



EUROPEAN COMMISSION  
Directorate-General for Financial Stability, Financial Services and Capital Markets Union

**General affairs**  
Policy definition and coordination

# IACPM Response

(final version for submission to the European Commission  
on 4 December 2024)

## TARGETED CONSULTATION

### ON THE FUNCTIONING OF THE EU SECURITISATION FRAMEWORK

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# CONSULTATION QUESTIONS



The International Association of Credit Portfolio Managers (IACPM) is a global association established in 2001 to further the management practice of credit exposures originated by banks. Membership is open to banks as well as credit investors, pension funds, insurers and reinsurers, who participate in credit risk transfer transactions as sellers of credit protection.

Therefore, the response provided by the IACPM mostly focuses on the **direct and indirect impact of regulatory reforms on the growth of Significant Risk Transfer (SRT) securitisations** executed by banks, aiming to share risk and release capital in order to grow banks' lending to the real economy.

IACPM collected quantitative data from its members to help in answering the questions in this consultation. The collected data is included in many sections of the consultation to support our arguments. Some figures may have been rounded to the nearest thousand given the smaller sample size of participants. Demographics of the survey participants:

- 19 firms participated, including ten banks, six funds/asset managers, two insurance companies and one re-insurer
- Banks responding to the survey have issued more than 120 SRT transactions in the last 25 years, with 30% of the banks having started before 2010
- Six of the ten contributing banks have total balance sheet assets above US\$ 500 Billion.

# CONSULTATION QUESTIONS

## Section 1: Effectiveness of the securitisation framework

**Q. 1.1 Do you agree that the securitisation framework (including the Securitisation Regulation and relevant applicable provisions of the CRR, Solvency II and LCR) has been successful in, or has contributed to, achieving the following objectives:**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
1. Revival of a safer securitisation		Somewhat agree				

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
market						
2. Improving financing of the EU economy by creating a more balanced and stable funding structure of the EU economy					Fully disagree	
3. Weakening the link between banks' deleveraging needs and credit tightening –				Somewhat disagree		
4. Reducing investor stigma towards EU securitisations		Somewhat agree				
5. Removing regulatory disadvantages for simple and transparent securitisation products		Somewhat agree				
6.Reducing/eliminating unduly high operational costs for issuers and investors					Fully disagree	
7. Differentiating simple, transparent and standardised (STS) securitisation products from more opaque and complex ones		Somewhat agree				
7.1 Increasing the price difference between STS vs non-STS products					Fully disagree	

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
7.2 Increasing the growth in issuance of STS vs non-STS products				Somewhat disagree		
8. Supporting the standardisation of processes and practices in securitisation markets				Somewhat disagree		
8.1 Increasing the degree of standardisation of marketing and reporting material				Somewhat disagree		
8.2 Reducing operational costs linked to standardised securitisation products					Fully disagree	
9. Tackling regulatory inconsistencies				Somewhat disagree		

## Section 2: Impact on SMEs

### **Q. 2.1 Have you come across any impediments to securitise SME loans or to invest in SME loan securitisations?**

- **Yes**
- No
- No opinion

Please explain.

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From the perspective of synthetic SRT securitisations (which is one of the most appropriate forms of securitisation for this asset class), there are less impediments for large banks. However, small banks are in a different position as they do not have the same financial capacity to invest in processes and systems, nor the origination volume to comply with homogeneity criteria, and for them the production of ESMA templates and compliance with STS criteria are more challenging.

There is no one measure that can remove potential impediments and create new incentives to securitise or to invest in SME ABS. It is a combination of measures in key areas that can achieve this. This includes:

- applying the investor due diligence requirements in a more principles-based and proportionate approach (as discussed further in our comments to section 4 below) and creating incentives in prudential treatment will help to grow investor-base and will encourage more investments in securitisations in general, including SME ABS;
- simplification of the reporting regime and the set-up of multi-issuer programmes eligible for STS will reduce the costs and will help to enable all banks - including smaller banks - to increase their lending capacity to SMEs by risk sharing;
- enabling insurers to protect SRT tranches on an unfunded basis, because insurers have appetite for smaller transactions in smaller Member States, and can propose solutions which are economically more effective.

We want to also highlight the instrumental role of the EIF in educating EU regional banks and participating in risk sharing, which is only possible if STS rules on synthetic excess spread are effective for the EIF as investors.

Finally, if a securitisation platform is set up (as to which see our comments in section 8 below), it may further support EU SME finance if this asset class is incorporated into its infrastructure.

### **Q. 2.2 How can securitisation support access to finance for SMEs?**

See our comment to Q 2.1 above.

## Section 3: Scope of application of the Securitisation Regulation

**Q. 3.1 In your opinion, should the current jurisdictional scope of application of the SECR be set out more clearly in the legislation?**

- Yes
- No
- **No opinion**

Please explain.

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From the perspective of the synthetic SRT securitisation, there are no jurisdictional issues that need to be clarified. However, we understand that in certain other sectors of the market it is something that the industry would like to see addressed. We would therefore not oppose amending Article 1 of SECR that sets out the scope of application of the SECR regime, but would caution against any amendments that may have unintended consequences, create more uncertainty or prevent (or be interpreted as preventing) the ability of EU sell-side parties to delegate various tasks to third parties (which may or may not be established in the EU) to assist with regulatory compliance or any amendments that may require that an EU-based or EU-authorized entities are in charge of SECR compliance.

**Q. 3.2 If you answered yes to question 3.1, do you think it would be useful to include a specific article that states that SECR applies to any securitisation where at least one party (sell-side or buy-side) is based or authorised in the EU, and to clarify that the EU-based or EU-authorized entity(ies) shall be in charge of fulfilling the relevant provisions in the SECR?**

- Yes
- **No**
- No opinion

Please explain.

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[See our comment to Q 2.1 above.](#)

## Legal definitions

### *Definition of a securitisation*

**Q. 3.3 Do you think the definition of a securitisation transaction in Article 2 of SECR should be changed? You may select more than one option.**

- Yes, the definition should be expanded to include transactions or vehicles that could be considered securitisations from an economic perspective;
- Yes, the definition should be narrowed to exclude certain transactions or introduce specific exceptions;
- **No, it should not be changed**
- No opinion.

Please explain and specify, if necessary, how the definition should be expanded or narrowed in your view.



**Q. 3.4 Should the definition of a securitisation exclude transactions or vehicles that are derisked (e.g. by providing junior equity tranche) by an EU-level or national institution (e.g. a promotional bank) with a view to crowding-in private investors towards public policy objectives?**

- Yes
- No
- No opinion

N/A

**Q. 3.5 If you answered yes to question 3.4., what criteria should be used to define such transactions?**

N/A

*Definition of a sponsor*

**Q. 3.6 Should the definition of a sponsor be expanded to include [alternative investment firm managers](#) established in the EU?**

- Yes
- No
- **No opinion**

Please explain, including if the definition should be expanded to any other market participants.

