Regulatory Blog

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ESMA consults on revised disclosure requirements for private securitisations

ESMA proposes to introduce separate disclosure template for European private securitisations which would no longer require the reporting of granular loan-level data. With that, ESMA intends to reduce the regulatory reporting burden for originators and sponsors and to increase the efficiency and effectiveness of supervision.

On 13 February 2025, the European Securities and Markets Authority (ESMA) has launched a consultation on revising the disclosure framework for private securitisations under the Securitisation Regulation 2017/2402 (SECR). The consultation can be considered to be a first step of a more general amendment of the EU Securitisation framework which is expected to happen in the course of this year based on the EU Commission's „Targeted consultation on the functioning of the EU securitisation framework" closed in December 2024 (see our blog post for further information).

Background

Going back to the lessons learned from the great financial crisis, the disclosure requirements for securitisations have been significantly increased mainly to reduce the systematic information asymmetry between originators and investors. With the introduction of the SECR, ESMA provided standardised disclosure templates and formats complementing the transparency requirements laid down in Article 7 SECR, the key elements being the following:

- Loan-by-loan reporting referring to the underlyings of the pool
- Standardised investor reporting templates
- Templates for ad hoc reporting of insider information and significant events

Most of these disclosure requirements according to Article 7 SECR are applicable to both public and private securitisations. However, the corresponding ESMA standards, templates and processes are primarily focussing on public securitisations so that there is currently a lack of clarity on *how* to comply with the disclosure requirements when it comes to private securitisations. ESMA confirmed that the SECR does not specify the operational manner in which reporting should be performed for private securitisations, and ESMA has not been mandated to specify this aspect. As a result, ESMA stated that „absent any instructions or guidance provided by national competent authorities, reporting entities are free to make use of any arrangements that meet the conditions of the SECR" (see ESMA Q&A). In practice, this led to very heterogenous implementations across EU banks and competent authorities, whereby in most cases originators of private securitisation were simply applying the ESMA standards for generating the data but only without publishing the templates via a Securitisation Repository as it would be required for public transactions.

At the same time, it turned out that many investors in private securitisations do not make use of the data compiled according to the ESMA templates and formats but rather request additional individual reports based on their specific needs. This is mainly due to the bespoke transaction structures of private securitisation and the well-established due diligence procedures of institutional investors specialised in securitisation investments. Furthermore, also competent authorities developed specific notification templates to fill the gaps in the general disclosure framework for securitisations. Hence, originators of private securitisations were complaining (quite justifiably) that they have to generate very granular data and produce templates that almost no one is looking at only to be formally compliant with Article 7(1)(a) SECR.

Proposed amendments – No loan-level data anymore?

Those observations are not new and many discussion papers during the last couple of years were already addressing this issue. With the consultation paper, ESMA now provides a proposal to **introduce a simplified disclosure template** specifically for European private securitisations based on its existing mandate under Article 7 SECR. That means, ESMA is proposing to extend the technical standards (Level 2) according to Commission Delegated Regulations (EU) 2020/1224 and (EU) 2020/1225 without the need to amend the respective Level 1 text (SECR). The main objectives of the proposal are the following:

- Reduce reporting burden for originators
- Ensure access to necessary data for supervisory authorities
- Increase overall efficiency of the disclosure framework

To achieve these goals, ESMA first clarifies the **definition of a private securitisation** being a securitisation for which no prospectus has to be drawn up in accordance with Regulation (EU) 2017/1129 (“Prospectus Regulation“). On that basis, ESMA developed a new disclosure template for private securitisations that is basically designed as an **aggregate-level report**. Hence, the most important message is that it would no longer be required for originators of private securitisations to compile loan-level data according to ESMA’s public disclosure templates and that there are only reduced requirements for aggregate figures on underlying exposures (e.g. high-level metrics such as total nominal amounts, jurisdictional distributions, key exposure classifications, and metrics related to the performance of the underlying assets).

