents. Instead, the Eurosystem requires being in a position

to properly assess whether the eligibility criteria applicable to SFI are met for the asset under consideration (for example, the true sale arrangements, type and nature of the underlying assets, etc.). Consequently, the Eurosystem neither defines nor restricts the set of relevant transaction documentation. Accordingly, the Eurosystem reserves the right to request any clarification and/or legal confirmation that it considers necessary to assess the eligibility of the SFI. Non-compliance with such requests may lead to suspension of or refusal to grant eligibility to the SFI in question. As a result, but not as a prerequisite, certain categories of transaction documents should be available: final prospectus, offering circular, information memorandum, swap documentation, servicing or administration document, investment management document, liquidity support document, account document, and, if applicable, any supplement or final terms, rating agencies new issuance reports.

71. The CRR rules require the disclosure of materially relevant data, but the specific documents to be disclosed are not listed, neither in the level 1 text nor in any level 2 text.

72. Under Solvency II and Solvency II Delegated Act, there is no explicit requirement to disclose transaction documents, as Solvency II does not address insurance and reinsurance undertakings as issuers of securitised products (which they very seldom are, except for specific insurance-linked securities) but as investors. However, when acting as investors, insurance and reinsurance undertakings have to check compliance with a number of requirements before classifying securitised products as type 1 securitisation[27].

73. As part of the transaction documents, the CRA 3 RTS, the BoE and the ECB requirements request the disclosure of the final offering document, prospectus, or offering circular.

IV.I.2 Prospectus Directive and Prospectus Regulation

74. As described in greater detail in Annex 4, the disclosure requirements resulting from the Prospectus Directive and the Prospectus Regulation cover various areas such as waterfalls, trigger events, liquidity arrangements and the risk factors relating to the ABS of which the issuer is aware. When considering

[27] It seems difficult to imagine how insurance and reinsurance undertakings could comply with these due diligence requirements without access to at least a subset of transaction documents. Much of the necessary information generally can be found in these transaction documents. The problem of access to the relevant documents is somehow mitigated to a certain extend by the fact, that type 1 securitisation have to be listed on a regulated market in a country which is a member of the EEA or OECD, or be admitted to trading in an organised trading venue providing for an active and sizable market. This may already imply the disclosure of certain transaction documents.

the disclosure requirements applicable to ABS under PD/PR, it is necessary to consider the requirements which must be used in conjunction with the ABS building block[28] (see Annex VIII of PR)[29].

75. However, such risk factors are often quite technically worded. With the exception of retail securities[30] or ABS denominated as such by the issuer and for which key risks should be identified using a summary, there is no requirement to provide investors with standardised and concise risk factors or to indicate which risk factors should be considered the key risks factors related to the underlying assets[31].

76. Concerning information updates, apart from the obligation to supplement to the prospectus during the offer period or the period preceding the listing[32], there is no obligation to update a Prospectus if a significant change occurs during the life of an ABS outside the aforementioned periods (e.g. a modification to the terms and conditions, a material mistake or inaccuracy or any significant new factor). Nonetheless, the PR mandates the issuer to specify in the prospectus whether or not it intends to provide post-issuance ongoing and permanent reporting relating to the securities and the performance of the underlying assets, and if so, where and when[33]. Reporting is also mandatory and regulated if securities are admitted to trading on a regulated market and as such become subject to the Transparency and Market Abuse Directives for the life of the listing.

77. The Transparency Directive as transposed into national laws generally provides for some minimal periodic reporting providing a regular snapshot of certain quantitative and qualitative developments of the securitisation products, such as via issuer accounts and management reports. As a result, issuers of securities admitted to an EU regulated market (regardless of where they are established) are generally required to publish annual financial reports and half-yearly reports including financial statements.

IV.I.3 Investor reports

[28] As defined in the PD Regulation, ABS building block means a list of additional information requirements, not included in one of the schedules, to be added to one or more schedules, as the case may be, depending on the type of instrument and/or transaction for which a prospectus or base prospectus is drawn up.
[29] In particular the representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation, the method of creation or origination of the assets,
[30] Depending on the denomination of the ABS it is necessary to comply with either the retail debt securities note or the wholesale debt securities note.
[31] However, this is also valid in prospectuses more generally and not just limited to ABS.
[32] Directive 2003/71/EC (Prospectus Directive) requires publication of supplements to the prospectus mentioning every significant new factor, material mistake or inaccuracy relating to the information included in the prospectus which is capable of affecting the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, whichever occurs later. A supplement should therefore include all material information relating to the specific situations that triggered the supplement and that must be included in the prospectus in accordance with the Prospectus Directive.
[33] From the date of application of the CRA 3 RTS (1 January 2017) it could be useful to clarify whether the issuer can still have an option to provide post-issuance ongoing and permanent reporting relating to SFI.

78. Investor reports for SFIs are a requirement under the CRA 3 RTS and the BoE collateral framework while a Key Information Document (KID) is required under PRIIPs Regulation[34] which as a stand-alone document provides upfront and pre-contractual information for retail investors.

79. The CRA 3 RTS includes investor reports as a requirement (with detailed requirements in Annex VIII to the CRA 3 RTS).

80. The Bank of England's transparency requirements for asset-backed securities[35], which forms part of its collateral framework, prescribes the availability of standardised monthly investor reports. Prescriptive details of the minimum set of elements to be covered are provided on its website.

81. Article 409 of the CRR requires sponsors and originators to disclose relevant data on credit quality, performance of underlying exposures, cash flows and collateral and other materially relevant data as at the date of securitisation and where appropriate thereafter. The relevant CRR RTS[36] requires at least annual or more frequent disclosure in case of a material change or following the breach of obligations. The CRR RTS also requires that, in general, data should be provided at a loan level but there are instances where data can be provided on an aggregate basis.

82. The BoE framework specifies a broader set of elements than the CRR. The only exception to this is "relevant historical performance" which is a requirement under CRR and to a lesser extent in AIMFR[37] but not under the BoE framework. The BoE does not require this information because it does not wish to exclude securitisations from new issuer institutions. Also, if the BoE wishes to gain comfort in relation to historical performance when assessing collateral eligibility, it may: i) analyse rating agency methodologies and assumptions regarding the securitisation in question[38] and/or ii) analyse the performance of similar securitisation transactions of the same asset class.

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[34] Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment Products (PRIIPs) and available at: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2014:352:FULL&from=EN .The PRIIPs regulation will apply to retail structured products (packaged retail and insurance-based investment products). The KID should provide information on the product's main features, as well as the risks performance scenarios and costs. KIDs should be standardised as regards structure, content and presentation and this standardisation will be achieved via RTS.

[35] Note that these detailed transparency requirements have been introduced for: RMBS, CMBS, auto loan ABS, leasing ABS, ABCP, consumer loan ABS and SME CLOs.

[36] Article 23(2) of the CRR RTS available at: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2014_174_R_0006&from=EN.

[37] AIFMs are precluded from investing with new issuers under the current wording of the AIFMR (Art 53(1)(d). If historic performance is available, then AIFM must take it into account, if not then this is also factored into the deal analysis.

[38] Which will provide background on the basis of default assumption calculations, possibly referring to the performance of similar transactions.

83. In their role as investors, AIFMs do not have to issue any reports or to explicitly refer to investor reports[39]. However, AIFMR[40] lays down detailed provisions which taken together correspond to the information to be included in "investor reports" – as defined under CRA 3 RTS - regarding the following:

- Access to the relevant information on cash flows (AIFMR);
- Waterfall related triggers and market value triggers;
- Details of swaps and other hedging arrangements (Article 51(1) AIFMR third sub-paragraph);
- Transaction details (Art 52(1)(e) third sub-paragraph AIFMR);
- Information on the retained amount.

84. Table 2 below compares requirements for issuers of securitisation to produce an investor report.

[39] AIFMD does not explicitly require investor reports.

[40] Article 52(e) of the AIFMR states that "Prior to an AIFM assuming exposure to the credit risk of a securitisation on behalf of one or more AIFs, it shall ensure that the sponsor and originator: (…) (e) grant readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure and such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. For that purpose, materially relevant data shall be determined as at the date of the securitisation and where appropriate due to the nature of the securitisation thereafter; (…)). Article 51(1) of the AIFMR third sub-paragraph refers to the information an AIFM should verify with respect to the credit risk.

Table 2. Content of investor reports[41]

	Disclosure requirements			
Element	PRIPS - KID	BoE	CRA 3 RTS	CRR RTS
Asset performance		x	x	x
cash flow allocation		x	x	x
triggers and their status		x	x	Waterfall related triggers and market value triggers
counterparties: name, role & credit ratings		x	x	
cash support & other support provided to the transaction		x	x	x
amounts in GIC and other bank accounts		x	x	
details of swaps and other hedging arrangements		x	x	
Definitions		x	x	Deal-specific definitions of default
contact details		x	x	
security identification codes		x	x	
entity identification codes			x	
transaction details (accrual period, next payment date, links)		x		
portfolio characteristics and breakdown of pool in stratification tables		x		Risk characteristics of the underlying exposures
details of all outstanding issuance (full capital structure, ccy, size, coupon, ratings, bond structure, etc.)		x		Risk characteristics, e.g. tranche seniority, existing rating, obligations related to the tranches
details of any tests (e.g. amortisation, yield, pre-maturity tests)		x		
CRD II / CRR RTS retained amount and method of retention		x		Retention
Transferor/Seller and Funding/Investor shares (master trusts only, certain asset classes)		x		
relevant historical performance	x			x
name of investment product and product manufacturer	x			
What is this Investment? (type, objectives, means, targets specific outcomes, term, performance scenarios)	x			
Could I lose money (guarantees)	x			
What is it for? (minimum holding period, expected liquidity)	x			
Risks (risk and reward profile, specific risks)	x			
Costs (direct and indirect)	x			

85. There is significant divergence across regulations/frameworks as to the prescriptiveness of disclosure requirements. Setting KIDs aside[42], the Bank of England's investor reporting requirements include detailed asset class specific requirements[43]. CRA 3 RTS's investor reporting requirements includes a list of

[41] For greater details, please also refer to Annex 2.

[42] KIDs appear to be the most prescriptive. For this reason, information in addition to that specified in the regulation may only be included if it is necessary for the retail investor to take an informed decision. Also, the type of information included in, and the wording of, KIDs reflect the retail target audience (e.g. headings of "Could I lose money?" "What is this investment?").

[43] For each asset classes involved (RMBS, CMBS, ABS, SME CLOs, Auto-loans, Consumer Loan, Leasing ABS and ABCP) a specific Market Notice provides the information to be included in a Standardised Monthly Investor Report. The latter includes: 1. Transaction details 2, Asset Details (portfolio characteristics, summary information of the asset pool, Redemption Information, performance Ratios, stratification tables) 3. Structure and Liabilities Details 4. Glossary.

information[44] to which can be added other information outside its content (e.g. breakdown of pool in stratification tables will be available to investors through loan-level reports). CRR RTS, AIFMR and Solvency II Delegated Act do not explicitly require investor reports while some of the due diligence/disclosure requirements could be easily met through investor reports.

86. Diverging regulation governing the content of the investor report can have an effect on the degree to which banks, AIFMs and insurers are able to invest in SFIs. Standardisation of reporting has been highlighted by investor respondents to the BoE-ECB Discussion Paper[45] as potentially beneficial to securitisation markets.

IV.I.4 Loan-level reporting requirements

87. Loan-level data reporting requirements exist in CRA 3 RTS and CRR RTS. The CRA3 RTS requires loan-level data disclosure requirements as a way to ensure market participants' compliance with Article 8b of the CRA Regulation, which requires that the issuer, originator and sponsor publish certain information on the assets underlying securitisation[46]. The CRR RTS requires, inter-alia, that, in order for the originators, sponsors and original lenders to discharge their obligation under Article 409 of the CRR to disclose to investors materially relevant data on the individual underlying exposures[47].

88. Loan-by-loan reporting requirements also exist in the collateral frameworks of the Eurosystem and BoE. However they only apply to assets used to collateralize related credit operations that seek access to the monetary policy operations by providing ABS as collateral.

89. The Eurosystem and BoE reporting requirements are voluntary, in the sense that they only apply to ABSs intended to be eligible as central bank collateral. In contrast, the CRA 3 RTS will become binding for all SFIs within its scope (see Table 3 below). The loan-level requirements in the Solvency II Directive

[44] The investor reports shall contain information on: (a) asset performance; (b) a detailed cash flow allocation; (c) a list of all triggers of the transaction and their status; (d) a list of all counterparties involved in a transaction, their role and their credit ratings; (e) details of cash injected into the transaction by the originator/sponsor or any other support provided to the transaction including any drawings under or utilisation of any liquidity or credit support and support provided by a third party; (f) amounts standing to the credit of guaranteed investment contract and other bank accounts; (g) details of any swaps (e.g. rates, payments and notionals) and other hedging arrangements to the transaction, including any related collateral postings; (h) definitions of key terms (such as delinquencies, defaults and pre-payments); (i) LEI, ISIN and other security or entity identification codes of the issuer and the structured finance instrument; (j) contact details of the entity producing the investor report.

[45] The case for a better functioning securitisation market in the European Union, synthesis of responses, October 2014.

[46] Article 8b of the CRA Regulation requires – in cases when the issuer, originator and sponsor of a structured finance instrument are established in the EU, they jointly "jointly publish information on the credit quality and performance of the underlying assets of the structured finance instrument, the structure of the securitisation transaction, the cash flows and any collateral supporting a securitisation exposure as well as any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures".

[47] Article 23 (2) (c) specifies that "(c) In order for data to be considered to be materially relevant with regard to the individual underlying exposures, it shall, in general, be provided on a loan-by-loan basis, however there are instances where the data may be provided on an aggregate basis. In assessing whether aggregate information is sufficient, factors to be taken into account shall include the granularity of the underlying pool and whether the management of the exposures in that pool is based on the pool itself or on a loan-by-loan basis".

and the LCR Regulation both simply refer to the draft CRA 3 RTS[48], for those ABSs where the issuer, originator or sponsor is established in the EU. However, LCR Regulation is less clear as regards circumstances where the originator, sponsor and original lender are established outside the EU: unlike CRA 3, LCR Regulation only specifies that "comprehensive loan-level data in compliance with standards generally accepted by market participants are made available to existing and potential investors and regulators at issuance and on a regular basis[49].

90. The Solvency II Delegated Act contains detailed loan-level requirements for specific underlying assets, which an insurer must verify if it intends to classify a securitisation as a type 1 securitisation. These include loan-to-value requirements, loan-to-income limits, collateralisation requirements and requirements regarding portfolio composition.[50]

91. However, while CRA 3 RTS, Eurosystem and Bank of England loan-level requirements' have been harmonized by means of standardised loan-level templates, there remain differences which may lead to additional reporting burdens being placed on data providers:

- Following work initiated by the Eurosystem in establishing the main asset classes loan level templates, the Bank of England (BoE) transposed these templates to its framework almost on a one to one basis. Where both entities accept the same ABS type, the BoE templates are nearly identical with Eurosystem's ones (table 3);[51]
- Although similar to Eurosystem and the Bank of England reporting templates', the CRA 3 RTS reporting templates contain some differences in reporting fields and manner in which compliance with the requirements is performed (table 4).

92. In addition, all of the above-mentioned frameworks request consistent reporting in terms of interest payment dates. Interestingly, none of the frameworks set a link between the reporting cut-off date for investor reports (which may well make use of loan-level data) and the required loan-level cut-off date.

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[48] The Solvency II and LCR provisions are identical and require that "comprehensive loan-level data [be made available] in compliance with standards generally accepted by market participants at issuance and on a regular basis." At the time of the formulation of the EIOPA technical standards, the loan-level data requirement was expected to be based on the Eurosystem requirements. However, with the introduction of the CRA 3 standards set forth by ESMA and adopted by the Commission, it is no longer fully clear what should apply, since the phrase "standards generally accepted by market participants" could refer to either the Eurosystem or the CRA 3 requirements, which do differ, as set out in Table 2.

[49] Recital 9 of the delegated act on liquidity coverage ratio adopted by the Commission on 10 October 2014 (http://ec.europa.eu/finance/bank/docs/regcapital/acts/delegated/141010_delegated-act-liquidity-coverage_en.pdf).

[50] Article 177 (2 (h)) of the Solvency II Delegated Act.

[51] The small differences relate to fields in the Bank of England templates, designed to gain further income information on a secondary borrower (such as the spouse of a primary borrower) and on the primary borrower at the time of loan origination (in addition to the information at the time the loan is securitised, requested by both the BoE and Eurosystem). In addition, the Bank of England requests information on whether and how the ABS transaction complies with the CRR provisions that originators must retain 5% of the transaction.

93. Granular information is an explicit requirement in most of the disclosure requirements across the different sectorial regulation. As regards the due diligence requirements, the reference to loan by loan information is often the result of an indirect consequence from complying with the due diligence requirements (in particular AIFMD and AIFMR[52]).

94. While the CRR RTS provides that - similar to CRA 3 RTS - loan level data should be provided to investors, both the frequency of reporting and the form differ: the CRR diverges in terms of the degree of granularity of information to be disclosed for securitisations due to the fact that there is no loan by loan disclosure requirements stipulated in the CRR. The "materially relevant" data shall generally be perceived as loan-by-loan data but CRR recognises that in some cases aggregated data is acceptable. For example when a pool is highly granular or the exposures are being managed on the basis of a pool itself (rather than on a loan-by-loan basis). However, a further article specifies that more stringent requirements set out elsewhere (such as the CRA 3 RTS) would effectively supersede the CRR provisions, implying that there is in practice no discrepancy between the CRR and the other above-mentioned frameworks.

95. Moreover, CRR RTS requires loan level data to be provided at least annually while the CRA 3 RTS only allows for loan level data to be provided quarterly. The CRR RTS[53] specifies however, that the disclosure requirements shall be subject to any other legal or regulatory requirements applicable to the retainer meaning that these requirements should not construe information as replacing or superseding the disclosure requirements under the CRA 3 RTS.

96. The indirect obligation for the sponsors and originators arising from the AIFM's obligations (due diligence requirements) to provide loan-level and performance data on underlying exposures is different from the CRA 3 RTS (in which the obligation are imposed upon the issuer, originator or sponsor) and CRR and the Solvency II Delegated Act (where the obligations are on originators, sponsors and original lenders).

[52] For more details, please refer to Annex 6 of this report.
[53] Article 23.

Table 3. ABSs subject to loan-level reporting requirements under current frameworks

ABS type	**CRA 3 RTS**	**Eurosystem**	**Bank of England**
RMBSs	YES	YES	YES
CMBSs	YES	YES	YES
SME	YES	YES	YES
Consumer	YES	YES	YES
Auto	YES	YES	YES
Leasing	YES	YES	YES
Credit cards	YES	YES	YES
Corporate (non-SME) loans	Subject to the phase-in approach	NO	YES
Corporate bonds (CBOs)	Subject to the phase-in approach	NO	YES
Student loans	Subject to the phase-in approach	NO	YES
Social housing loans	Subject to the phase-in approach	NO	YES
ABCP	Subject to the phase-in approach	NO	YES
Trade receivables / factoring	Subject to the phase-in approach	NO	NO
Public sector ABSs	Subject to the phase-in approach	NO	NO
Whole Business Securitisations	Subject to the phase-in approach	NO	NO
Dealer Floor Plan ABS	Subject to the phase-in approach	NO	NO
Other ABSs	Subject to the phase-in approach	NO	NO

Note: Solvency II Delegated Act (Article 177 (2) and Liquidity Coverage Ratio requirements directly refer to Article 8b of CRA Regulation and are therefore not mentioned above.

Table 4. Loan-level data reporting requirements across CRA 3 RTS, Eurosystem and BoE frameworks

Open issue	CRA3 RTS	Eurosystem	Bank of England collateral framework
Where will the information be stored and published?	On SFI website	Information must currently be stored and published on the European DataWarehouse	Information must be made available via a secure website managed by or on behalf of the Information Provider
What is the minimum data quality threshold?	A technical instruction will supplement the CRA 3 RTS.	The minimum data quality threshold is the score of 'A1', or lower provided an explanation form is provided and data quality is within the acceptable tolerance thresholds.[54]	Comply or explain basis, the expectation is that as a minimum all transaction documentation is shared and loan level data complies to populating all mandatory fields
What are the consequences for failing to meet this threshold?	Enforcement measures taken by SCAs	Classification as being non-eligible as Eurosystem collateral (and for the ABS purchase programme)	Loss of eligibility as Bank of England collateral
What if the information requested is not available or relevant? There is no ND,1-ND,7 system.	A technical instruction will supplement the CRA 3 RTS.	There is a ND,1-ND,7 system to classify not available or not relevant items.	Not clear
What is the process for reviewing and updating the templates?	It is expected the process will involve coordination with ESMA, the Eurosystem and Bank of England and in turn to require adoption by the Commission of the revised RTS.	Regular reviews envisaged but no fixed dates set.	Regular reviews envisaged but no fixed dates set.
How will data quality and consistency be examined? Who will conduct these checks and contact data providers?	In accordance with sectoral regulation, SCAs are responsible for the supervision and enforcement of CRA 3 RTS.	Errors that are identified by the European DataWarehouse, the Eurosystem, and/or the data provider must be corrected	Errors that are identified by the Bank of England and/or the data provider must be corrected.
Are both mandatory and optional fields requested?	Only mandatory fields	Mandatory and optional fields	Mandatory and optional fields
Must inactive loans[55] continue to be reported?	A technical instruction will supplement the CRA 3 RTS	Only in the period following which the loan has become inactive.[56]	All active loans still part of the collateral set submitted to the BoE must be reported. If there is a line in the ABS transaction, then a line in the loan level data tape is expected (even if it reads as matured)
Are synthetic deals covered?	Yes	No	No
Are private and/or bilateral deals covered?	Yes: as part of the phase-in approach	No	Yes
Miscellaneous item 1: list fields	A technical instruction will supplement the CRA 3 RTS	'List' fields are available	'List' fields are available

Note: Solvency II and Liquidity Coverage Ratio requirements directly reference the CRA 3 Article 8b, and are therefore not mentioned above.

[54] Further information can be found at: http://www.ecb.europa.eu/paym/coll/loanlevel/implementation/html/index.en.html.
[55] Defined as loans that are fully redeemed, prepaid, cancelled, repurchased, defaulted (where no further future recoveries are expected) or substituted.
[56] For RMBS master trusts inactive loans must be reported for three data submissions following their change in status to 'inactive'.

97. A discrepancy between the due diligence requirements for bank investors is that Article 406(2) requires that institutions monitor on "an ongoing basis and in timely manner" relevant information, including " (…) exposure type, the percentage of loans more than 30, 60 and 90 days past due, default rates, prepayment rates, loans in foreclosure, collateral type and occupancy, and frequency distribution of credit scores or other measures of credit worthiness across underlying exposures, industry and geographical diversification (…)".

98. While all the CRA 3 RTS standardised templates include information on the loans in arrears, the balance in arrears (allowing investors to assess at portfolio level percentage of loans past due using any threshold) and the loan status (performing, restructured, in foreclosure, defaulted, repaid), the CRA 3 RTS templates do not require in any of the templates that the prepayment amount be reported at all or, in the case of RMBS, only as an optional field. Moreover, all the template fields on borrower credit scoring are also optional. As such, the bank investors effectively cannot fulfil all the requirements of CRR Article 406(2).

IV.I.5 Disclosure for the purpose of stress testing

99. An investor's ability to conduct its own stress tests depends, among other things, on its capacity to model how the performance of underlying assets will impact the output of cash flow waterfall. Therefore investors need the tools and data to conduct both a proper credit analysis and cash flow analysis. When combined, descriptions of how cash flow is applied through the waterfall (given the priority of payments) and disclosure of loan level data create better conditions for investors to run their own stress test.

100. According to CRR[57], at the date of the securitisation, originator, original lender or sponsor are required to disclose the information that is necessary for the investors to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures.

101. Although the CRA 3 RTS requires the publication of a detailed description of the waterfall of payments of the SFIs, it does not specify the methodology to be used to perform stress tests exercises.

102. According to the BoE collateral framework, the issuer/originator must disclose the cash flows on the securitisation as a one-off[58]. However, if there are changes to the structure which might impact the cash flows, the BoE requests the issuer/originator to disclose the updated model.

[57] Article 409 of the CRR.
[58] Annex B ("Cash flow Model Requirements") included in the « Market Notice » available at: http://www.bankofengland.co.uk/markets/Pages/money/eligiblecollateral.aspx.

