



European Securities and
Markets Authority

Final Report

Guidelines on securitisation repository data completeness and consistency thresholds



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Acronyms and definitions

CLO	Collateralised Loan Obligation
CMBS	Commercial Mortgage Backed Security
Consultation Paper	CP
ECB	European Central Bank
ESFS	European System of Financial Supervision
ESMA	European Securities and Markets Authority
ESMA Regulation	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84)
EU	European Union
ND	No Data
Private Securitisation	A securitisation referred to in the third subparagraph of Article 7(2) of the Securitisation Regulation, namely a securitisation “where no prospectus has to be drawn up in compliance with Directive 2003/71/EC”.
RMBS	Residential Mortgage Backed Security
RTS	Regulatory Technical Standards
SMSG	Securities Markets Stakeholders Group
Securitisation Regulation	Regulation 2017/2402 of the European Parliament and of the Council laying down common rules on securitisation and creating a European framework for simple, transparent, and standardized securitisation and amending Directives 2009/65/EC,



	2009/138/EC, 2011/61/EU, and Regulations (EC) No 1060/2009 and (EU) No 648/2012
Securitisation Repository Operational Standards Delegated Regulation	Commission Delegated Regulation (EU) .../...(¹) supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on securitisation repository operational standards for data collection, aggregation, comparison, access and verification of completeness and consistency

¹ Reference number to be inserted when the RTS is published in the EU Official Journal

1 Executive Summary

Reasons for publication

Article 16(1) of the ESMA Regulation provides that ESMA shall issue guidelines and recommendations addressed to competent authorities or financial market participants with a view to establishing consistent, efficient and effective supervisory practices within the ESFS, and to ensure the common, uniform and consistent application of Union law.

Article 4(2)(d) of the draft Securitisation Repository Operational Standards Delegated Regulation requires securitisation repositories to verify that the ‘ND Options’, contained within a securitisation data submission, “*are only used where permitted and do not prevent the data submission from being sufficiently representative of the underlying exposures in the securitisation.*” These verifications will be applied by securitisation repositories to data on securitisations that are submitted to them as per the requirements set out in the Securitisation Regulation (i.e. ‘public securitisations’). By virtue of Article 10 of the Securitisation Regulation, securitisation repositories must be registered and supervised by ESMA.

In this context, in order to ensure consistent application of the requirement to be “sufficiently representative”, ESMA issued on 17 January 2020 a CP on the draft Guidelines on securitisation repository data completeness and consistency thresholds². ESMA received 12 responses from entities and representative bodies in the following market segments: repositories, industry representative bodies and asset management.

Content

This Final Report provides an overview of the feedback received from stakeholders during the open public consultation as well as the ESMA response to that feedback, together with the final version of the Guidelines. ESMA welcomes the support on its approach as outlined in the CP and notes that the majority of respondents supported ESMA’s proposed Guidelines on securitisation repository data completeness and consistency thresholds. Following feedback received during the open public consultation, ESMA has further developed and clarified some requirements in the Guidelines. In particular, based on the feedback received, ESMA has increased from 20 to 35 the tolerance thresholds for both the legacy assets field threshold (i.e. Threshold 1 in Annex A of the Guidelines) and the legacy IT systems field threshold (i.e. Threshold 2 in Annex A of the Guidelines), for the Corporate underlying exposure template, with a view to tightening these thresholds over time once market participants have gained experience with the ESMA reporting requirements. ESMA considers that this increase will initially allow a more level playing field of data reporting between different underlying exposure types, also reflecting the numbers of new data fields in the Corporate underlying exposure template compared to the number of fields in the ECB

templates. Furthermore, ESMA has aligned the example contained within Annex B of the Guidelines with the final tolerance thresholds.

Section 2 provides the background to the consultation process. Section 3 provides the overview of the consultation feedback and comments received on individual questions as well as ESMA's response to that feedback providing further clarity related to (i) a transition period for the application of the thresholds (ii) ESMA's view on the scope of application of the Guidelines (iii) the treatment of the different ND options (iv) the guiding principles used for future revisions of the thresholds and (v) the tolerance thresholds applicable to the CMBS underlying exposure template. Where relevant, ESMA highlights the changes made to the Guidelines. Finally, Annex I includes the Final Guidelines

Next Steps

The Guidelines in Annex I will be translated into all official languages of the EU and published on ESMA's website. ESMA will consider these Guidelines for the purpose of its supervision as of 1 January 2021.