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From the perspective of the synthetic SRT securitisation, the “sponsor” role is not relevant. However, we understand that in certain other sectors of the market it is something that the industry would like to see addressed. We would therefore not oppose amending this definition and for further comments we refer you to the other industry responses such as AFME, ACC/AIMA.

**Q. 3.7 If you answered yes to question 3.6., are any specific adaptations or safeguards necessary in the [Alternative Investment Firms Directive](#) (AIFMD), taking into account the originate-to- distribute prohibition in the AIFMD, to enable AIFMs to fulfil the functions of a sponsor in a securitisation transaction, as stipulated in the SECR? You may select more than one option.**

- An AIFM should not sponsor loans originated by the AIFs it manages
- AIFs should not invest in securitisations sponsored by its AIFM
- Minimum capital requirements under the AIFMD should be adapted to enable AIFMs, in particular to fulfil the risk retention requirement under SECR
- Other safeguards
- No safeguards are needed Please explain

your answer.

N/A

## Section 4: Due diligence requirements

**Q. 4.1 Please provide an estimate of the total annual recurring costs and/or the average cost per transaction (in EUR) of complying with the due diligence requirements under Article 5.**

**Please differentiate between costs that are only due to Article 5 and the costs that you would incur during your regular due diligence process regardless of Article 5.**

**Please compare the total due diligence costs for securitisations with the total due diligence costs of other instruments with similar risk characteristics.**

In this section we present data from the perspective of synthetic SRT securitisations, where there are different cost considerations for: (i) junior/mezz investors subject to Article 5; and (ii) bank-originators holding the senior positions (who are not subject to Article 5 directly but who do incur costs of preparing and arranging due diligence sessions with the junior and mezz investors). When providing estimated data, our members considered, among other things, the cost of headcount in IT, legal, front and middle office.

The cost estimates are also provided on the basis that the transactions are structured as private and not publicly offered securitisations.

As mentioned in the introduction, here are the demographic of survey participants and a reminder that figures have been rounded to nearest thousand.

- 19 firms participated, including ten banks, six funds/asset managers, two insurance companies and one re-insurer
- Banks responding to the survey have issued more than 120 SRT transactions in the last 25 years, with 30% of the banks having started before 2010
- Six of the ten contributing banks have total balance sheet assets above US\$ 500 Billion.

The cost estimates will be different for a synthetic SRT if the transaction is publicly placed rather than done as private securitisation (which is more common in practice). For a traditional (true sale) SRT, which are more often publicly placed, the costs will also be different, but we do not specifically comment further on the latter as true sale SRT solutions are only developing, and the industry would need more time to collect the relevant data and to carry out a more complex data analysis.

It is important to note that the data on costs is provided primarily by the institutions that have been active in the SRT market for a number of years and can leverage off their existing infrastructure and internal processes, which can drive down some of the Article 5-specific costs. There is no data from potential **new market players** who are currently absent due to high barrier to entry for whom the costs of setting up the systems from scratch are likely to be prohibitively high. The other cost of compliance that is difficult to estimate is the potential **liability cost**, in case of non-compliance, which can also act as a deterrent to some new and smaller market players and which is also a factor for existing market players when considering whether to issue or to invest in a securitisation.

We note that our estimates for non-Article 5 costs are significantly (3 times) higher because investors in SRT securitisations commonly apply high internal standards when analysing any potential or existing SRT investment, which they do irrespective of Article 5 requirements, all that Article 5 does is to bring not an insignificant additional costs purely for mandatory SECR due diligence even though it does not add much value.

(1) For new SRT transactions:

(a) For **bank originators/snr investors** a total average per transaction of estimated annual recurring:  
- **Article 5 estimated cost is €200,000**, but for some institutions can be as high as **€600,000**;  
- **non-Article 5 cost** which is primarily driven by the SRT nature of the securitisation is **€140,000**, but for some institutions can be as high as **€230,000**.

(b) For **junior/mezz investors**, a total average per transaction of estimated annual recurring:

- **Article 5 cost** €15,000, going up to €35,000 for some institutions;
- **non-Article 5 cost**, which is primarily driven by the SRT nature of the securitisation, is **€50,000**, going up to **€100,000** for some institutions.

(2) For existing SRT transactions:

(a) For **bank originators/snr investors** a total average per transaction of estimated annual recurring:

- **Article 5 cost** (ie the cost to maintain existing SRT securitisations) is approximately **€40,000**, but for some institutions it can be as high as **€140,000**;
- **non-Article 5 cost** which is primarily driven by the SRT nature of the securitisation is **€25,000** but can be over **€35,000** for some institutions.

(b) For **junior/mezz investors** a total average per transaction of estimated annual recurring:

- **Article 5 cost** is **€280,000**.
- **non-Article 5 cost**, which is primarily driven by the SRT nature of the securitisation, is **€830,000**.

**Q. 4.2 If possible, please estimate the total one-off costs you incurred (in EUR) to set up the necessary procedures to comply with Article 5 of SECR.**

IACPM did not receive enough data to provide a relevant response to this question.

**Q. 4.3 Please select your preferred option to ensure that investors are aware of what they are buying and appropriately assess the risks of their investments.**

- **Option 1: The requirements should be made more principles-based, proportionate, and less complex;**
- Option 2: The requirements should be made more detailed and prescriptive for legal certainty;
- Option 3: There is no need to change the text of the due diligence requirements;
- No opinion

**Q. 4.4 Should the text of Article 5(3) be simplified to mandate investors to assess at minimum the risk characteristics and the structural features of the securitisation?**

- **Yes**
- No
- No opinion

Please explain.

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Yes, Article 5(3) should be simplified and, together with Article 5(1) on which we also comment below, it should be streamlined to reflect principles-based and proportion approach to the overall assessment of the transaction that investors should carry out prior to holding a securitisation position. See our drafting suggestions in the response to Q 4.4 below.

There are many factors at play when it comes to the deal characteristics that are most relevant to assess on a case-by-case basis prior to investing. We would caution the EC against seeking to include any exhaustive list of such factors. In this regard we also note that Article 5(3) is drafted with true sale publicly placed securitisations in mind and refers to assessment of liquidity enhancements and market value triggers which are not relevant to synthetic investments of buy-to-hold investors.

We also note that in the context of synthetic SRT, STS-specific due diligence should not be triggered as only the originator holding the senior position (who is excluded from due diligence obligations) has any regulatory benefit from the STS designation, other investors do not. Alternatively, it could also be argued that because the deal is STS-designated, so it is “simple” by definition, so such STS designation should reduce (rather than increase) the burden of regulatory due diligence, in particular where (as noted already) there is no reliance on STS designation to achieve regulatory benefit under CRR, LCR or Solvency II regimes that require consideration of certain additional eligibility criteria (commonly referred to in the industry as “STS+” assessment).