103. Under Solvency II and AIFMR[59], insurance and reinsurance undertakings as well as AIFMs are only allowed to invest in a securitisation if the originator and the sponsor (under Article 52 AIFMR) or the original lender (under Solvency II) grants ready access to all relevant data necessary for these undertakings to regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures.

[59] Article 52(1)(f) of the AIFMR.

Table 5. Stress tests related information - cross consistency of the disclosure, due diligence requirements

	Disclosure requirements (Originator/Sponsor/Issuer/Original lender)				**Due diligence requirements (Investor institutions/AIFM/ Insurance and reinsurance undertaking)**			**Comments**
	CRA 3 (Issuers, Originator, sponsor)	CRR (institutions acting as originator sponsor or original lender)	Eurosystem	Bank of England collateral framework	AIFMR (AIFM with exposure to a securitisation)	CRR (Investor Institutions)	Solvency II	
Information needed to perform stress tests	Yes (Art. 3 (b) and Annex VIII – investor reports[60]) of the CRA 3 RTS.	Yes (Art. 409)	N-A	YES	YES- Art. 52(e) [61] (retained interest).	YES – (Art. 406)	YES- Art. 256(6)	Stress tests should be carried out at the tranche, pool levels and consider the weighting average life, triggers's status and any hedging arrange-ments.
Nature of stress tests	Stress tests on the cash flows and collateral values supporting the underlying exposures	Identical to CRA 3	N-A	The issuer/originator must disclose cash flow models as a one-off	On the cash flows and collateral. Appropriate to the nature, scale and complexity of the risk.	On the cash flows and collateral values.	On the cash flows and collateral Appropriate to the nature, scale and complexity of the risk.	See above
Frequency of stress tests	At issuance (information on waterfall payments) and quarterly (tied to interest payment)	At the date of the securitisa-tion and where appropriate due to the nature of the securitisation thereafter.	N-A	Updated cash flow models - If there are changes to the structure which might impact the cash flows	"At a frequency which is appropriate to the nature of the AIF" "[62]	Regularly	Regularly	The frequency of the stress test should be harmonised across the disclosure and due diligence requirements.
Supervisory reporting (information to supervisors)	N-A	N-A	N-A	N-A	For each of the AIF they manage, AIFM (Art. 110(2) (f) AIFMR) shall provide to their home Member State the results of periodic stress tests under normal and exceptional circumstances conducted in accordance with Article 15(3)(b) AIFMD.	ECAIs models can be used on condition that the investor is able to demonstrate that it can validate the relevant assump-tions in.	Regular supervisory report containing information on the risk sensitivity of the insurance or reinsurance undertaking, a description of the relevant stress tests and scenario analysis (Art. 259(3)) and the methods and main assumptions underlying and scenario analysis used.	
Sanctions for non-compliance	To be implemented by SCAs	Additional risk weight on the securitisation position (CRR Art. 407)	N-A	Asset non-eligible.	N-A	Additional proportionate risk weight on the securitisation position of no less than 250% of the risk weight capped at 1250% (CRR Art. 407[63])	Additional risk weight on the securitisation position	The fine regimes should be mutually consistent: the CRA 3 RTS's penalty framework that address originators, issuers and sponsors should be designed in a consistent manner with the existing regimes which address "CRR Investors" only.

[60] As part of Investor reports, the issuer/originator/sponsor shall publish among other think : asset performance, a detailed cash flow allocation; a list of all triggers of the transaction and their status; a list of all counterparties involved in a transaction, their role and their credit ratings; details of cash injected into the transact ion by the originator/sponsor or any other support provided to the transaction including any drawings under or utilisation of any liquidity or credit support and support provided by a third party (..).

[61] Article 52 (e) of AIFMR refers to "all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure and such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures".

[62] Art. 53(2) AIFMR require regular "stress tests appropriate to such securitisation positions in accordance with point (b) of Article 15(3) of [the AIFMD]". Article 48(2)(e) AIFMR imposes stress tests "be conducted at a frequency which is appropriate to the nature of the AIF, taking in to account the investment strategy, liquidity profile, type of investor and redemption policy of the AIF, and at least once a year". This seems to apply to stress test for liquidity management purposes. However, it is not clear on whether the same frequency should be applied to stress tests on securitisation positions.

[63] Where an institution does not meet the requirements in Article 405, 406 or 409 in any material respect by reason of the negligence or omission of the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250 % of the risk weight (capped at 1 250 %) which shall apply to the relevant securitisation positions in the manner specified in Article 245(6) or Article 337(3) respectively. The additional risk weight shall progres-sively increase with each subsequent infringement of the due diligence provisions. The competent authorities shall take into account the exemptions for certain securitisations provided in Article 405(3) by reducing the risk weight it would otherwise impose under this Article in respect of a securitisation to which Article 405(3) applies.

Recommendation n° 4. Data providers should be allowed to fulfil disclosure requirements

As long as the "data owner" (issuer/sponsor/originator) holds responsibility for the quality of the information, there should be flexibility for the market to determine the most efficient entity to provide the relevant information for disclosure purposes. For example, the "data provider" is allowed to submit the information under the Eurosystem loan-level data initiative.

Recommendation n° 5. Loan by loan data should be provided to investors

Loan by loan information - as defined in CRA 3 RTS - should be provided to EU investors. In situations where aggregated data could be used to comply with a specific provision (such as in CRR RTS), this should only be possible if the loan by loan information is also accessible to investors. The CRA 3 RTS requirements regarding loan level data should be the common basis for the disclosure of loan level data of SFIs.

Regardless of the disclosure requirement, it is clear that loan level information is stored in data providers' data bases. The possibility of requesting, stratified/aggregated data for highly granular pools, instead of loan-level data, should be carefully assessed in particular in view of ensuring the accuracy and consistency of the aggregation methods used and the possibility for the investors to conduct effective and reliable stress tests (see recommendation 6).

Considering the discrepancies between the due diligence requirements of Art 406 (2) CRR and the data available through the loan level reporting template, it is recommended that:

- The loan level reporting templates are modified to incorporate additional fields regarding pre-payments (Pre-payment Amount, Pre-payment Date, Cumulative Pre-payments) and, in the case of RMBS, such fields should be mandatory;
- The loan level data fields containing borrower credit worthiness (such as PD and LGD, obligor credit scores, etc.) should be mandatory to the extent allowed by law and where the originator/original lender is using such data in its internal risk management and/or for regulatory purposes.

Recommendation n°6. All type of investors should be empowered to effectively conduct their own stress tests.

The following recommendation should be considered to facilitate investors in conducting stress tests on all types of SFIs in a comprehensive manner:

In order to ensure cash flow models are reliable and to avoid possible conflicts of interest, when such models are developed by the transaction related parties (e.g. issuer, originator or sponsor)and provided to

investors either directly or through third party vendors, an independent validation of such models from a third party or by the vendor itself should be required. It is expected that such models would be reviewed on an ongoing basis to ensure accuracy.

The originator or sponsor should retain full responsibility for the validity of the model where it provides the model directly or through third parties. Where independent third parties provide valuation models based on data input received from the transaction related parties, the data owners should retain full responsibility for the data provided.

Basic stress test requirements should be introduced regarding the default rate at which, given a set of assumptions on the pool, the tranche notes begin to suffer principal losses (i.e. 'break-even default rate' of the tranche in question), regardless of the investor (bank, insurance or fund manager).

A technical standard should be established requiring that, prior to any transaction being marketed for purchase, a liability cash flow model is made available to investors. This model should allow the calculation of basic tranche-level outputs: the Weighted-Average Life (WAL), the Discount Margin, the accumulated principal losses and interest shortfall, and the loss on the collateral pool. The suitability of such requirements will have to be adapted to the specifics of short term securitisation.

Loan-level data inputs should be available, with assumptions possible, for at least, on constant default rate, constant pre-payment rates, loss severity, time to recoveries, and the activation of any deal-specific trigger and call events.

V. Transversal issues

V.I. The use of consistent definitions in European legislation

V.I.1 Definition of securitisation

104. As surveyed in Annex 5, most European legislation, such as Solvency II Delegated Act, MMF Regulation, AIFMD/AIFMR, CRA 3 refer to "securitisation" as defined in Article 4 (61) of the CRR. This definition refers in turn to a structuring technique based on the concept of tranching and subordination of tranches as set out in CRR to allow for calibration of capital risk weights reflecting the tranched structure [64]. This definition is broad in scope, encompassing cash (traditional) and synthetic securitisations as well as ABCPs.

105. This definition also coexists with other related definitions, which are mainly to be found in ECB guidelines, the ECB Statistical Regulation, PD, AIFMD for the purpose of securitisation special purpose entity (SSPE)[65].

106. A few pieces of legislation (PRIIPs and MIFID/MIFIR) do not explicitly give a definition of securitisation. As an example, PRIIPs makes reference to the definition of the SPV in Solvency II (2009 text) and securitisation special purpose entities (SSPE) definition in AIFMD.

107. The Eurosystem provides two definitions of securitisation, one for its collateral framework and one for its statistical regulation on financial vehicle corporations engaged in securitisation transactions.

108. The definition of "securitisation" is largely harmonised and used consistently in the main pieces of the European legislation. In the few cases where a different definition is used – as is the case in Eurosystem's own collateral framework and its Statistical Regulation on financial vehicle corporations engaged in securitisation transactions – the different purpose justifies a different approach. However, there seem to be differences related to synthetic transactions and tranching.

109. The use of the same definition in the CRR, the Solvency II Delegated Act, AIFMR, MMF proposal and CRA 3 is justified. CRR, the Solvency II Delegated Act and AIFMR intend to capture within their scope due diligence requirements for institutional investors acting in various sectors (banking, insurance, asset management) while on the originator, issuer, sponsor and original lender side, CRA 3 and CRR co-

[64] Article 4 (61) of the CRR defines securitisation as "a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having both of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; (b) the subordination of tranches determines the distribution of losses during the life of the transaction or scheme".

[65] For further details, please refer to "Annex 5 -Source of reference for the definition of securitisation in the EU legislation".

vers the necessary disclosure requirements (and the CRR also covers risk retention) to allow investors to meet their due diligence obligations.

110. The Eurosystem's use of two securitisation definitions that are different from the CRR definition is also justified, as the purpose in each case is very specific: defining the boundaries of potentially eligible collateral - in the case of the collateral framework - and of defining a statistical reporting for the purpose of the ECB's mandate in the case of the statistical regulation.

111. At the same time, taking into account this is limited to SFIs subject to specific requirements for disclosure in relation to public offerings and/or listings of ABS on regulated markets, the definition of ABS under the Prospectus Directive should be aligned with the definition of securitisation under the CRR.

112. Regarding MIFIR and MIFID, as detailed in Annex 5, the definition of "structured finance products" does not explicitly cover synthetic securitisations or Credit Linked Notes. However, Article 8 (on pre-trade transparency) and Article 10 (on post-trade transparency) of MIFID refer to "structured finance products" in a generic manner, without carve-outs for certain subcategories. Furthermore, the definitions of "structured finance products" - in MIFID - and its related, retail specific, term PRIIPs is significantly different in both definition and scope, also with regard to the type of securitisations covered. As such, the PRIIP Regulation covers synthetic securitisations while MIFID and MIFIR do not do so explicitly.

113. Finally, there may be confusion on whether "SPV" may be included in the definition of originator within the meaning of the CRR [66] or, on the contrary, covered under the definition of "issuer" within the meaning of the Prospectus Directive[67].

114. Based on the above, it could be questioned whether this is preferable to a single definition of securitisation across all the EU legislatives acts, or is it considered that differences in definitions are well grounded into differences in the objectives of these frameworks.

V.I.2 Definition of "private and bilateral" SFI

CRA Regulation

115. In the absence of any specific provision or an exemption clause relating to private and bilateral SFI, these transactions fall within the scope of Article 8b of the CRA Regulation. The scope of private and bi-

[66] Article 4(13) of the CRR defines 'originator' as an entity which: (a) itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposure being securitised; or (b) purchases a third party's exposures for its own account and then securitises them.

[67] Article 1(h) of the Prospectus Directive defines 'issuer' as a legal entity which issues or proposes to issue securities.

lateral SFIs may potentially cover a wide range of securitisation transactions including for example bi-lateral transactions between a corporate client of a bank and its ABCP conduit and term ABS under the US SEC Securities Law 144 A[68]. Some of these SFIs may result from unlisted bilateral financing arrangements (for instance between financial institutions and the company seeking funding) resulting in non-transferable SFIs.

116. In light of the scope of Article 8b of the CRA Regulation, the public disclosure requirements laid down in the CRA 3 RTS should be applied to all private and bilateral SFIs irrespective of the structure of the transaction and irrespective of the fact that such disclosure, when applied to certain instruments, might have limited added value.

117. However, there may be legitimate cases in which it could be appropriate for the disclosure requirements to be adapted to the specificities of private and bilateral SFIs transactions. This may be the case where certain prerogatives of the issuer (such as the protection of trade secrets) arise. In such cases, a proportionate application of the obligation contained in Article 8b might be justified in order to allow investors to make an informed assessment of the creditworthiness of the transaction.

CRR

118. Contrary to the CRA 3 RTS, the CRR RTS[69] provides that in cases where transactions are "private and bilateral" (without the terms being defined) private disclosure, rather than public disclosure is considered by the parties to be sufficient to the extent it allows investors to receive adequate and comprehensive disclosure from originators and sponsors to satisfy their need for information. The scope of application of Article 449 CRR[70] on "exposure to securitisation positions" extends to private and bilateral transactions as long as the securitisation transaction meets the risk transfer requirements (i.e. the requirements to be treated as a securitisation transaction for capital adequacy purposes). However, while no exception is carved out for bilateral or private transactions, confidential or proprietary information does not need to be disclosed.

Prospectus Directive

[68] Rule 144A under the Securities Act of 1933.
[69] CRR RTS (Article 22 (3)) provides that: "The disclosure referred to in paragraphs 1 and 2 shall be appropriately documented and made publicly available, except in bilateral or private transactions where private disclosure is considered by the parties to be sufficient. The inclusion of a statement on the retention commitment in the prospectus for the securities issued under the securitisation programme shall be considered an appropriate means of fulfilling the requirement".
[70] These are regulatory disclosure requirements (equivalent to the Basel Pillar 3) that apply on an aggregate basis, and not loan-by-loan or individual transaction disclosure requirements, with some exception (list of sponsored SSPEs) and practices of banks that can provide some information by transaction.

119. Private and bilateral transactions are exempt from the requirement to publish a prospectus for the purpose of an offer but must produce a prospectus for admission of the securities to trading on a regulated market.

Central Bank frameworks

120. In the Eurosystem collateral framework private and bilateral transactions do not generally meet the criteria for marketable assets (with regard to place of issuance, settlement procedures and acceptable markets).

121. Additional disclosure requirements, related for instance to the publication of a prospectus do not apply. For this reason, the collateral rules set out by the Eurosystem central banks generally require marketable assets to be admitted to trading on a market that is either regulated or which meets Eurosystem minimum standards. This requirement generally rules out the acceptance of bilateral or private transactions. It is important to emphasise that The BoE collateral framework allows for some exemptions regarding the disclosure of the coupon and swaps[71].

Recommendations n° 7. Further work is required to explain/review definitions and key terms in relevant EU legislation, in particular:

- Review the use of different definitions and key terms to avoid discrepancies;
- Where justified, explain the differences in light of the differing objectives of the regulations;
- Develop a comprehensive glossary of definitions/key terms used across EU legislation to minimise uncertainty related to the different scope of application;
- Develop a harmonised approach in the EU regarding private and bilateral SFIs.

[71] Instead of disclosing the coupon in standardised monthly investor reports, the weighted average of the coupon on all private placements or unlisted bonds can instead be reported, via providing a 50bp range within which the weighted average coupon resides, once private placement or unlisted issuance comprises more than 30% of the total issuance. Where such transactions pay interest on a different basis, different weighted averages should be reported, each covering all the privately-placed or unlisted bonds that pay interest on the same basis. With regard to details of any swaps, including: counterparty and notional, applicable rates, payments made/received, any collateral postings, in the case of private placements and unlisted bonds, bands within which the payments made/received sit can be provided in lieu of the actual payment legs.

V.II. Modalities for publication of the information and entities to which the obligations apply

Modalities for publication

122. There is some variety with regard to the modalities of publication in the applicable legislation. For example, loan-level data information is required to be made available both via issuer websites (BoE) and in a centralised repository (ECB and CRA Regulation). The liability cash flow models from ECAIs that banks can use to conduct stress tests of ABSs are not governed by any storage requirements, while the BoE cash flow model requirements allow these to be posted on issuer websites as well [72]. At the same time, the CRA 3 RTS provides that a website to be set up by ESMA should store most of the information discussed above (though not liability cash flow models).

Reporting entities

123. In most cases (CRA Regulation, CRR) those participating in the transactions as sponsor, originator, original lender, issuer or investor are covered by the various disclosure requirements. There are some differences among the various rules regarding the categories of entities concerned.

Transaction documents

124. CRA Regulation has introduced a joint disclosure obligation for all issuers, originators and sponsors of SFIs as long as one of the entities is established in the EU. This means that all SFIs for which the issuer, sponsor, or the originator is established in the EU are covered by Article 8b of the CRA Regulation. As a result, this obligation could apply to transactions that are not necessarily offered to EU investors.

125. According to the CRA 3 RTS, these entities could delegate their responsibilities to a third party, but they remain responsible for compliance with the disclosure obligations. Under CRA 3, an "Issuer" means a legal entity which issues or proposes to issue securities (as defined in Article 2(1) (h) of Directive 2003/71/EC).

126. The CRR disclosure requirements (Article 409 CRR) have a different focus: these provisions seek to ensure that EU credit institutions and investment firms acting as originator or sponsor are covered by the disclosure requirements provided they meet (i) the criteria set out in Article 405 and 408 of CRR [73]and (ii) the definition of sponsor, originator or original lender. In addition, CRR aims at ensuring

[72] Annex B of the Bank of England Market Notice dated 30 November 2010: http://bankofengland.co.uk/markets/Documents/marketnotice121002abs.pdf.

[73] Article 405 (2) of the CRR provides that "Where an EU parent credit institution, an EU financial holding company, an EU mixed financial holding company or one of its subsidiaries, as an originator or a sponsor, securitises exposures from several credit institu-

that any potential investors have all relevant information necessary to demonstrate to the competent authorities that they have a comprehensive and thorough understanding of each of their individual securitisation positions (Article 409) including information about the risk entailed by securitisation activities (CRR Article 449). Article 449 CRR applies a more restrictive definition of securitisation transactions than Article 409, i.e. only those that give rise to a significant risk transfer. However, it is not expressly provided for in CRR whether the issuer is covered as such by the disclosure requirements or is approached by means of the notion of originator.

127. Under Solvency II and the Solvency II Delegated Act, there are no specific disclosure requirements for insurance and re-insurance undertakings. When insurance and re-insurance undertakings act as investors in SFI, the Solvency II Delegated Act provides an extensive framework for their due diligence they should carry out. However, in particular re-insurance undertakings in some cases are also active as issuers of securitisation vehicles (SPVs) as defined and supervised pursuant to Article 211 of Solvency II. Insurance linked securities (ILS), are used for example to transfer and spread risks related to specific natural disasters, which could otherwise result in damages that might not be coverable by risk premiums, so called "catastrophe bonds" or "cat-bonds"[74]. The issuance aims to protect the undertaking´s balance sheets in the event of large scale pay-outs. Catastrophe bonds are typically bought by institutional investors, hedge funds, life insurers, reinsurers, pension funds and insurance-linked securities funds (ILS Funds).

128. In Europe, no prescriptive disclosure requirements exist under Solvency II for the issuance of catastrophe bonds. Reinsurance undertakings, which act as originators or sponsors of catastrophe bonds, are accordingly not required to produce specifically prescribed transaction reports, investor reports, or other documentation under Solvency II.

129. The due diligence requirements for insurers mentioned above are applicable to all entities covered by the Solvency II Directive and all transactions. The need to validate whether a securitisation qualifies as type 1 does not arise for resecuritisations or specific underlying assets (like commercial mortgages) as they are by default type 2.

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tions, investment firms or other financial institutions which are included in the scope of supervision on a consolidated basis, the requirement referred to in paragraph 1 may be satisfied on the basis of the consolidated situation of the related EU parent credit institution, EU financial holding company, or EU mixed financial holding company. The first subparagraph shall apply only where credit institutions, investment firms or financial institutions which created the securitised exposures have committed themselves to adhere to the requirements set out in Article 408 and deliver, in a timely manner, to the originator or sponsor and to the EU parent credit institution, EU financial holding company or EU mixed financial holding company the information needed to satisfy the requirements referred to in Article 409."

[74] Compare "MunichRe ILS Market Update Q4 2014", http://www.munichre.com/site/corporate/get/documents_E-378610543/mr/assetpool.shared/Documents/0_Corporate%20Website/2_Reinsurance/Business/Non-Life/Financial%20Risks/ils-market-review-2014-and-outlook-2015-en.pdf.

130. BoE and Eurosystem rules do not legally define which entities shall disclose the transaction documents. Eurosystem rules refer to a "data provider" in general terms and market participants are allowed to organise themselves in the most efficient manner to provide the information (e.g. by outsourcing the reporting to a service provider) that meets Eurosystem requirements with regard to format and content on the eligible SFIs. The "data owner", i.e. the originator or sponsor, which delegates the reporting task to a data provider, remains nevertheless ultimately responsible for the quality of the data.

131. Under the BoE framework, the obligation to disclose the transaction documents applies to all transactions seeking collateral eligibility, irrespective of asset class. BoE disclosure obligations apply to firms which are permitted to carry out regulated activity in the UK either as a result of authorisation from the UK regulator or through EEA passporting/treaty rights. However, the BoE framework indicates that the issuer or originator is actually the reporting entity[75].

132. BoE and Eurosystem rules do not indicate or restrict which entities shall disclose the data requirements. Eurosystem rules only refer to a "data provider" which is not defined, while BoE rules refer to the issuer or originator rather than the entity wishing to use the securitisation in question to have access to BoE's funding.

Investor reports

133. The different frameworks for investor reports have various scopes of application. Under the CRA 3 RTS disclosure of the investor reports is the joint responsibility of the "issuer, originator and sponsor". The CRR RTS states that the disclosure requirements apply to "originators, sponsors and original lenders". The Solvency II Delegated Act requires insurers as investors to verify that the originator, sponsor and original lender have fulfilled the requirements without mentioning the issuer as part of the reporting entities. Under PRIIPs, the obligation to produce the KID is on the PRIIPs manufacturer, i.e. the issuer[76].

134. The BoE framework does not specify who should provide the investor report (originator/issuer) but participants wishing to use the collateral in transactions with the BoE have a responsibility to ensure that the collateral complies with the eligibility criteria.

135. The above text illustrates the different entities responsible for providing the required information. In some cases regulated entities seem not fully captured by the different disclosure requirements. It therefore seems worthwhile to develop a concept of a 'data owner' who is ultimately responsible regardless of being regulated or un-regulated by the different legislation. This data owner is the point of

[75] Point 3 of this market notice: http://www.bankofengland.co.uk/markets/Documents/marketnotice100719a.pdf.
[76] The issuer may also take the form of a SPV which in turn may also extend to originator and sponsor within the meaning of CRR.

contact for supervisors checking compliance with disclosure requirements. In addition, the supervision section later in this report addresses incentives/penalties for compliance.

V.III. Geographic scope of application

Central bank Frameworks

136. As indicated in the previous section, the Sterling Monetary Framework applies to firms which are permitted to carry out regulated activities in the UK either as a result of authorisation from the UK regulator or through European Economic Area passporting/ Treaty rights[77]. In the Eurosystem collateral framework, the collateral requirements require among other criteria the assets to be originated in the EU.

CRR

137. The CRR distinguishes between the due diligence requirements (Article 406 CRR) and disclosure requirements (Article 405 (2) and Article 409 CRR): Article 406 CRR applies provided that the (regulated) investors are established in the EU. As for the disclosure requirements, they apply provided that the credit institution acting as originator or as sponsor is "an EU parent credit institution, an EU financial holding, an EU mixed financial holding company or one of its subsidiaries". As a result, there might be SFIs for which the investor is established in the EU while neither the originator nor the sponsor is established in the EU, which may lead to potential inconsistencies[78].

CRA 3

138. As mentioned above, the approach of the CRA Regulation (Article 8b) is based on the place of establishment of the entities involved in the transaction, i.e. the issuer, the originator and the sponsor. CRA 3 RTS applies to all SFIs provided that one of the three entities mentioned in Article 8b of the Regulation (i.e. the issuer, originator or sponsor) is established in the EU.