² https://www.esma.europa.eu/sites/default/files/library/esma33-128-827_cp-guidelines_on_securitisation_repository_data_completeness_and_consistency_thresholds.pdf

2 Background

2.1 Consultation process

1. Article 4(2)(d) of the Securitisation Repository Operational Standards Delegated Regulation requires securitisation repositories to verify that the 'ND Options', contained within a securitisation data submission to those repositories, *"are only used where permitted and do not prevent the data submission from being sufficiently representative of the underlying exposures in the securitisation."*
2. These verifications will be applied by the securitisation repositories to data on securitisations that are submitted as per the requirements set out in the Securitisation Regulation (i.e. 'public securitisations').
3. In accordance with Article 16 of the ESMA Regulation, ESMA considers it appropriate to issue Guidelines to ensure that securitisation repositories apply in a consistent way this provision. The Guidelines explain how to verify whether a data submission is "sufficiently representative" by using the threshold system which is described in ESMA's 'Final Report on Securitisation Regulation technical standards on securitisation repository application requirements, operational standards, and access conditions'³. In particular the rationale for establishing these thresholds is explained in paragraphs 56-71 (pages 22-28) of that Final Report.
4. Furthermore, a cost-benefit analysis is included in Annex III of that Final Report, including the treatment of missing information i.e. the ND options, and no cost-benefit analysis was developed in the CP. This approach was highlighted in the executive summary of the CP and asked for feedback on the need to develop a further cost-benefit analysis. ESMA notes that no feedback was provided on the cost-benefit analysis.
5. The SMSG was consulted on the 'Final Report on Securitisation Regulation technical standards on securitisation repository application requirements, operational standards, and access conditions' as well as the 'Final Report on Technical standards on disclosure requirements under the Securitisation Regulation'⁴ and did not provide an opinion on both reports. As both of those Final Reports first explained the concept of thresholds and the acceptable use of ND options, ESMA did not request the opinion of the SMSG on this Final Report, which only calibrates and clarifies further the technical aspects of the ND options.
6. ESMA's CP on 'Draft Guidelines on securitisation repository data completeness and consistency thresholds' was published on 17 January 2020 and the consultation period closed on 13 April 2020.

³ https://www.esma.europa.eu/sites/default/files/library/esma33-128-488_final_report_repositories_technical_standards.pdf

⁴ https://www.esma.europa.eu/sites/default/files/library/esma33-128-474_final_report_secuitisation_disclosure_technical_standards.pdf

7. ESMA received 12 responses in total from entities (or representative bodies) in the following market segments: repositories (2), industry representative bodies (7) and asset management (1). 2 respondents requested their responses to be confidential. The answers received on the CP are available on ESMA's website⁵ unless respondents requested their responses to remain confidential.
8. The Guidelines have been adjusted where relevant following the feedback received in the consultation process. This is discussed in more detail in the next section. The Final Guidelines are included in the Annex of this report.

3 Feedback Statement

9. This section provides a summary of the responses to the consultation and ESMA's view on those responses.

3.1 Overall messages

10. Responses to the consultation indicated broad support for the proposed data completeness and consistency thresholds, subject to certain specific amendments discussed in the below paragraphs and in the next section.
11. Some respondents commented on the scope of application of the Guidelines in that as the procedures to verify the completeness and consistency of the information received applies to securitisation repositories to data on securitisations that are submitted as per the requirements set out in the Securitisation Regulation (i.e. 'public securitisations'), the limitation on the use of ND options should be only applicable to the public securitisation market.
12. One respondent requested a separate treatment of the ND1 option compared to the ND2-4⁶ options. In the view of this respondent ND1 (*data not collected as not required by the lending or underwriting*) is similar to ND5 (*not applicable*) and is a qualitatively different kind of ND response and therefore should be treated differently. In their view the ND1 option may not be relevant to the assessment of the credit of the loans in question, as the information was deemed not to be required by the lending or underwriting criteria at the time of origination of the loans. Hence, its absence from loan-level data reporting to investors would cause no harm to those investors and would expect that any field reported initially as ND1 would continue to be reported in that way as it is not relevant to the credit assessment by either the originator or the investors, or the information will not be possible to be collected in the future. This respondent proposed the same treatment for ND1 as is applicable to ND5 i.e. in which ND5 is not counted for the purposes of the thresholds.

⁵ <https://www.esma.europa.eu/press-news/consultations/guidelines-securitisation-repository-data-completeness-and-consistency>

⁶ ND2 (Data collected on underlying exposure application but not loaded into the originator's reporting system),
ND3 (Data collected on underlying exposure application but loaded onto a separate system from the originator's reporting system),

ND4 (Data collected but will only be available from YYYY-MM-DD (YYYYMM-DD shall be completed))

13. Some respondents commented on the geographic scope of application of the disclosure requirements and argued that the use of ND1-4 options for reasons of regulatory compliance should be excluded from the legacy assets field and the legacy IT systems field allowances as proposed in the CP. In particular, for cases where the reporting of the information required by the disclosure templates may be restricted by third country regulatory compliance issues (e.g. non-EU banking secrecy laws) where the relevant information may not be collected because there is a relevant regulatory prohibition on doing so.
14. One respondent suggested introducing a transition phase of one year where non-compliance with the thresholds should not lead to a rejection of the data submission by the securitisation repositories.
15. One respondent requested a greater degree of flexibility in permitting the use of ND1-4 options in the Corporate underlying exposure template given that there is no CLO-specific template.
16. One respondent provided their overall views on blind pool balance sheet securitisations i.e. synthetic securitisations, and in particular on confidentiality restrictions, as well as options to consider in the future with regards the disclosure requirements in general. However, they highlighted their view that originators and investors in true sale securitisations were in a better position to answer the specific questions in the CP.

