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EDW'S 2025 SPRING VIRTUAL UPDATE

MAY 2025

Information Classification: Internal Use

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8 MAY 2025

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- DATA QUALITY UPDATE
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- ONE MORE THING…

JOINT COMMITTEE REPORT ('ARTICLE 44 REPORT')

ESAS REPORT ON SECR (ART. 44)

PUBLISHED 31 MARCH 2025

- On 31 March 2025, the Joint Committee (JC) of the European Supervisory Authorities (ESAs) published its 84-page evaluation report on the functioning of the EU Securitisation Regulation (SECR).
- Article 44 of the SECR mandates the JC of the ESAs to publish an evaluation report on the functioning securitisation framework every three years.
- The report puts forward recommendations on changes to Europe's securitisation framework and identifies areas where the regulatory and supervisory framework can be enhanced.
- These suggestions will be a highly significant input in the European Commission's work on the upcoming review of the securitisation framework (17 June 2025)

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6. SCOPE AND DEFINITIONS

6.2.1 DEFINITION OF "PUBLIC SECURITISATION" VS. "PRIVATE SECURITISATION"

- As per Article 7(2) of the SECR, certain transparency requirements do not apply to securitisations where no prospectus has to be drawn up in compliance with the Prospectus Regulation ("private securitisations").
- The JC of the ESAs proposes to 'positively' define public securitisations – namely by defining them as transactions
  - (1) where a prospectus has been drawn up, or
  - (2) with notes admitted to trading on EU regulated markets and/or Multilateral Trading Facility (MTFs) and/or Organised Trading Facility (OTF), or/and any other trading venue in the EU, or
  - (3) marketed to a broad range of investors with non-negotiable terms ("market test").
- Such a definition would broaden the current (negative) definition, newly capturing transactions currently classified as 'private' but that the JC of the ESAs view as 'public' in substance (such as CLOs and certain synthetic securitisations with Credit-Linked Notes (CLNs)).
- If these proposals are adopted by the EC, many securitisations currently treated as "private" will become "public".

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10. TRANSPARENCY FRAMEWORK

10.3 OPTIONS TO REVISE THE TRANSPARENCY FRAMEWORK
10.4 ADDITIONAL MEASURES TO IMPROVE THE FUNCTIONING OF THE DISCLOSURE FRAMEWORK

- The JC of the ESAs proposes to revise Article 7(1)(b) to specify more clearly which underlying documentation should be required depending on the type of securitisation transaction. To improve proportionality, the Level 1 text could specify a list of common underlying documents for all the segments, while segment specific documents would be detailed in “information modules” within Level 2 RTS.
- To enhance consistency and simplify disclosure templates for public securitisations, the JC of the ESAs propose to streamline and rationalise the ESMA securitisation templates and considers transitioning away from LLD for certain highly granular asset classes (e.g. credit card receivables).
- The report emphasizes that disclosure of Private Securitisations to Securitisation Repositories shall be mandatory.

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10. TRANSPARENCY FRAMEWORK

10.3 OPTIONS TO REVISE THE TRANSPARENCY FRAMEWORK
10.4 ADDITIONAL MEASURES TO IMPROVE THE FUNCTIONING OF THE DISCLOSURE FRAMEWORK

- Additional proposals aim to improve the overall functioning of the disclosure framework:
  - Intragroup securitisation transactions shall be exempt from the disclosure requirements under Article 7.
  - To lower the barriers to entry for small to medium-sized issuers, reporting obligations could be delegated to third parties.
  - A comprehensive review of the ND framework is recommended including the removal of ND options for specific fields essential for risk analysis.
  - Securitisation Repositories (SR) should be mandated to disseminate data both in the format prescribed for input data (in order to ensure machine readability for advanced data users), and an additional, more accessible format (e.g. csv).
  - EU Commission should work on overall reducing the fragmentation of the regulatory reporting requirements.