139. This has a number of consequences in terms of territoriality. On the one hand, there might be SFIs for which neither the issuer, originator, or sponsor are established in the EU but which are nonetheless financial instruments that are traded in the EU. However, these SFIs will not be covered by the disclosure requirements resulting from the CRA Regulation.

[77] For more details please refer to http://www.bankofengland.co.uk/markets/Pages/money/eligiblecollateral.aspx.
[78] However, the objective pursued in CRR is that the EU investors are exposed to securitisation complying with the EU retention rules.

140. On the other hand, Article 8b of CRA Regulation and the CRA 3 RTS might also create extra-territorial effects as its scope extends to financial instruments that are not in any way placed with or traded between EU investors. For example, an SFI offered to investors in the US, with underlying assets originated in the US, would fall under the disclosure requirements of Article 8b of the CRA Regulation if one of the three parties mentioned in the previous paragraph (for instance the originating or sponsoring bank) is established in the EU. In this case, these transactions are likely to be subject to duplicative and/or contradictory requirements as they might also be subject to US law requirements[79].

141. There is a significant divergence across EU regulations in determining the geographic criterion from which the due diligence and disclosure requirements must apply. In order to better protect EU investors, the admission to trading in an EU regulated market or offered to the public should be considered as the criteria for determination of the geographical scope.

Recommendation n°8. Enhance investors protection through disclosure requirements on SFIs which enable investors to comply with their due diligence requirements

It is recognised that EU investors will invest in SFIs through different channels:

(A) SFIs admitted to trading on an EU regulated market or offered to the public;

(B) SFIs admitted to trading on a non-EU regulated market; and

(C) SFIs traded OTC ("over the counter").

It is therefore important to identify and put in place appropriate measures to ensure that EU investors investing in SFIs will benefit from an adequate level of transparency irrespective of i) the channel used to invest in SFIs, ii) the place where the issuer, originator or sponsor of the SFIs are established and iii) the nature of the SFIs (i.e. the origin of the underlying assets, traded on a private and bilateral basis).

Disclosure requirements should become mandatory for all SFIs admitted to trading on an EU regulated market or offered to the public (Channel (A)). This obligation could be enforced by national authorities responsible for prospectus supervision and would enable to protect all EU investors investing in SFIs through this channel. The extension of disclosure requirements to SFIs traded through Channels (B) and (C)

[79] Under the new US Regulation AB II, the disclosure requirements only apply to public offerings of residential mortgage-backed securities, commercial mortgage-backed securities, securitisations of automobile loans or leases, and securitisations of debt securities (including re-securitisations). Because of the broad scope of application of Article 8b of the CRA regulation, a private and bilateral SFI issued under the US 144A format could be subject to EU disclosure requirements once any of the issuer, the sponsor or the sponsor is established in the EU. For more details, please see the "Asset-Backed Securities Disclosure and Registration" final rules, page 29, "Section 5. Proposed rules not being adopted at his time", available at: https://www.sec.gov/rules/final/2014/33-9638.pdf.

could present supervisory challenges, in particular when neither the issuer, the originator nor the sponsor is established in the EU.

V.IV. Supervision

142. Supervisory regimes in case of non-compliance exist in most of the due diligence, disclosure and reporting requirements assessed in this report.

143. However, these enforcement regimes have different purposes:

- For the issuer, originator, sponsor, the purpose is compliance with the disclosure (CRA Regulation Article 8b, CRR Article 409, 449, PRIIPS, PD, Eurosystem, BoE framework, Solvency II Delegated Act) and reporting (FINREP, COREP) requirements[80];
- As regards the investors, enforcement regimes mostly refer to the compliance with the due diligence (CRR Article 406 and Solvency II Delegated Act) and retention requirements (CRR Article 405).

144. Pursuant to Article 25 of the CRA Regulation, SCA[81] supervising an issuer, originator, original lender and sponsor will be responsible for the supervision of the disclosure requirements. This implies that different SCAs within the same Member State might be the competent authority to supervise issuer, originator or sponsor. The issuer will in a number of cases be covered by the Prospectus Directive whereas the originator and sponsor might be covered by prudential regulation.

145. There might be SFIs covered by Article 8b of the CRA Regulation for which no national sectoral legislation is applicable. This could be the case if for example only the issuer, in particular a SPV, is established in the EU and the SFIs are not the subject of a public offering or are not admitted to trading on a regulated market.

146. There might also be cases where no sectoral competent authority is responsible for the supervision of the three entities (e.g. private corporate industries that are outside the scope of financial supervision).

147. The CRR provides for a supervisory regime in case of material infringement of the disclosure requirements laid down in Article 409 of the CRR by reason of negligence or omission of the institution. In such a case, the competent authority shall impose an additional risk weight to the originator's sponsor or

[80] For further details, please refer to annex 6.
[81] Defined in Article 3(r) of the CRA Regulation through reference to a range of sectoral legislation for the supervision of credit institutions, investment firms, insurance undertakings, reinsurance undertakings, institutions for occupational retirement provision, management companies, investment companies, alternative investment fund managers, central counterparties and prospectuses.

original lender 's retained positions in or other exposure to the relevant securitisation (Article 407 of the CRR).

148. Sanctions for not complying with the due diligence requirements on performance of stress tests are the same for the two regulatory frameworks (CRR, Solvency II), i.e. an additional risk weight being placed on the securitisation position held by the investors in the SFIs in question.

Recommendation n° 9. Comprehensive framework for supervision and enforcement

It is important to complement a harmonised due diligence and disclosure framework with a comprehensive regime for supervision and enforcement. It is suggested that i) capital requirements, ii) eligibility for Liquidity Capital Ratio and Solvency II Delegated Act and central bank collateral framework and iii) admission to trading rules are linked to compliance with the relevant disclosure requirements to enhance the effectiveness of the supervision and enforcement of the disclosure requirements by the relevant supervisors. It should be noted that a different supervisory framework might be needed for private and bilateral SFIs which are of a substantially different nature (for example, because such transactions are generally not admitted to trading).

VI. ANNEXES

Annex 1 - Key EU regulations/directives used in the report

	Due diligence	Disclosure
CRA Regulation	NA	Article 8b on Information on SFI introduces a number of new disclosure obligations for issuers, originators and sponsors. The scope of the disclosure requirements included in Article 8b of the CRA 3 covers a wide range of securitisation transactions.
Implementing measures	NA	CRA 3 RTS
CRR	CRR introduced due diligence requirements (Article 406) on regulated investors (CRR investors)	CRR (Article 409 on "Disclosure to investors") introduced disclosure obligations for originators and sponsors of securitisation transactions. The same Regulation also includes reporting requirements related to own funds which cover securitisation transactions (CRR Article 99 and related EBA Final Implementing Technical Standards on Supervisory Reporting submitted to the European Commission) and reporting requirements related to asset encumbrance (CRR Article 100 and related EBA Final Implementing Technical Standards on Supervisory Reporting Asset Encumbrance submitted to the EC).
Implementing measures	CRR RTS	CRR RTS
PRIIPs	NA	Art. 4(1)
AIFMD	Article 17 (on investment in securitisation positions)	NA
Implementing measures	Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (AIFMD Level 2 Regulation) introduced rules with respect to the risk retention and due diligence requirements for alternative investment fund managers (AIFMs) seeking to invest in securitisations (Article 51, 52 and 53 of AIFMR)	NA
UCITS	Article 50a (on UCITS investing in securitisation positions)	NA
Collateral framework of the Eurosystem	NA	On 16 December 2010, the Eurosystem decided to establish loan-by-loan information requirements for asset-backed securities (ABSs) in the Eurosystem collateral framework. The ABS loan-level requirements provide market participants information on the underlying loans as well as their performance in a timely and standardised manner. (General Documentation and Guidelines ECB/2011/14 and related changes and additions)
Collateral framework of the Bank of England	Applicable to Entity wishing to use collateral	Sterling monetary framework's documentation
Solvency II	Article 135 (2) (a) on originator	Article293 on disclosure of information about any investments in securitisation and implementing measures
Implementing measures	Solvency II Delegated Act	
Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC (Prospectus Directive) requires specific information for issuers of and for securities linked to or backed by an underlying asset	NA	Article 10 & 11 and annexes VII and VIII set out the minimum disclosure requirements for the prospectus required to be drawn up when ABS are offered to the public or admitted to trading on a regulated market.

NA: not applicable

Annex 2: **Investor reports**

Regulation/ Requirement	Reporting entity	Detail
CRA 3 RTS	Joint responsibility of the issuer, originator and sponsor. May be outsourced but joint responsibility of these three parties unaffected.	The investor reports shall contain information on: (a) asset performance; (b) a detailed cash flow allocation; (c) a list of all triggers of the transaction and their status; (d) a list of all counterparties involved in a transaction, their role and their credit ratings; (e) details of cash injected into the transaction by the originator/sponsor or any other support provided to the transaction including any drawings under or utilisation of any liquidity or credit support and support provided by a third party; (f) amounts standing to the credit of guaranteed investment contract and other bank accounts; (g) details of any swaps (e.g. rates, payments and notionals) and other hedging arrangements to the transaction, including any related collateral postings; (h) definitions of key terms (such as delinquencies, defaults and pre-payments); (i) LEI, ISIN and other security or entity identification codes of the issuer and the structured finance instrument; (j) contact details of the entity producing the investor report.
Article 409 of the CRR and CRR RTS	In RTS: sponsor, originator, original lender In CRR article 409: sponsor and originator	Prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. Information to be disclosed is of qualitative and quantitative nature.
PRIIPS	PRIIPS manufacturer	KID: The KID includes different information on the investment product, such as the disclosure of its costs, its objective, description and Risk and Reward indicator, as well as information on the manufacturer of the PRIIP.
CRR RTS	Investor based on information disclosed by the originator	The risk characteristics of the individual securitisation position referred to in Article 406(1)(b) of Regulation (EU) No 575/2013 shall include the most appropriate and material characteristics, such as: a. tranche seniority level; b. cash flow profile; c. any existing rating; d. historical performance of similar tranches; e. bond covenants; f. credit enhancement. 2. The risk characteristics of the exposures underlying the securitisation position referred to in Article 406(1)(c) of Regulation (EU) No 575/2013 shall include the most appropriate and material characteristics, such as the performance information referred to in Article 406(2) of Regulation (EU) No 575/2013 in relation to residential mortgage exposures. Institutions shall identify appropriate and comparable metrics for analysing the risk characteristics of other asset classes. 3. The structural features of the securitisation referred to in Article 406(1)(g) of Regulation (EU) No 575/2013 shall in addition include swaps, guarantees and sponsor support mechanisms.
Solvency II Delegated Act	Investor based on information disclosed by the originator, sponsor or original lender	The investor is required to verify inter alia that retention requirements are met, credit is granted on sound and well-defined criteria by the originator, sponsor or original lender, that processes for approving, amending renewing and refinancing of loans are established, that originators, sponsors and original lenders have adequately diversified each credit portfolio and have adequate procedures to monitor performance of the underlying exposures on an ongoing basis and in a timely manner (Article 256 S2 DA). To classify securitisation as type 1 the insurer has to check compliance with detailed further requirements, including loan level requirements (Article 177 S2 DA).
Bank of England	Onus on participant wishing to use BoE collateral facility. The Bank of England rules do not specify who should provide the investor reports.	The Bank will require that investor reports, containing a standard set of minimum information be made freely available. This includes transaction details, asset details (portfolio characteristics, performance ratios, and stratification tables), structure and liabilities details of the securitisation and a glossary of all definitions used in the report. Further detail on each is provided on the Bank's website.

Annex 3: Disclosure/reporting versus due diligence requirements in key EU legislations

	Disclosure/Reporting on Originator/Sponsor/Issuer/Original lender)		Due diligence on regulated investors	
	Initial	Ongoing	Initial	Ongoing
CRR	The CRR does not explicitly require the disclosure of loan-level data. It however requires that sponsors and originators disclose to investors materially relevant data[82] on the individual underlying exposures that allows investors to conduct comprehensive stress tests on the cash flows and collateral values supporting the underlying exposures A 2014 Regulation supplementing the CRR[83] however specifically requires that data disclosed to investors, in order to be materially relevant with regard to the underlying exposures, needs to be, "in general", provided on a loan-by-loan basis while allowing for cases where the data can be provided on an aggregate basis[84]. Who has the obligation to provide performance data on individual performance exposure: CRR: originators and sponsors CRR supplementing regulation: originators, sponsors and original lenders	While the CRR does not explicitly mandate a frequency of ongoing disclosure and instead mandates that the disclosure to investors required in Article 409 is undertaken "where appropriate due to the nature of the securitisation, the 2014 Regulation supplementing the CRR requires that the disclosure required in Article 409 be done at least annually and when there is a material change in " the performance of the securitisation position or the risk characteristics of the securitisation or of the underlying exposures".	Article 406 requires institutions investing in securitisations to have a thorough understanding of, among other things, - The risk characteristics of the individual securitisation position - The risk characteristics of the exposures underlying the securitisation position; As such, the CRR does not expressly require that investors have access to loan level data. This is in contrast to Article 409 requirements that sponsors and originators must ensure that prospective investors have readily access to all materially relevant data on the credit quality and performance of the individual underlying exposures.	CRR does not make a distinction between initial and ongoing due diligence. It therefore implies the same due diligence requirements both for the initial and ongoing exposure.
Solvency II	While Solvency II defines the terms originator and sponsor by making reference to the CRR definitions, it does not define the term "issuer".	When using the terms originator and sponsor, Solvency II makes reference to the CRR definitions.	As in the case of CRR, Solvency II does not explicitly require investors to have access to loan level data: - Article 256 (6) require that insurance/ reinsurance investors "shall regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures"'; - Article 256(7) require insurance/ reinsurance investors to "be able to demonstrate to their supervisory authorities that for each of those investments they have a comprehensive and thorough understanding of the investment and its underlying exposures" Who must provide insurers/reinsurers performance data to allow them comply with provisions of Article 256(6) and (7): originators, sponsors or original lenders	The wording of Article 256 implies both an initial and on-going obligation to undertake the due diligence required by Article 256(6) and (7).

[82] Article 409 of the CRR requires that "sponsor and originator institutions shall ensure that prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures".
[83] Commission Delegated Regulation (EU) No 625/2014 of 13 March 2014.
[84] In assessing whether aggregate information is sufficient, factors to be taken into account shall include the granularity of the underlying pool and whether the management of the exposures in that pool is based on the pool itself or on a loan-by-loan basis.

AIFMD and AIFMR	N/A. The AIFMD and AIMFR focus is on AIFMs acting as investors (i.e. assuming exposure to securitisations on behalf of one or more AIFs), not as originators/ sponsors/ issuers. Moreover, while AIFMR defines the term sponsor by making reference to the CRR definitions, it does not define the terms "originator" and "issuer".	N/A The AIFMD and AIFMR focus is on AIFMs acting as investors	Article 53 of the AIFMR requires AIFMs to perform due-diligence in the same terms as the CRR investors. As regards to loan-level data, these are the requirements that AIFMs must have an access to[85] and a thorough understanding of: - The risk characteristics of the individual securitisation position; - The risk characteristics of the exposures underlying the securitisation position. Who must provide data to AIFM? Sponsors and originators	AIFMR does not make a distinction between initial and ongoing due diligence. However, Article 52(1) of the AIFMR starts with the obligation 'prior to investing' and Art 53 (2) subpara 2 refers to 'an on-going monitoring'.
CRA 3 RTS[86]	CRA 3 RTS do not provide for an obligation to report loan-level data at the inception of the transaction.	CRA 3 RTS requires that the issuer, originator and sponsor are jointly responsible with reporting loan-level data to a website to be set up by ESMA. Article 5(1) mandates that the reporting to ESMA should be made on a quarterly basis. Definitions: The CRA Regulation defines the terms "issuer, originator and sponsor" with cross references to PD and CRR. However the CRA 3 RTS applies to all securitisation transactions provided that they fulfil the requirements set out in Article 4(61) of the CRR, on the condition that the issuer, originator or sponsor are established in the EU. Scope: CRA 3 RTS covers all securitisations, public and private. The loan level data requirements cover a wider range than the securitisations which are accepted as collateral by the Eurosystem and BoE and for which loan-level data templates are already available. Who must provide loan level data: issuer, originator or sponsor.	NA, as CRA 3 RTS only cover reporting obligations of the issuer, originator and sponsor.	NA, as CRA 3 RTS only cover reporting obligations of the issuer, originator and sponsor.
Prospectus Regulation (PR)	Annexes VII and VIII of PR set out the minimum disclosure requirements for the prospectus required to be drawn up by the issuer of "ABS" which are offered to the public or admitted to trading on a regulated market.			

[85] While access to the relevant information is implied by the requirements, it isn't explicitly required under art. 53 AIFMR.
[86] Commission Delegated Regulation supplementing N° (EU) 2015/3 published at the OJEU on 6 January 2015.

Annex 4: Information contained in Prospectus Directive and Regulation

Element	Prospectus Directive and Prospect Regulation (Annex VII and VIII)	Comments
Detailed description of the waterfall of payments	Waterfalls and Trigger events (PR) Annex VIII to PR, items 3.4.6. (waterfalls) and 3.4.7(triggers)	
Asset sale agreement, assignment, novation or transfer agreement (and any relevant declaration of trust)	NA	There is a requirement to detail the method of creation or origination of the assets.
Servicing, back-up servicing, administration and cash management agreements	Some information on the servicer, arrangements for collection of payments (servicing) administrator and calculation agent are requested (item 3.7 of Annex VIII).	
Trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement.	Representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of where the public may have access to the contracts relating to these forms of representation (item 4.10 Annex V)	There are not any explicit disclosure requirements in the ABS Annexes. They are however covered in Annexes V and XIII which must be used in conjunction with the ABS building block (Annex VIII). Therefore when considering the disclosure applicable to ABS, it is also necessary to consider the requirements in annexes V and XIII. (See in particular item 4.10 of Annex V)
Any relevant inter-creditor agreements, swap documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements.	Liquidity arrangements (the name and description of the swap counterparty is required.	
Any other material underlying documentation	Annex VII (issuer) • a statement whether the issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities; • a description of the issuer's principal activities including a global overview of the parties to the securitisation program including information on the direct or indirect ownership or control between those parties (Annex VIII (underlying assets) • a description of the underlying assets including: o confirmation that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities; o a description of the general characteristics of the obligors and in the case of a small number of easily identifiable obligors, a general description of each obligor; o a description of the legal nature of the assets; o loan to value ratio or level of collateralisation; • where a valuation report relating to real property is included in the prospectus, a description of the valuations. o a description of the underlying assets including: o confirmation that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities; o a description of the general characteristics of the obligors and in the case of a small number of easily identifiable obligors, a general description of each obligor;	

	• In respect of an actively managed pool of assets backing the issue a description of the parameters within which investments can be made, the name and description of the entity responsible for such management including a brief description of that entity's relationship with any other parties to the issue. • Where an issuer proposes to issue further securities backed by the same assets a statement to that effect: o A description of the structure of the transaction, including, if necessary, a structure diagram. o A description of the flow of funds including information on swap counterparties and any other material forms of credit/liquidity enhancements and the providers thereof. • The name and a description of the originators of the securitised assets.	
Reporting entities	Issuer	

Annex 5: Source of reference for the definition of securitisation in the EU legislation

	Definition of securitisation	Comments
CRR	CRR definition of securitisation 'securitisation' means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having both of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme;	The CRR definition encompasses both traditional and synthetic securitisations as well as ABCP[87]. The definition is wide in scope and – according to some legal opinions[88] - may capture transactions beyond the intended scope of the definition, such as acquisition financing of performing portfolios and secured corporate deals[89]. The CRR definition of securitisation is aligned with the Basel definition and as such has a similarly wide scope. As a way of comparison, the CRR definition is significantly wider than the ABS definition as defined in the US Securities Exchange Act[90], which excludes synthetic securitisations, among other exclusions. The CRR also defines ABCP (Article 242(9)) as follows: 'asset-backed commercial paper (ABCP) programme' means a programme of securitisations the securities issued by which predominantly take the form of commercial paper with an original maturity of one year or less;
CRA Regulation & CRA 3 RTS	Reference to Article 4(61) CRR, re-securitisation defined with reference to point (40a) of Article 4 of Directive 2006/48/EC. "structured finance instrument' means a financial instrument or other assets resulting from a securitisation transaction or scheme referred to in Article 4(36) of Directive 2006/48/EC.	CRR definition of securitisation The term "structured finance instruments" is much more encompassing than the term "securities" of the Prospectus Directive. Article 3(1)(l) of the CRA 3 defines "structured finance instruments" with reference to Article 4(36) of Directive 2006/48/EC, now replaced by Article 4(61) of the CRR which in turn refers to "any transaction or scheme whereby the credit risk associated with an exposure or pool of exposures is tranched whilst excluding "an exposure that creates a direct payment obligation for a transaction or scheme used to finance or operate physical assets (..), even if the transaction or scheme has payment obligations of different seniority"). The disclosure requirements of CRA Regulation go beyond the Prospectus Directive
Solvency II Delegated Act	Defines investments in "securitisation position" as an exposure to a securitisation as defined in Article 4(61) CRR.	CRR definition of securitisation
Proposal for a Regulation on MMF	Reference to Article 4(61) CRR	CRR definition of securitisation

[87] The CRR defines separately traditional and synthetic securitisation transactions (Article 242): 'traditional securitisation' means a securitisation involving the economic transfer of the exposures being securitised. This shall be accomplished by the transfer of ownership of the securitised exposures from the originator institution to an SSPE or through sub-participation by an SSPE. The securities issued do not represent payment obligations of the originator institution; 'synthetic securitisation' means a securitisation where the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitised remain exposures of the originator institution.

[88] Clifford Chance – "Elephant spotting – Risk retention under the CRR", May 2014.

[89] Acquisition financing refers to the sale of large portfolios (often non-performing) through a combination of senior bank debt and sponsor equity (in the form of subordinated/junior notes). Some of such structures may meet the two conditions set out in Article 4(61) of the CRR.

[90] ABS is "a fixed-income or other security collateralised by any type of self-liquidating financial asset (including a loan, a lease, a mortgage, or a secured or unsecured receivable) that allows the holder of the security to receive payments that depend primarily on cash flow from the asset, including (i) a collateralised mortgage obligation, (ii) a collateralised debt obligation, (iii) a collateralised bond obligation, (iv) a collateralised debt obligation of asset-backed securities, (v) a collateralised debt obligation of collateralised debt obligations and (vi) a security that the Commission, by rule, determines to be an asset-backed security for the purposes of this section".

AIFMD AIFMR	AIFMD does not provide a definition for securitisation but instead mandates that the AIFM requirements for investment in securitisation positions are specified through the delegated act (i.e. AIFMR). AIFMR – Article 50 (a) defines securitisation with reference to Article 4(36) CRD III. CRD IV replaced CRD III and for the definition of 'securitisation' is included under Article 4(1)(61) CRR which remains unchanged from Article 4(36) CRD III. AIFMR – Article 50 (b) defines "securitisation position" with reference to Article 4(40) CRD III, which is now Article 4 (62) of CRR.	CRR definition of securitisation Article 4(an) AIMFD also defines *'securitisation special purpose entities*[91]*'* with reference to Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008.
COREP	Reference to the CRR for originator, sponsor, investor, securitisation.	CRR definition of securitisation
FINREP	FINREP 15 refers to the CRR for a definition of securitisation	CRR definition of securitisation
PRIIPs[92]	In Article 4(a): 'packaged retail and insurance based investment products' or 'PRIIPs' means an investment, including instruments issued by special purpose vehicles as defined in point (26) of Article 13 of Directive 2009/138/EC or securitisation special purpose entities as defined in point (an) of Article 4(1) of the Directive 2011/61/EU of the European Parliament and of the Council[93], where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor"	The PRIIPs definition makes reference to the definition of the SPV in Solvency II (2009 text), the SSPE definition as provided in AIFMD and shapes its own scope: (1) Article 13 (26) of Solvency II defines SPV: 'special purpose vehicle' means any undertaking, whether incorporated or not, other than an existing insurance or reinsurance undertaking, which assumes risks from insurance or reinsurance undertakings and which fully funds its exposure to such risks through the proceeds of a debt issuance or any other financing mechanism where the repayment rights of the providers of such debt or financing mechanism are subordinated to the reinsurance obligations of such an undertaking; (2) The SSPE definition in Article 4(an) AIFMD makes reference to the definition of "securitisation" of the ECB's Statistical Regulation; The scope of the PRIIPs includes any instrument issued by a SPV as defined by Solvency II2009[94] or by a SPV as defined by AIFMD.
ECB Guidelines Guideline of the ECB of 20 September 2011	ABS definition provided in Glossary Asset-backed securities (ABS): debt instruments that are backed by a pool of ring fenced financial assets (fixed or revolving), that convert into cash within a finite time period. In addition, rights or other assets may exist that ensure the servicing or timely distribution of proceeds to the holders of the security. Generally, asset- backed securities are issued by a specially created investment vehicle which has acquired the pool of financial assets from the originator/seller. In this regard, payments on the asset-backed securities depend primarily on the cash flows generated by the assets in the underlying pool and other rights designed to assure timely payment, such as liquidity facilities, guarantees or other features	The definition of securitisation (ABS) the Eurosystem uses for collateral purposes both overlaps and differs from that in the CRR: On one hand, it is narrower than the CRR definition of securitisation as synthetic securitisations do not qualify (in synthetic securitisations, the cash flow on the tranches is not backed by a pool of ring fenced assets; the SPV does not acquire assets from originator/seller; the payment on the ABS securities does not depend on the cash flows generated by the underlying assets). On the other hand, the Eurosystem definition does not require credit tranching and tranche subordination - as required in the CRR - and as such it captures single tranche untranched securitisations that do not fall under the CRR definition of securitisation.

