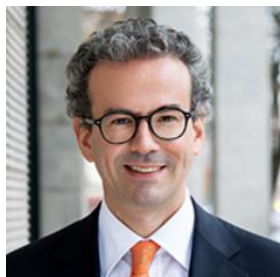


REGULATORY UPDATE ON EU SECURITISATION REGULATION

25 JUNE 2020



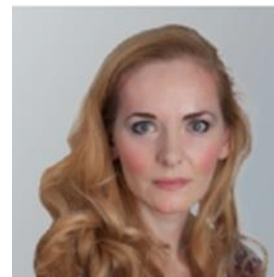
ON TODAY'S CALL



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AGENDA

WELCOME AND INTRODUCTION

EXPERT INSIGHTS ON THE EBA FINAL REPORT ON THE STS FRAMEWORK FOR BALANCE SHEET SYNTHETIC SECURITISATION

- Jo Goulbourne Ranero, Consultant, Allen & Overy
- Maria Green, Senior PSL, Allen & Overy
- Marco Angheben, Head of Business Development and Regulatory Affairs, European DataWarehouse

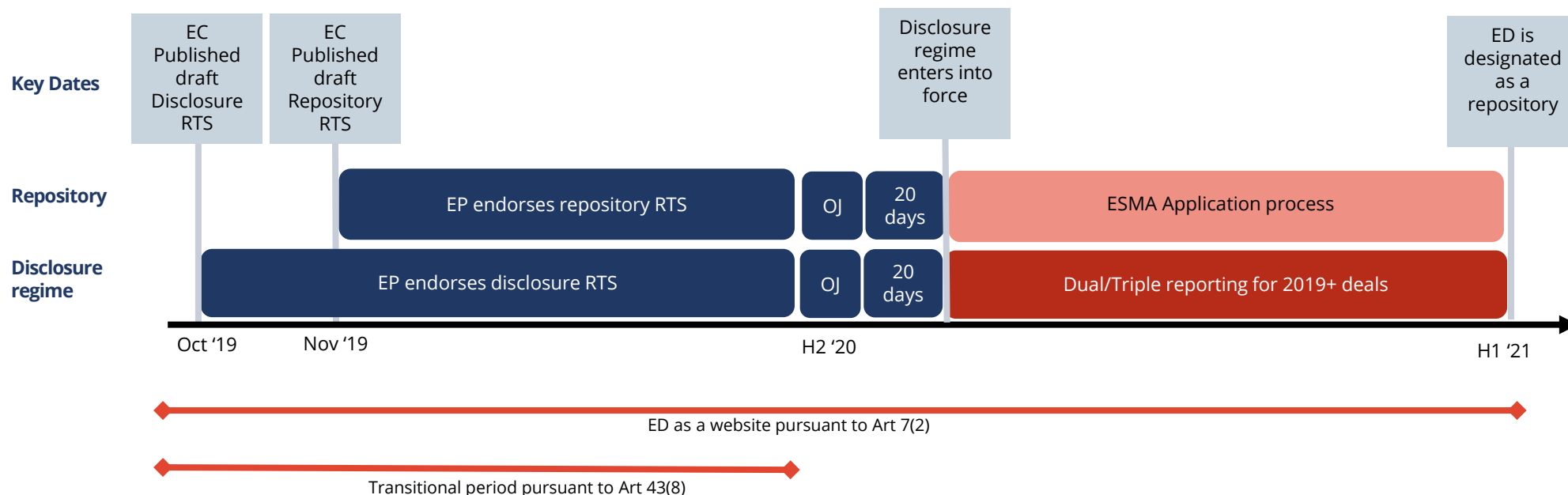
POINTS TO NOTE ABOUT THE UPDATED ESMA Q&AS

- ESMA Disclaimer
- Number of New or Modified Fields
- Summary of Changes
- Default Amount and Date Fields
- Obligor Basel III Segment