ESMA's response

17. ESMA would first like to express its appreciation for each respondent that provided feedback to the CP, which in turn has assisted ESMA in calibrating the final Guidelines on securitisation repository data completeness and consistency thresholds.
18. As mentioned in the CP, ESMA has drafted these Guidelines to ensure the consistent application of the requirement to verify the completeness and consistency of the information submitted by reporting entities to securitisation repositories. ESMA has done this in a way to guarantee transparency and also reflecting ESMA's investor protection mandate.
19. ESMA understands the concerns expressed with regards a transition period. As set out in ESMA's 'Final Report on technical standards on disclosure requirements under the Securitisation Regulation' published in August 2018, ESMA had a preference for an implementation period of the disclosure requirements, however, such period was not envisaged by the co-legislators. Consequently, ESMA has been working actively to prepare and facilitate the entry into force of the securitisation framework and mitigate the lack of an implementation period by providing as much information as possible to market participants and as early as possible. As a result, ESMA notes that the situation now is different from the situation in August 2018: (i) the overall structure and content of the reporting requirements including the templates have been publicly available since 22 August 2018 (i.e. for over 21 months) and a near-final version since 31 January 2019 (i.e. for over 16 months) (ii) ESMA has clarified several areas through Q&As concerning the disclosure technical standards (the first set of Q&As was published on 31 January 2019)

and a fifth edition of ESMA's securitisation Q&As was published on 28 May 2020) and (iii) ESMA published the XML schema and technical reporting instructions in July 2019. All of these preparatory actions have been adopted in advance of the publication of the disclosure technical standards in the OJ and their entry into force to facilitate implementation by stakeholders.

20. ESMA also notes that these Guidelines will become applicable once the first securitisation repository is registered with ESMA. Furthermore, ESMA understands that the initial tolerance thresholds as outlined in these Guidelines aims at allowing a smooth transition in the data reporting practices of the ESMA templates, also taking into account past experiences with the ECB templates and the thresholds applied to the ECBs loan-level data initiative. ESMA also notes that some flexibility has been provided to reporting entities to prepare for the adoption of the underlying exposure templates, as outlined in the previous paragraph.
21. The disclosure requirements, and by extension the data completeness and consistency thresholds outlined in the CP, will only apply to relatively recent securitisations i.e. any securities issued from 1 January 2019 onwards, as well as securitisations with all securities issued on or before 31 December 2018, that seek to obtain STS status. Securitisations with all securities issued on or before 31 December 2018, that do not seek to obtain STS status are not within the scope of the disclosure requirements and, therefore, would not be required to undergo such checks if they nevertheless chose to report to securitisation repositories.
22. As per the scope of requirements with respect to public and private securitisations, ESMA has previously set out its views on this topic in the ESMA 'Final Report on securitisation repositories technical standards' (section 2.2). Furthermore, these Guidelines will be applied by securitisation repositories to data on securitisations in order to verify the completeness and consistency of the information that is submitted to the securitisation repository as per the requirements set out in the Securitisation Regulation.
23. ESMA takes note of the concerns with regards the ND1 option. ESMA notes that the use of ND options is to signal legitimate cases of information not being available and the use of these options in reporting underlying exposures information in a given securitisation is expected to be limited. Although, ESMA takes note of the potential reasons for certain data not being available, ESMA considers that understanding the reasons why data is missing is a useful input for securitisation investors when performing due diligence and monitoring of securitisations, including where information is not available when "*the data was not collected because it was not required by the underwriting criteria*". ESMA notes that the ND1 option is an important source of information for investors to consider when making sound and informed decisions, in particular where information has not been collected or may not be collected in the future. Furthermore, ESMA deems it necessary to ensure a consistent approach between the ESMA underlying exposure templates and the ECB templates.
24. ESMA notes that the underlying exposure templates aim to respect the confidentiality of information. ESMA recalls that the disclosure templates have been developed, in line with ESMA's investor protection mandate, to ensure that both potential investors and investors



obtain the necessary information to perform due diligence and monitoring that meets the standards expected of them in the Securitisation Regulation. Furthermore, ESMA notes that the ESMA underlying exposure templates are also based on past experience of the same detail of reporting on securitisation underlying exposures as per the ECB templates.

25. As regards the Corporate underlying exposures template, ESMA has set out its views and proposals in the next section (under the responses to Q3 and Q4).

3.2 Detailed feedback on individual questions

26. The feedback provided to the specific questions as outlined in Annex I of the CP are reflected in the following paragraphs. ESMA's view on those responses, together with changes to the Guidelines, are included where appropriate.

Q1: Do you agree with the guiding principles used for developing the thresholds, as discussed in this section (section 3.1)?

Number of respondents	Industry representative body	Other market participants
9	6	3

27. Respondents overall agreed with the guiding principles⁷ used for developing the thresholds and provided feedback on specific points.