[91] The CRR also defines securitisation special purpose entities (Article 4): 'securitisation special purpose entity' or 'SSPE' means a corporation trust or other entity, other than an institution, organised for carrying out a securitisation or securitisations, the activities of which are limited to those appropriate to accomplishing that objective, the structure of which is intended to isolate the obligations of the SSPE from those of the originator institution, and in which the holders of the beneficial interests have the right to pledge or exchange those interests without restriction.

[92] Regulation EU N° 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) was published on 9 December at the Official Journal of the European Union.

[93] Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

[94] Under the 2009 Solvency II Directive, SVP means vehicles conducting operations similar to reinsurance and as such has a different scope from that of the "securitisation special purpose vehicles" (SSPVs) as defined in AIFMD and from that of "securitisation special purpose entity" (SSPEs) as defined in Article 4(1)(66) of the CRR. Both define SSPVs and SSPEs as entities undertaking securitisations - as defined in the respective legal texts – and as such have a wider scope than the definition of SVP under Solvency II 2009 which is limited to undertakings that securitise insurance and reinsurance exposures.

	generally known as credit enhancements.	
ECB Statistical Regulation: Regulation (EC) No 24/2009 of the ECB of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions	Article 1.2 'securitisation' means a transaction or scheme whereby an asset or pool of assets is transferred to an entity that is separate from the originator and is created for or serves the purpose of the securitisation and/or the credit risk of an asset or pool of assets, or part thereof, is transferred to the investors in the securities, securitisation fund units, other debt instruments and/or financial derivatives issued by an entity that is separate from the originator and is created for or serves the purpose of the securitisation, and: (a) in case of transfer of credit risk, the transfer is achieved by: — the economic transfer of the assets being securitised to an entity separate from the originator created for or serving the purpose of the securitisation. This is accomplished by the transfer of ownership of the securitised assets from the originator or through sub-participation, Or — the use of credit derivatives, guarantees or any similar mechanism; and (b) where such securities, securitisation fund units, debt instruments and/or financial derivatives are issued, they do not represent the originator's payment obligations;	The definition of securitisation under the ECB Statistical Regulation is wider in scope than that of the CRR, as no tranching and subordination is required. Under the ECB Statistical Regulation 'traditional', synthetic and ABCP securitisations would qualify as well as CLNs that are issued by an entity.
BOE	No definition/reference provided	
UCITS	Level 2 requirement hasn't been adopted yet (i.e. no rules on securitisation currently apply to UCITS).	If the COM decided to follow the ESMA technical advice delivered in November 2011, it could be expected that once adopted this text will mirror the AIFMD provisions.
Prospectus Directive & Prospectus Regulation	Article 2(5) 'asset backed securities' means securities which: (a) represent an interest in assets, including any rights intended to assure servicing, or the receipt or timeliness of receipts by holders of assets of amounts payable there under; or (b) are secured by assets and the terms of which provide for payments which relate to payments or reasonable projections of payments calculated by reference to identified or identifiable assets.	According to PD, the definition of ABS only covers transferable securities and for which the disclosure of information is only mandatory and kept up to date at the time of the request for listing on a regulated market or during the offer)
MIFIR MIFID	Both MIFIR and MIFIR define securitisation as part of "structured finance products", as defined in Article 4(1)(28) of MIFIR: "'structured finance products' means those securities created to securitise and transfer credit risk associated with a pool of financial assets entitling the security holder to receive regular payments that depend on the cash flow from the underlying assets;"	MIFIR does not define "securitisation" however certain securitisations are under its scope as MIFID obligations also cover "structured finance products", the definition of which covers not only securitisation instruments but other structured products where the cash flow from a pool of financial assets is securitised. Not all the securitisations that fall under the CRR requirements also fall under MIFIR requirements, however. The MIFID definition of "structured finance products" does not cover synthetic securitisations, for example, as in synthetic securitisations the payment do not depend on the cash flow from the underlying assets but on the general cash flows of the entity buying protection. Therefore, the MIFIR/MIFIR definition of "structured finance products" is narrower than that of PRIIPs (structured products sold to retail customers), which is significantly wider and also covers, for example, synthetic structures.

Annex 6: Compilation of sectoral regulation's referring to disclosure, due diligence, reporting requirements

I- DISCLOSURE REQUIREMENTS

CRA 3 REGULATION (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
CRA 3 - REGULATION (EU) No 462/2013 of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:146:0001:0033:EN:PDF) **COMMISSION DELEGATED REGULATION** (EU) 2015/3 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards on disclosure requirements for structured finance instruments (http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0003&from=EN) (hereafter "**CRA 3 RTS**")	CRA 3 Article 8b imposes obligations on the issuer, the originator and the sponsor of a structured finance instrument (SFI) established in the EU to jointly publish on the website set up by ESMA information on the credit quality and performance of the underlying assets of the SFI, the structure of the securitisation transaction, the cash flows and any collateral supporting a securitisation exposure as well as any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures. The COMMISSION DELEGATED REGULATION (EU) 2015/3 published on 6 January 2015 at the Official journal specifies: (i) the information that the issuer, originator and sponsor of an SFI established in the EU must publish; (ii) the frequency with which this information is to be updated; and (iii) the presentation of the information by means of standardised disclosure templates.	CRA 3 was adopted on 21 May 2013 and entered into force on the twentieth day (20 June) following its publication in the Official Journal of the EU (31 May 2013). The CRA 3 RTS sets the date of application on 1 January 2017. SFIs issued in the time period between the date of entry into force and the date of application of the CRA 3 RTS (1 Jan 2017), the issuer, the originator and the sponsor shall comply with the reporting requirements laid down in the CRA 3 RTS only in relation to the SFIs which are still outstanding at the date of application of the CRA 3 RTS. The CRA 3 RTS also specifies that issuers, originators, sponsors and other parties involved will be given enough time to develop adequate systems and procedures following the technical specifications provided by ESMA. Therefore, ESMA should communicate the technical specifications of the reporting requirements in due course and before the date of application of this Regulation.	Enabling investors to perform an informed assessment of the creditworthiness of SFIs. Increased transparency concerning the credit quality and performance of the assets backing SFIs will enhance investors' ability to conduct an internal risk assessment.	Reducing over-reliance on external credit ratings by investors in SFIs and will contribute to foster competition in the SFIs market by enabling registered CRAs to have access to sufficient information on such products to issue unsolicited credit ratings.	The CRA 3 RTS applies to all SFIs on condition that one of the three entities mentioned in Article 8b of the Regulation (i.e. the issuer, originator or sponsor) is established in the EU.	The CRA 3 RTS applies to all SFIs that fall under the definition of Article 3(l) of the Regulation referred to in Article 4 (61) of Regulation (EU) N°575/2013. However, the scope of the CRA 3 RTS is not limited to the issuance of SFIs that qualify as securities, but also covers other financial instruments and assets resulting from a securitisation transaction or scheme, such as money market instruments (e.g. asset-backed commercial paper programmes - ABCP). It also applies to SFIs with and without credit ratings assigned by an EU-registered credit rating agency. Private and bilateral transactions also fall within the scope of the CRA 3 RTS, as well as transactions that are not offered to the public or admitted to trading on a regulated market. The disclosure obligations of the CRA 3 RTS initially only apply to RMBS, SME ABS, CMBS, Auto ABS, Consumer ABS, Leasing ABS, Credit card ABS. Following a phase-in approach, the disclosure requirements applicable to asset categories currently not included in the CRA 3 RTS will be issued by ESMA through one or more specific templates and associated reporting obligations in the future. Such new templates will then have to be adopted by the COM through an amendment of the CRA 3 RTS.	**Securitisation**: **(Article 4(61) of CRR)** Securitisation means "*a financial instrument or other assets resulting from a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having both of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme*". **Originator** **(Article 4 (13) of CRR)** Originator means either of the following: - an entity which, either itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposure being securitised; or - an entity which purchases a third party's exposures onto its balance sheet and then securitise them. **Sponsor** **(Article 4 (14) of CRR)** Sponsor means "*an institution other than an originator credit institution that establishes and manages an asset-backed commercial paper programme or other securitisation scheme that purchases exposures from third-party entities*"; **Issuer** **(Article 2(1)(h) of Prospectus Directive),** an issuer means "a legal entity which issues or proposes to issue securities".	**Securities**: (a) 'securities' means transferable securities as defined by Article 1(4) of Directive 93/22/EEC with the exception of money market instruments as defined by Article 1(5) of Directive 93/22/EEC, having a maturity of less than 12 months. For these instruments national legislation may be applicable;	**Yes:** a **phase-in approach** applies. As soon as technically possible, ESMA will cooperate with all relevant stakeholders to: (i) specify to which private and bilateral SFIs the standardised disclosure templates apply; (ii) develop new standardised disclosure templates and associated reporting obligations for such structured finance instruments that are suitable to the specific nature or features of the remaining private and bilateral SFIs. In order to develop reporting obligations applying to such instruments, ESMA will propose to the Commission an amendment to the current CRA 3 RTS.	

CRA 3 REGULATION (reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?
CRA 3 - REGULATION (EU) No 462/2013 of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:146:0001:0033:EN:PDF) **COMMISSION DELEGATED REGULATION** (EU) 2015/3 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards on disclosure requirements for structured finance instruments (http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0003&from=EN) (hereafter "**CRA 3 RTS**")	The issuer, originator, and sponsor are responsible for complying with the requirements of the (draft) CDR. However, the issuer, originator and sponsor will be able to designate one or multiple entities that shall submit the information or outsource this task to a third party, without prejudice to their responsibility under this delegated act.	The CRA Regulation & the draft CDR retain the principle of joint responsibility of the issuer, originator and sponsor or an entity responsible for reporting the information. In addition, the draft CDR specifies that the issuer, originator and sponsor may designate an entity responsible for reporting the information to the website to be set up by ESMA. Outsourcing the reporting obligation to another entity, for example a servicer, should also be possible. This should be without prejudice to the responsibility of the issuer, originator and sponsor under this Regulation.	The reporting obligations apply in accordance with the joint responsibility of the issuer, originator and sponsor.	The draft CDR specifies that: 1. The reporting entity shall submit data files in accordance with the reporting system of the website and the technical instructions to be provided by ESMA on its website six months before the date of application of this Regulation. 2. The reporting entity shall store the files sent to and received by the website in electronic form for at least five years. Upon request, these files shall be made available by the reporting entity or the issuer, the originator or the sponsor to the Sectoral Competent Authorities. 3. Where the reporting entity or the issuer, the originator or the sponsor, identifies factual errors in the data that have been provided to the website they shall cancel and replace the relevant data without undue delay. The issuer, the originator and the sponsor shall not be required to keep a backlog of the information required pursuant to the draft CDR between the date of entry into force and the date of application of this Regulation (1 Jan 2017).	Loan level data: quarterly, no later than one month following the due date for payment of interest on the structured finance instrument concerned; Transaction documents: the information shall be made available without delay after the issuance of a structured finance instrument; Investor reports: quarterly basis, no later than one month following the due date for payment of interest on the structured finance instrument concerned; Other information falling under Market Abuse Regulation: subsequent to their publication under MAR regime; Any significant change or event not falling under MAR : without delay on the website or the reporting entity.	Y	Y	Y	Y	Other significant change or event falling under MAR: where the requirements laid down in Article 17 of the Regulation (EU) No 596/2014 (MAR) on insider dealing and market manipulation (market abuse) apply also in relation to an SFI, any disclosure of information pursuant to the draft CDR shall also subsequently be published on the website by the reporting entity; Other significant change or event falling outside the scope of MAR: (i) a breach of the obligations laid down in the documents provided in accordance with Article 3(b); (ii) structural features that can materially impact on the performance of the SFIs; (iii) the risk characteristics of the SFIs and of the underlying assets.	Transaction documents : (i) detailed description of the waterfall of payments; (ii) the final offering document or prospectus, together with the closing transaction documents, including any public documents referenced in the prospectus or which govern the workings of the transaction (excluding legal opinions); (iii) the asset sale agreement, assignment, novation or transfer agreement (and any relevant declaration of trust); (iv) the servicing, back-up servicing, administration and cash management agreements; (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement; (vi) any relevant inter-creditor agreements, swap documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements; (vii) any other material underlying documentation.	Not foreseen in the CRA Regulation nor in the CRA 3 RTS. Pursuant Article 25a of the CRA Regulation, the consequences deriving from failure to comply with the disclosure requirements have to be defined at NCAs/SCAs level.

ARTICLE 409 CRR (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	**Date of application & date of entry to force of the regulatory requirements**	**Investor protection, retention requirements, collateral framework of central bank,**	**Others (please specify)**	**Geographical scope of application**	**Scope of application in terms of transac-tions/products/asse ts covered**	**Definition of securitisation, issuer, originator, sponsor**	**Other definition (e.g. tranching, original lender, ABCP, re-securitisation)**	**Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.**
Article 409 ***Capital Requirement Regulation (CRR)*** *REGULATION (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms:* http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0001:0337:EN:PDF ***COMMISSION DELEGATED REGULATION*** *(EU) No 625/2014* (hereafter "CRR RTS") *of 13 March 2014 and published on 13 June at the Official Journal of the European Union supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk* (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/PDF/?uri=CELEX:32014R0625&from=EN)	Article 409 CRR No 575/2013 "Disclosure to investors" CRR Article 409 imposes obligations on originators, sponsors, original lenders to disclose to investors at least the following information on the level of its retention commitment: a. confirmation of the retainer's identity and of whether it retains as originator, sponsor or original lender; b. the option from (a) to (e) under Article 405 of Regulation (EU) No 575/2013 that has been applied to retain a net economic interest; c. any change to such retention option in accordance with Article 11(1)(d) of this Regulation; d. confirmation of the level of retention at origination and of the commitment to retain on an on-going basis, which shall relate only to the continuation of fulfilment of the original obligation and shall not require data on the current nominal or market value, or on any impairments or write-downs on the retained interest;	CRR adopted on 1 January 2014. CRR Article 409 – The CRR RTS was published on 13 June 2014 at the Official Journal of the EU. Final date of application is 7 July 2014. Nevertheless, the disclosure requirements on securitisation have already applied since 1st January 2011, after the 2010 amendment ('CRD 3') of the Capital Requirements Directive 2066/48, the predecessor of the CRR. The CRR has not modified the disclosure requirements regarding securitisation.	Investor protection. The objective is providing investors and other users with information about the risks entailed by securitisation activities and the consequences of securitisation activities in terms of capital requirements (shed a light on how capital requirements for securitisation activities are determined).	Transparency in the CRR is not directly linked with investor protection, as investor protection is not within the CRR remit. Nevertheless, to the extent that information on risks take part to investor protection by enhancing the knowledge of investor on the risk profile of their counterparty, disclosure requirements in the CRR can be somewhat related to investor protection.	Disclosures embrace all securitisation activities carried out by the reporting entity on a consolidated basis, regardless of their geographical location	**Transactions**. All securitisation transactions (traditional and synthetic) that comply with the CRR definition of securitisation transactions and lead to a significant risk transfer as defined in Article 243 CRR (for traditional securitisations) and Article 244 CRR (for synthetic securitisations). **Products**. All securitisation products that meet the definition of a securitisation or a re-securitisation position (ABS, RMBS, CMBS, CDO, CDO square, CLO… - cash or synthetic) Assets. All types of assets that are used as underlyings for securitisation and re-securitisation positions as defined in the CRR	**Article 4 CRR** (2) an investment firm means a person as defined in point (1) of Article 4(1) of Directive 2004/39/EC, which is subject to the requirements imposed by that Directive, excluding the following: (a) credit institutions; (b) local firms; (c) firms which are not authorised to provide the ancillary service referred to in point (1) of Section B of Annex I to Directive 2004/39/EC […] (3) **an institution** means a credit institution or an investment firm. (13) **'originator'** (see above) (14) '**sponsor'** (see above) (61) '**securitisation'** (see above)	**Article 4 CRR** (62) **'securitisation position'** means an exposure to a securitisation; (63) **'re-securitisation'** means securitisation where the risk associated with an underlying pool of exposures is tranched and at least one of the underlying exposures is a securitisation position (64) **'re-securitisation position'** means an exposure to a re- securitisation (67) **'tranche'** means a contractually established segment of the credit risk associated with an exposure or a number of exposures, where a position in the segment entails a risk of credit loss greater than or less than a position of the same amount in each other such segment, without taking account of credit protection provided by third parties directly to the holders of positions in the segment or in other segments; **Article 242 CRR** (1) **'excess spread'** means finance charge collections and other fee income received in respect of the securitised exposures net of costs and expenses; (2) **'clean-up call option'** means a contractual option for the originator to repurchase or extinguish the securitisation positions before all of the underlying exposures have been repaid, when the amount of outstanding exposures falls below a specified level; (3) **'liquidity facility'** means the securitisation position arising from a contractual agreement to provide funding to ensure timeliness of cash flows to investors; (4) **'K IRB '** means 8 % of the risk-weighted exposure amounts that would be calculated under Chapter 3 in respect of the securitised exposures, had they not been securitised, plus the amount of expected losses associated with those exposures calculated under that Chapter; (5) '**ratings based method'** means the method of calculating risk-weighted exposure amounts for securitisation positions in accordance with Article 261; (6) '**supervisory formula method'** means the method of calculating risk-weighted exposure amounts for securitisation positions in accordance with Article 262; (7) **'unrated position'** means a securitisation position which does not have an eligible credit assessment by an ECAI as referred to in Section 4; 8) '**rated position'** means a securitisation position which has an eligible credit assessment by an ECAI as referred to in Section 4; (9) **'asset-backed commercial paper (ABCP)** programme' means a programme of securitisations the securities issued by which predominantly take the form of commercial paper with an original maturity of one year or less; (10) **'Traditional securitisation** means a securitisation involving the economic transfer of the exposures being securitised. This shall be accomplished by the transfer of ownership of the securitised exposures from the originator institution to an SSPE or through sub-participation by an SSPE. The securities issued do not represent payment obligations of the originator institution; (11**) 'synthetic securitisation'** means a securitisation where the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitised remain exposures of the originator institution; (12) **'revolving exposure'** means an exposure whereby customers' outstanding balances are permitted to fluctuate based on their decisions to borrow and repay, up to an agreed limit; (13) **'revolving securitisation'** means a securitisation where the securitisation structure itself revolves by exposures being added to or removed from the pool of exposures irrespective of whether the exposures revolve or not; (15) **'first loss tranche'** means the most subordinated tranche in a securitisation that is the first tranche to bear losses incurred on the securitised exposures and thereby provides protection to the second loss and, where relevant, higher ranking tranches.	In case of material infringement of the disclosure requirement laid down in Article 409 CRR by reason of negligence or omission of the institution, competent authorities shall impose an additional risk weight to the originator's, sponsor's or original lender's retained positions in, or other exposure to the relevant securitisation (Article 407)

ARTICLE 409 of the CRR (reporting, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance	Additional comments
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information (LLI)	transaction documents (TD)	stress test information on cash flows (ST)	Investor report (IR)	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?	
Capital Requirement Regulation (CRR) REGULATION (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms: http://eur-lex.europa.eu/LexUriServ/LexUriS-erv.do?uri=OJ:L:2013:176:0001:0337:EN:PDF **COMMISSION DELEGATED REGULATION (EU) No 625/2014 (hereafter "CRR RTS")** of 13 March 2014 and published on 13 June at the Official Journal of the EU supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/PDF/?uri=CELEX:32014R0625&from=EN	Issuer, Sponsor, originator, original lender	Disclosure requirements apply to all institutions within the scope of the CRR that is involved in any securitisation transaction either as an originator, sponsor or investor as defined by the CRR.		Information is publicly available	Materially relevant data shall be determined and disclosed at the date of the securitisation and on at least an annual basis thereafter, and more frequently, where appropriate, taking into account any material change to the performance of the securitisation position, risk characteristics of the securitisation position, underlying exposures or breach of transaction documentation.	Yes	Yes	Yes	Yes	Investor report is not available at the date of the securitisation issuance but on a periodical basis after. However, prospectus is available at the date of the securitisation	Prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. Information to be disclosed is of qualitative and quantitative nature. Materially relevant data shall require data to be provided on a loan-by-loan basis, however there are instances where the data may be provided on an aggregate basis. In assessing whether aggregate information is sufficient, factors to be taken into account shall include the granularity of the underlying pool and whether the management of the exposures in such pool is based on the pool itself or on a loan-by-loan basis.	In case of material infringement of the disclosure requirement laid down in Article 409 of Regulation (EU) No 575/2013 by reason of negligence or omission of the institution, competent authorities shall impose an additional risk weight to the originator's, sponsor's or original lender's retained positions in, or other exposure to the relevant securitisation (Article 407)	Publication of Regulatory Technical Standards on the retention of net economic interest and other requirements relating to exposures to transferred credit risk (Articles 405, 406, 408 and 409) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 625/2014) and Implementing Technical Standards Relating to the convergence of supervisory practices with regard to the implementation of additional risk weights (Article 407) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 602/2014)