CLOSING REMARKS

REGULATORY TIMELINE IN 2019-2021

Repository & disclosure regime amid COVID-19



EC: European Commission

EP: European Parliament

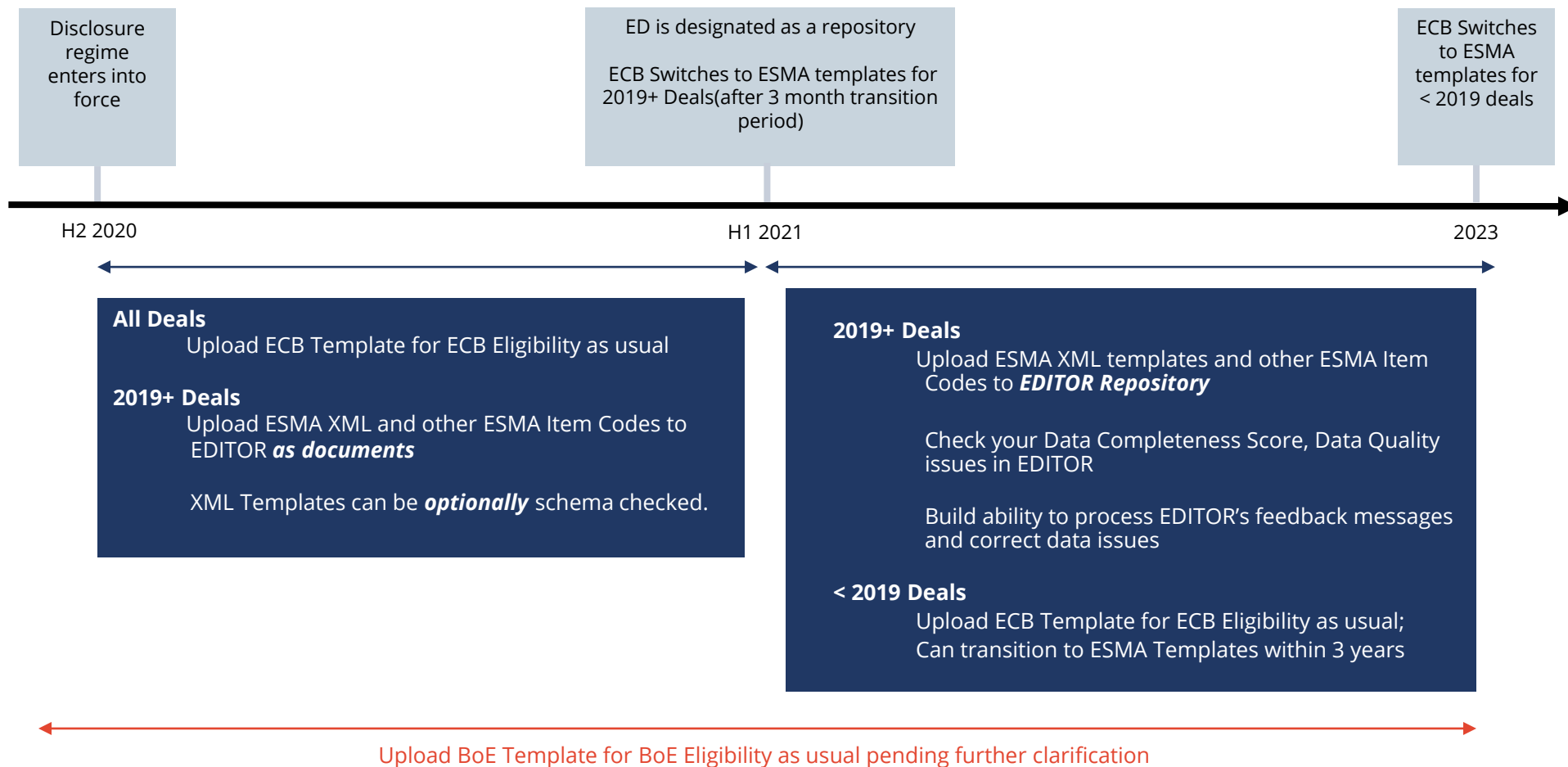
ESMA: European Securities and Markets Authority