28. Several respondents emphasised the importance of the guiding principle on consulting with market participants (either formally or informally) before making any adjustments to the thresholds in the future, given the experience that will have accumulated with the ESMA disclosure templates. One respondent highlighted the example of CMBS, due to the limited experience with the ECB loan-level data reporting for this underlying exposure type.

29. Some respondents highlighted their support for the guiding principle that appropriate thresholds may need to be set specific to each underlying exposure template and potentially at an even greater level of detail for specific categories of securitisations within each type of underlying exposure. One respondent highlighted the example of synthetic securitisations and that synthetic securitisations, regardless of the underlying asset class, should benefit from the same approach as what is being applied to ABCP, NPE and Esoteric underlying exposure templates i.e. in which the initial threshold is set as being equal to the number of underlying exposure fields that can accept ND1-4 options in each template. The reasoning is due to the lack of historic ECB loan-level data reporting for synthetic securitisations and that some of the data fields may not have historically been reported and so may therefore not be available in the originator's systems used for managing and reporting synthetic securitisations.

⁷ As outlined in Section 3.1 of the CP, in particular Paragraph 15

30. In relation to the same point, another respondent considered that CLO transactions should benefit from the same approach as what is being applied to ABCP, NPE and Esoteric underlying exposure templates in which the initial threshold is set as being equal to the number of underlying exposure fields that can accept ND1-4 options in each template.
31. Some respondents requested additional information on why thresholds have not yet been set for specific categories of securitisations within each type of underlying exposure and asked for clarifications on this point.
32. One respondent requested clarification on the rationale for applying thresholds only to the underlying exposure related templates (Annexes 2-11) and not the investor report information templates (Annex 12 and 13).

ESMA's response

33. In light of the feedback received, ESMA notes the importance of the guiding principles used for setting the thresholds, including a consultation period (formal or informal) with market participants and the relevant public authorities involved in securitisation matters (such as central banks accepting asset-backed securities as collateral for liquidity operations). ESMA notes that the guiding principles are envisaged to also be used in the future for revisions of the thresholds, in particular when the underlying exposure templates have been adopted by market participants for some time.
34. ESMA has taken note of the support for the guiding principle that appropriate thresholds may need to be set specific to each underlying exposure template and potentially at an even greater level of detail for specific categories of securitisations within each type of underlying exposure. At this stage, ESMA has applied the concept of thresholds only to the underlying exposure-related annexes in the disclosures Delegated Regulation (Annexes 2-11 therein), and not for specific categories of securitisations within each type of underlying exposure type such as synthetic securitisations. ESMA takes note of the feedback and may explore this approach for future revisions of the thresholds, in particular when gathering more information on each underlying exposure template and once more experience has been gained in applying the thresholds. ESMA notes that the thresholds are based on the types of underlying exposures backing the securitisation. Furthermore, ESMA notes that synthetic securitisations are a securitisation risk transfer technique and are required to complete additional significant event template sections, in view of their distinct risk profiles (compared with true sale securitisations).
35. For the investor report information templates (Annexes 12 and 13), ESMA has not applied the concept of thresholds to these templates as they do not generally allow ND1-4 options and, for the few fields where they do, they relate to underlying exposures information that is expected to be aggregated from the raw underlying exposures data on which these thresholds are based. Thus, it was not deemed worthwhile to develop specific thresholds for these annexes at this stage.
36. The point related to CLO transactions is addressed in further detail in ESMA's response to Q3 and Q4 below related to the Corporate underlying exposures template.

Q2: Do you agree with the proposed calibration approach and proposal for the percentage threshold, as discussed in this section (section 3.4)?

Number of respondents	Industry representative body	Other market participants
8	5	3

37. The majority of respondents agreed with the proposed calibration approach and proposal for the percentage threshold (i.e. 10%).
38. Some respondents do not agree with the proposed calibration approach and proposal for the percentage threshold for CMBS, in particular for those CMBS which only have a few underlying exposures. In the view of these respondents, the proposed calibration approach and the setting of the percentage threshold at 10% would mean that such transactions may not benefit from the legacy assets field allowance and may automatically mean that over 10% of underlying exposures are reporting an ND1-4 response, hence not benefitting from the legacy assets field allowance (i.e. greater than 0% but less than 10%) and only the IT systems fields allowance (i.e. equal to or above 10%). These respondents therefore propose combining the allowances for legacy assets fields (50) and legacy IT systems fields (50) and applying that aggregated allowance to the number of fields with any ND1-4 responses.