Furthermore, synthetic SRT securitisations are subject to very close supervisor scrutiny, which investors ought to be able to take also into account when applying proportionate approach to their due diligence.

Therefore, we support the general idea that Article 5 in general and Article 5(3) in particular should be amended so that principles-based and proportionate approach to carrying out due diligence underpins their application.

**Q. 4.5 If you answered yes to question 4.4., please specify how this could be implemented.**

We propose that Article 5(1) and Article 5(3) are replaced with an alternative wording that underpins the concept of principles-based and proportionate approach to due diligence prior to investing in a securitisation.

Our suggested drafting is set out below. For the purposes of the suggested drafting, we have taken into account:

- our comments on Q. 4.4 above and Q.4.7-4.8 and Q. 4.10 below, and
- the fact that different institutional investors are also required to have regard to other requirements applicable to them under their sectoral legislation (such as Solvency II Art 132 “prudent person principle”, certain CRD/CRR due diligence, including no mechanistic reliance on credit ratings, fiduciary duties of fund managers etc).

*“(1) Prior to holding a securitisation position, an institutional investor (other than the originator, sponsor or original lender) shall (having regard to other relevant requirements applicable to it under its sectoral legislation) carry out due diligence assessment proportionate and commensurate with the risk profile of their investment in one or more securitisation position giving appropriate consideration to the risk characteristics of the individual securitisation position and of the underlying exposures and all relevant structural features of the securitisation.*

*[(2) For the purposes of paragraph (1), disclosure provided to an institutional investor shall at least confirm that: [we are not providing further wording here, but simply illustrating how, as an alternative to the current requirement “to verify” certain matters before investing, such as risk retention, the requirement could be re-framed and re-focused on disclosure provided to investors so that it is more in line with the overall principle of proportionality].”*

**Q. 4.6 Taking into account your answer to 4.4, what would you estimate to be the impact (in percent or EUR) of such a modification in Article 5(3) on your one-off and annual recurring costs for complying with the due diligence requirements under Article 5?**

Please explain.

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As noted in our response to Q. 4.4 above, the burden and costs of regulatory due diligence will not be significantly reduced by simply amending Article 5(3). Please note that there are no recurring costs associated with Article 5(3) as it concerns matters to be assessed prior to investing.

The principles-based and proportionate approach needs to underpin the entire SECR due diligence regime for there to be a meaningful impact on the overall costs of carrying due diligence.

For different market players, the impact will also be different as it will depend on the size and the type of the institution, its experience and the type of risk it assumes when investing in securitisations as well as various other factors. Therefore, the general feedback from IACPM is that **moving Article 5 regime onto principles-based approach can see up to 50% reduction in one-off costs and up to 25% or more reduction in the recurring annual costs.**

**Q. 4.7 Should due diligence requirements differ based on the different characteristics of a securitisation transaction?**

- **Yes**
- No
- No opinion

**Q. 4.8 If you answered yes to question 4.7., please select one or more of the following options to differentiate due diligence requirements:**

- **Due diligence requirements should differ based on the risk of the position (e.g. senior vs non-senior)**

- Due diligence requirements should differ based on the risk of the underlying assets
- Due diligence requirements should differ based on the STS status of the securitisation (STS vs non-STS)
- Other

Please explain your answer.

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As noted in our response to Q. 4.4 above, there are many factors at play when it comes to the deal characteristics that are most relevant to assess on a case-by-case basis prior to investing. We would caution the EC against seeking to include any exhaustive list of such factors, i.e. it is not appropriate to attempt to expressly legislate for all different type of factors as it will inevitably lead to unintended consequences and will be counterproductive to Option 1 that we support and which is aimed at moving the due diligence requirements towards more principles-based, proportionate, and less complex approach. For illustrative purposes, we are setting out below some examples of such factors:

- (1) type of issuer (eg programmer/repeat issuer vs first time originator);
- (2) type of investment/securitisation position (privately negotiated vs publicly placed, seniority, WAL and availability credit enhancement assessed against the amortisation profile at the time of the investment, SRT, primary vs secondary market acquisition);
- (3) purpose of investment (buy-to-hold vs buy-to-trade; publicly placed vs fully retained for secured funding purposes; private lending in a securitisation as part of a wider business relationship);
- (4) level of experience of individual investor with asset class, jurisdiction, originator sector, whether originator is highly regulated entity (eg bank) or non-regulated, complexity and familiarity with structure etc.

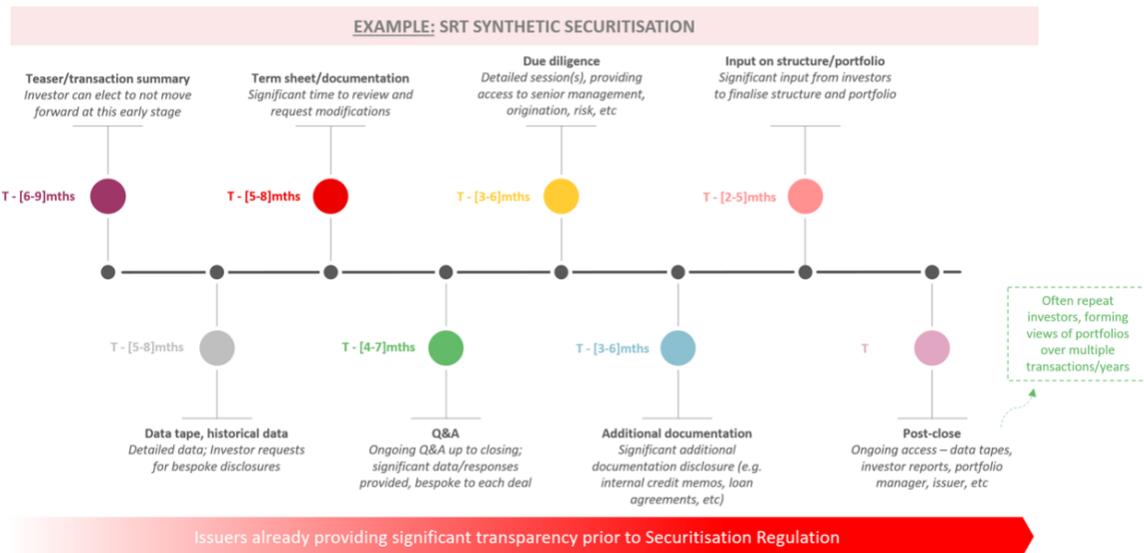
We would also separately note that, specifically for the SRT securitisation market, the dynamics between the sell- and buy-side can be quite different compared to some of the other segments of the market. First of all, it should be remembered that external investors in synthetic securitisations will almost always be junior or mezzanine specialised investors who will have significant commercial leverage to insist on receiving the information they consider to be relevant for risk evaluation and due diligence analysis. The due diligence on this type of transactions is a process that typically takes place over many months and involves investors working closely with originators to understand their business in great detail in order to ascertain the originators' risk drivers so that the investor can determine the best way to underwrite the risk of the securitisation (and we note that EIB/EIF adopt the same approach on this type of private securitisation). *We also refer in this regard to an illustrative timeline included in our full response submitted alongside this online response form.*

Therefore, as investors will necessarily be sophisticated entities involved in meaningful negotiations with the sell side, they will be able to ensure they are receiving disclosure and deal reporting tailored precisely to what they require in order to make an informed initial investment decision and to monitor their investment on an ongoing basis. This is also the reason why investors in synthetic securitisations do not make use at all of ESMA Article 7 templates.