ESRB REPORT ON STS ON-BALANCE-SHEET SECURITISATION'S IMPACT ON EU FINANCIAL STABILITY

- On 5 May 2025, the European Systemic Risk Board (ESRB) published its assessment of the financial stability implications of extending the STS criteria to synthetic securitisations in the EU.
- "The ESRB assesses that extending the STS framework to synthetic securitisation has not, to date, resulted in significant risks to financial stability in the European Union."
- Nonetheless, "the relaunch of the securitisation market must be accompanied by close risk monitoring and assessment of the risks from procyclical effects and
- interconnectedness."

DATA QUALITY UPDATE

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OVERVIEW OF EDW'S ESMA DATA QUALITY PROCESSES

1 Mandatory ESMA checks (ca. 1,200)

Schema checks	• Verification of file structure and the format of the data submitted
Validation rules	• Rules that lead to a submission rejection
ESMA additional rules	• Additional rules that need to be executed by the securitisation repository (only warning)

2 Optional EDW checks

- Rules developed by European DataWarehouse. A subset is used to calculate the Data Quality Score (DQS) that ranks submissions from A (best quality) to F (worst quality)

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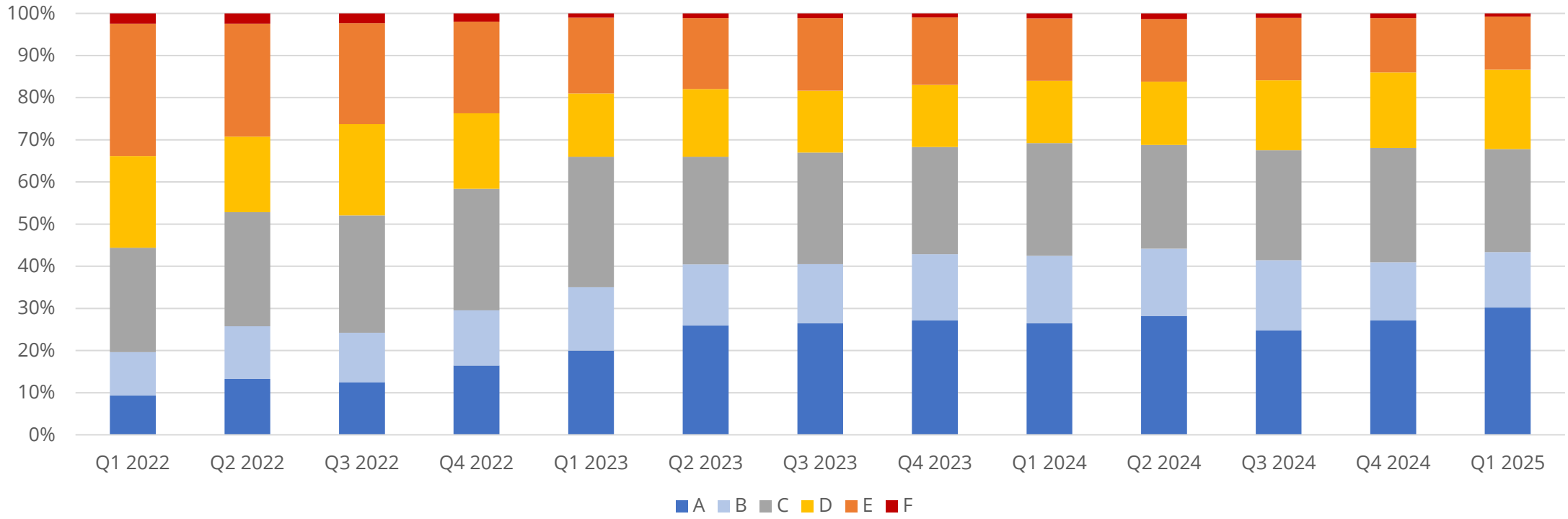
DATA QUALITY ESMA TEMPLATE