ESMA's response

39. ESMA takes note of the feedback received and proposes to maintain the proposed calibration approach and proposal for the percentage threshold for all underlying exposure types.
40. With regards the CMBS underlying exposure template, ESMA considers it appropriate to maintain the proposed calibration approach and proposal for the percentage threshold as outlined in the CP. ESMA considers it important to note that the disclosure requirements and by extension the thresholds only apply to securitisations issued from 1 January onwards (as well as securitisations issued on or before 31 December 2018, that seek to obtain STS status) and the tolerance thresholds are complimentary i.e. a securitisation submission can contain both legacy assets fields and legacy IT systems fields. The goal of the threshold system is to set out a framework for now but also for the future in order to provide the relevant information for investors to make well-informed decisions and the need for investors to perform adequate due-diligence and monitoring. ESMA notes that for the CMBS underlying exposure template, the proposed tolerance threshold of 50 legacy assets fields and a further 50 legacy IT systems fields is already higher than the 75 total fields in the CMBS underlying exposure template where the ND1-4 options are allowed to be used.
41. ESMA notes that this implies that even in the case of CMBS with only a few underlying loans that may not benefit from the legacy assets field allowance, the submission by the reporting entity will still benefit from the legacy IT systems field allowance (50). Hence, the reporting entity must only report 25 fields without using any ND1-4 options.

42. Furthermore, ESMA notes that it has set the tolerance threshold for the CMBS underlying exposure template to nearly double the threshold as for e.g. the RMBS underlying exposure template. This reflects the fact that there are more fields in the CMBS underlying exposure template that can accept ND1-4 options, relative to the RMBS underlying exposure template. ESMA notes that this also reflects that there is relatively less experience among market stakeholders of providing similar template information to the ESMA underlying exposure templates as only a few European CMBSs have submitted data using the ECB templates.

Q3: Do you agree with the proposed calibration approach and proposal for the ‘number of legacy assets fields’ thresholds, as discussed in this section (section 3.5)?

Number of respondents	Industry representative body	Other market participants
9	6	3

43. The majority of respondents agreed with the proposed calibration approach and proposal for the number of legacy assets fields’ thresholds. Some respondents provided detailed feedback on this question, in particular with regards to the Corporate underlying exposure template.

44. One respondent highlighted the limitations with reference to the data used to analyse the proposed tolerance thresholds, in particular the emphasis on analysing the available data on securitisations submitted to the ECB as per the ECBs loan-level data initiative.

45. Some respondents did not agree with the proposed calibration approach and proposal for the number of legacy assets fields’ thresholds for the Corporate underlying exposure template.

46. One respondent requested that the number of legacy assets fields’ threshold be increased from 20 to at least the numbers applicable to the RMBS underlying exposure template (30), as in the view of the respondent it would be counter-intuitive to have a higher threshold for a well-developed asset class such as RMBS, with a comparable number of fields which allow ND1-4 options, compared to a developing asset class such as Corporate/SME.

47. One respondent requested that the number of legacy assets fields’ threshold be increased from 20 to 35 due to the significant number of new data fields in ESMA’s Corporate underlying exposure template compared to the ECB’s SME template.

48. One respondent requested that initially the number of legacy assets fields’ threshold for the Corporate underlying exposure template should be increased from 20 to 53 i.e. the total number of fields in which ND1-4 responses are permitted, in particular for managed CLO’s in which the CLO Securitisation Information section and the CLO Manager Information section of Annex 14 is completed.

ESMA’s response

49. ESMA has closely considered the detailed feedback provided for this question, reflecting also the use of the Corporate underlying exposure template for different types of securitisations such as CLOs and the variety of underlying exposure types. In light of the feedback received and the additional information, ESMA deems appropriate to adjust the tolerance threshold for this template for both the legacy assets fields threshold and the legacy IT systems fields threshold.
50. ESMA considers it appropriate to initially increase the tolerance threshold from 20 to 35 for both the legacy assets fields threshold and the legacy IT systems fields threshold, with a view to tightening this threshold over time. This increase reflects the concerns by respondents of the increase in numbers of new data fields in the Corporate underlying exposure template compared to the number of fields in the ECB template as well as to allow a more level playing field of data reporting between different classes of underlying exposures. Increasing the tolerance thresholds for the Corporate underlying exposure template will result in a similar approach applied to the CMBS, Consumer, Credit Cards and RMBS underlying exposure templates i.e. in which adding the tolerance thresholds for the legacy assets fields and legacy IT systems fields will essentially result in a total number of tolerated fields that is equal to or greater than the number of fields in the underlying exposure templates where ND options can be used.
51. ESMA considers it appropriate to not increase the tolerance threshold to 53 for both the legacy assets fields threshold and the legacy IT systems fields threshold i.e. to the total number of fields in which ND1-4 responses are permitted. As outlined in the CP, ESMA considers it is only those underlying exposure types where there is no ECB template available (i.e. ABCP, NPE and Esoteric underlying exposures) where the initial proposed calibrations are set to the total number of fields in which ND1-4 responses are permitted.
52. ESMA notes that the analysis as outlined in the CP takes into account past experience with the ECB templates when calibrating the tolerance thresholds, as the ECB templates make use of the same ND options, whilst also taking into account the addition of new fields in the ESMA underlying exposure templates. As a starting point ESMA considers this an important source when producing the tolerance thresholds and recalls that future revisions to the tolerance thresholds will also take into account the experience gained by market participants in the reporting of the new ESMA underlying exposure templates, therefore allowing a wider analysis of transactions. Furthermore, ESMA recalls that the tolerance thresholds are considered to proportionately balance the provision of a measure of tolerance with the understandable need for safeguards against abuse of that tolerance, also reflecting ESMA’s investor protection mandate.