ARTICLE 449 of the CRR & GUIDELINES ON ASSET ENCUMBRANCE DISCLOSURES (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention require-ments, collateral framework of central bank	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/ products/assets covered	Definition of securitisa-tion, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
Part Eight CRR (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/?qid=1407707227949&uri=CELEX:02013R0575-20130628 **Guidelines on asset encumbrance disclosures** (http://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/guidelines-on-disclosure-of-encumbered-and-unencumbered-assets)	**Article 449 CRR "Exposure to securitisation positions"** requires disclosure of information on securitisation exposures treated under the securitisation framework of the CRR (specific rules for the calculation of RWA and capital requirements are in force for securitisation exposures) located in the banking book and in the trading book. The disclosure requirements therefore proceed from the Level 1 text. Information to be disclosed is of qualitative and quantitative nature. For banking book and trading book positions, disclosure requirements cover: - **securitisation activities** (outstanding securitised exposures separately between traditional and synthetic transactions and for originated and sponsored transactions, securitisation activities in the current period included in the amount of gains or losses recognised, aggregate amount of retained and purchased exposures, aggregate amount of assets awaiting securitisation, securitisation positions with early amortisation features) - **risks and risk management for securitisation exposures** - **regulatory treatment** (securitisation positions 1250%-risk-weighted or deducted from own-funds, capital requirements for retained and purchased securitisation and resecuritisations positions broken down by risk-weight band and approach used for capital requirement calculation, trading book exposures subject to capital requirements for market risk, impaired and past-due securitised exposures and losses incurred) Information disclosed is mostly of aggregated nature, but transaction-level information is also provided (especially as regards the SSPE sponsored, outstanding exposures securitised and securitisation activities during the year), with different levels of granularity depending on the institutions **Article 443 CRR "Unencumbered assets"** requires the EBA to issue guidelines to lay down information to disclose as regards unencumbered assets. Template A : carrying amount and fair-value of encumbered and unencumbered assets information on encumbered assets Template B: carrying amount and fair-value of encumbered and unencumbered collateral received and debt securities issued other than covered bonds and ABS Template C: liabilities associated with encumbered assets Qualitative information on the main sources and types of encumbrance, detailing, if applicable, encumbrance due to significant activities with derivatives, securities lending, repos, covered bonds issuance and securitisation. Information is however to be provided on an aggregated basis without separate identification of securitisation transactions and covered bonds. Besides, unlike reporting on asset encumbrance, no information had to be disclosed in encumbrance of ABS resulting from self securitisation. Additional information besides the information required by the CRR has to be disclosed when the requirements do not suffice to provide the comprehensive risk profile of the institution due to the securitisation activities it is involved in.	Disclosure requirements in the CRR are applicable from 1 January 2014. Nevertheless, the disclosure requirements on securitisation have already applied since 1st January 2011, after the 2010 amendment ('CRD 3') of the Capital Requirements Directive 2066/48, the predecessor of the CRR. The CRR has not modified the disclosure requirements regarding securitisation. The Guidelines on financial assets have entered into force as of their release, on 30 June 2014 and NSAsdis have six months to introduce them in their supervisory framework. First annual disclosures are expected in 2015, as of 31 December 2014.	Investor protection /Other	Transparency in the CRR is not directly linked with investor protection, as investor protection is not within the CRR remit. Nevertheless, to the extent that information on risks take part to investor protection by enhancing the knowledge of investor on the risk profile of their counterparty, disclosure requirements in the CRR can be somewhat related to investor protection. Indeed, the objective of these requirement is providing investors and other users with information about the risks entailed by securitisation activities for banks and the consequences of securitisation activities for banks in terms of capital requirements (shed a light on how capital requirements for securitisation activities are determined) As for the EBA Guidelines on Unencumbered assets, they intend to supplement existing relevant disclosure requirements in financial statements prepared in accordance with International Financial Reporting Standards (IFRS), in particular IFRS 7, on assets pledged as collateral for liabilities or contingent liabilities, transferred assets and collateral held by specifically linking disclosures to the concept of encumbrance.	Disclosures embrace all securitisation activities carried out by the reporting entity (an originator, a sponsor or an investor) on a consolidated basis, regardless of their geographical location **The Guidelines apply to all securitisation transactions** (concept not defined) giving rise to encumbrance (therefore, these are the transactions that do not lead to derecognition of securitised assets) regardless of their geographical locations.		**Article 4 CRR (2) (3) (13) (14) (61) (see above)**	The CRR contains numerous other definitions in relation to securitisation. Some cover the securitisation activities and transactions, and others are more specifically related to the regulatory treatment of securitisation transactions and positions **Article 4 CRR (62) to (67)** (see above) **Article 242 CRR (1) to (15)** (See above) **Guidelines on Unencumbered assets** an asset should be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit-enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn (for instance, to be pledged for funding purposes). Assets pledged that are subject to any restrictions in withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets, should be considered encumbered. The following types of contracts should be considered encumbered: [...] f. underlying assets from securitisation structures, where the financial assets have not been derecognised from the institution's financial assets; assets that are underlying fully retained securities do not count as encumbered, unless these securities are pledged or collateralised in any way to secure a transaction; g. assets in cover pools used for covered bond issuance; assets that are underlying covered bonds count as encumbered, except in certain situations where the institution holds the corresponding covered bonds as referred to in Article 33 of the CRR. Possible consistency issues when applying the definition of "Encumbered assets" to securitisation transactions: The notion of securitisation is not defined (unclear whether the CRR definition will apply) and it is not specified whether the assets not derecognised are held on the balance sheet in accordance with the accounting or the regulatory rules, although it seems that accounting rules apply since assets that have to be disclosed are those encumbered and unencumbered under the applicable accounting framework Assets underlying a retained securitisation (a transactions in which the institution buys all the issued securities) are not considered as encumbered. These assets would probably not be recognised as transferred under IAS 39 or IFRS 7 as the SPE used in the transaction would likely be consolidated and the proceeds from the assets are not directed to third parties (the derecognition requirements in IAS 39 apply on a consolidated basis, and under both IAS 39 and IFRS 7 an asset is transferred if its proceeds are passed on to recipients). Nevertheless, information on this securitisation transaction will have to be reported under IFRS 12 (information on consolidated structured entities), while no information on the transaction maybe given in the disclosures on encumbrance activities (if the securitisation positions resulting from the transactions are not encumbered, then securitized assets in the fully retained transaction will count as unencumbered. As an example, cases of encumbered retained securitisation positions are not uncommon and can for example include retained securitisations issued just for the purpose of 'encumbering' them in with central banks in repo transactions. This has been a common practice in the post-crisis securitisation market.) .	All securitisation transactions meeting the risk transfer requirements are included with the scope of the securitisation disclosure requirements and all securitisation giving rise to encumbrance are included within the scope of the Guidelines. No exception is carved for bilateral or private transactions. As a general rule however, confidential or proprietary information need not being disclosed. The assessment of the proprietary or confidential nature of information will be governed by EBA Guidelines that are currently under consultation.	The Basel Committee has issued a revised version of the Pillar 3 disclosure requirements, scaling down the number of qualitative and quantitative disclosure requirements for securitisation transactions, and instituting templates for the disclosure of quantitative information. These proposals are not applicable in the EU yet, (see http://www.bis.org/bcbs/publ/d309.htm)

ARTICLE 449 of the CRR and GUIDELINES ON ASSET ENCUMBRANCE DISCLOSURES (reporting, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance	Comments
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?	
Article 449 - Part Eight CRR (http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1407707227949&uri=CELEX:02013R0575-20130628 **Guidelines on asset encumbrance** disclosures (http://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/guidelines-on-disclosure-of-encumbered-and-unencumbered-assets)	Disclosure requirements apply to all institutions within the scope of the CRR that is involved in any securitisation transaction either as an originator, sponsor or investor as defined by the CRR. Not all the disclosure requirements apply to every role. Original lender may be covered by the disclosure requirements in case of securitisation of its own exposures. Disclosure requirements do not apply to servicers **The Guidelines on Encumbered assets** do not rely on the concepts of originator, sponsor, investor, lender and servicer. Nevertheless, they apply to originators (for non-derecognised originated securitised assets), sponsors (in case sponsoring leads to the consolidation of a securitisation vehicle since assets born by the consolidated vehicle are not freely available to fund the parent), original lenders when they securitise their own exposures without derecognising them, as well as to investors, when they encumber securitisation positions from third parties they have on their balance sheet.	The reporting entity is any credit institution or investment firm that has to disclose information contained in Part Eight CRR (parent institution, standalone institutions, institutions controlled by an EU financial holding or mixed financial holding company), to the extent they are not controlled by a third country parent undertaking that is subject to equivalent disclosure requirements	The scope of consolidation follows the CRR rules and can be different from the accounting scope of consolidation. Especially, it excludes insurance entities and the consolidation status (in or out) of SSPE vary due to the use of the significant risk transfer criteria, which is different from the notion of in substance transfer of all the risks and rewards of ownership used for derecognition of assets under IFRS. In case of groups, the disclosure requirements apply to the ultimate consolidating entity (ultimate parent)	Information is publicly available Institutions report information by including them in their Pillar 3 report. This report can be a standalone report, or a separate or embedded section in the annual report of institutions, or even a specific note in the financial statements of institutions. This report is available on line, under a PDF format. Some institutions provide Excel templates for their quantitative disclosures	Information on securitisation positions and encumbered assets has to be disclosed at least on an annual basis. Competent authorities can set higher disclosure frequency (so far, only Italy, Slovakia and Spain require more frequent disclosure of information in relation to securitisation activities).	N	N	N	N	Y	Information on securitisation activities, risk associated with securitisation exposures, regulatory treatment of securitisation exposures and encumbrance due to securitisation activity. This information is provided on an aggregated basis, although some institutions disclose information transaction by transaction	Sanctions can be decided by NSAs	The Basel Committee has issued a revised version of the Pillar 3 disclosure requirements, scaling down the number of qualitative and quantitative disclosure requirements for securitisation transactions, and instituting templates for the disclosure of quantitative information. These proposals are not applicable in the EU yet (http://www.bis.org/bcbs/publ/d309.htm)

"PRIIPS" (legal basis, scope and definition)(1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
PRIIPS Regulation Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment Products (PRIIPs), available at: http://eur-lex.europa.eu/legal-con-tent/EN/TXT/PDF/?uri=OJ:L:2014:352:FULL&from=EN	Article 4(1) "packaged retail investment product'" or "PRIP" means an investment, including instruments issued by special purpose vehicles as defined in point (26) of Article 13 of Directive 2009/138/EC or securitisation special purpose entities as defined in point (an) of Article 4) of the Directive 2011/61/EU of the European Parliament and of the Council , where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor.	31 December 2016	Investor's protection - disclosure of information (notably on costs and Risk and Reward) on packaged retail and insurance based investment products, including SPVs dedicated to the retail. This information should be presented in a Key Investor Document (KID), to be provided to the retail investor prior to the investment	N/A	EU	The PRIIPs regulation will apply to retail structured products (packaged retail and insurance-based investment products). The KID should provide information on the product's main features, as well as the risks performance scenarios and costs. KIDs should be standardised as regards structure, content and presentation and this standardisation will be achieved via RTS. The scope of the PRIIPs includes any instrument issued by a SPV as defined by Solvency II 2009 or by a SPV as defined by AIFMD.	The PRIIPs definition makes reference to the definition of the SPV in Solvency II (2009 text), the SSPE definition as provided in AIFMD and shapes its own scope: (1) Article 13 (26) of Solvency II defines SPV: 'special purpose vehicle' means any undertaking, whether incorporated or not, other than an existing insurance or reinsurance undertaking, which assumes risks from insurance or reinsurance undertakings and which fully funds its exposure to such risks through the proceeds of a debt issuance or any other financing mechanism where the repayment rights of the providers of such debt or financing mechanism are subordinated to the reinsurance obligations of such an undertaking; (2) The SSPE definition in Article 4(an) AIFMD makes reference to the definition of "securitisation" of the ECB's Statistical Regulation.	N/A	N/A	

"PRIIPS" (reporting, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
DISCLOSURE REQUIREMENTS	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information (LLI)	transaction documents (TD)	stress test information on cash flows (ST)	Investor report (IR)	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?
PRIIPS - REGULATION-Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)	PRIIPs manufacturer	N/A	N/A	N/A	Prior to the investment, and updated regularly	N/A	N/A	N/A	KID	N/A	The KID includes different information on the investment product, such as the disclosure of its costs , its objective, description and Risk and Reward indicator, as well as information on the manufacturer of the PRIIP.	The investment product cannot be sold to the retail if the KID is not provided prior to the investment. Penalties are specified in case of breach of the provisions on the delivery of the KID.

PROSPECTUS DIRECTIVE & PROSPECTUS REGULATION (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
Prospectus Directive - DIRECTIVE 2010/73/EU of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.http://eur-lex.europa.eu/legal-con-tent/EN/TXT/PDF/?uri=CELEX:32010L0073&from=EN **Prospectus Regulation** - Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by the Commission Delegated Regulation No 486/2012, the Commission Delegated Regulation No 862/2012 and Commission Delegated Regulation No 759/2013 (hereafter "**PR**").	**Article 11 & Item 4.1 of Annex VIII of "PR" "**Indication in the prospectus whether or not it intends to provide post-issuance transaction information regarding securities to be admitted to trading and the performance of the underlying collateral. Where the issuer has indicated that it intends to report such information, specify in the prospectus what information will be reported, where such information can be obtained, and thefrequency with which such information will be reported" **See annex 4 of this report for more details**	Regulation dated 29 April 2004 with an effective date of 1 July 2005.	Harmonise requirements for the drawing up, approval and distribution of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market in the EU.	Provide investors with all information which, according to the particular nature of the issuer and of the securities offered to the public or admitted to trading on a regulated market, is necessary to enable such investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospectus of the issuer...and of the rights attaching to such securities.	Offers to the public or admission to trading on a regulated market within the EU.	Offers to the public in the EU or admission to trading on a regulated market in the EU of transferable securities (with the exception of money market instruments with a duration of less than 12 months).	**"securities"** - refers to the ISD (now MiFID) definition of transferable securities **"issuer"** means a legal entity which issues or proposes to issue securities	None	Private and bilateral transactions are exempt from the requirement to publish a prospectus for the purpose of an offer but must produce a prospectus for admission of the securities to trading on a regulated market.	In the case of an SFI for which a prospectus is required, following the coming into force of CRA3 and CRA 3 RTS, the issuer will be obliged to indicate in the prospectus what information will be reported post issuance, where such information can be obtained and the frequency of the reporting."

PROSPECTUS DIRECTIVE & PROSPECTUS REGULATION (reporting, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibili-ties	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information (LLI)	transaction documents (TD)	stress test information on cash flows (ST)	Investor report (IR)	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?
Prospectus Directive	Issuer, sponsor, originator, original lender, servicer.			None - the issuer must specify in the prospectus whether or not it intends to provide post issuance transaction information regarding the securities admitted to trading and the performance of the underlying collateral. Where the issuer has indicated that it intends to report such information, it must specify in the prospectus what information will be reported, where such information can be obtained, and the frequency with which such information will be reported.	Reporting is not mandatory. Issuer may decide on frequency of any reporting but this must be disclosed in the prospectus.							No standalone provisions related specifically as regards non reporting where the issuer has indicated it will provide post issuance reporting. This would be covered by NCA powers which include 1) requiring the issuer to disclose all material information which may have an effect on the assessment of the securities admitted to trading in order to ensure investor protection or the smooth operation of the market 2) suspension of trading of the securities if detrimental to investors and 3) on-site visits to verify compliance with the provisions of the Directive.

EUROSYTEM (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transac-tions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
Eurosystem http://www.ecb.europa.eu/paym/coll/loanlevel/html/index.en.html	A General Documentation (GD): and in turn the overall legal basis for GD: Treaty on the Functioning of the EU Article 127(2) and Statute of ECB (Articles 3.1; 12.1; 14.3; 18.2; and 20). Links are: GD (http://www.ecb.europa.eu/ecb/legal/pdf/02011o0014-20130103-en.pdf); TFEU (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN); Statute of the ECB (https://www.ecb.europa.eu/ecb/legal/pdf/c_32620121026en_protocol_4.pdf) BS eligibility criteria: Article 6.2.1.1 of the GD (Guideline ECB/2011/14 and related changes and additions). Loan-level data: Article 6.2.1.1.2 and Appendix 8 of the GD. For CRA (a.k.a. ECAI) surveillance reports: Article 6.3.1 of the GD (CRAs must publish regular surveillance reports for ABSs seeking to obtain Eurosystem eligibility). ABS modifications: Article 6.2.3.2 of the GD (a counterparty submitting an ABS which has close links to the originator must inform the Eurosystem of any planned modification to that ABS that could potentially have an impact on its credit quality). Regarding the ABS comply-or-explain approach: ECB decision ECB/2013/35 (securities with a score lower than A1 after completion of the relevant transitional period, on a case-by-case basis and subject to the provision of adequate explanations for the failure to achieve the mandatory score. For each adequate explanation the Governing Council shall specify a maximum tolerance level and a tolerance horizon. The tolerance horizon shall indicate that the data quality for the asset-backed securities must improve within the specified time period.)	**ABS eligibility criteria:** GD as an annex to Guideline ECB/2005/17 introduced specific ABS-criteria in May 2006 and was amended multiple times thereafter. **Loan-level data:** (start of transition period dates are shown; full standards come into force 9 months later from this date) RMBS and SME ABSs: 01 January 2013; CMBS: 01 March 2013; Auto/Consumer/Leasing ABSs: 01 January 2014; Credit card ABSs: 01 April 2014. **For comply-or-explain approach:** as of 16 October 2013 **For CRA surveillance reports:** at least as early as 14 December 2011 **For ABS modification forms:** as of 18 December 2012	Collateral framework of the Eurosystem (eligibility assessment of collateral): Protecting the Eurosystem from incurring losses in its monetary policy operations and of ensuring the equal treatment of counterparties, as well as of enhancing operational efficiency and transparency, underlying assets, incl. ABS, have to fulfil certain criteria in order to be eligible for Eurosystem monetary policy operations.		Eligibility requirements for asset-backed securities and its cash-flow generating assets: - the acquisition of cash-flow generating assets must be governed by the law of an EU Member State; - cash-flow generating assets must be originated and sold to the issuer by an originator incorporated in the EEA and, if applicable, an intermediary incorporated in the EEA; - if cash-flow generating assets are credit claims, the obligors and the creditors must be incorporated in the EEA and, if relevant, the related security must be located in the EEA. The law governing those credit claims must be the law of an EEA country. If cash-flow generating assets are bonds, the issuers must be incorporated in the EEA, they must be issued in an EEA country under the law of an EEA country and any related security must be located in the EEA; - the issuer of an asset-backed security must be established in the EEA.	Any asset-backed security admitted to trading on a regulated market or traded on a market acceptable to the Eurosystem is assessed against eligibility criteria upon issuance. Specifically (as of August 2014): RMBS, SME ABS, CMBS, Auto ABS, Consumer ABS, Leasing ABS, Credit card ABS.	**Asset-backed securities (ABS):** debt instruments that are backed by a pool of ring fenced financial assets (fixed or revolving), that convert into cash within a finite time period. In addition, rights or other assets may exist that ensure the servicing or timely distribution of proceeds to the holders of the security. Generally, asset- backed securities are issued by a specially created investment vehicle which has acquired the pool of financial assets from the originator/seller. In this regard, payments on the asset-backed securities depend primarily on the cash flows generated by the assets in the underlying pool and other rights designed to assure timely payment, such as liquidity facilities, guarantees or other features generally known as credit enhancements. **Counterparty:** the opposite party in a financial transaction (e.g. any transaction with the central bank). **Credit institution:** a credit institution within the meaning of Articles 2 and 4(1) of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (108), as implemented in national law, that is subject to supervision by a competent authority; or another credit institution within the meaning of Article 123(2) of the Treaty that is subject to supervision of a standard comparable to supervision by a competent national authority. **EEA (European Economic Area) countries**: the EU Member States and Iceland, Liechtenstein and Norway. **Euro area: t**he area encompassing the Member States in which a single monetary policy is conducted under the responsibility of the Governing Council of the ECB. **Issuer:** the entity which is obligated on a security or other financial instrument. **'Close links'** means any of the following situations where the counterparty is linked to an issuer/debtor/guarantor of eligible assets: (a) the counterparty owns directly, or indirectly, through one or more other undertakings, 20 % or	**Non-subordination**: Within a structured issue, in order to be eligible, a tranche (or sub-tranche) may not be subordinated to other tranches of the same issue. A tranche (or sub-tranche) is considered to be non-subordinated vis-à-vis other tranches (or sub-tranches) of the same issue if, in accordance with the priority of payment applicable after the delivery of an enforcement notice, as set out in the prospectus, no other tranche (or sub-tranche) is given priority over that tranche or sub-tranche in respect of receiving payment (principal and interest), and thereby such tranche (or sub-tranche) is last in incurring losses among the different tranches or sub-tranches of a structured issue. For structured issues where the prospectus provides for the delivery of an acceleration and an enforcement notice, non-subordination of a tranche (or sub-tranche) must be ensured under both acceleration and enforcement notice-related priority of payments.	N (collateral framework requires debt instruments to be traded [on regulated markets or on non-regulated markets acceptable to the Eurosystem]. This excludes private placements or bilateral transactions)	De-centralised approach to assessing ABS eligiblity for the Eurosystem--National Central Bank where the ABS is traded will usually perform the eligibility assessment (NCBs may consult other NCBs to perform legal assessment, e.g. of the transfer of underlying assets). General Documentation updates expected in 2015. Eligible assets hotline (Eligible-Assets.Hotline@ecb.int) set up to handle counterparty requests for any eligibility questions (incl. responsibility for assessments). Loan-level data frequently asked questions available on ECB's website (http://www.ecb.europa.eu/mopo/assets/loanlevel/faq/html/index.en.html). Loan-level data templates are periodically reviewed.

							more of the capital of the issuer/debtor/ guarantor; (b) the issuer/debtor/guarantor owns directly, or indirectly through one or more other undertakings, 20 % or more of the capital of the counterparty; (c) a third party owns more than 20 % of the capital of the counterparty and more than 20 % of the capital of the issu-er/debtor/guarantor, either directly or indirectly, through one or more undertakings.			

JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

EUROSYTEM (reporting, information and compliance) (2)

	Reporting entity			**Reporting modalities**		**Information to be reported (Y:N)**						**Compliance**	
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?	
Eurosystem http://www.ecb.europa.eu/paym/coll/loanlevel/html/index.en.html	ABS-eligibility assessment: NCB responsible for eligibility assessment of assets (incl. ABS) and collects information/ documentation (e.g. prospectus) in a pro-active manner. Loan-level data and comply-or-explain explanation forms: Reporting entity is not strictly defined (called a 'Data provider') - not a legal term. The information must simply be provided to the Eurosystem. ABS post-issuance modifications: the counterparty is the reporting entity ABS surveillance reports: no reporting to the Eurosystem required, the entity responsible would be the CRA		x	ABS-eligibility assessment: technical modalities differ dependent on individual Eurosystem NCB which is responsible for eligibility assessment. Loan-level data: Loan-level data templates must be submitted directly to the European Data Warehouse website electronically. Explanation forms under the comply &explain approach must be submitted electronically to the National Central Bank (alternatively, to the ECB's Directorate Risk Management) assessing eligibility of the ABS for Eurosystem credit operations. CRA Surveillance reports: no template; must be made available on the ECAI website--no submission requirement. ABS modifications: A form is available for submitting the necessary information, which must go to the National Central Bank assessing eligibility of the ABS for Eurosystem credit operations.	ABS-eligibility assessment: event-driven, i.e. assessment initiated upon issuance of ABS.Loan-level data is periodical (Loan-level data must be reported at least on a quarterly basis, no later than one month following the due date for payment of interest on the asset-backed security in question.); Comply or explain is one-off (Comply or explain explanation forms must be submitted for any ABS not fulfilling the minimum loan-level data quality score, until a form is received the ABS will not be eligible for Eurosystem opera-tions.);Surveillance reports: CRAs must publish regular surveillance reports for asset-backed securities. The publication of these reports should be in line with the frequency and timing of coupon payments. ABS modifications: The Eurosystem must be given one month prior notice of any modification to be made to a submitted asset-backed security. Moreover, at the time of the asset-backed security's submission, the counterparty should provide information on any modification that took place in the preceding six months.	Y	Y	N	N		For ABS transaction documents: final prospectus, offering circular, information memorandum, swap documentation, servicing or administration document, investment management document, liquidity support document, account document, and, if applicable, any supplement or final terms, rating agencies new issuance reports	Non-eligibility as result of initial assessment (at issuance) or loss of eligibility during the lifetime of the ABS (exc. Loan-level data: if the minimum data quality score cannot be met, then a limited amount of tolerance is granted via the comply-or-explain approach. If the ABS cannot even comply with the tolerance granted, Eurosystem eligibility will not be granted).Loss of eligibility of an ABS used as collateral would immediately lead to valuation at 0 in the counterparty's collateral pool.	De-centralised approach to assessing ABS eligibility for the Eurosystem--National Central Bank where the ABS is traded will usually perform the eligibility assessment (NCBs may consult other NCBs to perform legal assessment, e.g. of the transfer of underlying assets). General Documentation updates expected in 2015. Eligible assets hotline (Eligible-Assets.Hotline@ecb.int) set up to handle counterparty requests for any eligibility questions (incl. responsibility for assessments). Loan-level data frequently asked questions available on ECB's website (http://www.ecb.europa.eu/mopo/assets/loanlevel/faq/html/index.en.html). Loan-level data templates are periodically reviewed

Bank of England (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
Bank of England http://www.bankofengland.co.uk/markets/Pages/money/eligiblecollateral.aspx	The Sterling Monetary Framework's documentation sets out the legal terms governing participation in the Bank of England's operations under this framework. Inter alia it covers what collateral is eligible in each operation/ facility and refers to the eligible collateral section of the website where market notices can be found that complement the main SMF documentation. These market notices set out the information transparency requirements for the different asset classes.	The Sterling Monetary Framework 's documentation is updated on an ongoing basis. The most recent is dated 4 February 2014 and applies to all trades entered into on or after this date. Information transparency requirements for asset-backed securities have been phased in. For all eligible asset classes, the publication of all transaction documents has been an eligibility requirement since July 2011. Full set of detailed transparency requirements have been effective since 1 December 2011 (RMBS), 1 January 2013 (CMBS, SME CLO, ABCP) and 1 January 2014 (consumer loan, auto loan and leasing ABS). (After these dates, further transitional periods operated/ operate for 12 months during which period securities which did/do not meet the new requirements may have remained/ may remain eligible but were/are subjected to increasing haircuts.)	Collateral framework of the central bank: to accept/reject assets in collateral operations while protecting the Bank's balance sheet		Applies to firms which are permitted to carry out regulated activities in the UK either as a result of authorisation from the UK regulator or through EEA passporting/ Treaty rights.	The Bank of England accepts the following types of securitisations: RMBS, ABS backed by credit cards, auto loans, equipment leases, student and consumer loans, social housing, CMBS, senior secured corporate or SME loans, corporate bonds, export credit agency guaranteed loans and ABCP. There are more detailed transparency requirements for the following: RMBS, CMBS, SME CLO, auto loan ABS, consumer loan ABS, leasing ABS, ABCP. Geography of assets: UK, US or EEA-based.	There are some definitions related to the Sterling Monetary Framework provided in the documentation of the framework. These are not specific to securitisation. Where there are no definitions provided, the Bank expects the 'spirit' of the framework to be followed. In any case, the Bank will determine eligibility and haircuts on an individual basis. **Securitisation, issuer, sponsor:** no definition provided **Originator:** means, with respect to any Loan, the Participant or, where appropriate, the third party lender of that Loan;	**'Third-party securities'** are defined as those issued, originated or guaranteed by persons without close links, as determined by the Bank, to the institution, or by entities not in the same Group as the institution, entering into the transaction under the Discount Window Facility. **'Own-name securitisations'** and 'own-name covered bonds' are defined as those issued, originated or guaranteed by persons with close links, as determined by the Bank, to the institution, or by entities in the same Group as the institution, entering into the transaction under the Discount Window Facility.	Yes. Same requirements as for public transactions, with the exception of information on coupon and details of swaps (for assets where this is a requirement).	Entity wishing to use collateral. Participants in the Bank's transactions have a responsibility to ensure that collateral securities comply with the Bank's eligibility criteria. Participants should advise the Bank if at any time they become aware of information that may affect the eligibility of any collateral delivered to the Bank.