DEVELOPMENT Q1 2022 – Q1 2025



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DATA FIELDS WITH THE MOST DATA QUALITY ISSUES

ONLY A FEW FIELDS CONTRIBUTE TO THE HIGHEST NUMBER OF DATA QUALITY ISSUES

Top 10	ESMA Field	No. of loans
1	Origination Channel	> 1,3m
2	Date Of Updated Residual Valuation Of Vehicle	> 450k
3	Balloon Amount	> 390k
4	Redemption Date	> 355k
5	Default Amount	> 350

Top 10	ESMA Field	No. deals
1	Number Of Days In Arrears	230
2	Redemption Date	172
3	Default Amount	119
4	Default Date	86
5	Current Principal Balance	82

LEVERAGING EDW DATA: LATEST BLOG

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HOW TO USE UNDERLYING EXPOSURE DATA TO SUPPORT THE CALCULATION OF CAPITAL REQUIREMENTS FOR SECURITISATIONS

- Article 7 of the Securitisation Regulation (EU) 2017/2402 requires the disclosure of detailed, loan-by-loan information for all securitised assets.
- In particular, the granular data is essential for the calculation of risk-weighted assets (RWA) under the Capital Requirements Regulation (CRR), as amended by Regulation (EU) 2017/2401.
- Article 254 of the Capital Requirements Regulation (CRR) establishes a clear “Hierarchy of Methods“ that institutions must follow when calculating risk-weighted exposure amounts for securitisation positions.
- Where the conditions set out in Article 258 are met, institutions must use the **Securitisation Internal Ratings-Based Approach** (SEC-IRBA), as detailed in Articles 259 and 260. This approach relies on the institution’s internal models for credit risk, subject to supervisory approval and sufficient information on the underlying exposures.
- If the SEC-IRBA cannot be used, the **Securitisation Standardised Approach** (SEC-SA) must be applied in accordance with Articles 261 and 262. The SEC-SA uses prescribed supervisory formulas and standardised risk weights for the underlying exposures.
- Where neither the SEC-IRBA nor the SEC-SA can be used, the **Securitisation External Ratings-Based Approach** (SEC-ERBA) is to be used, as set out in Articles 263 and 264, provided the position is rated or an inferred rating can be used.

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USING ESMA LOAN-BY-LOAN DATA FOR CALCULATING CAPITAL REQUIREMENTS

EXAMPLE I: CALCULATION OF THE ATTACHMENT AND DETACHMENT POINTS

- These parameters define the thresholds at which losses from the underlying asset pool begin to affect a particular securitisation tranche (**attachment point**), and the point at which that tranche has absorbed all potential losses (**detachment point**).

- For instance, when calculating the Attachment Point, the first step is to extract the total outstanding balance of the pool and the amounts for each tranche. This information is available in the ESMA templates for underlying exposures (such as Annex 2 for RMBS, Annex 5 for Auto ABS, and Annex 6 for CMR), as well as the Annexes Inside Information and Significant Event.

- The next step is to check whether there is overcollateralization in the transaction; the ESMA templates provide a dedicated field for 'Current Overcollateralization' to facilitate this check.

- Finally, the reserve fund amount can be identified by reviewing the cash-flow information section within the Investor Report template.

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USING ESMA LOAN-BY-LOAN DATA FOR CALCULATING CAPITAL REQUIREMENTS

EXAMPLE II – CALCULATING THE PARAMETERS "W" AND "KSA" UNDER THE STANDARDISED APPROACH (SEC-SA)

- The W parameter is determined by dividing the total amount of underlying exposures in default by the total amount of all underlying exposures in the securitisation pool.
- Identifying exposures in default requires applying the criteria set out in the Standardised Approach, such as loans that are 90 days or more past due. The detailed, loan-level granularity provided by ESMA's reporting templates makes it possible to accurately identify and quantify these exposures.
- Looking further into the SEC-SA, the calculation of the KSA parameter also relies on loan-by-loan data. KSA represents the weighted-average capital charge of the entire pool of underlying exposures, calculated using the specific risk weights assigned to each loan as defined in Chapter 2 of the CRR.
- Access to granular loan-level data, such as that provided by ESMA templates, ensures that these risk weights are applied accurately to each underlying exposure, supporting robust and transparent risk assessment for securitisation positions.