Q4: Do you agree with the proposed calibration approach and proposal for the ‘number of legacy IT system fields’ thresholds, as discussed in this section (section 3.6)?

Number of respondents	Industry representative body	Other market participants
9	6	3

53. The majority of respondents agreed with the proposed calibration approach and proposal for the number of legacy IT system fields’ thresholds.

54. The responses to this question on the proposal for the number of legacy IT system fields' thresholds follow the same reasoning to the responses received for Q3 in the CP related to the proposal for the number of legacy assets fields' thresholds for the Corporate underlying exposure template.
55. One respondent requested further clarification from ESMA on the rationale and analysis used to produce the proposal for initial thresholds and how these differ for each template category. In particular where the ESMA templates contain a number of new fields that are not included in the ECB templates, further information should be provided regarding how the new ESMA fields have been considered when producing the proposed number of tolerance thresholds for the legacy assets fields and legacy IT systems fields.

ESMA's response

56. In light of the feedback received, as outlined in the response to Q3 above, ESMA has increased the tolerance threshold from 20 to 35 for both the legacy assets fields threshold and the legacy IT systems fields threshold for the Corporate underlying exposure templates, with a view to tightening this threshold over time.
57. ESMA recalls that the initial proposed calibrations for the number of legacy assets fields and legacy IT systems field is based on a mathematical calibration which shows what would be adequate given past experience with the ECB templates and the change in the number of fields in the ESMA underlying disclosure templates. ESMA also notes that the proposed calibrations are extensively described in Sections 3.5 and 3.6 in the CP.

Q5: Do you have any comments on the threshold revision process? Are there any other aspects on this topic that are missing in your view and should be taken into consideration?

Number of respondents	Industry representative body	Other market participants
9	6	3

58. Respondents overall agreed with the threshold revision process and provided feedback on specific points.
59. Several respondents agreed that it appears too early to stipulate how often the thresholds will be revised and agreed with ESMA's approach to not defining a path for the thresholds over time, but instead to use a single set of numbers for the time being.
60. Several respondents agreed that in the event that the thresholds would need to be adjusted in the future, this should be done with sufficient advance notice, taking into account the experience of market participants with the ESMA disclosure templates.
61. A few respondents requested that a greater tolerance should be granted for the first reporting regarding a new SSPE.

62. One respondent made the point that it in the case of future revisions of the thresholds, it may be technically challenging for securitisation repositories to allow the simultaneous application of multiple thresholds and so any revised thresholds should apply the moment old thresholds cease to apply.
63. One respondent commented that revised thresholds should only apply to securitisations issued after any future revisions have been published by ESMA, as there is a level of uncertainty as to whether revisions of the thresholds can be successfully adopted by the data systems of the securitisation parties.

ESMA's response

64. In light of the feedback received, ESMA considers that it appears too early to stipulate how often the thresholds will be revised and the manner in which this will be done. ESMA has also not defined a threshold path, but instead to use a single set of numbers for the time being.
65. ESMA considers that the thresholds will be gradually tightened over time as market participants are able to improve their data collection and reporting processes. In this regard, ESMA takes note of the feedback provided from securitisation repositories and the concerns expressed with regards future revisions of the thresholds and any revisions will be done with sufficient advance notice including a consultation period (formal or informal) with market participants and the relevant public authorities involved in securitisation matters.

Annex I: Final Guidelines on securitisation repository data completeness and consistency thresholds

I. Scope

Who?

1. These guidelines apply to securitisation repositories.

What?

2. These guidelines apply in relation to the obligation for securitisation repositories to verify that the use of 'No Data Options' in a data submission does not prevent the submission from being sufficiently representative of the underlying exposures in the securitisation pursuant to Article 4(2)(d) of the Securitisation Repository Operational Standards Delegated Regulation.

When?

3. These guidelines will be translated into all official EU languages and published on ESMA's website. ESMA will consider these Guidelines for the purpose of its supervision as of 1 January 2021.

II. Legislative references, abbreviations and definitions

Legislative references

<i>ESMA Regulation</i>	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC ⁽⁸⁾
<i>Securitisation Regulation</i>	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 ⁽⁹⁾

⁸ OJ L 331, 15.12.2010, p. 84.

⁹ OJ L 347, 28.12.2017, p. 35.

Securitisation Repository Operational Standards Delegated Regulation Commission Delegated Regulation (EU) .../... (¹⁰) supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on securitisation repository operational standards for data collection, aggregation, comparison, access and verification of completeness and consistency

Securitisation Disclosure Requirements Delegated Regulation Commission Delegated Regulation (EU) .../... (¹¹) supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and the details of a securitisation to be made available by the originator, sponsor and SSPE

Abbreviations

ESMA European Securities and Markets Authority

Definitions

applicable 'No Data Options' the 'No Data Options' set out in Article 9(3) of the Securitisation Disclosure Requirements Delegated Regulation, excluding 'ND5'

exposure type report the information referred to in one of Annexes II to XI of the Securitisation Disclosure Requirements Delegated Regulation which is reported in a data submission for a securitisation, excluding information on inactive underlying exposures referred to in Article 2(5)(b) of that Regulation

III. Purpose

4. These guidelines are based on Article 16(1) of the ESMA Regulation. The objectives of these guidelines are to establish consistent, efficient and effective supervisory practices within the European System of Financial Supervision and to ensure the common, uniform and consistent application of the Securitisation Regulation. These guidelines achieve these objectives by describing thresholds for when the use of 'No Data Options' prevent the data submission from being '*sufficiently representative of the underlying exposures in the securitisation*' within the meaning of Article 4(2)(d) of the Securitisation Repository Operational Standards Delegated Regulation.