OJ: Official Journal of the European Union – publication of the Level 2 of the RTS following the translation into the national languages of the European Union

RTS: Regulatory Technical Standards

REPORTING REQUIREMENTS TIMELINE

ECB & ESMA Templates



REPORTING REGIMES

Fulfil regulatory and eligibility reporting requirements under different regimes



- ECB repository for issuers to fulfil their Eurosystem eligibility requirements for ABS and private whole loan portfolios



- Dedicated website fulfilling the ESMA reporting criteria during the interim period under the CRA III/ESMA XML reporting regime
- Plan to be an ESMA securitisation repository once the application process begins later in 2020



- Issuers are now able to fulfil their Bank of England (BoE) eligibility requirements by reporting their loan-level data, cashflow models and documentation to European DataWarehouse
- ED intends to become a securitisation repository in the UK

EXPERT INSIGHTS ON THE EBA FINAL REPORT ON THE STS FRAMEWORK FOR BALANCE SHEET SYNTHETIC SECURITISATION

TOWARDS AN EU STS FRAMEWORK FOR BALANCE SHEET SYNTHETIC SECURITISATIONS – EBA FINAL REPORT PUBLISHED

ALLEN & OVERY

Towards an EU STS framework for balance sheet synthetic securitisations – EBA final report published

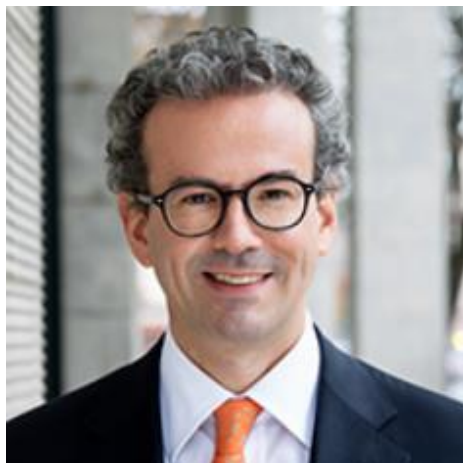
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ON THE LINE



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ESMA Q&A VERSION 5

PURPOSE AND STATUS

ESMA Disclaimer:

ESMA has provided these Q&A in advance of some delegated acts being adopted by the European Commission, with a view to providing guidance to market participants seeking further context that may be helpful for their future expectations of how to comply with these technical standards.

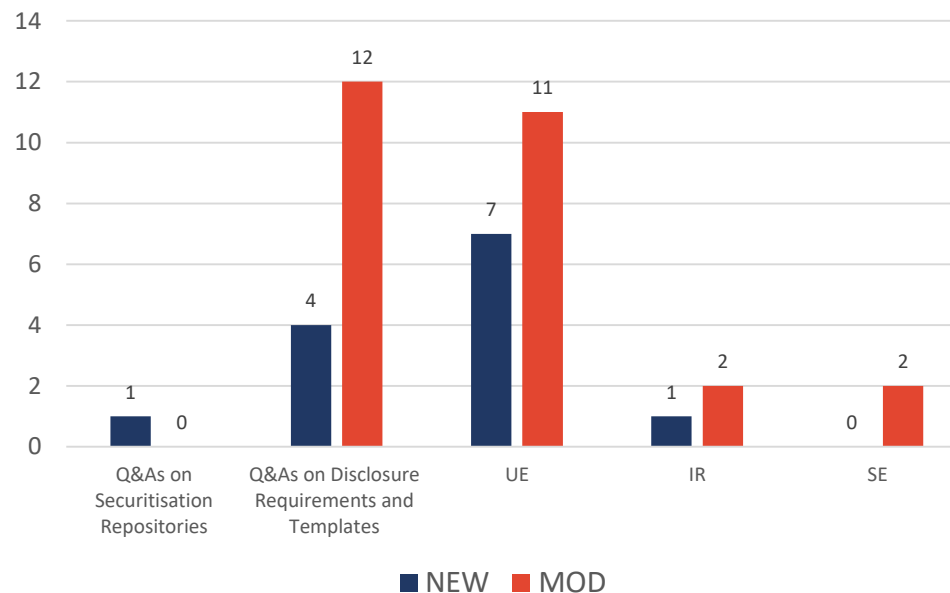
Market participants should be aware that the Q&A relating to those delegated acts are subject to change should the delegated acts adopted by the European Commission contain changes relative to the draft technical standards submitted by ESMA to the Commission.