PRODUCT UPDATE

REPORTING SOLUTION FOR PRIVATE DEALS

DISCLOSURE REQUIREMENTS

DIFFERENCES BETWEEN PUBLIC AND PRIVATE SECURITISATIONS IN EDITOR – EDW'S SECURITISATION REPOSITORY SOLUTION

ESMA Reporting Templates	Public	Private
Underlying Exposures	✓	✓
Investor Report	✓	✓
Inside Information /Significant Event	✓	⊖

Disclosure requirements based on the RTS/ITS on operational standards for SR	Public Securitisation Repositories (SR)	Private (exempted from reporting to SR)
XML format	✓	✓
XML Schema checks	✓	⊖
ESMA Scoring	✓	⊖
Content checks (validation rules)	✓	⊖
ND Thresholds	✓	⊖

PRIVATE AREA PRINCIPALS

EDITOR ENABLES PRIVATE TRANSACTIONS TO COMPLY WITH THE DISCLOSURE REQUIREMENTS UNDER ARTICLE 7(1) OF THE SECURITISATION REGULATION

STORAGE OF RELEVANT DATA

EDW regularly collects documentation and data according to the ECB and newly implemented ESMA templates and taxonomies with tailor made solutions upon request.

SECURITY AND TRACKING

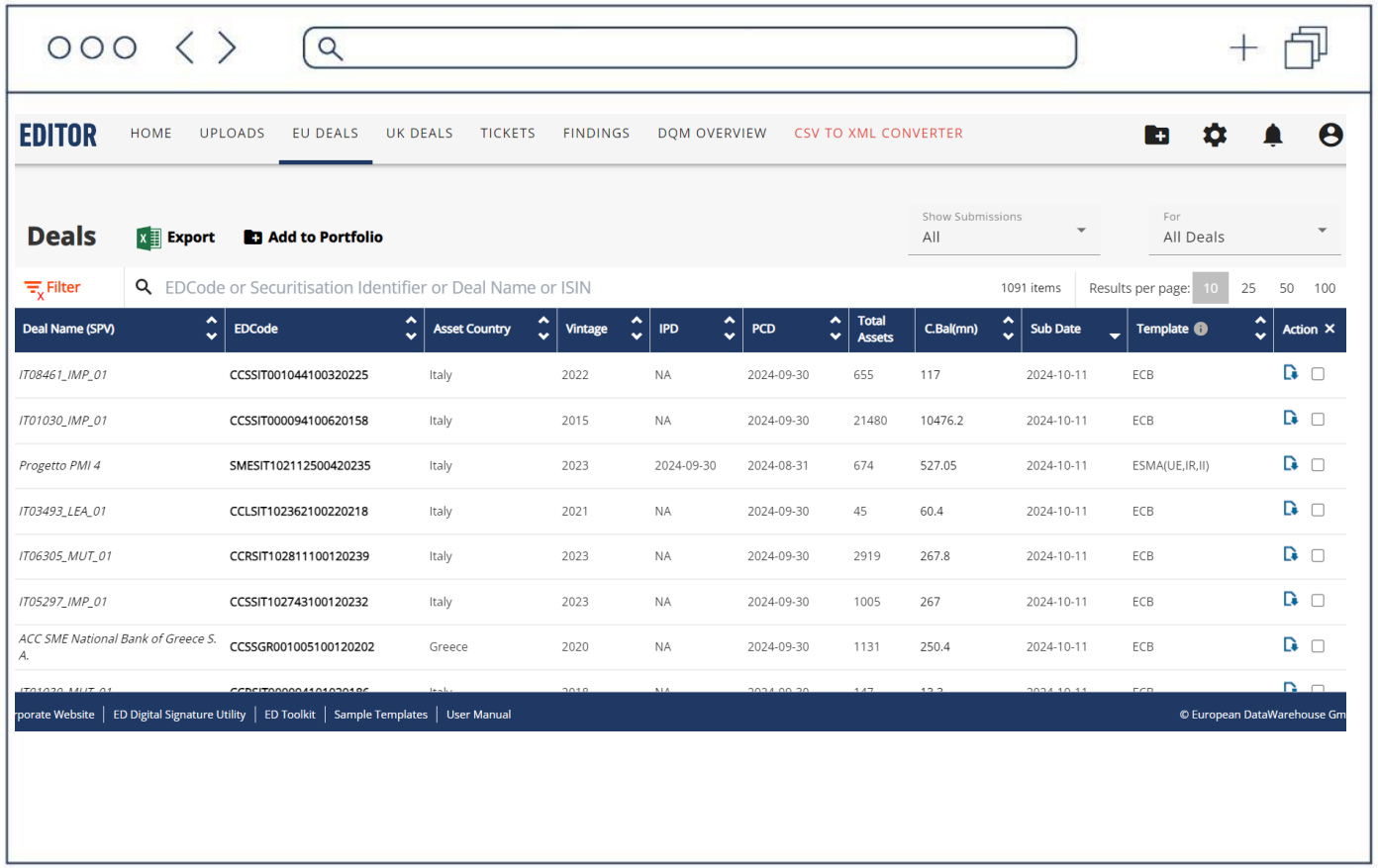
Once the deal is created, EDW keeps a clear log of the uploads, downloads and a full data back-up for future recovery.