IV. Compliance and reporting obligations

Status of the guidelines

¹⁰ [Insert OJ reference when available].

¹¹ [Insert OJ reference when available].

5. In accordance with Article 16(3) of the ESMA Regulation, securitisation repositories must make every effort to comply with these guidelines.
6. ESMA will assess the application of these guidelines by securitisation repositories through its ongoing direct supervision.

Reporting requirements

7. Securitisation repositories are not required to report whether they comply with these guidelines.

V. Guidelines on securitisation repository data completeness and consistency thresholds

8. Securitisation repositories should verify that the 'No Data Options' do not prevent the data submission from being sufficiently representative of the underlying exposures in the securitisation in accordance with Article 4(2)(d) of the Securitisation Repository Operational Standards Delegated Regulation by determining:
 - (a) the individual field percentages of applicable 'No Data Options' for each exposure type report in that data submission; and
 - (b) whether the number of those percentages exceeds any of the thresholds applicable to those exposure type reports.
9. For the purposes of point (a) of paragraph 8, securitisation repositories should determine the individual field percentages of applicable 'No Data Options' for an exposure type report by:
 - (a) determining the number of applicable 'No Data Options' reported in each field in that exposure type report; and
 - (b) dividing each of those field numbers by the total number of underlying exposures reported in that exposure type report.
10. For the purposes of point (b) of paragraph 8, securitisation repositories should determine whether the number of individual field percentages of applicable 'No Data Options' for an exposure type report exceeds the thresholds applicable to that exposure type report by determining:
 - (a) the number of individual field percentages in the exposure type report that are:
 - (i) greater than 0% and below 10% ('Threshold 1 percentage occurrence'); and
 - (ii) equal to or greater than 10% ('Threshold 2 percentage occurrence');
 - (b) whether the Threshold 1 percentage occurrence exceeds Threshold 1 set out in Annex A applicable to that exposure type report; and

(c) whether the Threshold 2 percentage occurrence exceeds Threshold 2 set out in Annex A applicable to that exposure type report.

11. If either threshold set out in Annex A is exceeded for any of the exposure type reports in the data submission, securitisation repositories should consider that the 'No Data Options' prevent that data submission from being sufficiently representative of the underlying exposures in accordance with Article 4(2)(d) of the Securitisation Repository Operational Standards Delegated Regulation.
12. Example applications of a representativeness verification in accordance with paragraphs 8 to 11 for sample exposure type reports on 'residential real estate' within a data submission for a securitisation is provided in Annex B.

ANNEX A

Thresholds applicable to the exposure type reports

Annex in Securitisation Disclosure Requirements Delegated Regulation	Exposure type report	Threshold 1	Threshold 2
II	Residential Real Estate	30	30
III	Commercial Real Estate	50	50
IV	Corporate	35	35
V	Automobile	15	15
VI	Consumer	15	15
VII	Credit card	10	10
VIII	Leasing	15	15
IX	Esoteric	61	61
X	Add-On for Non- Performing Exposures	203	203
XI	Asset-Backed Commercial Paper	39	39

ANNEX B

Part 1: Example application of a representativeness verification of a sample exposure type report with 100 underlying exposures of residential real estate