Finally, another important factor to note is that in Europe the private SRT market has grown gradually since the early 2000 based on a principle of long-term partnership between banks, investors and insurers (with a close monitoring by supervisory authorities and central banks). The risk sharing activity – focused on banks' core asset classes – is very healthy and mature, and was not affected by credit downturns in the last two decades. As SRT investors commonly act as long-term partners of banks across the credit cycles (so that the ability of banks to have access to capital by credit risk sharing does not dry-up when the economic conditions are less favourable), this consideration is ought to be one of the key factors that needs to be taken into consideration when applying proportionate approach to due diligence in the SRT context. However, there is no need to legislate specifically for this or any other factors that may be relevant on a case-by-case basis.

Therefore, if due diligence regime becomes more proportionate leaving enough room for investor discretion when it comes to identifying most relevant factors and deal characteristics, it will reduce the cost and burden of regulatory compliance. However, it is a combination of different measures that, collectively, will need to be introduced in order to move the dial and to create more incentives to securitise as well as to invest in securitisations. These key

measures (in addition to due diligence comments made in this section) include the simplification of the reporting regime (as to which see our comments in section 5 below), supported by better prudential treatment (as to which see our comments in prudential sections below) and the removal of other restrictions that hinder the growth of investment (for example, the acquisition limit in the UCITS Directive, as to which see our comments in section 12.10 below).



**Q. 4.9 Taking into account your answers to 4.7 and 4.8, what would you estimate to be the impact (in percent or EUR) of differentiating due diligence requirements on your one-off and annual recurring costs for complying with the due diligence requirements under Article 5?**

Please explain your answer.

Differentiation of various factors when applying due diligence will not by itself significantly reduce the cost and burden of regulatory compliance. The principles-based and proportionate approach needs to underpin the entire SECR due diligence regime for there to be a meaningful impact on the overall costs of carrying due diligence.

It is also very difficult in this context to comment on annual recurring costs as it is not clear from the limited detail included in the consultation as to whether differentiating factors will result in Article 5 being amended so that the burden of certain ongoing due diligence requirements (for example, stress testing) will be removed.

As noted above, for different market players, the impact will also be different as it will depend on the size and the type of the institution, their risk appetite when investing in securitisations as well as various other factors. Therefore, consistent with our earlier comments, the general feedback from IACPM is that **moving Article 5 regime onto principles-based approach can see between 25% to 50% reduction in one-off costs and up to 25% reduction in the recurring annual costs.**

**Q. 4.10 For EU investors investing in securitisations where the originator, sponsor or original lender is established in the Union and is the responsible entity for complying with those requirements, should certain due diligence verification requirements be removed as the compliance with these requirements is already subject to supervision elsewhere? This could apply to the requirements for investors to check whether the originator, sponsor or original lender complied with:**

(i) risk retention requirements,

▪ Yes

- No
  - No opinion
- (ii) credit granting criteria requirements,
- **Yes**
  - No
  - No opinion
- (iii) disclosure requirements,
- **Yes**
  - No
  - No opinion
- (iv) STS requirements, where the transaction is notified as STS
- **Yes**
  - No
  - No opinion

Please explain if you see any risks arising from the removal of these requirements, and if so, how they should be mitigated.

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We refer to our drafting suggestion in our response to Q. 4.5 above and propose to refocus due diligence requirements in relation to matters like retention, transparency and STS on disclosure, i.e. investors should not be required to verified compliance, because they are not supervisors, and should instead expect to receive disclosure from the sell-side the confirms these matters. This is in line with the pre-2019 approach to retention due diligence which operated as a restriction on relevant investors who could invest in a securitisation only if the relevant sell-side disclosed that they will comply with the EU retention regime.

We further note that it should not be mandatory to diligence STS compliance, in particular where a second opinion from the ESMA-registered third party verification agents is made available to investors or where investors do not rely on the STS status (as is the case for mezz/junior investors in a synthetic SRT) as they get no regulatory benefit.

With regard to due diligence on credit granting standards, it is less relevant for investors in synthetic SRT given that originators are EU CRR firms and, as such, there is no requirement to carry out any due diligence on credit granting. In general, if Article 5 moves onto more principles-based and proportionate approach investors should have discretion when it comes to credit granting due diligence. We agree in this regard with comments made in other industry responses, such as AFME, that in some cases due diligence on originator credit granting practices is less relevant and what is more relevant is the data on the performance of the assets which is more helpful for assessment of the credit quality of the assets.

**Q. 4.11 Taking into account your answers to Q.4.10, what would you estimate to be the impact (in percent or EUR) of removing those obligations on your one-off and recurring costs for complying with the due diligence requirements?**

Please explain.

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We refer to our comments in Q. 4.9 and note that calculating the requested estimate is difficult to provide as there will be a range of factors that will be relevant to consider. For example, highly burdensome reporting regime is a high barrier to entry on both sell- and buy-side (and is not fit for purpose as at for synthetic SRT securitisations). However, it is unclear at this stage whether Article 7 reforms will reduce the burden of regulatory compliance that will in turn reduce the burden of due diligence on transparency and reporting. It will be helpful to move away from mandatory STS-related due diligence, but estimating the impact of just this change is very difficult.

Therefore, consistent with our earlier comments, the general feedback from IACPM is that **moving Article 5 regime onto principles-based approach can see between 25% to 50% reduction in one-off costs and up to**

25% reduction in the recurring annual costs.

**Q. 4.12 Do the due diligence requirements under Article 5 disincentivise investing into securitisations on the secondary market?**

- **Yes**
- No
- No opinion

Please explain

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While for synthetic SRT securitisations secondary market trading may be less relevant, in general, we agree that the current burdensome due diligence regime that lacks proportionality puts EU investors at a competitive disadvantage. For example, unless the EU investor invested in the deal in the primary market and had the time and opportunity to carry out thorough due diligence at that time, such investor may not be able to carry the required due diligence quickly enough in the case of a secondary market trade for that transaction thus missing an opportunity to invest at competitive pricing. Furthermore, even if such investor invested in the deal in the primary market, there is nothing in the due diligence regime to suggest that when investing in the same transaction later on in the secondary market the investor can apply lighter touch due diligence with the reduced burden of having to document the due diligence for a secondary market trade.

