

21 November 2019

Circular on Regulation (EU) No 2017/2402- the Securitisation Regulation

European Commission publishes Securitisation Transparency RTS

The contents of this circular shall be read in conjunction with the Securitisation Regulation ('SECR') and previous circulars issued by the Authority.

This circular is being addressed to all interested stakeholders, in particular to securitisation market participants - including firms considering registering with the European Securities Markets Authority ('ESMA') to provide securitisation repository services under the Regulation, securitisation reporting entities being originators, sponsors and Securitisation Special Purpose Entities ('SSPEs'), investors, potential investors and other users of securitisation data and all entities involved in the 'Simple, Transparent, and Standardised' ('STS') notification process.

Background

The SECR has been applicable since 1 January 2019 with the aim to strengthen the legislative framework implemented after the financial crisis in order to restore confidence in the securitisation market as well as promote securitisation as the foundations of well-functioning financial markets.

Considering the above, on 16 October 2019, the European Commission ('EC') has published the regulatory technical standards ('RTS') in relation to the transparency requirements under the SECR. Information disclosure is fundamental for both investors and potential investors to conduct due diligence and monitor risks. Accordingly, the disclosure of information enables entities listed in Article 17(1) of the SECR to ensure the smooth functioning of securitisation markets in both the broader EU macro-financial landscape and at micro-level.

RTS specifying transparency requirements

Article 7 of the SECR sets out the transparency requirements for originators, sponsors and SSPEs. Moreover, Article 5 requires institutional investors, other than the originator, sponsor or original lender, to conduct due diligence in accordance with the frequencies and modalities set out in Article 7 of the SECR.

The RTS are based on the draft regulatory technical standards issued by the ESMA on the 31 January 2019, *vide* the [circular](#) issued by the Authority on 7 February 2019. *Inter-alia*, the RTS contain the following legal elements:

- a distinction between public and private securitisations;
- the granularity of information to be disclosed in terms of long-term and short-term securitisations;
- standardised identifiers facilitating the tracking of information across the different categories of information disclosed;
- tailored reporting requirements for the most prominent underlying exposures;
- disclosure of additional information related to the securitisation itself (in terms of the programme, transaction, tranches, etc);
- “No Data” options when information cannot be made available; and
- Timeliness of information provision.

Additionally, the RTS comes with a set of annexes, each highlighting in detail the information to be reported depending on the underlying exposure.

Next Step

The European Parliament and the Council of the European Union have a three month “no objection” period in order to approve the RTS. Once approved, the RTS will be published in the Official Journal of the European Union and will come into force 20 days after the date thereof.

Accordingly, the RTS could begin to apply in Q1 2020. In this respect, the Authority urges market participants to ensure that they have the relevant data available in order to comply with the new reporting requirements once the RTS come into force.

Contacts

Should you have any queries on the above, please do not hesitate to contact Mr Luca Caruana on luca.caruana@mfsa.mt for any further clarifications.