Bank of England (reporting, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)					Compliance	
	Issuer, sponsor, originator, original lender, servicer.	**In case of more than one reporting entity please specify**	**In case of a group of entities, scope of consolidation and reporting responsibilities**	**Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.**	**Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.**	**Loan level information**	**transaction documents**	**stress test information on cash flows**	**Investor report**	**Other information**	**Brief description if any of the previous columns from Q to U are marked "Yes"**	**In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?**
Bank of England *http://www.bankofengland.co.uk/markets/Pages/money/eligiblecollateral.aspx*	Originator/ Issuer The Bank's transparency requirements (loan level information, prospectus and closing documents, transaction summary in standardised format, standardised monthly investor reports and cash flow model) all apply to the originator/ issuer rather than the entity wishing to use the securitisation in question to access central bank funding.			All five elements of the transparency requirement (loan level information, prospectus together with the closing transaction documents, transaction summary, standardised monthly investor reports and cash flow model) are to be made freely and **publicly available**. This may be via a secure website or 'data room' managed by or on behalf of the Issuer and/or Information Provider. Loan level data reporting: templates on the Bank's website to be used Transaction Summary: Templates are available on the Bank's website but serve as guidance only. Transaction documentation, investor reports and cash flow models: Bank's website gives detail on what these should cover but there are no templates.	Loan level data: at a frequency of not less than quarterly, or within a month of an interest payment date. Transaction documentation and transaction summary: at issuance and updates if relevant (no specific time period set out in requirements) Standardised investor reports: monthly and within one month of the relevant reporting date. Cash flow models: one-off but updates if there are changes to the structure which may impact the cash flows	Y	Y	Y - cash-flow models	Y		Loan level information: The Bank requires loan level information to be reported for RMBS, CMBS, CLOs and securitisation of auto consumer, lease and private student loans. The mandatory fields indicated in each template should be completed on a 'comply or explain' basis. The Bank reserves the right to request additional data in respect of any given transaction. Transaction documents: These requirements apply to all transactions, irrespective of asset class. The prospectus, together with the closing transaction documents, including any public documents referenced in the prospectus or which govern the workings of the transaction (excluding legal opinions), are required to be made available. Where applicable these will include, but not be limited to: the asset sale agreement (and any relevant declaration of trust), servicing, back-up servicing, administration and cash management agreements, trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement, swap documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements, as well as any other relevant underlying documentation. Transaction summaries should also be made available. Waterfall cash flow model: The model should incorporate data from a pre-configured table of inputs to drive a cash flow model, provided by the Information Provider, and output the resulting cash flows for the expected life of the relevant bond. Whilst inputs and outputs are bespoke to each transaction at a minimum the Bank would expect inputs to cover	The transaction is ineligible or it could attract higher haircuts. For example, the Bank may apply higher haircuts if certain data fields in the loan level data reporting template are not populated or if definitions used in the loan level data reporting template differ from published definitions.

												asset specific (e.g. principal and interest received, delinquencies and defaults), liability specific (e.g. note balances, trigger breaches) and sundry factors (e.g. interest and exchange rates). The output of the cash flow model should clearly show the activities (e.g. waterfall payments, account balances, note balances etc.) for the life of the transaction i.e. until assets have been exhausted under the assumptions being run. Investor report: The Bank will require that investor reports, containing a standard set of minimum information be made freely available. This includes transaction details, asset details (portfolio characteristics, performance ratios, stratification tables), structure and liabilities details of the securitisation and a glossary of all definitions used in the report. Further detail on each is provided on the Bank's website.	

II- DUE DILIGENCE & RETENTION REQUIREMENTS

ARTICLE 405 of the CRR (legal basis, scope and definition) (1)

	Legal basis, status and pending Acts		Objectives of the regulatory framework		Scope		Definitions in regulatory framework		Private & bilateral SFI	
	Legal basis: relevant Articles & a summary of them	**Date of application & date of entry to force of the regulatory requirements**	**Investor protection, retention requirements, collateral framework of central bank,**	**Others (please specify)**	**Geographical scope of application**	**Scope of application in terms of transac-tions/products/assets covered…**	**Definition of securitisation, issuer, originator, sponsor**	**Other definition (e.g. tranching, original lender, ABCP, re-securitisation)**	**Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.**	**Additional comments**
CRR – Article 405 **Retention requirements** Part Five CRR (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/?qid=1407707227949&uri=CELEX:02013R0575-20130628)	**Article 405** CRR No 575/2013 "Retained Interest of the issuer" imposes obligations on regulated institutional investors to address risk retention requirements, so-called "indirect" approach. The obligations prohibit EU credit institutions from investing in securitised instruments unless one of the relevant originating parties, originator (or sponsor or original lender) of the securitisation retains no less than 5% of the economic interest in the securitisation. The retention requirements therefore proceed from the Level 1 text.	CRR adopted on 1 Jan 2014 and CRR Article 405 replaced CRD 2 Article 122a. Draft RTS submitted in December 2013 to the COM for endorsement on 13th March 2014 (publication in the OJ). Final date of application: 7th July 2014. Nevertheless, the retention requirements on securitisation have already applied since 1st January 2011, after the 2010 amendment ('CRD 2') of the Capital Requirements Directive 2066/48, the predecessor of the CRR. Even though, the CRR has not introduced the retention requirements regarding securitisation, the requirements have been amended since CRD 2 Article 122a.	Retention require-ments/Investor protection. Alignment of interests. Objective is to align interests of issuers with the interests of investors for securitisations originated anywhere in the world.		Issuer (originator, original lender or sponsor) acting as retainer established in the EU	**Transactions.** All securitisation transactions (traditional and synthetic) that comply with the CRR definition of securitisation transactions and lead to a significant risk transfer as defined in Article 243 CRR (for traditional securitisations) and Article 244 CRR (for synthetic securitisations). **Products.** All securitisation products that meet the definition of a securitisation or a re-securitisation position (ABS, RMBS, CMBS, CDO, CDO square, CLO… - cash or synthetic) Assets. All types of assets that are used as underlying's for securitisation and re-securitisation positions as defined in the CRR.	**Institution** (see Article 4 (3 above) **Investment** (see Article 4 (2) above) **Originator** (see Article 4 (13) CRR) **Sponsor** (see Article 4 (14) above) **Securitisation** (see article 4 (61) CRR above)	Reference to CRR Article 4 (61) (62) (63) (67) (See above) Reference to CRR Article 242 (1) to (15) (see above)	All securitisation transactions meeting the risk transfer requirements are included with the scope of the securitisation retention requirements. Confidential or proprietary information need not being disclosed. However, private disclosure of the level of the commitment to maintain a net economic interest is considered by the parties to be sufficient.	Publication of Regulatory Technical Standards on the retention of net economic interest and other requirements relating to exposures to transferred credit risk (Articles 405, 406, 408 and 409) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 625/2014) and Implementing Technical Standards Relating to the convergence of supervisory practices with regard to the implementation of additional risk weights (Article 407) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 602/2014)

JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

ARTICLE 405 of the CRR (reporting, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance	Additional comments
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibili-ties	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?	
Retention requirements Part Five CRR (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/?qid=1407707227949&uri=CELEX:02013R0575-20130628	Originator, Original Lender or Sponsor as the retainer is supposed to disclose compliance with retention requirement	Risk retention requirements apply to all institutions within the scope of the CRR that is involved in any securitisation transaction either as an originator, sponsor as defined by the CRR. However, requirements are on the investor to ensure of the originator being in compliance with the retention rule.	Holding of the retention by a sponsor on a consolidated basis is only possible where a regulated entity securitises exposures from several other subsidiaries within its consolidated supervision group.	There is no template to report the information neither a place where to store it. Net economic interest retained should be publicly available for public transactions and inclusion of a statement on the retention commitment in the prospectus for the securities issued under the securitisation programme shall be considered an appropriate means of fulfilling the requirement.	First reporting confirmed after origination with the same regularity as the reporting frequency of the transaction, at least annually and in any event when a breach of the retention commitment under Article 405(1) of Regulation (EU) No 575/2013 occurs or when the performance of the securitisation position, risk characteristics of the securitisation or underlying exposures materially change or following a breach of transaction documentation	No	No	No	No	Prospectus. Level of commitment not mandatory in the investor reports but recommend-ed as good practice		The penalties for non-compliance with the EU risk retention rules are focused on the investor. The primary sanction for non-compliance with Article 405 is the imposition of higher regulatory capital charges in respect of the non-compliant securitisation investment (Article 407).	Publication of Regulatory Technical Standards on the retention of net economic interest and other requirements relating to exposures to transferred credit risk (Articles 405, 406, 408 and 409) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 625/2014) and Implementing Technical Standards Relating to the convergence of supervisory practices with regard to the implementation of additional risk weights (Article 407) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 602/2014)

ARTICLE 406 of the CRR (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	**Date of application & date of entry to force of the regulatory requirements**	**Investor protection, retention requirements, collateral framework of central bank,**	**Others (please specify)**	**Geographical scope of application**	**Scope of application in terms of transactions /products/assets covered…**	**Definition of securitisation, issuer, originator, sponsor**	**Other definition (e.g. tranching, original lender, ABCP, re-securitisation)**	**Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.**	**Additional comments**
Due diligence Article 406 Part Five CRR (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/?qid=1407707227949&uri=CELEX:02013R0575-20130628	**Article 406 CRR No 575/2013 "Due diligence"**. CRR Article 406 imposes obligations on regulated institutional investors to have: - a thorough understanding of the transaction, the risks and the structural features (e.g. waterfalls, triggers, defaults); - to obtain information they require from the issuer, sponsor or originator; and - to obtain an explicit statement from the originator, sponsor or original lender that it has made the necessary risk retention. The due diligence requirements therefore proceed from the Level 1 text.	CRR adopted on 1 January 2014. Draft RTS submitted in December 2013 to the COM for endorsement on 13th March 2014 (publication in the OJ). Final date of application: 7th July 2014. Nevertheless, the due diligence requirements on securitisation have already applied since 1st January 2011, after the 2010 amendment ('CRD 3') of the Capital Requirements Directive 2066/48, the predecessor of the CRR. The CRR has not modified the due diligence requirements regarding securitisation.	**Investor Protection.** Objective is to allow investors to have all the materially relevant information to analyse and assess risk of the securitisation.	Safe and sound underwritings assessed by sophisticated investors	Investor established in the EU	**Transactions**. All securitisation transactions (traditional and synthetic) that comply with the CRR definition of securitisation transactions and lead to a significant risk transfer as defined in Article 243 CRR (for traditional securitisations) and Article 244 CRR (for synthetic securitisations). **Products**. All securitisation products that meet the definition of a securitisation or a re-securitisation position (ABS, RMBS, CMBS, CDO, CDO square, CLO… - cash or synthetic) **Assets**. All types of assets that are used as underlyings for securitisation and re-securitisation positions as defined in the CRR	Reference to definition of institution in Article 4 (3) CRR Reference to the definition of investment firm in article 4 (2) CRR Reference to definition of originator in Article 4 (13) CRR Reference to definition of sponsor in Article 4 (14) CRR Reference to definition of securitisation in Article 4 (61) CRR	***Article 4 CRR*** *Reference to definition of 'securitisation position' institution in Article 4 (62) CRR* *Reference to definition of "re-securitisation" in Article 4 (63) CRR.* *Reference to definition of "re-securitisation position" in Article 4 (64) CRR.* *Reference to definition of "tranche" in Article 4 (67) CRR.* ***Article 242 CRR*** *Reference to definition of "'excess spread'" in Article 242 (1) CRR.* *Reference to definition of "'clean-up call option' in Article 242 (2) CRR.* *Reference to definition of "'liquidity facility' in Article 242 (3) CRR.* *Reference to definition of "'K IRB' in Article 242 (4) CRR.* *Reference to definition of "ratings based method in Article 242 (5) CRR.* *Reference to definition of "'supervisory formula method' in Article 242 (6) CRR* *Reference to definition of 'unrated position' in Article 242 (7) CRR* *Reference to definition of 'rated position' in Article 242 (8) CRR* *Reference to definition of 'asset-backed commercial paper (ABCP) in Article 242 (9) CRR.* *Reference to definition of 'traditional securitisation' in Article 242 (10) CRR* *Reference to definition of 'synthetic securitisation' in Article 242 (11) CRR* *Reference to definition of 'revolving exposure' in Article 242 (12) CRR* *Reference to definition of 'revolving securitisation' in article 242 (13) CRR* *Reference to definition of 'first loss tranche' in Article 242 (15)*	All securitisation transactions meeting the risk transfer requirements are included with the scope of the securitisation disclosure requirements. Confidential or proprietary information need not being disclosed.	Publication of Regulatory Technical Standards on the retention of net economic interest and other requirements relating to exposures to transferred credit risk (Articles 405, 406, 408 and 409) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 625/2014) *and Implementing Technical Standards Relating to the convergence of supervisory practices with regard to the implementation of additional risk weights (Article 407) of Regulation (EU) No 575/2013* (published in the OJ under Commission Implementing Regulation 602/2014)

ARTICLE 406 of the CRR (reporting, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance	Additional comments
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level informa-tion	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?	
Due diligence (Article 406 CRR) Part Five CRR (http://eur-lex.europa.eu/legal-con-tent/EN/TXT/?qid=1407072279479&uri=CELEX:02013R0575-20130628	Investor as the investing entity is supposed to report the due diligence requirements as expressed in CRR Article 406(1) Before becoming exposed to the risks of a securitisation, and as appropriate thereafter, institutions shall be able to demonstrate to the competent authorities for each of their individual securitisation positions, that they have a comprehensive and thorough understanding of and have implemented formal policies and procedures appropriate to their trading book and non-trading book and commensurate with the risk profile of their investments in securitised positions for analysing and recording: (a) information disclosed under Article 405(1), by originators, sponsors or original lenders to specify the net economic interest that they maintain, on an ongoing basis, in the securitisation; EN L 176/238 Official Journal of the EU 27.6.2013 (b) the risk characteristics of the individual securitisation position; (c) the risk characteristics of the exposures underlying the securitisation position; (d) the reputation and loss experience in earlier securitisations of the originators or sponsors in the relevant exposure classes underlying the securitisation position; (e) the statements and disclosures made by the originators or sponsors, or their agents or advisors, about their due diligence on the securitised exposures and, where applicable, on the quality of the collateral supporting the securitised exposures; (f) where applicable, the methodologies and concepts on which the valuation of collateral supporting the securitised exposures is based and the policies adopted by the originator or sponsor to ensure the independence of the valued; (g) all the structural features of the securitisation that can materially impact the performance of the institution's securitisation position, such as the contractual waterfall and waterfall related triggers, credit enhancements, liquidity enhancements, market value triggers, and deal-specific definitions of default. Institutions shall regularly perform their own stress tests appropriate to their securitisation positions. To this end, institutions may rely on financial models developed by an ECAI provided that institutions can demonstrate, when requested, that they took due care prior to investing to validate the relevant assumptions in and structuring of the models and to understand methodology, assumptions and results. **Article 406 (2)** Institutions, other than when acting as originators or sponsors or original lenders, shall establish formal procedures appropriate to their trading book and non-trading book and commensurate with the risk profile of their investments in securitised positions to monitor on an ongoing basis and in a timely manner performance information on the exposures underlying their securitisation positions [...]	Due diligence requirements apply to all institutions within the scope of the CRR that is involved in any securitisation transaction acting as an investor as defined by the CRR. Investor to carry out due diligence based on information disclosed by the originator of the securitisation		N/A	After becoming exposed to a securitisation position, institutions shall review their compliance with Article 406 of Regulation (EU) No 575/2013 at least annually and more frequently, as soon as institutions become aware that the performance of the securitisation position, or the risk characteristics of the securitisation position, or the underlying exposures have materially changed or a breach of transaction documentation occurs.	Yes	Yes	Yes	Yes	Investor report not available at the date of the securitisation but thereafter. However, prospectus avalable at the date of the securitisa-tion.	The risk characteristics of the individual securitisation position referred to in Article 406(1)(b) of Regulation (EU) No 575/2013 shall include the most appropriate and material characteristics, such as: a. tranche seniority level; b. cash flow profile; c. any existing rating; d. historical performance of similar tranches; e. bond covenants; f. credit enhancement. 2. The risk characteristics of the exposures underlying the securitisation position referred to in Article 406(1)(c) of Regulation (EU) No 575/2013 shall include the most appropriate and material characteristics, such as the performance information referred to in Article 406(2) of Regulation (EU) No 575/2013 in relation to residential mortgage exposures. Institutions shall identify appropriate and comparable metrics for analysing the risk characteristics of other asset classes. 3. The structural features of the securitisation referred to in Article 406(1)(g) of Regulation (EU) No 575/2013 shall, in addition include swaps, guarantees and sponsor support mechanisms.	In case of material infringement of the disclosure requirement laid down in Article 409 of Regulation (EU) No 575/2013 by reason of negligence or omission of the institution, competent authorities shall impose an additional risk weight to the investors' positions in, or other exposure to the relevant securitisation (Article 407)	Publication of Regulatory Technical Standards on the retention of net economic interest and other requirements relating to exposures to transferred credit risk (Articles 405, 406, 408 and 409) of Regulation (EU) No 575/2013 (published in the OJ under Commission Implementing Regulation 625/2014) and Implementing Technical Standards Relating to the convergence of supervisory practices with regard to the implementation of additional risk weights (Article 407) of Regulation (EU) No 575/2013

AIFMD & UCITS (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
AIFMD DIRECTIVE 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers Directive and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0061&from=EN)	Article 17 of the AIFMD provides for an empowerment to COM to adopt Level 2 measures specifying requirements for AIMFs investing in securitisation positions Articles 50 to 56 of Commission Delegated Regulation (EU) No 231/2013 (AIFMD Level 2) set out the specific requirements Articles 51(retention requirements), 52 and 53 (due diligence requirements) AIFMD Level 2	Articles 51 to 54 AIFMD Level 2 shall apply in relation to new securitisations issued on or after 1 January 2011. Articles 51 to 54 AIFMD Level 2 shall, after 31 December 2014, apply in relation to existing securitisations where new underlying exposures are added or substituted after that date.	Investor protection - Alignment of interest between the interest of firms that repackage loans into tradable securities and originators within the meaning of point (41) of Article 4 of Directive 2006/48/EC, and AIFMs that invest in those securities or other financial instruments on behalf of AIFs	N/A	EU AIFMs In the future, potentially also non-EU AIFMs (i.e. if and when the passport regime provided for in Articles 37 to 41 of the AIFMD will become the sole and mandatory regime applicable in all Member States)	AIFMs shall assume exposure to the credit risk of a securitisation on behalf of one or more AIFs it manages only if the originator, sponsor or original lender has explicitly disclosed to the AIFM that it retains, on an ongoing basis, a material net economic interest, which in any event shall not be less than 5 %.	**'Reference to definition of securitisation in Article 4 (61) CRR** **Reference to definition of sponsor in Article 4 (14) CRR**;	Reference to definition of 'securitisation position' institution in Article 4 (62) CRR Reference to definition of "tranche" in Article 4 (67) CRR.	N/A	On the definitions, please note that there is also another securitisation-related definition (which is only relevant for the scope of application of the AIFMD, but which may lead to confusion among NCAs and market participants because it is significantly different from the first one mentioned in column I) which reads as follows: 'securitisation special purpose entities' means entities whose sole purpose is to carry on a securitisation or securitisations within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (1) and other activities which are appropriate to accomplish that purpose.
UCITS - DIRECTIVE 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0065&from=EN	Article 50a of the UCITS Directive provides for an empowerment to COM to adopt Level 2 measures specifying requirements for UCITS investing in securitisation positions	In the absence of the Level 2 measures, for the time being there are no requirements applicable to UCITS.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	In its technical advice to the COM on the AIFMD Level 2 (ESMA/2011/379), ESMA proposed that all requirements applicable to AIFMs should be equally applicable to UCITS assuming exposure to the credit risk of a securitisation position (Box 43).

AIFMD & UCITS (reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance	
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?	
AIFMD DIRECTIVE 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers Directive and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0061&from=EN)	N/A	N/A	N/A	N/A	N/A	N	N	Y	N	N/A	Where an AIFM has assumed exposure to a material value of the credit risk of a securitisation on behalf of one or more AIFs, it shall regularly perform stress tests appropriate to such securitisation positions (Art. 53(2) AIFMD Level 2) For each AIF managed the AIF shall report the results of periodic stress tests, under normal and exceptional circumstances (Art. 110(2)(f) AIFMD Level 2).		On the definitions, please note that there is also another securitisation-related definition (which is only relevant for the scope of application of the AIFMD, but which may lead to confusion among NCAs and market participants because it is significantly different from the first one mentioned in column I) which reads as follows: 'securitisation special purpose entities' means entities whose sole purpose is to carry on a securitisation or securitisations within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (1) and other activities which are appropriate to accomplish that purpose;
UCITS - DIRECTIVE 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0065&from=EN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	In its technical advice to the COM on the AIFMD Level 2 (ESMA/2011/379), ESMA proposed that all requirements applicable to AIFMs should be equally applicable to UCITS assuming exposure to the credit risk of a securitisation position (Box 43).

SOLVENCY II (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
Solvency II - DIRECTIVE 2009/138/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:335:0001:0155:EN:PDF)	n.a.	01-janv-16	Policyholder protection, Financial stability		EEA	Insurance and Reinsurance undertakings and insurance groups In relation to products it applies to: - 'investment in a tradable security or another financial instrument based on repackaged loans' and 'securitisation position' means an exposure to a securitisation within the meaning of Article 4(1)(61) of Regulation (EU) No 575/2013 of the European Parliament and of the Council ; and - 'resecuritisation position' means an exposure to a resecuritisation within the meaning of Article 4(1)(63) of Regulation (EU) No 575/2013	References to CRR definitions (securitisation Article 4(1)(61), originator Article 4(1)(13) and sponsor Article 4(1)(14))	References to CRR definitions (resecuritisation Article 4(1)(63) and tranche Article 4(1)(67))	Yes (no distinction in requirements)	
Retention requirements	*Article 135(2)(a): originator retains a net economic interest of no less than 5 %;*									
Solvency II – Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)		01-janv-16	Policyholder protection, Financial stability		EEA	Insurance and Reinsurance undertakings and insurance groups In relation to products it applies to: - 'investment in a tradable security or another financial instrument based on repackaged loans' and 'securitisation position' means an exposure to a securitisation within the meaning of Article 4(1)(61) of Regulation (EU) No 575/2013 of the European Parliament and of the Council ; and - 'resecuritisation position' means an exposure to a resecuritisation within the meaning of Article 4(1)(63) of Regulation (EU) No 575/2013	References to CRR definitions (securitisation Article 4(1)(61), originator Article 4(1)(13) and sponsor Article 4(1)(14))	References to CRR definitions (resecuritisation Article 4(1)(63) and tranche Article 4(1)(67))	Yes (no distinction in requirements).	