**Q. 4.13 If you answered yes to question 4.12., should investors be provided with a defined period of time after the investment to document compliance with the verification requirements as part of the due diligence requirements under Article 5?**

- Yes
- **No**
- No opinion

**Q. 4.14 If you answered yes to question 4.13, how many days should be given to investors to demonstrate compliance with their verification requirements as part of the due diligence requirements under Article 5?**

- 0 – 15 days
- 15 – 29 days
- 29 – 45 days
- No opinion

N/A

**Q. 4.15 If you answered yes to question 4.13, what type of transactions should this rule apply to?**

N/A

**Q. 4.16 Do the due diligence requirements under Article 5 disincentivise investing into repeat securitisation issuances?**

- **Yes**
- No
- No opinion

**Q. 4.17 If you answered yes to question 4.16., how should repeat or similar transactions be identified in the legal text and how should the respective due diligence requirements be amended?**

We refer to our comments in Q. 4.8 above and note that whether it is a repeat transaction, or a programme issuer is just one of many deal characteristics and factors that an investor would want to take into account when carrying out proportionate and principles-based due diligence. There is no need to set out prescriptive parameters for this, especially that a repeat or programme issuer can take many different forms. It is sufficient for the reforms, as already noted above, that the principle of proportionality underpins the entire Article 5 regime to remove any concerns about having to carry out excessive and burdensome due diligence on a repeat or programme transaction.

**Q. 4.18 Should Article 32(1) be amended to require Member States to lay down rules establishing appropriate administrative sanctions, in the case of negligence or intentional infringement, and remedial measures in case institutional investors fail to meet the requirements provided for in Article 5?**

- Yes
- **No**
- No opinion

Please explain your answer.

It should be sufficient for any sanctions and consequences for non-compliance to be provided for under the applicable sectoral legislation (as already the case under the current framework where the relevant provisions reside in CRR, Solvency II, AIFMD and UCITS).

We would also note that investments in securitisation appear to be singled out in this regard and while the initial drivers for introducing securitisation investment-specific sanctions was the product of stigma in the aftermath of the Global Financial Crisis, if the EU intends to advance and grow the securitisation markets it will be helpful to bear in mind the further tightening the sanctions regime may send the wrong signals to the new market players that may be considering entering this market.

**Q. 4.19 Taking into account the answers to the questions above on due diligence requirements, do you think any safeguards should be introduced in Article 5 to prevent the build-up of financial stability risks?**

No. SECR already provides in Article 31 for ESRB to be responsible for the macroprudential oversight of the EU securitisation market and to monitor the developments in securitisation markets and to provide every three years its reports. In addition, under SECR Article 44, the JC of ESAs are specifically required to monitor the functioning of the Article 5 due diligence regime and to provide to the EC every three years a report. Furthermore, sectoral legislation under which relevant institutional investors are regulated have other safeguards put in place, as appropriate for the sector of such investors.

**Q. 4.20 Taking into account your answers to the previous questions in this section, by how much would these changes impact the volume of securitisations that you invest in?**

We refer you to our general comments in Q. 12.10 below and we would like to note that the due diligence reforms alone will not have material impact on the volume of securitisation investments. For example, move to proportionate due diligence needs to be accompanied (among other things) by a simplified reporting regime to bring down not only the cost of regulatory compliance for existing issuers and investors but to also remove very high barrier to entry for new investors and new issuers (including smaller banks in the Member States where there is little securitisation activity currently, see also our comments in Q.12.6 below). This will remove competitive disadvantage of EU issuers and investors compared to other markets outside Europe where the growth was not hindered by post-GFS excessive regulation. Therefore, it is a combination of reforms in key prudential and non-prudential areas (including the removal of restrictions, haircuts and other limitations that hinder the ability to invest more in securitisation – see, for example, our additional comments on the UCITS Directive 10% acquisition limit) that, if introduced as a package of reforms, will collectively bring meaningful results and will help to successfully grow the securitisation market in Europe.

**Q. 4.21 If you are a supervisor, how would the changes to the due diligence requirements suggested in the previous questions affect your supervisory costs?**

N/A

*Delegation of due diligence*

**Q. 4.22 Should the National Competent Authorities (NCAs) continue to have the possibility to apply administrative sanctions under Article 32 and 33 of SECR in case of infringements of the requirements of Article 5 SECR to either the institutional investor or the party to which the institutional investor has delegated the due diligence obligations?**

- Yes
- No
- No opinion

Please explain your answer.

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The framing of this question is incorrect. It is the sectoral legislation (ie CRR, Solvency II, AIFMD, UCITS) rather than SECR that sets out relevant provisions on sanctions in relation to due diligence. Introducing new sanctions in SECR is a step in the wrong direction as it will most likely act as a deterrent hindering the growth of the market and introducing the new regulatory burden which is unlikely to attract new market players or encourage existing market players to issue more or to invest more in securitisations.

The point about delegation is not relevant for SRT, so we provide no further comments.

**Q. 4. 23 If you answered no to question 4.22, which party should be subject to administrative sanctions in case of infringement of the due diligence requirements?**

- the institutional investor
- the party to which the institutional investor has delegated the due diligence obligations

N/A

## Section 5: Transparency requirements and definition of public securitisation

### **Q. 5.1 Please provide an estimate of the total annual recurring costs and/or the average cost per transaction (in EUR) of complying with the transparency regime under Article 7.**

The market estimates can vary significantly as there will be a range of factors that will dictate the overall cost. For example, it will depend on the size, the type and the sophistication of the originator or sponsor and whether any third-party service providers need to be involved to assist with reporting (charging an annual fee that can vary depending on the deal size, whether it is for a frequent issuer or not etc.).

We note in this regard that in SRT securitisations all originators are CRR-regulated credit institutions but not all may have set up internally infrastructure for SECR reporting, which is a costly investment that may be prohibitively expensive for smaller market players. Therefore, it is important to note that the data on costs is provided primarily by the institutions that regulated under the CRR and have been active in the SRT market for a number of years and can leverage off their existing infrastructure and internal processes, which can drive down some of the Article 5-specific costs. There is no data from potential **new market players** (eg smaller bank SRT issuers) who are currently absent due to high barrier to entry for whom the costs of setting up some of the new systems from scratch are likely to be prohibitively high. The other cost of compliance that is difficult to estimate is the potential **liability cost**, in case of non-compliance, which can also act as a deterrent to some new and smaller market players, and which is also a factor for existing market players when considering whether to issue or to invest in a securitisation.