Therefore, such Q&A are indicative until the delegated acts on which they are based have been adopted by the European Commission and furthermore do not signal that the final delegated acts adopted by the Commission on these standards will necessarily be identical to the provisions referenced below.

Finally, ESMA reserves the right to further adjust or update the Q&A provided at any time.

NUMBER OF NEW OR MODIFIED QUESTIONS AND ANSWERS

Chapter	# NEW	# MODIFIED
Q&A on Securitisation Repositories	1	-
Q&A on Disclosure Requirements and Templates	4	12
Annex 2: UE - Residential Real Estate	-	1
Annex 4: UE - Corporate	2	1
Annex 5: UE - Automobile	2	-
Annex 10: UE - Non-Performing Exposures	1	-
Annex 11: UE - ABCP	2	9
Annexes 12 and 13: IR	1	2
Annexes 14 and 15: SE	-	2
TOTAL	13	27



Source: European DataWarehouse calculations

SUMMARY OF CHANGES: SEC. REPOSITORIES, DISCLOSURE REQUIREMENTS

Chapter	Heading of Q&A	Former code	Code
Q&A on Securitisation Repositories	Processing of data queries by securitisation repositories		3.3 (NEW)
Q&A on Disclosure Requirements and Templates – General Questions	Deadlines and entry into force	5.1.1.1	5.1.1 (MOD)
	Templated for uncommon underlying exposure types	5.1.2.4	5.1.6 (MOD)
	Consolidated ABCP reporting involving more than one ABCP programme and/or more than one ABCP transaction	5.1.2.6	5.1.8 (MOD)
	Methodology for Generating Unique Identifiers (including for master trust securitisations)	5.1.4.18	5.1.23 (MOD)
	Provision of multiple underlying exposure XML files as part of a submission of information		5.1.24 (NEW)

SUMMARY OF CHANGES: DISCLOSURE REQUIREMENTS

Chapter	Heading of Q&A	Former code	Code
Q&A on Disclosure Requirements and Templates – Questions related to a group of fields	Default Amount and Default Date fields	5.1.4.6	5.2.5 (MOD)
	Arrears Breakdown and Number of Days in Arrears	5.1.4.7	5.2.6 (MOD)
	Completion of the collateral information section for guarantees and multiple items of collateral	5.1.4.11	5.2.10 (MOD)

Relevant point
(see next
slide)

DEFAULT AMOUNT AND DEFAULT DATE FIELDS (MOD)

DEFAULT AMOUNT: RREL71; CREL132; CRPL81; AUTL72; CMRL57; CCDL39; LESL59; ESTL57

DEFAULT DATE: RREL72; CREL133; CRPL82; AUTL73; CMRL58; CCDL40; LESL60; ESTL58

ACCOUNT STATUS: RREL69; CREL136; CRPL79; AUTL70; CMRL55; CCDL37; LESL57; ESTL55

Q2.5.2 (b) Should the Default Amount (RREL71) and Default Date (RREL72) only be reported once and not updated subsequently, even if the Account Status of the previously-defaulted underlying

(b) Neither the default amount (RREL71) nor the default date (RREL72) should change after it has been entered the first time, unless the defaulted amount has not yet been fixed/finalised and is subject to further adjustments (e.g. as further missed payments and fees are cumulated). These two fields should not change even if there are adjustments to the Account Status field, such as a change in the type of default (e.g. a switch from 'DFLT' representing 'Defaulted according to Article 178 of Regulation (EU) No 575/2013' to 'DTCR' representing 'Defaulted both according to Article 178 of Regulation (EU) No 575/2013 and according to another definition of default being met'). Whereas RREL71 and RREL72 should not change, in contrast, allocated Losses (RREL73) should continually be updated to reflect the most recent situation as at the data cut-off date, i.e. as recoveries are collected and the work out process progresses.

