

## Statement on ESMA's near-term implementation of the Securitisation Regulation

1. This statement aims to provide additional information to facilitate market participants' understanding of several aspects of ESMA's implementation of its responsibilities deriving from the Securitisation Regulation, which begins to apply on 1 January 2019.
2. This statement is addressed to:
  - a. securitisation market participants, including firms considering registering with ESMA to provide securitisation repository services under the Securitisation Regulation.
  - b. securitisation reporting entities (originators, sponsors, and Securitisation Special Purpose Entities), investors, potential investors, and other users of securitisation data, because it also covers items related to securitisation disclosures.
  - c. all entities involved in the 'Simple, Transparent, and Standardised' (STS) notification process, because it provides further guidance on ESMA's arrangements for submitting notifications to ESMA certifying compliance with the STS criteria. These entities are encouraged to test their systems with the interim arrangements that have been launched today on ESMA's website, in order to ensure a smooth transition once the Securitisation Regulation has begun to apply on 1 January 2019.
3. ESMA has now delivered the remaining pillars of its transparency-related policy deliverables expected under the Securitisation Regulation<sup>1</sup>, which follow the publication of ESMA's Final Reports on disclosure technical standards and, on 18 July 2018, on its STS notification technical standards<sup>2</sup>.
4. The following sections provide further details on topics related to securitisation repositories and disclosure, followed by ESMA's interim STS notification arrangements and, lastly, how to contact ESMA in case of further questions.

### Items related to securitisation repositories and securitisation disclosures

#### *ESMA's registration process for securitisation repositories*

5. Following the submission of ESMA's draft securitisation repository technical standards, the Commission will now decide whether to adopt these standards. It is only at the time that the draft

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<sup>1</sup> Regulation (EU) 2017/2402 ; [https://www.esma.europa.eu/sites/default/files/library/esma33-128-505\\_final\\_technical\\_advice\\_secureditisation\\_repositories\\_fees.pdf](https://www.esma.europa.eu/sites/default/files/library/esma33-128-505_final_technical_advice_secureditisation_repositories_fees.pdf)  
[https://www.esma.europa.eu/sites/default/files/library/esma33-128-488\\_final\\_report\\_repositories\\_technical\\_standards.pdf](https://www.esma.europa.eu/sites/default/files/library/esma33-128-488_final_report_repositories_technical_standards.pdf)

<sup>2</sup> [https://www.esma.europa.eu/sites/default/files/library/esma33-128-474\\_final\\_report\\_secureditisation\\_disclosure\\_technical\\_standards.pdf](https://www.esma.europa.eu/sites/default/files/library/esma33-128-474_final_report_secureditisation_disclosure_technical_standards.pdf) ;  
[https://www.esma.europa.eu/sites/default/files/library/esma33-128-477\\_final\\_report\\_on\\_sts\\_notification.pdf](https://www.esma.europa.eu/sites/default/files/library/esma33-128-477_final_report_on_sts_notification.pdf)

application requirements contained in these standards have been adopted as a Commission Delegated Regulation and have entered into force that they will constitute legally-binding application requirements. Until then, there is no legal basis for ESMA to receive and assess applications for registration as a securitisation repository. Therefore, ESMA will not be considering any application materials received between now and the date of entry into force of the application requirements. In the meantime, parties interested in understanding the application process can contact ESMA via the following email address: [SR-registration@esma.europa.eu](mailto:SR-registration@esma.europa.eu). Further information will be made available on the dedicated section of ESMA's securitisation repositories webpage.

*Where to report information until at least one securitisation repository has been registered by ESMA*

6. Until at least one securitisation repository has been registered by ESMA, information that should normally be made available by reporting entities to securitisation repositories according to the Securitisation Regulation must instead be made available via a website that meets certain conditions<sup>3</sup>. ESMA has no powers to supervise any website, nor is ESMA able to provide an assessment of whether any potential website meets the applicable requirements of the Securitisation Regulation.