It will also depend on certain other features of the transaction. For example, on a (non-ABCP) securitisation with a very granular pool and monthly IPD where monthly (instead of quarterly) investor reporting is adopted, there will be a much larger volume of ongoing reporting that needs to be produced throughout the life of the transaction, thus driving up the costs.

The costs and burden of regulatory compliance can further vary because of different notification regimes implemented by the national designated competent authorities (NCAs) and other supervisors. For example, originators in Italy will need to comply with recently introduced Consob notification regime which prescribes the use of different (and in many respects duplicative) reporting templates serving the supervisor's needs. Originators in other members states may be subject to no NCA notification requirements at all or be subject to a very light touch notification requirements. Significant institutions supervised under the SSM will also need to comply with the European Central Bank notification regime, which prescribes yet another template and technical procedures for reporting largely duplicative data via its CASPER platform.

Additional costs arise for public securitisations where reporting to a securitisation repository is mandatory and where it is mandatory to produce inside information and significant event reporting using a prescribed reporting template which further adds to costs.

It is also often the case that an external legal counsel is engaged to provide advice (and training) on the matters relating to the compliance with Article 7 requirements. However, as such advice will be provided on a case-by-case basis, it is a cost that is difficult to quantify.

IACPM feedback is as follows:

- For an **STS** securitisation, the average annual recurring costs per transaction for Article 7 is around **€280,000**, but it can be as high as **€1million** for some issuers.
- For a **non-STS** securitisation, the average annual recurring costs per transaction for Article 7 is around **€150,000**, but it can be as high as **€500,000** for some issuers.

**Please differentiate between costs that are only due to Article 7 and costs that you would incur during your regular course of business regardless of Article 7.**

**€1,180million** is the average **one-off Article 7 cost** to set up IT systems, internal infrastructure, policies, obtain

legal advice on compliance etc. but it can be as high as **€4 million** for some institutions.

**Between €210,000 and €750,000** can be recurring annual **Article 7 cost of maintaining internal infrastructure** for some institutions.

**€45,000** is average **ongoing per transaction Article 7 cost** but it can be as high as **€100,000** for some institutions.

**€30,000** is the **non-Article 7 costs** which relate to the provision of other reporting and disclosure, including reporting that investors in a synthetic SRT securitisation actually need, but this cost can be as high as **€100,000** for some institutions.

**Please compare the total transparency costs for securitisations with the total transparency costs of other instruments with similar risk characteristics.**

For majority of IACPM members the cost of securitisation is significantly higher (over 50%) compared to other risk mitigating instruments like CDS, non-tranched guarantees, financial guarantees, non-payment insurance.

**Q. 5.2 If possible, please estimate the total one-off costs you incurred (in EUR) to set up the necessary procedures to comply with Article 7 of SECR.**

We refer to our comments in 5.1 above and note that estimates for one-off costs can vary significantly between different market participants because some originators or sponsors would largely rely on assistance of third-party service providers to produce required reporting (for which they will pay an annual fee per transaction), whilst others would set up their own internal systems and infrastructure to produce the required reporting internally.

As noted already, in SRT securitisations all originators are CRR-regulated credit institutions but not all may have set up internally infrastructure for SECR reporting, which is a costly investment that may be prohibitively expensive for smaller market players.

IACPM feedback is that **€1,181million** is the average **one-off Article 7 cost** to set up IT systems, internal infrastructure, policies, obtain legal advice on compliance etc. but it can be as high as **€4 million** for some institutions.

**Q. 5.3 How do the disclosure costs that you provided in 5.1. compare with the disclosure costs for other instruments with similar risk characteristics?**

- **Significantly higher (more than 50% higher)**
- Moderately higher (from 10% to 49% higher)
- Similar
- Moderately lower (from 10% to 49% lower)
- Significantly lower (more than 50% lower)

Please explain your answer.

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There is nothing similar to SECR reporting and transparency regime when it comes to other credit risk mitigation instruments or corporate bonds. Covered bonds is another type of asset-backed (but dual recourse) instrument, but the EU Covered Bond Directive requirements on transparency are not as burdensome as SECR, covered bonds are subject to much high-level and less prescriptive transparency provisions and require aggregated data reporting (rather than loan-by-loan). It is the industry, rather than any regulatory framework, via the ECBC Covered Bond Label and the Harmonised Transparency Template (or HTT) that drive the industry standards on reporting for covered bonds.

**Q. 5.4 Is the information that investors need to carry out their due diligence under Article 5 different from the information that supervisors need?**

- **Significantly different**

- Moderately different
- Similar

Please explain your answer.

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While synthetic SRT securitisations attract a lot of supervisory scrutiny because of the prudential supervision under the CRR, some of which may overlap with certain SECR matters (eg retention), the information needed for an investor is significantly different compared to the supervisor needs.

Investors' focus is on information that enable them to make an informed assessment of the investment taking into account all relevant features of the transaction, the type of the investment that they are making (eg buy-to-hold vs buy-to-trade etc) as well as other relevant factors (as further explained in our comments in section 4 above). It is not the job of investors to supervise and to check ongoing compliance of the sell-side parties with regulatory requirements applicable to them under relevant legislation. Investors rely in this regard on disclosure and ongoing notifications/reporting provided on relevant deals to alert them about significant events and material changes that may impact on their decision to invest in the first place or their decision to continue to hold an existing investment in a securitisation.

Supervisors are not investors, and their focus is (presumably) more on ensuring that entities within their supervision have proper policies and procedures and that they can demonstrate on request how they comply with their regulatory obligations on relevant transactions. From the synthetic SRT securitisation perspective, as noted in earlier sections, there is also a lot of scrutiny of such transactions from prudential supervisors, but that is driven by the CRR framework. In general, such prudential supervisors have access to all and any information they want or need to receive from a bank originator.

**Q. 5.5 To ensure that investors and supervisors have sufficient access to information under Article 7, please select your preferred option below.**

- **Option 1:**
  - Streamline the current disclosure templates for public securitisations
  - Introduce a simplified template for private securitisations and require private securitisations to report to securitisation repositories (this reporting will not be public).
- **Option 2:**
  - Remove the distinction between public and private securitisations.
  - Introduce principles-based disclosure for investors without a prescribed template.
  - Replace the current disclosure templates with a simplified prescribed template that fits the needs of competent authorities with a reduced scope/reduced number of fields than the current templates.
- **Option 3:** No change to the existing regime under Article 7.