SOLVENCY II (reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?
Solvency II - DIRECTIVE 2009/138/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:335:0001:0155:EN:PDF)	Insurance and Reinsurance undertakings and insurance groups.											No specific rules are defined with the exception of the ones referred bellow. Non-compliance in general is to be dealt within the SRP and it should be up to the NSA to decide on non-compliance measures.
Retention requirements												
Solvency II – Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II	Insurance and Reinsurance undertakings and insurance groups.											
Due diligence												See Article 257 (2): Where the requirements in Article 256(2) and (3) are not fulfilled in any respect by reason of the negligence or omission of the insurance or reinsurance undertaking, the supervisory authority shall impose a proportionate increase to the Solvency Capital Requirement in accordance with paragraph 3 of this Article.
Due diligence												If negligence or omission potential for supervisory authority to impose a capital add-on. Article 257 (4): Where insurance and reinsurance undertakings fail to comply with any requirement set out in Article 256(4) to (7) of this Regulation, by reason of their negligence or omission, the supervisory authorities shall assess whether that failure should be considered a significant deviation from the undertaking's system of governance as referred to in Article 37(1)(c) of Directive 2009/138/EC.
Retention requirements												See Article 257 (1): Immediate reporting of non-compliance with the retention rule or the obligation to monitor compliance on an on-going basis. Article 257 (2): Consequence of non-compliance with the requirement due to negligence or omission to monitor at the beginning and on an on-going basis: Supervisory Authority imposes a higher Solvency Capital Requirement (minimum level for standard formula user). Additionally, the Solvency Capital Ratio (SCR) is increased with each subsequent breach.

SOLVENCY II (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transac-tions/products/assets covered…		Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.
Solvency II - DIRECTIVE 2009/138/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (http://eur-lex.europa.eu/LexUriServ/LexUriS-erv.do?uri=OJ:L:2009:335:0001:0155:EN:PDF)	n.a.	01-janv-16	Policyholder protection, Financial stability		EEA	Insurance and Reinsurance undertakings and insurance groups				
Retention requirements	Article 135(2)(a): originator retains a net economic interest of no less than 5 %;									
Solvency II – Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)		01-janv-16	Policyholder protection, Financial stability		EEA	Insurance and Reinsurance undertakings and insurance groups	References to CRR definitions (securitisation Article 4(1)(61), originator Article 4(1)(13) and sponsor Article 4(1)(14))	References to CRR definitions (resecuritisation Article 4(1)(63) and tranche Article 4(1)(67))	Yes (no distinction in requirements).	
Supervisory reporting	Article 307, reporting of information about any investments in securitisation and the undertaking's risk management procedures in respect of such securities or instruments under section of Business and Performance of the RSR									
Solvency II – Future technical standard (Still to be drafted)	Will require the reporting of the full list of assets (quarterly and annually - except for exemptions allowed under OMDII). This list includes a commonly used identification code for the securities and the attribution of a complementary identification code that will allow the identification of these instruments. A specific template on structure products also exist. This reporting will only capture the securities from securitisations bought by the insurance undertaking. It does not capture the securitisation operation itself.	01-janv-16	Receive enough information for on-going supervision.			All securities held by the undertaking				

	SPV template will require specific information on the use of SPV. If the secuutisation is done through an SPV it would be reported in this template.	01-janv-16	Receive enough information for on-going supervision.			The template covers risk mitigation techniques (recognised or not) carried out by the (re)insurance undertaking whereby a SPV assumes risks from the reporting undertaking through a reinsurance contract; or assume insurance risks from the reporting undertaking transferred through a similar arrangement that is 'reinsurance like'.				
Solvency II - Guidelines on system of governance and own risks and solvency assessment		01-janv-16	Policyholder protection, Financial stability		EEA	Insurance and Reinsurance undertakings and insurance groups				
Due diligence	Guideline 28 (applies not only to securitisations but all investments); undertaking should not rely solely on information from third parties and should also develop own set of key risk indicators									
Retention requirements	Guideline 37; undertakings investing in securitisatiosn should ensure that their interests and the interests of originator or sponsor concerning the securitised assets are well understood and aligned									

SOLVENCY II (reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information	transaction documents	stress test information on cash flows	Investor report	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?
Retention requirements Solvency II DIRECTIVE (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:335:0001:0155:EN:PDF)	Insurance and Reinsurance undertakings and insurance groups.											No specific rules are defined with the exception of the ones referred bellow. Non-compliance in general is to be dealt within the SRP and it should be up to the NSA to decide on non-compliance measures.
Solvency II Delegated Act	Insurance and Reinsurance undertakings and insurance groups.											
Due diligence												See Article 257 (2): Where the requirements in Article 256(2) and (3) are not fulfilled in any respect by reason of the negligence or omission of the insurance or reinsurance undertaking, the supervisory authority shall impose a proportionate increase to the Solvency Capital Requirement in accordance with paragraph 3 of this Article.
												If negligence or omission potential for supervisory authority to impose a capital add-on. Article 257 (4): Where insurance and reinsurance undertakings fail to comply with any requirement set out in Article 256(4) to (7) of this Regulation, by reason of their negligence or omission, the supervisory authorities shall assess whether that failure should be considered a significant deviation from the undertaking's system of governance as referred to in Article 37(1)(c) of Directive 2009/138/EC.
Retention requirements												See Article 257 (1): Immediate reporting of non-compliance with the retention rule or the obligation to monitor compliance on an on-going basis. Article 257 (2): Consequence of non-compliance with the requirement due to negligence or omission to monitor at the beginning and on an on-going basis: Supervisory Authority imposes a higher Solvency Capital Requirement (minimum level for standard formula user). Additionally, the Solvency Capital Ratio (SCR) is increased with each subsequent breach.
Retention requirements Solvency II - Future EIOPA implementing technical standard on reporting and disclosure - work still in progress.	Undertaking as the holder of the securitisation.	Insurance and Reinsurance undertakings to individual supervisors	Insurance groups to group supervisors	Will be submitted electronically, preferably in XBRL (but not mandatory).	Quarterly and annually, subject to exemption rules as defined in OMBII. Not disclosed.	Y	N	N	N	N	Detailed information by loan.	
	Undertaking as the user of SPV.	Insurance and Reinsurance undertakings to individual supervisors	Insurance groups to group supervisors	Will be submitted electronically, preferably in XBRL (but not mandatory).	Annually for all undertakings and groups with SPV. Not disclosed.							
Solvency II - Guidelines on system of governance and own risks and solvency assessment												
Due diligence & Retention requirements												Subject to comply or explain procedure according to Art. 16 ESAs Regulation
Solvency II - Future technical standard	Undertaking as the holder of the securitisation.		Information is reported both at solo level and group level.	Will be submitted electronically, preferably in XBRL (but not mandatory).	Quaterly/annually. Not disclosed.	Y	N	N	N	N	Detailed information by loan.	
	Undertaking as the user of SPV.		Information is reported both at solo level and group level.	Will be submitted electronically, preferably in XBRL (but not mandatory).	Annually. Not disclosed.							

III- SUPERVISORY REPORTING REQUIREMENTS

COREP (legal basis, scope and definition) (1)

SUPERVISORY REPORTING	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
COREP (Common reporting)	Article 99(1) CRR requires reporting by institutions of their compliance with the minimum capital requirements laid down in Article 92 CRR. The reporting requirement from the level 1 text is implemented via an ITS on supervisory reporting (level 2 text) that defined the reporting format. COREP is the reporting format (templates+definitions+validation rules) for reporting on capital requirements. **5 COREP templates** deal with securitisation: 2 templates on credit risk (SEC_SA and SEC_IRB), 2 templates on market risk (MKR SA SEC and MKR SA CTP) and one templates on securitisation transactions (SEC DETAILS). **SEC_SA and SEC_IRB provide aggregated information to go from the securitisation position exposure values to the RWA values for these positions and the capital requirements associated with these positions from the banking book** Information are provided separately for: total exposures and total re-securitisation exposures; total originated exposures (broken down between on-balance sheet securitisation exposures, re-securitisation exposures, off-balance sheet securitisation and re-securitisation exposures, early amortisation), total sponsored exposures (broken down between on-balance sheet securitisation exposures, re-securitisation exposures, off-balance sheet securitisation and re-securitisation exposures), total investor exposures (broken down between on-balance sheet securitisation exposures, re-securitisation exposures, off-balance sheet securitisation and re-securitisation exposures), total outstanding exposures broken down by credit quality steps at origination (SEC SA) **Exposures**: Originated exposures (traditional and synthetic), Synthetic securitisation exposures, Original retained and purchased exposures pre-conversion factor **Adjustments and CRM**: Value adjustments and provisions, Net exposure, Impact of credit risk mitigation (separately for substitution effect and comprehensive method), Exposure after CRM (fully adjusted exposure) **CCF conversion**: Breakdown of the off-balance sheet exposures by CCF band, Exposure value after CRM and after CCF **Exposure value**: Breakdown of the exposure value between deducted exposures and exposure value subject to risk-weights, Breakdown of the exposure value by RW band, Unrated exposures, Exposures under look through, Exposures under IAA, Average risk-weight **Risk-weighted exposures**: RWA, RWA for synthetic transactions, RWA due to the infringement of due-diligence provisions, RWA adjustments due to maturity mismatches, Total RWA before and after cap **MKR SA SEC and MKR SA CTP provide aggregated information to go from the securitisation position exposure values to the RWA values for these positions and the capital requirements associated with these positions from the trading book, respectively outside and within correlation trading portfolios (CTP)**	Reporting requirements apply from January 1 2014, with first remittance date on June 30 2014 for data as at March 31 2014 The COREP reporting templates on securitisation were however already part of the second revision of the COREP framework in 2011 (COREP Guidelines 2, which implementation was however not mandatory)	Other	Information for supervisors to monitor the implementation of the Pillar 1 regulatory framework	COREP reporting covers all securitisation exposures meeting the CRR definition that are borne by the entity subject to the remittance of COREP COREP SEC SA and SEC IRB require information about the country of residence of securitised exposures COREP SEC DETAILS requires an entity by entity detail breakdown in case the transaction involves more than one entity in the consolidated group	**The scope of application of COREP templates in terms of transactions differs according to the templates considered**. SEC DETAILS has a broader scope of application than templates on banking book securitisation exposures (SEC SA and SEC IRB) and templates on trading book securitisation positions (MKR SA SEC, MKR SA CTP). As a result, information provided on a transaction basis (in SEC DETAILS) is more comprehen-sive than information provided on an aggregated basis (in other COREP templates). The scope of application of SEC SA, SEC IRB, MKR SA SEC and MKR SA CTP is consistent with the scope of application of Pillar 3 disclosures according to Article 449, which also apply to securitisation transactions within the securitisation framework and performed by entities within the regulatory scope of consolidation. Nevertheless, the scope of the transactions covered in COREP templates SEC SA and SEC IRB as well as in SEC DETAILS is possibly narrower than the scope of disclosures, due to the restriction of originated exposures to those with retained exposures (for SEC DETAILS, this can be somewhat counterbalanced by the inclusion in scope of transactions involving the securitisation of liabilities). **COREP SEC SA and SEC IRB** apply to all securitisation and re-securitisation transactions that meet the definition of the CRR and that are in the scope of the CRR securitisation framework (i.e. achieve a significant risk transfer cf definition above) leading to securitisation exposures as defined in the CRR recorded in the banking book. **COREP MKR SEC SA** applies to all securitisation exposures in the trading book but not in a CTP meeting the CRR definition that are borne by the entity subject to the remittance of COREP. **COREP MKR SEC CTP** applies to all securitisation exposures in the trading book and in a CTP meeting the CRR definition that are borne by the entity subject to the remittance of COREP. **COREP SEC DETAILS** has a more comprehensive scope of application than the other templates: it covers all the	Reference to the CRR for originator, sponsor, investor, securitisation	There is in general consistency between the CRR definitions and the COREP definitions, as COREP aims at enabling supervisors to monitor the implementation of the CRR requirements. COREP refers to the CRR for re-securitisation, nth to default derivative, mezzanine, first loss, direct credit substitutes **SEC SA and SEC IRB** **Originated exposures (c010)**: exposures originated in transactions in which the originator has a retained interest Value adjustments and provisions: Value adjustments include any amount recognized in profit or loss for credit losses of financial assets since their initial recognition in the balance sheet (including losses due to credit risk of financial assets measured at fair value that shall not be deducted from the exposure value) plus the discounts on exposures purchased when in default according to Article 166(1) of CRR. Provisions include accumulated amounts of credit losses in off-balance sheet items. - this definition is referred to in COREP SEC DETAILS Article 4 CRR (57) '**credit risk mitigation**' means a technique used by an institution to reduce the credit risk associated with an exposure or exposures which that institution continues to hold; (58) '**funded credit protection**' means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the right of that institution, in the event of the default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution; (59) '**unfunded credit protection**' means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events;	Yes. There is no specific provision that carves out private and bilateral transactions from COREP reporting; SEC SA SEC IRB, MKR SEC SA and MKR SEC CTP apply to all securitisation transactions within the CRR securitisation framework SEC DETAILS applies to all transactions in which the reporting institution is involved	Sanctions can be decided by NSAs

	Information are provided separately for: total exposures and total re-securitisation exposures in MKR SEC SA, and for total securitisation and N-to-default credit derivatives for MKR SEC CTP; total originated exposures (broken down between securitisation and resecuritisations in MKR SEC SA and in securitisation and other CTP position in MKR SEC CTP), total sponsor exposures (same breakdown) and total investor exposures (same breakdown), N-to default credit derivatives (broken down between N to default credit derivatives and Other CTP positions) **Positions**: All positions (long, short), Positions deducted from own funds (long, short), Net positions (long, short) **Breakdown by RW**: Breakdown of the net long and net short positions by approach (RBA - with a breakdown by risk-weight - SFA, IAA - with in these two cases provision of the average risk-weight - look through) **Market RWA**: Adjustment for infringement of the due diligence provisions, RWA before and after cap (net long, net short and sum of net positions) provided by types of underlyings for the sum of long and short positions **Total own funds requirements for the specific risk** component of position risk in securitisation (general risk is reported in other COREP templates) SEC DETAILS provides transaction-based information, enabling to assess the main features of each transaction (for instance nature of the underlying pool) as well as the compliance of each transaction with the regulatory framework, and the incidence of the transaction on RWA and capital requirement - identification of the transaction and its originator (internal code, code use for the legal registration of the transaction or the name by which the transaction is known in the market or ISIN for public transactions, code given by the NCA to the originator or name of the originator) - type of transaction and its accounting and regulatory treatment (traditional versus synthetic, securitisation versus re-securitisation, entirely recognised versus partially/entirely derecognised - in case of synthetic transactions the securitised exposures should be reported as derecognised, and securitised assets are partially derecognised when the originator holds a continuing involvement in them under the meaning of IAS 39 i.e. a residual exposition to the changes in fair- value of the securitised assets for instance under the form of a guarantee or options, which leads to the securitised assets being recognised at an amount equal to the continuing involvement - , whether the transaction is associated with a significant risk transfer and therefore if the securitisation or credit risk framework is applicable to securitisation positions and securitised exposures) - Retention, % at the reporting date and its types (vertical slice of securitisation positions, vertical slice of securitised exposures, revolving exposures, randomly selected on-balance sheet securitised exposures, first loss tranche, exemption, breach - the 5% retention requirement applies at the origination date only and readjustment throughout the life of the transaction is not necessarily required) - Role of the institution (originator, sponsor, original lender, investor) - **Origination date** - **Securitised exposures** (original amount pre-conversion factor at the securitisation date, amount at the reporting date, share of the institution in the securitised pool, type of exposures - ultimate underlying pool for resecuritisations - , regulatory approach that					securitisation transactions in which the institution is involved and retains an exposure, be these transactions in the banking or in the trading book, and whether they achieve significant risk transfer or not, as long as they have been performed by entities within the regulatory scope of consolidation. The securitisation transactions covered - originated or sponsored transactions in which the originator/sponsor holds at least one position in the transaction, including when due to the retention requirements - originated or sponsored transactions during the year of report when the originator/sponsor does not hold any position - securitisation of liabilities (e.g. covered bonds) issued by the reporting institution - positions held in securitisations where the reporting institution is neither originator nor sponsor (e.g. investor or original lender); specific reporting rules apply All COREP templates have however **a comprehensive scope in terms of securitisation products**. COREP SEC SA and SEC IRB cover all securitisation products that meet the definition of a securitisation or a re-securitisation position according to the CRR definition of these notions (ABS, RMBS, CMBS, CDO, CDO square, CLO… - cash or synthetic) and recorded in the banking book. The same is true for COREP MKR SEC SA, which covers all securitisation and re-securitisation positions according to the CRR definition included in the trading book, except those positions in CTPs. These securitisation products are covered by MKR SEC CTP. SEC DETAILS also does not have exception for particular types of securitisation products, and even applies to products arising from securitisation of liabilities All COREP templates have also a comprehensive scope as regards assets used as underlyings of the securitisation transactions. COREP SEC SA and SEC IRB cover all securitisations and re-securitisation positions as defined in the CRR located in the banking book, regardless of their underlyings. The same applies for MKR SEC SA, which covers all types of assets that are used as underlyings for securitisation and re-securitisation positions as defined in the CRR and included in the trading book but not in the correlation trading portfolio, and provides a list of underlyings that are covered by the template. The same list is provided in the instructions of MKR SEC CTP and in SEC DETAILS (with specifications for		Article 246 is referred to for the definition of **Exposure value**: Standardised approach: accounting value remaining after specific credit risk adjustments for on-balance sheet exposures, and nominal value less any specific credit risk adjustment of that securitisation position, multiplied by a conversion factor for off-balance sheet Rating Based Method, Supervisory Formula, Internal Assessment Approach: accounting value measured without taking into account any credit risk adjustments for on-balance sheet exposures, and nominal value multiplied by a conversion factor for off-balance sheet **MKR SEC SA** **Investor**: credit institution that holds a securitisation position in a securitisation transaction for which it is neither originator nor sponsor **MKR SA CTP** **Correlation Trading Portfolio**: securitisations, nth to default derivatives, other CTP **Possible inconsistencies/differences between the definitions used in COREP and those implemented by institutions in their public disclosures:** **Originated exposures**: compared to SEC SA, SEC IRB and SEC DETAILS, the interpretation of outstanding securitised is broader in the CRR, where all transactions, including those in which the originator does not retain any exposures, have to be disclosed, although the EBF recommends in its 2010 Guidelines to disclose the outstanding of securitised exposures for these transactions only during the year where the transaction took place. In practice, some institutions clearly state they follow the EBF recommendations but for others it is unclear whether this recommendation is followed or not. The difference is explained by the different objectives of these two frameworks: disclosures aim at shedding a light on securitisation activities, their risks, risk management and treatment for regulatory purposes, while COREP SEC SA and SEC IRB aims at enabling supervisors to monitor how institutions comply with the solvency requirements attached to securitisation requirements, which necessarily apply only to purchased or retained exposures. Given the retention requirement in force since 2010, this difference between public disclosures and supervisory reporting should however gradually be resorbed. To note, this inconsistency does not appear in MKR SEC SA and MKR SEC CTP, which directly refer to the CRR for the definition of originated exposures. **Value adjustments and provisions**: possible inconsistencies in COREP SEC SA and SEC IRB		

	would apply to securitised exposures without securitisation or that applies to securitised exposures in a transaction without risk transfer, number of exposures when there is a risk transfer and the IRB approach is used for securitisation positions, country of origin of the ultimate underlying of the transaction, exposure-weighted average LGD for transactions with significant risk transfer for which the Supervisory Formula is applied to securitisation positions, valuation adjustments and provisions, own-funds requirements before securitisation as if there had been no securitisation) - **Securitisation structure** (amount of on-balance sheet, off-balance sheet and derivatives securitised broken down between senior, mezzanine and first loss tranches, first foreseeable termination date, contractual maturity date) - **Securitisation positions** (amount of on-balance sheet, off-balance sheet and derivatives securitisation positions held by the originator broken down between senior, mezzanine and first loss tranches, amount of exposures held by the originator and guaranteed with direct credit substitutes, amount of interest and currency swaps, liquidity facilities, Conversion factor for early amortisation transactions) - **RWA:** Exposure value deducted from own-funds, RWA for transactions with a significant credit risk transfer before and after cap - **C21** (exposures in CTP, net long or short position, own funds requirement for specific risk)					covered bonds and other liabilities): -residential mortgages; -commercial mortgages; -credit card receivables; -leasing; -loans to corporates or SMEs (treated as corporates); -consumer loans; -trade receivables; -other assets; -covered bonds (for securitisation of liabilities) -other liabilities (including treasury bonds and credit-linked notes, for securitisation of liabilities). Information on the underlying is asked in COREP SEC DETAILS, via information on securitised exposures, in MKR SEC SA, via information in the weighted long and short positions by types of underlyings, and in MKR SEC CTP while the other COREP templates focus on securitisation positions only. The specific inclusion of liabilities (cover bonds and others) is a specificity from the COREP framework: there is no specific requirement related to the securitisation of liabilities in Pillar 3 disclosures (although these transactions and the exposures they give rise to on the asset side of the balance sheet would still be covered to the extent they qualify for a regulatory treatment under the securitisation framework) or IFRS (which focuses on transactions taking place on the asset side, although interests in and exposures to consolidated and unconsolidated entities used to perform securitisation of the institution's liabilities would be covered by the requirements in IFRS 12). Besides, some institutions may have specific national disclosure requirements regarding securitisation transactions which may imply the disclosure of information about liability-side transactions.		with the definitions used elsewhere in FINREP or IFRS disclosures, for which value adjustments refer to impairment on assets held at amortised cost or AFS assets. Some institutions nevertheless add to value adjustments the CVA amount recognised on derivatives exposures treated as securitisation positions **Exposure value**: possible inconsistencies in COREP SEC SA and SEC IRB with the exposure value used for disclosures where the value varies according to the disclosure requirements (EAD, net or gross, accounting values)		

COREP (Reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information (LLI)	transaction documents (TD)	stress test information on cash flows (ST)	Investor report (IR)	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?
COREP	Originator who has retained exposures in the transactions Sponsor Investor Reporting requirements apply to all institutions subject to supervisory reporting, and information on securitisation exposures is broken down according to the role played in securitisation transactions (originator, sponsor, investor). Original lender might be covered as well in case the securitisation transaction covers own-issued loan exposures In SEC DETAILS, only part of the requirements are applicable to investors	All institutions that are subject to COREP reporting (all institutions covered by the CRR) should remit the COREP templates on securitisation if they are applicable to them (if they have securitisation positions falling within the CRR securitisation framework or have performed securitisation transactions)	In case of a group of entities, COREP templates transmitted by the ultimate consolidating parent should cover the securitisation positions and transactions of the entire group (Article 11 CRR) Subsidiaries should however fill and transmit the COREP templates that are applicable to them at the individual or sub-consolidated level when relevant (Article 6 CRR) to their home NSA For SEC DETAILS reporting on a consolidated basis by consolidated groups located in the same jurisdiction where they are subject to own-funds requirements. In case of securitisations involving more than one entity of the same consolidated group, the entity by entity detail breakdown shall be provided.	Information is sent by institutions to their NSAs quarterly and NSAs transmit the templates of circa 200 institutions to the EBA - information refer to the content of the COREP templates that are filled by institutions. These templates are generally not publicly available on an individual basis (i.e. templates filled by institutions cannot be accessed by individuals outside the home NSAs of the reporting institution). However, in 11 EU jurisdictions, competent authorities currently make some aggregated information based on individual supervisory reporting publicly available.	Quarterly reporting frequency for SEC SA, SEC IRB, MKR SEC SA and MKR SEC CTP Semi annual reporting frequency for SEC DETAILS	no	no	no	no	yes	Aggregated information on securitisation positions for SEC SA, SEC IRB, MKR SEC SA and MKR SEC CTP Transaction level information for SEC DETAILS	Sanctions can be decided by NSAs