*Arrangements for securitisation repository thresholds*

7. As set out in its Final Report on securitisation repository technical standards, ESMA plans to specify a set of tolerance thresholds to be applied by securitisation repositories on underlying exposure data submissions that contain 'No Data' options. ESMA aims to publish these thresholds in good time on its website, in a format that facilitates market participants' understanding and awareness of this aspect of reporting to securitisation repositories.
8. ESMA emphasizes that its objective is to balance the understandable need for flexibility by reporting entities, particularly at the start of the reporting system, with the legitimate needs of investors, potential investors, competent authorities and other entities that have specific obligations in the Securitisation Regulation.
9. Work has already begun on an initial methodology and calibration for the thresholds. ESMA plans to consult market participants on these arrangements in the coming months, and will aim to do so before the entry into force of the associated Commission Delegated Regulation containing these thresholds.

*Arrangements for providing XML schema and validation rules on the disclosure templates and STS notification templates*

10. As set out in its Final Reports on securitisation repository technical standards, ESMA will be developing a common XML schema for the templates set out in its Final Report on disclosure

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<sup>3</sup> See the fourth sub-paragraph of Article 7(2) of the Securitisation Regulation: Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:

- (a) includes a well-functioning data quality control system;
- (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website;
- (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk;
- (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and
- (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation.

technical standards, as well as validation rules to accompany these schema. ESMA aims to publish the first versions of these schema and validation rules as soon as possible.

11. When developing its STS Register, ESMA plans to follow a similar process for the XML schema and validation rules in relation to the templates set out in its Final Report on STS notification technical standards.

### **STS notification interim reporting instructions**

12. As the STS Register is not yet operational, ESMA has also published today a set of interim instructions for reporting STS notifications to ESMA. These instructions includes an interim STS notification template, pending the development of ESMA's STS Register in the coming months. These interim reporting instructions and the template file can be found on ESMA's securitisation policy activities webpage<sup>4</sup>.
13. ESMA is providing these items on a preliminary basis, assuming that the European Commission will be adopting ESMA's draft technical standards on STS notification as they have been submitted<sup>5</sup>. In doing so, ESMA is seeking to provide market participants with as much advance notice as possible, in order to allow them to prepare for the new standards. Nevertheless, ESMA cautions that the publication of these reporting instructions and interim STS notification template do not guarantee that the standards to be adopted by the Commission will be the same as those submitted by ESMA on 16 July 2018. In the event of a discrepancy, ESMA will make adjustments to the interim template in order to comply with the standards as they have been adopted by the Commission.
14. ESMA also wishes to emphasize that it is legally not empowered to publish STS Notifications on its website until two conditions have been met: the Securitisation Regulation has entered into force (i.e. starting on 01/01/2019) and the Commission's Delegated Regulation on the STS Notification technical standards has entered into force. Market participants are nevertheless encouraged to test their reporting systems and ESMA's ability to process their notifications as soon as possible, by sending trial completed STS Notification template files according to the accompanying reporting instructions. ESMA will endeavour to provide feedback in advance as well, with a view to facilitating a smooth transition.

### **Further questions**

15. In the event of further questions not covered in the items above, market participants are welcome to pass these to ESMA via its dedicated securitisation email address: [securitisation@esma.europa.eu](mailto:securitisation@esma.europa.eu). Questions on the interpretation of ESMA's disclosure templates may also be submitted via ESMA's Q&A arrangement.<sup>6</sup>

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<sup>4</sup> <https://www.esma.europa.eu/policy-activities/securitisation>

<sup>5</sup> [https://www.esma.europa.eu/sites/default/files/library/esma33-128-477\\_final\\_report\\_on\\_sts\\_notification.pdf](https://www.esma.europa.eu/sites/default/files/library/esma33-128-477_final_report_on_sts_notification.pdf)

<sup>6</sup> See <https://www.esma.europa.eu/questions-and-answers>