Loan #	Resident	Geographic Region - Obligor	Employment Status	Primary Income	Primary Income Verification	Origination Date	Maturity Date	Origination Channel	Purpose	Debt To Income Ratio (%)	Interest Rate Type	Current Interest Rate Margin (%)	Interest Rate Reset Interval (months)	Original Loan-To-Value (%)
1	Y	BE351	PUBLIC SECTOR	EUR 30,478	ND1	2010-03-01	2026-12-17	BROKER	PURCHASE	5	FLOATING	1.51	3	45
2	Y	BE351	PUBLIC SECTOR	EUR 60,324	ND1	2014-05-27	2032-09-17	INTERNET	PURCHASE	28	FLOATING	1.52	3	50
3	Y	BE351	PRIVATE SECTOR	EUR 33,678	ND1	2011-02-15	2030-07-09	INTERNET	PURCHASE	9	FIXED	ND5	ND5	31
4	Y	BE351	ND1	ND1	ND1	2010-07-04	2032-07-26	ND1	ND1	ND1	FIXED	ND5	ND5	ND1
5	N	BE351	ND1	ND1	ND1	2009-03-05	2027-07-06	ND1	ND1	ND1	FIXED	ND5	ND5	ND1
6	N	BE351	ND1	EUR 74,308	ND1	2009-01-10	2025-12-24	ND1	ND1	ND1	FIXED	ND5	ND5	ND1
7	N	BE351	ND1	EUR 89,875	ND1	2008-03-19	2029-08-15	BRANCH	ND1	ND1	FIXED	ND5	ND5	ND1
8	Y	BE201	PRIVATE SECTOR	EUR 23,304	ND1	2016-11-20	2031-08-15	BRANCH	EQUITY RELEASE	15	FLOATING	1.23	6	56
9	Y	BE201	PRIVATE SECTOR	EUR 27,336	ND1	2017-12-05	2035-07-18	BRANCH	CONSTRUCTION	27	FIXED	ND5	ND5	55
10	Y	BE201	PRIVATE SECTOR	EUR 45,479	ND1	2011-02-05	2027-08-14	INTERNET	CONSTRUCTION	11	FIXED	ND5	ND5	58
11	Y	BE201	PRIVATE SECTOR	EUR 25,322	ND1	2014-09-06	2033-03-11	INTERNET	CONSTRUCTION	9	FLOATING	1.29	6	57
12	Y	BE201	PRIVATE SECTOR	EUR 89,267	ND1	2011-03-28	2031-03-24	BRANCH	PURCHASE	14	FLOATING	1.73	6	37
13	Y	BE201	PRIVATE SECTOR	EUR 97,123	ND1	2010-11-16	2032-11-03	BRANCH	PURCHASE	16	FLOATING	1.56	6	58
14	Y	BE442	PRIVATE SECTOR	EUR 20,948	ND1	2009-11-09	2027-12-22	BRANCH	PURCHASE	13	FLOATING	1.08	6	39
15	Y	BE442	ND1	ND1	ND1	2009-11-04	2026-09-18	ND1	ND1	ND1	FIXED	ND5	ND5	63
16	Y	BE442	ND1	ND1	ND1	2008-08-27	2030-02-08	ND1	ND1	ND1	FIXED	ND5	ND5	64
17	Y	BE442	PUBLIC SECTOR	EUR 39,029	ND1	2017-04-15	2031-10-30	ND1	ND1	ND1	FIXED	ND5	ND5	33
18	Y	BE442	PRIVATE SECTOR	EUR 75,081	ND1	2018-07-09	2036-02-17	ND1	ND1	ND1	FIXED	ND5	ND5	43
19	N	BE442	PRIVATE SECTOR	EUR 52,688	ND1	2011-11-25	2028-08-10	BRANCH	PURCHASE	16	FLOATING	1.43	6	41
20	N	BE442	PRIVATE SECTOR	EUR 35,467	ND1	2015-03-11	2033-04-26	BRANCH	PURCHASE	7	FLOATING	1.26	6	62
.	.	.	.	.	[ND1]	.	.	.	.	.	.	.	.	.
.	.	.	.	.	[ND1]	.	.	.	.	.	.	.	.	.
.	.	.	.	.	[ND1]	.	.	.	.	.	.	.	.	.
100	Y	BE331	UNEMPLOYED	EUR 95,741	ND1	2017-05-20	2032-04-07	BRANCH	PURCHASE	8	FIXED	ND5	ND5	55
<i>Memo: Are options ND1-ND4 allowed in this field?</i>	NO	NO	YES	YES	YES	YES	YES	YES	YES	YES	NO	NO	NO	YES
% use of No Data options	N/A	N/A	6%	4%	100%	0%	0%	7%	8%	8%	N/A	N/A	N/A	4%

Part 2: Example application of a representative verification of four scenarios of the residential real estate exposure type report

Applicable Thresholds

Exposure type report	Residential real estate
Threshold 1	30
Threshold 2	30

Perform Check 1

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
1. What is the percentage threshold?	10%	10%	10%	10%
2. What is the number of individual fields where the percentage of 'No Data Options' is greater than 0% and <u>below</u> 10% (Threshold 1 percentage occurrence)?	10	14	31	34
3. What is Threshold 1? (i.e. the number of fields threshold for check 1)	30	30	30	30
4. Is the Threshold 1 percentage occurrence below Threshold 1? (Yes = PASS / No = FAIL)	PASS	PASS	FAIL	FAIL

Perform Check 2

1. What is the percentage threshold?	10%	10%	10%	10%
2. What is the number of individual fields where the percentage of 'No Data Options' is <u>equal to or greater than</u> 10% (Threshold 2 percentage occurrence)?	16	32	18	33
3. What is Threshold 2? (i.e. the number of fields threshold for check 2)	30	30	30	30
4. Is the Threshold 2 occurrence below Threshold 2? (Yes = PASS / No = FAIL)	PASS	FAIL	PASS	FAIL

ACTION TO BE TAKEN BY THE SECURITISATION REPOSITORY IN RESPECT OF THE REPRESENTATIVENESS VERIFICATION OF THE DATA SUBMISSION:

ACCEPT	REJECT	REJECT	REJECT
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