FINREP (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transactions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
FINREP	**Article 99(2) and (4) CRR** requires the reporting of financial information by institutions under the IFRS framework to the extent this is necessary to obtain a comprehensive view of the risk profile of an institution's activities and a view on the systemic risks posed by institutions to the financial sector or the real economy. This information is reported in FINREP templates, the formats, definitions and validation rules are laid down in the Implementing Technical Standard on Supervisory reporting, a Level 2 text.FINREP templates for institutions that are not under IFRS have also be designated and are included in the ITS on Supervisory Reporting, and NSAs can decided to apply them on these institutions.3 FINREP templates deal with securitisation transactions. **FINREP 15 Derecognition and financial liabilities associated with transferred financial asset provides aggregated information broken down by accounting portfolios (Held for trading, Fair-value option, Available for sale, Loans and receivables),with a further brake down by types of exposures (equity instruments, debt securities, loans and advances) on:** **Transferred financial assets entirely recognised** (Carrying amount of assets transferred in securitisation transactions, Carrying amount of liabilities associated with assets transferred in securitisation transactions), with separate identification of securitisation transactions**.** **Transferred financial assets recognised to the extent of the institution's continuing involvement (Outstanding of original assets, Carrying amount of assets still recognised, Carrying amount of associated liabilities), without separate identification of securitisation transactionsOutstanding of transferred financial assets entirely derecognised for which the institution retains servicing rights**, without separate identification of securitisation transactions**.** **Amount derecognised for capital purposes**, without separate identification of securitisation transactions (in case of securitisation these assets are those recognised for accounting purposes but derecognised for prudential purposes because the institution is treating them as securitisation positions for capital purposes) **FINREP 30.1. Interest in unconsolidated structured entities provides aggregated information on the total amount of interests in unconsolidated structured entities** broken down between on-balance sheet assets, of which liquidity amounts drawn (carrying amount and fair-value), on-balance sheet liabilities, nominal amount of off-balance sheet items, of which loan commitments given Losses incurred by the reporting institution in the current period are also identified. In the aggregated amounts, securitisation transactions are	FINREP requirements as specified in the ITS on Supervisory Reporting apply from 1 July 2014, and first data as of 30 June 2014 are expected on 11 August 2014Information on transferred assets and associated liabilities in FINREP 15 were included in a template, albeit in a less detailed fashion, in the 2009 version of FINREP. Nevertheless, this version was not of mandatory application as it only proceeded from GuidelinesInformation in FINREP 30.1 and 30.2 are new	Other	Allow supervisors to monitor risks via the access to harmonised financial information following the provisions of IFRS (with regulatory scope of consolidation)	FINREP requirements apply to all transactions performed by entities within the regulatory scope of consolidation irrespective of their geographical location**FINREP 15** applies to all assets transferred and recognised, partially recognised or derecognised with servicing rights retains that have been transferred by entities within the regulatory scope of consolidation**FINREP 30.1 and FINREP 30.2** apply to all interests in unconsolidated structured entities, including securitisation entities, according to the regulatory scope of consolidation regardless of their geographical location	**FINREP templates apply to all securitisation transactions that have been carried out by entities within the regulatory scope of consolidation**. Information therefore follows a more restricted scope than information from IFRS 7 and IFRS 12. Besides the difference in consolidation scope, there are other differences with IFRS disclosures stemming from the use of different definitions between IAS 39 and IFRS 7. **FINREP 15** covers information about all transferred assets that are still recognised, partially recognised or entirely derecognised with servicing rights retained, that have been transferred in securitisation transactions by entities within the regulatory scope of consolidation. It also identifies those assets involved in transactions that have led to derecognition for capital purposes. Securitisation transactions are however separately identified (for the transferred assets and the associated liabilities) only for transferred financial assets entirely recognised. The definition of transfer that applies seems to be, given the references used in the template, the definition in IFRS 7.42A, which is broader than the definition in IAS 39.18 and .19, in the sense it does not impose a pass-through test. All types of securitised assets, products and transactions performed by entities in the regulatory scope of consolidation and complying with the CRR and IFRS 7 definition of securitisation (defined in IFRS 7 guidance as a situation where an entity retains the contractual rights to receive the cash flow but assumes a contractual obligation to pay them to third party) are covered by FINREPIn terms of transactions, assets and products, there are uncertainties regarding the reporting of synthetic securitisation transactions, assets synthetically securitised and synthetic securitisation products, as well as assets and products involved in revolving securitisation transactions. Indeed, it is not certain a transfer of assets can be achieved under the meaning of IFRS 7 or IAS 39 (therefore it is also uncertain if something about these transactions should be publicly disclosed in financial statements). For revolving securitisation transactions, the pass-through test in IAS 39.19 and especially the condition regarding the retention of cash flows received for a short-term period only, could prevent the categorisation as transferred assets in IAS 39, but they could however be included in the template because it relies on the IFRS 7 definition of transfer, broader than the IAS 39 due to the lack of pass-through test. **FINREP 30.1 and FINREP 30.2** apply to all types of transactions giving rise to interests in unconsolidated	FINREP 15 refers to the CRR for a definition of securitisation	**FINREP 15** **Transferred financial assets entirely derecognised**: reference is made to IFRS 7.42De, which covers the transferred assets that have failed to pass the derecognition test in IAS 39 (transfer of all the risks and rewards linked to the ownership of assets) **Transferred financial assets recognised to the extent of the institution's continuing involvement**: reference is made to IFRS 7.42Df, which covers the transferred assets which are recognised to the extent of the transferor's continuing involvement since the transferor does transfer some but not all the risks and advantages linked to the ownership of the assets while giving up control of those assets **Transferred financial assets entirely derecognised for which the institution retains servicing rights**: no reference to IFRS standards is provided so it is uncertain whether it is referred to transferred assets as per IAS 39 or transferred assets as per IFRS 7 **FINREP 30.1**Reference to IFRS 12 so the definition of structured entity and the definition of interests in IFRS 12 apply **Liquidity support drawn**: the carrying amount of the loan and advances granted to unconsolidated structured entities and the carrying amount of debt securities held that have been issued by unconsolidated structured entities. **FINREP 30.2** Reference to the CRR for the definition of Securitisation Special Purpose Entities, so the information reported is consistent with information in COREP SEC DETAILS for unconsolidated securitisation structuresPossible inconsistency with IFRS information and with CRR. **In FINREP 15**, there is consistency with the definition used in IFRS 7 and IAS 39 with regards the transferred assets that are not derecognised in their entirety (reference to IFRS 7) and the transferred assets that are not derecognised or recognised to the extent of their continuing involvement (reference to IFRS 7, which itself refers to IAS 39)Concerning entirely derecognised assets for which the institution retains the servicing rights, a	Yes. There is no specific provision that carves out private and bilateral transactions from FINREP reporting; FINREP 15 applies to all securitisation transactions (although there is uncertainties as regards synthetic and revolving transactions) that are performed by an entity under the regulatory scope of consolidation and that comply with the definition of a transfer in IFRS 7 FINREP 30.1 and FINREP 30.2 apply to all securitisation transactions giving rise to an interest in an unconsolidated structured entity	Sanctions can be decided by NSAs

	however not singled out. **FINREP 30.2 Interest in unconsolidated structured entities by nature of the activities provides aggregated information on interests related to unconsolidated securitisation special purpose entities**: - financial assets recognised in the reporting institutions balance sheet (defaulted, derivatives, equity instruments, debt securities, loans and advances)- equity and financial liabilities recognised in the reporting institutions balance sheet (equity instruments issued, derivatives, deposits, debt securities issued)- off-balance sheet items given b the reporting institution (of which: defaulted)					entities.They cover all interests in unconsolidated structured entities following the regulatory consolidation scope and the regulatory consolidation methods (which should make the reported figures different from those disclosed under IFRS 12). FINREP 30.1 breaks down these interests between on-balance sheet assets, liquidity support drawn, on-balance sheet liabilities, off-balance sheet items, loan commitment given, and incurred losses during the reporting period. Interests related to securitisation transactions and securitisation entities are not separately identified. FINREP 30.2 provides a further breakdown of these types of interest for on-balance sheet assets (derivatives, equity instruments, debt securities, loans and advances), on-balance sheet liabilities (equity instruments issued, derivatives, deposits, debt securities issued) and off balance sheet items given (with specific identification of defaulted commitments)		category which neither IAS 39 nor IFRS 7 define, an inconsistency may arise between these standards that questions the definition used in FINREP. Under IAS 39 they may be derecognised in their entirety, while under IFRS 7 they may be considered as derecognised in their entirety with a continuing involvement, even though servicing rights are not identified as a continuing involvement for assets derecognised in their entirety in the implementation guidance of IFRS 7. FINREP seems to follow the IFRS 7 classification even though it does not explicitly refer to it **FINREP 30.1** refers to structured entities, which are a category broader than the CRR definition of SSPE, which are not an IFRS concept (in FINREP 30.2, structured entities are broken down between SSPE, asset management, and other activities)		

FINREP (Reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibili-ties	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information (LLI)	transaction documents (TD)	stress test information on cash flows (ST)	Investor report (IR)	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?
FINREP	The type of reporting entity differs between the FINREP templates. **FINREP 15**: Issuer, Originator **FINREP 30.1 and FINREP 30.2**: Sponsor, Investor **The reporting in FINREP 15** is from the transferor's point of view. The investor in some cases may be considered covered in case of retained interest, and Original lender might be covered as well in case the securitisation transaction covers own-issued loan exposures, and a sponsor is also covered if it sponsors an entity to which it has transferred assets **The reporting in FINREP 30.1 and in FINREP 30.2** advocates for information to be reported by sponsors and investors. Originators can be covered when they sponsor unconsolidated	All IFRS entities that are subject to FINREP and all entities under national GAAP that NSAs decide to subject to FINREP	In case of a group of entities, FINREP templates transmitted by the ultimate consolidating parent should cover the securitisation positions and transactions of the entire group (Article 11 CRR) Subsidiaries should however fill and transmit the FINREP templates that are applicable to them at the individual or sub-consolidated level when relevant (Article 6 CRR) to their home NSA	Information is sent by institutions to their NSAs quarterly and NSAs transmit the templates of circa 200 institutions to the EBA - information refer to the content of the FINREP templates that are filled by institutions. These templates are generally not publicly available on an individual basis (i.e. templates filled by institutions cannot be accessed by individuals outside the home NSAs of the reporting institution). However, in 11 EU jurisdictions, competent authorities currently make some aggregated information based on individual supervisory reporting publicly available.	FINREP 15: Quarterly reporting frequency FINREP 30.1 and FINREP 30.2: Semi-annual reporting frequency	no	no	no	no	yes	FINREP 15: aggregate information on securitised assets that are still entirely recognised on the balance sheet, that have been partially derecognised, and that have been entirely derecognised and for which servicing rights are retained - securitisation transactions are however specifically identified for the first category only (in the two last categories, securitisation transactions are merged with among others repurchase agreements) FINREP 30.1: aggregated amount of interests in and losses arising from unconsolidated structured entities, without separate identification of the securitisation transactions FINREP 30.2: aggregated information on interests in unconsolidated structured entities, with the types of exposures that constitute these interests, and the types of entities they are related to, including separate identification of securitisation transactions	Sanctions can be decided by NSAs

	entities to which they themselves have transferred assets. Original lenders may be covered as well as originators if they both sponsor the entity to which they have transferred asset. It does not seem that servicing rights constitute an interest so servicers should not be covered by the requirements											

ASSET ENCUMBRANCE (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transac-tions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
Supervisory reporting on asset encumbrance (http://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/draft-implementing-technical-standard-on-supervisory-reporting-asset-encumbrance-)	**Article 100 CRR** requires the reporting of the level of repurchase agreements, securities lending and all forms of encumbrance of assets. These requirements from the Level 1 text, which cover securitisation via the definition of encumbered assets, have been implemented via an amendment to the ITS on Supervisory Reporting that provides for dedicated templates, definitions and validation rules to report asset encumbrance **The different templates of the asset encumbrance framework provide aggregated information on encumbered and unencumbered underlying assets and encumbered and unencumbered securitisation exposures:** - Carrying amount and fair-value of ABS encumbered (F32.01) - Carrying amount and fair-value of ABS unencumbered (F32.01) - encumbered and unencumbered ABS that are eligible to central bank refinancing (F32.01) - ABS received as collateral: encumbered and unencumbered with identification of those that are eligible to central bank refinancing (F32.02) - Retained own issued ABS: carrying amount of the underlying pool of assets, fair-value of unencumbered own ABS (separately for senior, mezzanine and first loss), eligibility to central bank refinancing, nominal of ABS not available for encumbrance (F32.03) - Liabilities due to the issuance of ABS (F32.04) - Contingent encumbrance: additional encumbrance for ABS issued in case of a decrease by 30% of the fair-value of encumbered assets and of a 10% depreciation of significant currencies (F34.00) - Breakdown of encumbered assets and matching liabilities for ABS issued by type of underlying (F36.01) - Breakdown of encumbered collateral and matching liabilities for ABS issued by type of underlying received as collateral (F36.02)	The reporting requirements will apply from 1 December 2014, and the first reference date will be 31 December 2014, with remittance date in February 2015	Other	Allow supervisors to monitor risks linked the level of encumbrance for institutions via harmonised information	All transactions that give rise to encumbrance, regardless of their geographical location	Reporting om asset encumbrance covers all securitisation transactions within the regulatory scope of consolidation that give rise to encumbrance, i.e. securitisation transactions the underlying of which are not derecognised. it also applies to securitisation exposures from third parties that are encumbered For derecognised securitisations, there is no encumbrance where the institution holds some securities. These securities will appear in the trading book or in the banking book of the reporting institutions as any other security issued by a third party. In case of retained securitisation (ABS issued and retained by the reporting institution), there is no encumbrance of the underlyings except when the securities are pledged (in this case the underlyings are reported as encumbered assets). When the retained ABS are not yet pledged, the amount of underlying assets that are backing them is reported as non-encumbered assets. This provision is consistent with the requirements regarding disclosures of encumbered and unencumbered assets, however, in the case of reporting it is unclear whether the provisions regarding the retained ABS apply only to self securitisa-tions where 100% of the issued securities are retained or also to all exposures retained in a securitisation (for disclosures, they only apply to self securitisation transactions) Not sure synthetic securitisation transactions are covered In terms of securitisation product, the reporting focuses on ABS as source of encumbrance and on ABS as encumbered assets. Nevertheless, the reporting applies to all assets that are subject to encumbrance in a securitisation transaction and serve as underlyings in ABS: Loans on demand, equity, debt securities (cover bonds, sovereign, financial corporations, non-financial corporations), loans and advances other than loans on demand (sovereign, financial corporations, non-financial corporations, of which mortgages, households, of which mortgages, other assets) Compared to the public disclosures, supervisory reporting provides information on own ABS issued not yet pledged and addresses the possible gap with IFRS 12 regarding information on underlying exposures securitised in transactions with unconsolidated entities	Reference to the CRR for securitisation	**Encumbered asset**: an asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn. It is important to note, that assets pledged that are subject to any restrictions in withdrawal, such as for instance assets that require prior approval before withdrawal or replacement by other assets, should be considered encumbered. The definition is not based on an explicit legal definition, such as title transfer, but rather on economic principles, as the legal frameworks may differ in this respect across countries. The definition is however closely linked to contractual conditions. The EBA sees the following types of contracts being well covered by the definition (this is a non-exhaustive list): [...] - Underlying assets from securitisation structures, where the financial assets have not been de-recognised from the institution's financial assets. The assets that are underlying retained securities do not count as encumbered, unless these securities are pledged or collateralised in any way to secure a transaction. - Assets in cover pools used for covered bond issuance. The assets that are underlying covered bonds count as encumbered, except in certain situations where the institution holds the corresponding covered bonds ('own-issued bonds'). Reference to the CRR for senior, mezzanine and first loss	Yes. There is no specific provision that carves out private and bilateral transactions from Asset Encumbrance reporting	Sanctions can be decided by NSAs

ASSET ENCUMBRANCE (reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance
	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibili-ties	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information (LLI)	transaction documents (TD)	stress test information on cash flows (ST)	Investor report (IR)	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequenc-es might be applicable?
Supervisory reporting on asset encumbrance (http://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/draft-implementing-technical-standard-on-supervisory-reporting-asset-encumbrance-)	Issuer Originator Sponsor Original lender Investor Reporting is from the perspective of the institution encumbering assets so it is the originator or the sponsor in case the sponsoring leads to the consolidation of a securitisation vehicle (assets born by the consolidated vehicle are not freely available to fund the parent). As regards assets encumbered , it also covers the investor which encumbered securitisation positions it has on its balance sheet.	All entities subject to FINREP and COREP are required to report on asset encumbrance. However, the granularity of the reporting depends on the size and encumbrance activities of the institution Institutions are not required to report the information as regards maturity of encumbrance, contingent encumbrance, details on covered bonds, breakdown of encumbered collateral received and associated liabilities by types of assets, and breakdown of encumbered assets and associated liabilities by type of assets when they meet both the following conditions: Total assets less than € 30 billion Level of asset encumbrance ([total encumbered assets + total encumbered collateral received] / [total assets+total collateral received]) is below 15%. Data on covered bonds are only required from covered bond issuers	In case of a group of entities, FINREP templates transmitted by the ultimate consolidating parent should cover the securitisation positions and transactions of the entire group (Article 11 CRR) Subsidiaries should however fill and transmit the FINREP templates that are applicable to them at the individual or sub-consolidated level when relevant (Article 6 CRR) to their home NSA	Information is sent by institutions to their NSAs quarterly and NSAs transmit the templates of circa 200 institutions to the EBA - information refer to the content of the FINREP templates that are filled by institutions. These templates are generally not publicly available on an individual basis (i.e. templates filled by institutions cannot be accessed by individuals outside the home NSAs of the reporting institution). However, in 11 EU jurisdictions, competent authorities currently make some aggregated information based on individual supervisory reporting publicly available.	Different frequencies of reporting according to the reporting templates considered Quarterly frequency: encumbered and unencumbered assets, collateral received, ABS and covered bonds issued not yet pledged, sources of encumbrance, maturity data, covered bond issuance Semi-annual frequency: breakdown of encumbered assets and associated liabilities, and encumbered received collateral and associated liabilities by types of underlying assets Annual frequency: contingent encumbrance	no	no	no	no	yes	Information on encumbered assets, in aggregates for ABS and in details with the breakdown by types of underlying	Sanctions can be decided by NSAs

IV- REPORTING REQUIREMENTS – ACCOUNTING RULES

REPORTING REQUIREMENTS – ACCOUNTING RULES (legal basis, scope and definition) (1)

	Legal basis: relevant Articles & a summary of them	Date of application & date of entry to force of the regulatory requirements	Investor protection, retention requirements, collateral framework of central bank,	Others (please specify)	Geographical scope of application	Scope of application in terms of transac-tions/products/assets covered…	Definition of securitisation, issuer, originator, sponsor	Other definition (e.g. tranching, original lender, ABCP, re-securitisation)	Are private and bilateral transactions covered by the Regulation? (Y:N) if yes, please indicate the provisions.	Additional comments
Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 ("IFRS"). Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC, Council Directive of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC), Council Directive of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (91/674/EEC). ("Accounting directives")	Article 4 of the Regulation 1606/2002 requires preparation of consolidated financial statements of entities listed on regulated markets in accordance with IFRS. Article 5 of the Regulation 1606/2002 allows member states to permit or require application of IFRS for non-consolidated financial statements of listed entities and for consolidated or individual financial statements of non-listed entities instead of national GAAPs (as harmonised by the Accounting Directives). The most relevant accounting standard applicable are IFRS 7, IFRS 10 and IFRS 12. These were adopted by the EU through Commission Regulation (EU) No 1205/2011 (amendment to IFRS 7), Commission Regulation (EU) No 1254/2012 (IFRS 10,12) amending Regulation (EC) No 1126/2008. Accounting directives: No specific guidance related to securitisation/no specific disclosure. General rules apply.	IFRS: Latest text applicable for financial statements prepared to annual reporting periods starting on or after 1 January 2014. Accounting Directives: application after 1 January 2016 of 2013/34/EU (by member states), but for the purposes of the exercise requirement of 78/660/EEC and 83/349/EEC were the same. Last changes to 86/635/EEC and 91/674/EEC made in 2006.	Transparency, investor protection	n/a	IFRS: For consolidated financial statements of entities whose debt or equity instruments are admitted for trading at a regulated market in the EU. IFRS or National GAAP (based on Accounting Directives): Other entities incorporated in the EU	For consolidated financial statements: All transactions irrespective of the geographical location if the entity is controlled by the parent entity incorporated in the EU. For other financial statements: All transactions that the entity is subject to. All entities incorporated in the EU.	No specific definitions. General requirements related to disclosure of tranfers of financial assets are included in IFRS 7 (whether they arise from a securitisation transaction or not).	IFRS: Structured entity (IFRS 12.B21-B24): B21: An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. B22: A structured entity often has some or all of the following features or attributes: (a) restricted activities (b) a narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors. (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support. (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches). B23: Examples of entities that are regarded as structured entities include, but are not limited to: (a) securitisation vehicles. (b) asset-backed financings. (c) some investment funds. B24: An entity that is controlled by voting rights is not a structured entity simply because, for example, it receives funding from third parties following a restructuring. (IFRS 12 Appendix A) Income from structured entity: For the purpose of IFRS 12, income from a structured entity includes, but is not limited to, recurring and non-recurring fees, interest, dividends, gains or losses on the measurement or derecognition of interests in structured entities and gains or losses from the transfer of assets and liabilities to the structured entity. Accounting directives: N/A	Y - All transactions Note: Overall materiality consideration for financial reporting apply (Immaterial transactions are not to be presented or disclosed separately for financial reporting purposes).	Please note that the accounting requirements (including disclosures included directly in the financial statements) are driven by the IAS Regulation and the accounting directives in their respective scopes. These accounting rules are described in the columns to the right. However, publication of periodic financial information and related disclosures are driven by the Transparency Directive (Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council), for entities with securities listed on regulated markets or by national law. These rules would determine the exact frequency of reporting and modalities of disclosures of periodic information. Where relevant reference is made to the transparency directive (TD).

REPORTING REQUIREMENTS – ACCOUNTING RULES (Reporting entity, information and compliance) (2)

	Reporting entity			Reporting modalities		Information to be reported (Y:N)						Compliance	Additional comments
Accounting rules	Issuer, sponsor, originator, original lender, servicer.	In case of more than one reporting entity please specify	In case of a group of entities, scope of consolidation and reporting responsibilities	Technical modalities for reporting - If the information is stored, please indicate how it is submitted (website, templates, etc.) and whether the information is publicly available or not.	Frequency of reporting (event based, only one shot or periodical) and whether the information is publicly available or not.	Loan level information (LLI)	transaction documents (TD)	stress test information on cash flows (ST)	Investor report (IR)	Other information	Brief description if any of the previous columns from Q to U are marked "Yes"	In case of non-compliance with the due diligence, disclosure or reporting requirements, what kind of consequences might be applicable?	
(Reporting entity, information and compliance) (2) Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 ("IFRS"). Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC, Council Directive of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC), Council Directive of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (91/674/EEC). ("Accounting directives")	N/A - Publication of financial statements (i.e. no specific reporting of securitisation transactions). General requirements for storage of financial information (financial statements) apply (normally 10 years in accordance with Article 4 and 5 of the amended TD, through an officially appointed national mechanism for the central storage of regulated information - Article 21 of the amended TD).	Periodic (Annual/Semi-annual/Quarterly) - Public. Minimum frequency determined by the Transparency Directive and national law.	N	N	N (see comment)	N	Y	Specific information to be disclosed in annual financial statements (more limited information to be disclosed in interim financial statements). Consolidation procedures to be performed, normally at least quarterly, for all regulated financial institutions, semi-annually for all listed companies (Article 5 of the TD). No stress test required but in some cases to be covered by sensitivity analysis (e.g. for calculation of fair value or credit losses).	No specific requirements - general framework for actions related to enforcement of financial information apply. Normally, providing up-to-date information to the market.	N/A	**Accounting rules** Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 ("IFRS"). Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC, Council Directive of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC), Council Directive of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (91/674/EEC). ("Accounting directives")	N/A - Publication of financial statements (i.e. no specific reporting of securitisation transactions). General requirements for storage of financial information (financial statements) apply (normally 10 years in accordance with Article 4 and 5 of the amended TD, through an officially appointed national mechanism for the central sotrage of regulated information - Article 21 of the amended TD).	Periodic (Annual/Semi-annual/Quarterly) - Public. Minimum frequency determined by the Transparency Directive and national law.

Annex 6 Joint Committee Task force on securitisation

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Rapporteur:	Mr. Thierry Sessin-Caracci, Senior Policy Officer, Credit Rating Agencies Unit, ESMA	
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