The Default Amount and Default Date fields (RREL71 and RREL72) should ~~also~~ not be ~~updated and~~ changed in the event where the underlying exposure becomes performing again (i.e. the Account Status field code entered becomes 'PERF'. whereas in previous data submissions the Account Status field indicated that the underlying exposure was in 'default'). However, for second-order or further defaults (i.e. loans that have entered into a default status after being re-performing from a first or previous default), the default amount and default date should be updated and should reflect the latest information on the default event.

DEFAULT AMOUNT AND DEFAULT DATE FIELDS (MOD)

DEFAULT AMOUNT: RREL71; CREL132; CRPL81; AUTL72; CMRL57; CCDL39; LESL59; ESTL57

DEFAULT DATE: RREL72; CREL133; CRPL82; AUTL73; CMRL58; CCDL40; LESL60; ESTL58

ACCOUNT STATUS: RREL69; CREL136; CRPL79; AUTL70; CMRL55; CCDL37; LESL57; ESTL55

For example, assuming a hypothetical underlying exposure:

- 31/01/2019: The underlying exposure defaults due to arrears ([1st default](#))
- 30/06/2019: All of the arrears are cured ([re-performing loan](#))
- 30/04/2021: The underlying exposure defaults again (the underlying exposure has again entered into arrears beyond the threshold for being classified as defaulted) ([2nd default](#))

In this example, between 31/01/2019 and 30/04/2021 when the underlying exposure is reported in the next data submission (e.g. on 30/06/2021), then 31/01/2019 is should be reported with the Default Date 31/01/2019 and a Default Amount of 31/01/2019. After 30/04/2021, the following data submissions should report the latest default event. So after that date this underlying exposure must report 31/04/2021 reported as the Default Date under-in field RREL72-, and the amount of default updated Default Amount in field RREL71-should also reflect the amount defaulted upon as at 31/01/2019.

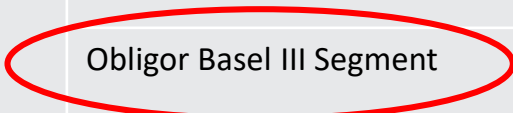
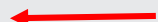
SUMMARY OF CHANGES: DISCLOSURE REQUIREMENTS

Chapter	Heading of Q&A	Former code	Code
	How to report various fields following default of an underlying exposure	5.1.4.21	5.2.18 (MOD)
	Time span for fields referring to cumulative amounts, or to fields that refer to past dates	5.1.4.22	5.2.19 (MOD)
Q&A on Disclosure Requirements and Templates – Questions related to individual fields	Arrears Balance	5.1.5.23	5.3.22 (MOD)
	Number of Payments Before Securitisation	5.1.5.25	5.3.24 (MOD)
	Credit impaired obligor		5.3.29 (MOD)
	Date of Restructuring		5.3.31 (NEW)
	Reason for Default or Foreclosure		5.3.32 (NEW)

SUMMARY OF CHANGES: UE RMBS & SME

Chapter	Heading of Q&A	Former code	Code
	Charge Type		5.3.33 (NEW)
Annex 2: Underlying Exposures - Residential Real Estate (RMBS)	Insurance or Investment Provider	5.2.5	5.4.5 (MOD)
Annex 4: Underlying Exposures – Corporate (SMEs)	Fields relating to the financials of an obligor		5.6.5 (MOD)
	Obligor Basel III Segment		5.6.8 (NEW)
	Total Debt		5.6.9 (NEW)

Relevant point (see next slide)



OBLIGOR BASEL III SEGMENT (NEW)

CRPL15; LESL13

Q5.6.8 Is the following mapping of Basel asset types and the response options in these fields acceptable?