**Q. 5.6 If you are a supervisor, what impact (in percent or EUR) would you anticipate Option 1 would have on your supervisory costs?**

N/A

**Q. 5.7 Assuming that transparency requirements are amended as suggested in Option 1, by how much would the volume of securitisations that you issue, or invest in, change?**

We do not support Option 1, but if it is implemented as proposed (and we note in this regard that there is a clear lack of detail in this consultation, which makes it difficult to provide more fulsome comments) it is **unlikely to change significantly the volume of SRT securitisations or securitisations more generally**. It is likely to result in high-barrier to entry remaining in place for the sell-side and the buy-side as the expansion of the public reporting regime and the requirement for private securitisations reporting to a securitisation repository could lead to unintended consequences and deter some new players from coming to the market or deter some existing issuers from issuing more securitisations if other (less burdensome and less expensive options) are available. It is unclear how any templates, if they continue to apply, will be “streamlined” so that they work in more sensible and proportionate way for all segments of the securitisation market, including third country securitisations.

In addition, it is unclear whether under this Option 1 the additional burden of compliance with NCA and ECB notification regimes will be removed or remain in place. Until the answer to this and other questions are clear, it is very difficult to provide any estimates in support of Option 1.

We further note that regulatory requirements imposed on securitisation issuers should only be so imposed when they are necessary and justified for supervisory or stability purposes having regard to Article 5(3)-(4) of the Treaty of the EU that laid down the principles of subsidiarity and proportionality under which EU lawmaking and regulatory powers should not exceed what is necessary to achieve the objectives of the Treaties.

**Q. 5.8 What impact (in percent or EUR) would you anticipate Option 1 would have on your one-off and annual recurring costs for complying with the transparency requirements in Article 7? Please explain your answer.**

We refer to our response in Q. 5.7 above and do not provide further estimates as we do not support Option 1.

**Q. 5.9 Do you see any concerns, impediments, or unintended consequences from requiring private securitisations to report to securitisation repositories?**

- Yes
- No
- No opinion

Please explain your answer.

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Yes, we have concerns. We do not support Option 1 or any other presented options and where possible comment in this section 5 on our concerns.

We have specific concerns on mandatory use of securitisation repositories on private securitisations (and we note in this regard that synthetic SRT securitisations are largely “private” by their nature).

With regard to the potential mandatory use of securitisation repositories on “private” securitisation we would like to note the following. We understand the desire of the NCAs to use the securitisation repositories as a source of easy access to all relevant deal information and we do not object to supervisors having full access to such information (which NCAs can have already in any case irrespective of whether such information is made available via a securitisation repository). However, the existing securitisation repository framework will not work for reporting private securitisations because transaction parties would want to protect access of other institutions to the deal information, but it is not possible as all registered users of securitisation repository have full access to all deal information in the repository. Therefore, if the securitisation repository framework is redesigned (via amendments in level 2 and level 3 measures) so that there are safeguards for protecting access to deal information by other institutions and such changes are combined with the simplified reporting regime, it could in principle address some of the industry concerns in relation to too wide access to the private securitisation deal information.

We note in this regard that Option 1 suggests that private deal information “will not be made public”. We assume that it is an indication that the EC is being open to having the securitisation repository framework to be redesigned. If that is the case, then one of the concerns that will need to be addressed is that it should be the relevant transaction parties on private securitisations (rather than securitisation repositories) having control over access of potential

investors to the deal information (but this will not impact on the full access by all supervisors to the deal information at all times).

Other issues to address if the securitisation repository is to be used on all deals are:

- The reduced ability to use “no data” options for loan-by-loan reporting if ESMA guidelines on tolerance thresholds continue to apply. These guidelines be reviewed or be no longer applicable in the light of the wider reforms to the reporting templates.
- Additional costs and administrative burden of having all transactions in securitisation repositories – these should be proportionate as otherwise it may act as deterrent.
- Removing mandatory requirement for reporting to be produced in xml format, which adds to costs without any clear benefit given that investors prefer to receive reporting information in csv or excel format.
- A full exemption of third country securitisations from having to report to a securitisation repository, alternatively, if such use is made voluntary (rather than mandatory) the securitisation repository framework will need to be redesigned to ensure that it works for any such voluntary reporting.

Furthermore, if under Option 1 how “public” securitisation is defined is amended as to bring certain synthetic SRT securitisations in-scope of more burdensome “public” reporting that may lead to other unintended consequences, but it is difficult to comment further on this at this stage as it is unclear how “public” reporting will be amended and whether any streamlining of the “public” reporting templates will be sufficient to make it work for relevant synthetic SRT securitisations.

**Q. 5.10 Under Option 1, should the current definition of a public securitisation be expanded to a securitisation fulfilling any of the following criteria: (1) a prospectus has been drawn up in compliance with the EU Prospectus Regulation; or (2) notes were admitted a trading venue; or (3) it was marketed (to a broad range/audience of investors) and the relevant terms and conditions are non-negotiable among the parties?**

- Yes
- **No**
- No opinion

Please explain your answer.

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No. We do not support Option 1 or any other presented options. In general, from the perspective of synthetic SRT securitisations we do not support this change and have concerns that changing parameters as to what is “public” will bring unintended consequences and will make it problematic to achieve meaningful reduction of the burden and cost of regulatory compliance with transparency and reporting obligations for EU and third country securitisations.

The parameters suggested in this question are too wide. Seeking admission to trading/listing on a stock exchange alone is not an indication of a “public” nature of the transaction. For example, not all securitisations that are listed are publicly offered, as some listings are technical and done for tax reasons. If the list of trading venues captured in the amended definition of “public” is extended beyond EEA regulated markets, there will need to be also a pre-requisite that there are other features present that indicate public nature of the transaction. However, calibrating parameters for widely marketed/offered securitisations is likely to prove challenging, because capturing all nuances that may be relevant in practice will be difficult and the new definition of what is “public” may end up being open to interpretation leading to more costs (eg obtaining specific legal advice on each deal, seeking further comfort from the relevant transaction parties) and some divergence in practice, which will not help to reduce the burden of regulatory compliance, quite the contrary. We also agree in this regard with AFME comments on Q. 5.11 on some of the criteria for public “bookbuild”.

We would also recommend that any further work on the recalibration of what is considered a “public” securitisation is limited to EU securitisations only and it is not extended to third country securitisations. If larger portion of the market will be treated as “public” as a result of such recalibration, it will be imperative to ensure that public reporting templates are streamlined and simplified sufficiently so that they do not result in being a deterrent and

high-barrier to entry for new as well as existing market players. We also refer to our comments on securitisation repository concerns for third country securitisation which we discuss in Q.5.9 above.

**Q. 5. 11 If you answered yes to question 5.10., what criteria should be used to assess point (3) in the definition above (i.e. a securitisation marketed (to a broad range/audience of investors) and the relevant terms and conditions are non-negotiable among the parties)?**

We do not support Option 1 as presented and refer you to our comments in Q. 5.10 above. We also support AFME comments on this question.

