

ESMA Consultation on Private Securitisation Disclosure

What You Need to Know

The European Securities and Markets Authority has released a consultation paper proposing a simplified disclosure template for private securitisations. Stakeholders are invited to provide comments on the proposed changes by 31 March 2025 and ESMA intends to seek final endorsement from the EU Commission on the new standards by Q2 2025.

Consultation Overview

On 13 February 2025, the European Securities and Markets Authority (“ESMA”) published a consultation (the “Consultation”)¹ on the revision of the disclosure framework for private securitisation under Article 7 of the Securitisation Regulation². The Consultation seeks feedback on a simplified disclosure template designed to improve proportionality and maintain transparency. The consultation period is open until 31 March 2025.

Background and Purpose

The current disclosure framework was established by technical standards adopted in September 2020³. The Consultation paper states that feedback from market participants indicates that the existing framework does not adequately address the specific needs of private securitisations, leading to unnecessary complexities and higher compliance costs.

In response, ESMA proposes a simplified template to streamline information-sharing processes, while ensuring that supervisory authorities have access to essential data for effective oversight.

Proposed Simplified Template

The proposed template focuses on key transaction details, relevant parties and securitised underlying exposures. It introduces aggregate-level reporting and reduces requirements for transaction-specific data, reflecting the operational realities of private transactions and replacing the current granular reporting templates for each asset class. The template is designed to be used uniformly for both ABCP and non-ABCP securitisations, regardless of the underlying assets.

If implemented, the template would significantly reduce the burden of Article 7.1(a) asset-level reporting for in-scope transactions. One caveat is that the Consultation further suggests that parties may still be required to provide the full set of Article 7.1(a) reporting to stakeholders “upon request” (that is, as a form of back-up obligation), although this is not carried through to the proposed draft technical standard itself.

Key Sections of the Simplified Template

- Key Transaction Information: Captures essential details necessary to identify the securitisation transaction, including the

¹<https://www.esma.europa.eu/document/consultation-paper-revision-disclosure-framework-private-securitisation>

² Regulation (EU) 2017/2402

³ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2020.289.01.0001.01.EN&toc=OJ:L:2020:289:TOC

names and identifiers of key entities involved.

- **Exposure and Risk Retention:** Provides aggregate characteristics of the securitised exposures, avoiding granular, asset-level reporting. It includes information on the nominal amount, currency, jurisdiction and classification of underlying exposures, as well as performance metrics and environmental performance data.
- **Information on Securitisation Positions:** Details the securitisation positions, including gross and net nominal amounts, ISIN and retention percentages.
- **Synthetic Securitisation Information:** Applies to synthetic securitisations and captures key details about the type of protection instrument used, credit protection arrangements and the protection provider.

Applicability to European Private Securitisations

The reduced reporting and new template will only apply to 'European private securitisations', defined as securitisations for which no prospectus has to be drawn up in accordance with the Securitisation Regulation and where the originator, sponsor, original lender and SSPE are all established in the EU. The consultation includes the following question:

- “Do you agree with the proposed scope of application, which requires all of the originators, sponsors, original lenders and SSPEs to be established in the Union? Alternatively, do you see any merit in applying the new template when at least the originator and sponsor are established in the Union? Please provide specific examples where the application of the proposed scope might present practical challenges.”

Presently, all third-country securitisations are in practice private securitisations and it was hoped that reform in this area would act to reduce the friction in global markets caused by the

requirement on EU institutional investors to seek full EU template granular asset-reporting on securitisations in which they invest. While stakeholder and industry bodies may argue the logic of distinguishing between European and third-country private securitisations, the proposal likely reflects European priorities to promote European securitisation first and foremost, as well as to ensure supervisory oversight to some degree.

In either scenario (whether all sell-side parties are established in the European Union, or just the originator or sponsor risk retainer), it may be the case that this creates a bias towards establishing risk retention entities within the EU: whether for existing EU products like EU CLOs should the first option be chosen, or to enable US securitisations to be more easily sold to EU investors should the second option prevail.

Uncertain Aspects

As noted above, there may still be a requirement to produce full reporting upon request. In addition, there is some uncertainty on when and how the new regime will apply (eg by deal vintage). As ever, the operational devil is in the detail and stakeholders will surely use the Consultation to try to raise and ameliorate as many of these operational questions as possible, to help achieve ESMA's stated aim of reducing the overall burden in practice.

Next Steps

ESMA will consider the feedback received during the consultation and plans to publish a final report and submit the draft technical standards to the European Commission for endorsement by Q2 2025. Throughout this process, ESMA will coordinate closely with the Commission to ensure alignment with potential Level 1 changes.

Conclusion

Stakeholders are encouraged to participate in the consultation process and provide their feedback on the proposed changes. Should you be interested in contributing to the Consultation or want to discuss any aspect, please reach out to your usual Maples Group contact or any of the persons listed below.

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