TRANSPARENCY

Access to the relevant data is fully managed by the authoriser Data Owner who is responsible for granting the access to third parties called Data Users (DU). The authorisation can be changed at any time.

PRIVATE AREA OVERVIEW

PRIVATE SECURITISATION TRANSACTIONS USE THE EDW PRIVATE AREA TO COMPLY WITH DISCLOSURE REQUIREMENTS UNDER ART. 7 OF THE SEC. REG.



- **Accessibility:** Easy and user-friendly web-based access.
- **Functionality:** Continuous software enhancements and developments.
- **Reliability:** Robust software with ongoing support.
- **Integrity:** Legal framework for accessing, uploading and downloading information.

MARKET OVERVIEW FOR PRIVATE TRANSACTIONS

PRIVATE TRANSACTIONS IN EDITOR	**>300** TOTAL	**100+** ISSUERS	**12** COUNTRIES	**11** ASSET CLASSES
PRIVATE SECURITISATIONS ON ESMA'S STS REGISTER	**327** TOTAL	**284** ABCP	**43** NON-ABCP	

Sources: EDW, ESMA

ALL-IN-ONE DATABASE

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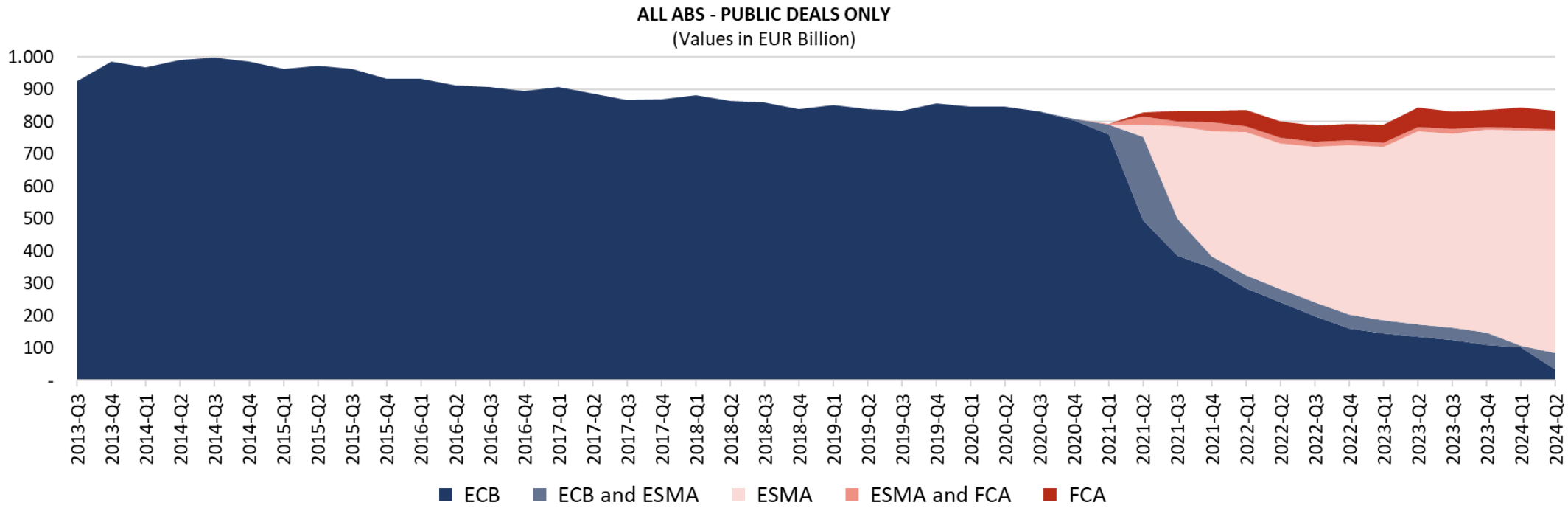