Large and mid-market general corporates; of which: corporates with revenues > EUR 500mn	Corporate (CORP)
Large and mid-market general corporates; of which: corporates with revenues <= EUR 500mn	Corporate (CORP)
Specialised lending; of which: Project finance	Corporate (CORP)
Specialised lending; of which: Income-producing real estate	Corporate (CORP)
SME treated as Corporate	Small and Medium Enterprise treated as Corporate (SMEX)
Financial institutions treated as Corporate	Other (OTHR)
Banks	Other (OTHR)
Retail residential mortgages	Retail (RETL)
Qualifying revolving retail exposures - revolvers	Retail (RETL)
Other retail - Unsecured - SME treated as retail	Retail (RETL)
Other retail - Unsecured - non SME treated as retail	Retail (RETL)
Other retail - Secured - SME treated as retail	Retail (RETL)
Other retail - Secured - non SME treated as retail	Retail (RETL)

A5.6.8 Yes

SUMMARY OF CHANGES: UE AUTO, LEASING, NON-PERFORMING & ABCP

Chapter	Heading of Q&A	Former code	Code
Annex 5: Underlying Exposures – Automobile and Leasing	Residual Value		5.7.2 (NEW)
	Manufacturer and Model		5.7.3 (NEW)
Annex 10: Underlying Exposures - Non-Performing Exposures	Non-Performing Exposures		5.12.2 (NEW)
Annex 11: Underlying Exposures - ABCP	Residual maturity	5.11.1	5.13.1 (MOD)
	Current Principal Balance	5.11.4	5.13.4 (MOD)
	Underlying Exposure Identifiers		5.13.5 (NEW)
	Geographic Region fields for ABCP securitisation		5.13.6 (NEW)

SUMMARY OF CHANGES: UE ABCP

Chapter	Heading of Q&A	Former code	Code
	Number of underlying exposures of this exposure type being securitised		5.13.7 (NEW)
	Current Loan-To-Value		5.13.8 (NEW)
	Debt To Income Ratio		5.13.9 (NEW)
	Scheduled Principal and Interest Payment Frequency Above One Month		5.13.10 (NEW)

SUMMARY OF CHANGES: INVESTOR REPORT (IR)

Chapter	Heading of Q&A	Former code	Code
	Restructured Exposures		5.13.11 (NEW)
	Restructured Exposures (>3 years before transfer)		5.13.12 (NEW)
	Restructured Exposures (New Arrears)		5.13.13 (NEW)
Annexes 12 and 13: IR	What type of tests/triggers need to be reported?	5.12.1	5.14.1 (MOD)
	Trigger Measurements/Ratios	5.12.15	5.14.15 (MOD)
	Revolving / Ramp-Up Period End Date		5.14.20 (NEW)

SUMMARY OF CHANGES : SIGNIFICANT EVENTS (SE)

Chapter	Heading of Q&A	Former code	Code
	Principal and interest recovery and collection in period		5.14.2 (NEW)
Annexes 14 and 15: SE	CLO sections of Annex 14	5.13.4	5.15.4 (MOD)
	Counterparty information section – provision of Legal Entity Identifier information	5.13.8	5.15.8 (MOD)

THANK YOU//CONTACT US

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ANNEX

GLOSSARY OF TERMS FOR THE ESMA Q&A VERSION 5

CA = Competent Authority

CP = Consultation Paper

EC = European Commission

EU = European Union

ESMA = European Securities and Market Authority

IR = Investor Reports

LEI = Legal Entity Identifier

LTV = Loan to Value

MOD = Modified question/answer

NEW = Newly added question/answer

RMBS = Residential Mortgage Backed Securities

SE = Inside Information or Significant Event Information

SMEs = Small and Medium Enterprises

SMSG = Securities and Markets Stakeholder Group

u.e. = underlying exposure

UE = Underlying Exposures