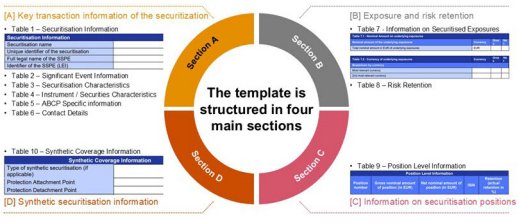
The proposed template is structured in four main sections and ten tables covering:

[A] Key **transaction information** including significant events

[B] **Aggregated information on underlying exposures** and risk retention

[C] Information on **securitisation positions** (i.e. tranches, facilities, etc.)

[D] Information on **synthetic coverage** (i.e. guarantees, other protection instruments)



The template must be submitted by the designated reporting entity (i.e. originator, sponsor, or SSPE) to investors, its competent authority, the competent authority of other relevant sell-side parties (if applicable), and potential investors upon request. It is expected to be made available in at least **CSV format** to reduce

compliance costs and streamline the notification process, i.e. it is not necessary to generate complex XML files as it would be the case for public transactions.

The reporting frequency continues to be **quarterly** for non-ABCP and **monthly** for ABCP transactions. It should be provided to institutional investors, competent authorities and, upon request, to potential investors in a timely manner. For significant events, the information should be made available ad hoc without undue delay.

The simplified template shall **apply uniformly to all types** of European private ABCP and non-ABCP securitisations and regardless of the underlying assets. Hence, it is intentionally designed to be a “one size fits all” template that should cover the information requirements of all relevant stakeholders.

So, mission accomplished? Let’s wait. There are at least two caveats to consider:

1. The simplified template is only intended for private securitisations where**all sell-side parties – the originator, sponsor, original lender, and SSPE – are established in the EU**. For transaction with non-EU sell-side parties, public securitisation disclosure rules according to Article 7(1)(a) SECR shall continue to apply.
2. According to the Q&A section of the ESMA consultation paper, originators, sponsors and SSPEs of private transactions **must still provide the full set of public disclosure** information outlined in Article 7(1)(a) SECR, ***upon request***, to investors, potential investors and competent authorities.

While exemption 1) is somehow foreseeable and thus manageable for the respective reporting entity, exemption 2) would require originators, sponsors or SSPEs of private transactions to **be prepared for ad hoc requests** of (potential) investors or competent authorities to report loan-level data according to the public disclosure templates. This would practically mean that systems, data warehouses, processes, interfaces, etc. must be readily available to be able to fulfil those information requirements in a timely and high-quality manner. The intended reduction of the reporting burden would therefore be limited especially for first-time issuers of private transactions as the main challenge and cost-driver is typically the initial setup of the reporting infrastructure. However, it is somewhat unclear whether this ESMA statement is only a necessary disclaimer due to the fact that the respective Level 1 text (Article 7(1)(a) SECR) remains unchanged, or if there is a realistic chance that those requests will happen in practice.

Next steps

The consultation will be open for comments until **31 March 2025**. ESMA plans to submit the draft technical standards to the European Commission for endorsement by **Q2 2025**. It remains to be seen how the different stakeholders will assess the intended reporting relief and how the two caveats will impact the consultation results. On the one hand, issuers with well-established systems and processes might not be super enthusiastic about changing reporting requirements as additional aggregation and transformation rules will have to be implemented. On the other hand, for new and soon-to-be issuers it might be decisive

whether they need to prepare for ad hoc requests of the full disclosure package as for public securitisation or if they can purely focus on the implementation of the simplified template for private securitisations. In any case, quick clarifications would be highly appreciated by all stakeholders in order to follow a predictable implementation roadmap and not to impede or delay current transaction plans.

You want to know more about the regulatory framework for securitisations? Please don't wait to contact us. We have supported many banks, insurance companies and corporate treasurers in the recent years with their initiatives in the securitisation space. We are more than happy to share our insights with you!

Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings here.

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