ECB VS ESMA VS FCA DATA AVAILABILITY



ALL IN ONE DATABASE

ECB AND ESMA DATA INTEGRATED IN ONE DATABASE

EDW is completing a beta version of its All-in-One database (AIO), merging ECB and ESMA data and preserving the time series from Q2 2013 to Q4 2024, for the six main asset classes. It facilitates time series analyses, as historical data is mostly in ECB format and new data is reported in ESMA format.

It will also improve user experience in other ways:

- We endeavour to correct errors found in the original data
- We optimised field size and format to simplify queries and (hopefully) make them faster. Among other improvements, the number fields are already "CAST AS NUMBER" in the AIO.
- Lastly, it also contains "calculated fields", that make it more user-friendly.
- AIO contains all the ESMA fields, to which we add the ECB fields without ESMA equivalents, plus calculated fields.

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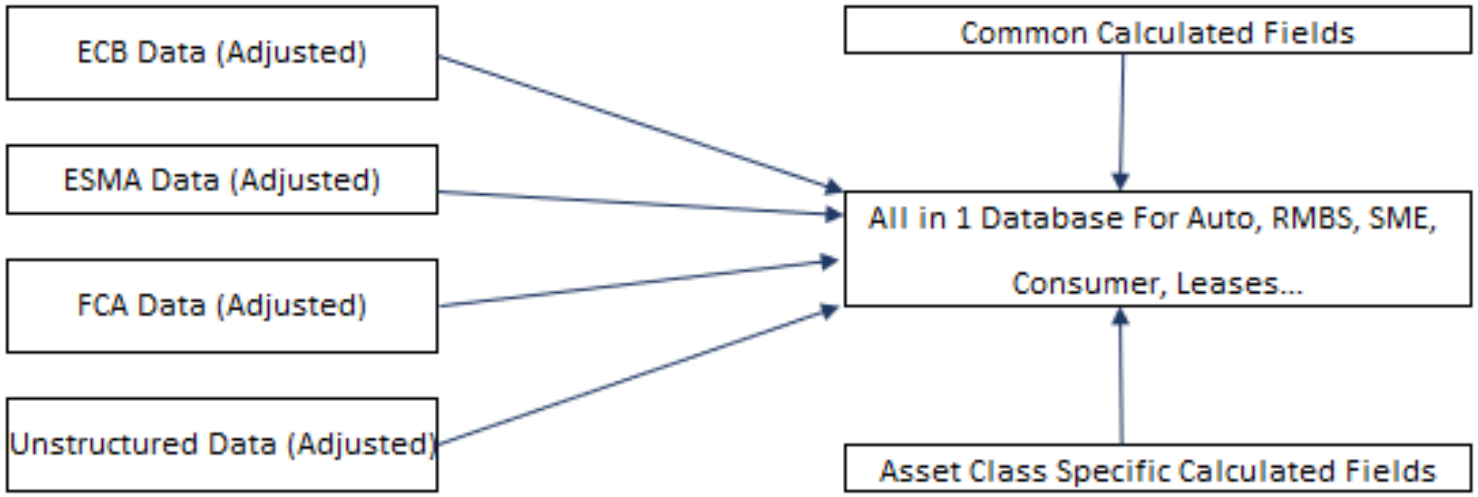
ADJUSTED DATABASE STRUCTURE