**Q. 5.12 If the definition of a public securitisation is expanded (for example, to encompass securitisations fulfilling the criteria set out in question 5.10), what share of your existing private transactions would now fall under this newly-expanded public definition?**

As noted above, we do not support Option 1 or any other presented options and have some concerns about changing the parameters for how “public” securitisations are defined as it is likely to bring some of the SRT securitisations in-scope which are largely private securitisations and would prefer to be treated as such. Whichever option is introduced, synthetic SRT securitisations would want to benefit from a simplified reporting or, better still, no prescribed template-based investor or loan-by-loan reporting at all. This is because SRT are very different transactions and, as explained in the [IACPM response of March 2024 to the ESMA consultation on the reporting templates](#) these deals do not need prescriptive regulatory templates which are not fit for purpose, as deal reporting is always provided anyway and it is always tailored to individual SRT transaction.

**Q. 5.13 Under Option 1, what would you estimate to be the impact (in percent or EUR) of changing the definition of public securitisation on your one-off and annual recurring costs for complying with Article 7? Please explain your answer.**

We refer to our response in Q. 5.7 above and do not provide further estimates as we do not support Option 1.

**Q. 5.14 Assuming that transparency requirements are amended as suggested in Option 2, by how much would the volume of securitisations that you issue, or invest in, change?**

From the perspective of synthetic SRT securitisations, we support Option 2 in terms of disapplication of prescribed templates for loan-by-loan and investor reporting, although IACPM also recognises that it may not be the option that other segments of the market would support. However, for synthetic SRT securitisation, the removal of the reporting templates could have a positive impact on reducing the costs and lowering the bar to entry for smaller players, which may lead to some increase in volume, although it is difficult to provide more specific estimates. We also draw your attention to our comments in Q. 5.15 below.

**Q. 5.15 What impact (in percent or EUR) would you anticipate Option 2 would have on one-off and annual recurring costs for complying with the transparency requirements in Article 7? Please explain your answer.**

From the perspective of synthetic SRT securitisations, if there were no longer prescribed templates for loan-by-loan and investor reporting, it could have a positive impact on reducing one-off and annual recurring costs. IACPM feedback is that there will be a range in such positive impact with members expecting a **reduction between 25% to 100%**.

**5.16 Under Option 2, what should be included in the principle-based disclosure requirements for investors to reduce compliance costs while ensuring access to information?**

**How should investors access this information?**

**Please explain your answer, listing all relevant information that you think investors need to do proper due diligence that could be common across all securitisations.**

While Option 2 could work as a good solution for synthetic SRT securitisations, we acknowledge that it may not be

something that will be accepted in other segments of the securitisation market and there are potentially concerned that a supervisor-focused template may introduce new unnecessary administrative burden impacting on costs of doing a securitisation which will be counterproductive to what the reforms are aiming to achieve.

Therefore, we provide in this section further comments and observations on how reforms to the transparency regime could be implemented.

As noted already, synthetic SRT securitisations are largely “private” by nature and should remain being treated as whichever option is adopted.

For synthetic SRT securitisations, there should be no prescribed reporting templates (and we also refer in this regard to the [IACPM response of March 2024 to the ESMA consultation on the reporting templates](#)) or if any streamlined or re-designed templates were to apply to synthetic SRT securitisations, they will need to be sufficiently flexible to reduce existing burden of producing regulatory reporting that investors do not need.

If the securitisation repository framework remains unchanged, it should not be mandatory for synthetic SRT transactions to report to a securitisation repository.

**General principle of disclosure of all material information:** Article 7 regime should move away from providing prescriptive disclosure requirements and should incorporate elements of principles-based disclosure and reporting because it is not possible to legislate for all information that may be relevant to provide in any given securitisation. It is the reason why on many securitisations, including synthetic SRT transactions, other information and reporting is provided (in addition to mandatory ESMA templates) reflecting what investors need.

In this regard we can draw analogy with the EU Prospectus Regulation regime, for example, where the principle of providing all materially relevant/necessary information to enable investors to make an informed assessment of the investment underpins the principles-based approach to the overall prospectus disclosure requirements in addition to any disclosure annexes for registration document and security note. Similarly, when reforming Article 7 reporting regime, if any reporting templates continue to apply, these would need to be simplified (with the min number of required fields) and be made more flexible and fit for purpose, ensuring that no duplicative reporting applies to meet the supervisors’ needs. Therefore, the target is to achieve a set of templates which are relevant to the respective asset classes and contain the information required for a holistic assessment of risk by the investors and supervisors, without providing a high barrier to entry for new and/or smaller market players who do not have established securitisation issuer platforms.

For transactions in-scope of the EU MAR regime, there should not be any duplicative requirements for providing any additional reporting for SECR purposes.

We refer to our comments in Q. 5.9 above in relation to the use of securitisation repositories. If the securitisation repository framework is simplified allowing transaction parties full control of who (other than supervisors) can access deal information and there are no additional burdens with the submission of data to the securitisation repository and no issues with potential excessive costs associated with the use of a securitisation repository, the industry will be prepared to consider using the repositories for providing the access. However, it should be noted that, as already the case, all private securitisations (and synthetic SRT securitisations by their nature are largely private transactions) can already provide supervisors with access to all relevant deal information without any securitisation repository.

**Q. 5.17 Under Option 2, should intra-group transactions, and securitisations below a certain threshold, be excluded from the reporting requirements in Article 7?**

- Yes
- No
- **No opinion**

Please explain your answer. If you answered yes, how should intragroup transactions be defined and how should the threshold be determined?

N/A

**Q. 5.18 Under Option 2, what would be the impact (in percent or EUR) on your one-off and annual recurring costs for complying with the transparency requirements of excluding intra-group transactions and securitisations below a certain threshold from the reporting requirements in Article 7? Please explain your answer.**

N/A

**Q. 5.19 Should the text of Article 7 of the SECR explicitly provide flexibility for reporting on the underlying assets at aggregated level?**

- **Yes**
- No
- No opinion

**Q. 5.20 If you answered yes to question 5.19., which categories of transactions should be allowed to provide reporting only at aggregated level? You may select more than one option.**

- **Granular portfolios of credit card receivables**
- **Granular portfolios of trade receivables**
- **Other**

If you chose “other”, please explain.

IACPM would welcome the flexibility in general for the data to be provided on aggregated basis, where investors do not require more granular loan-by-loan reporting on every aspect of the underlying assets. As noted in this section, for synthetic SRT securitisations, investors do not find it useful (or use) prescribed under Article 7 template-based loan-by-loan reporting templates and use instead tailored reporting (where some of the data may be aggregated) that is provided on all synthetic SRT securitisations in addition to the SECR reporting.

**5.21 If you are a supervisor, what impact (in percent or EUR) would you anticipate Option 2 would have on your supervisory costs?**

N/A