As of Q4 2024:

- The All-in-One DB contains all the ECB data with data quality adjustments
- ESMA and FCA data is also included (data quality adjustments are still needed)
- Calculated fields have been added
- Unstructured data not yet added...

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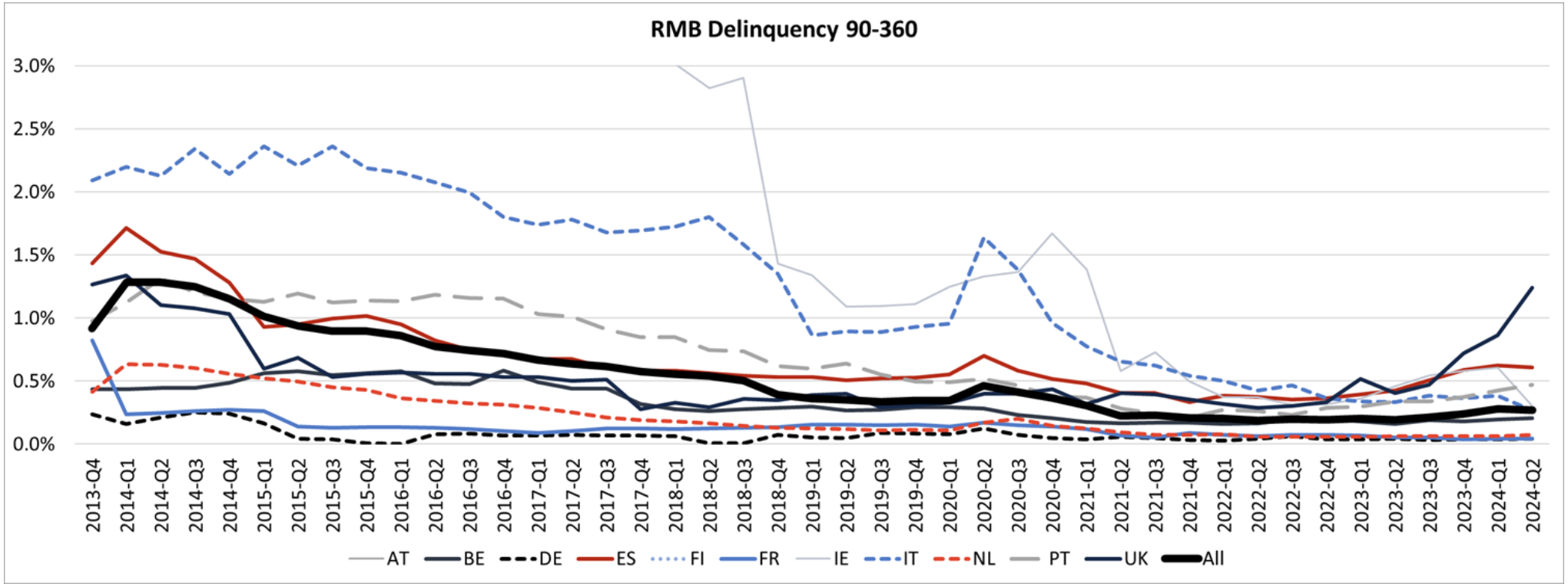
EU MORTGAGES – DELINQUENCY RATES 90-360 DAYS



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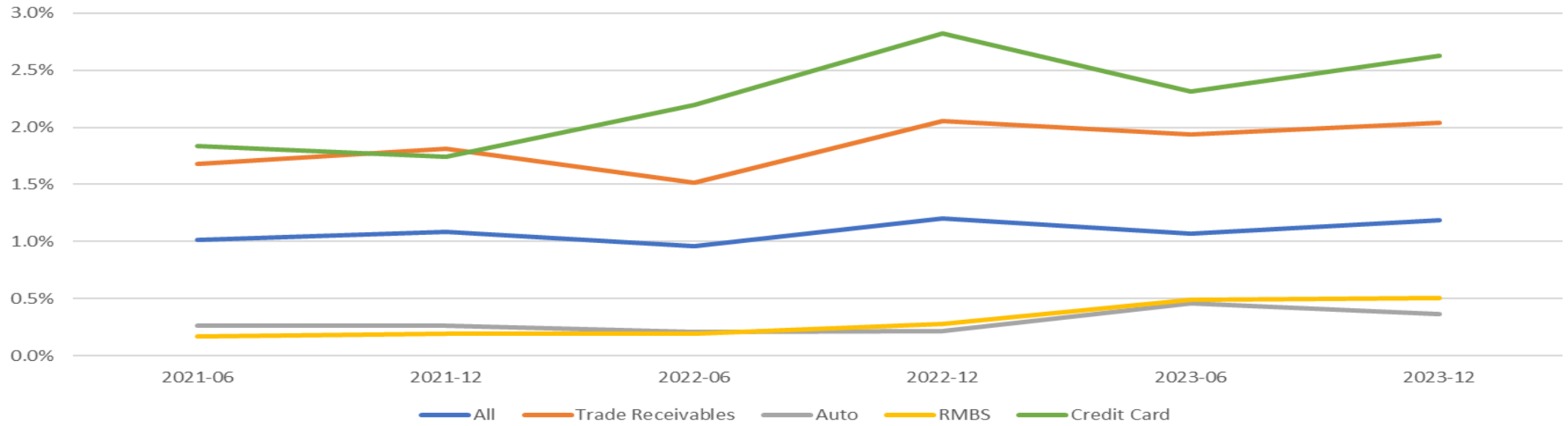
90+ DAY DELINQUENCIES IN PRIVATE SECURITISATIONS

EUROPEAN BENCHMARK EXERCISE H2 2023

Overall, 90+ days Delinquencies, i.e. technically defaulted assets, across all asset types are up to 1.2% from 1.1% in H2-2023. This is entirely in line with the performance observed in H2-2022.



EVENT CALENDAR

ENGAGE EVENT IN MADRID

- European DataWarehouse hosted the ENGAGE workshop at ICO in Madrid.
- EDW representation by Marco Angheben, Maitane Puente Gonzalez and Prof. José Manuel González-Páramo represent EDW.
- Guest speakers from Banco de Espana, BBVA, Banca March, KPMG etc.

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UPCOMING EVENTS

REGISTRATION LINKS AVAILABLE ON OUR WEBSITE

In-Person Events

Registration is now open for a selection of our 2025 Securitisation Events. Please reserve the date for your local event.

Registration now open:

- Dublin: 14 May
- London: 20 May

Please save the date:

- Amsterdam: 28 October
- Madrid: 4 November
- Lisbon: 18 November
- Frankfurt: 20 November
- Rome: 25 November
- Paris: 4 December

Virtual Events

EDW offers a range of themed webinars throughout the year. Please register for one of our upcoming events and stay tuned for additional dates.

Registration now open:

- Q2 Research Update: 26 June
- Q3 Research Update: 23 Sept.
- EDW H2 Virtual Update: 23 Oct.
- Q4 Research Update: 16 Dec.

SEE YOU IN BARCELONA!

EDW GLOBAL ABS KICK OFF PARTY ON 9 JUNE

ONE MORE THING...

THANK YOU

THANK YOU

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