

In case of discrepancies between the French and the English text,
the French text shall prevail

Statistical reporting of securitisation vehicles

Frequently Asked Questions (FAQ)

Banque centrale du Luxembourg

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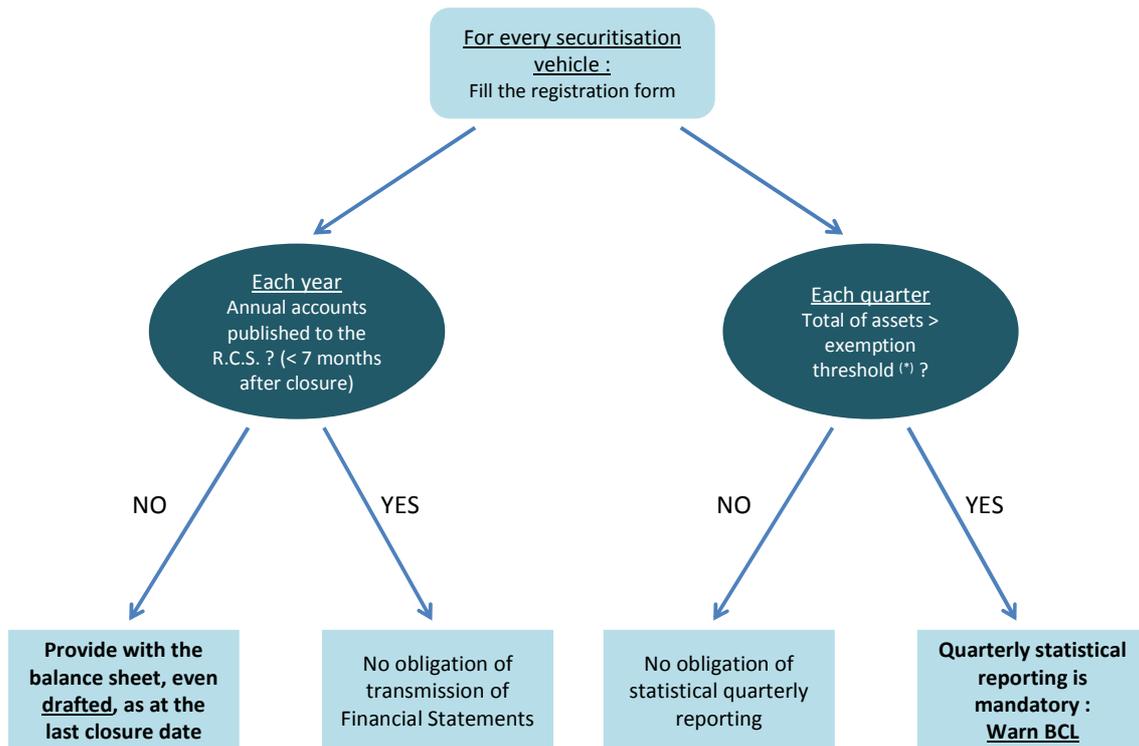
1 Introduction

The objective of the document «Frequently Asked Questions» is to answer the questions concerning the interpretation of reporting instructions asked by securitisation vehicles (FVCs) and/or to provide additional clarifications for the instructions whenever these latter are not precise enough.

The update of the «Frequently Asked Questions» is function of the requests for clarification made by FVCs and its publication on the BCL's website should allow to complete the instructions for the statistical reporting of FVCs.

On the one hand, the publication will allow FVCs to find answers to the questions if the latter have already been previously asked by FVCs, and on the other hand, it will contribute to improve the consistency of the interpretations of the reporting instructions that may be done.

2 Summary of obligations of securitisation vehicles towards the Banque centrale du Luxembourg



(*) : Refer to circular BCL 2009/224 concerning the introduction of a new statistical data collection for securitisation vehicles

3 Mandatory registration for securitisation vehicles

3.1 First registration to the BCL

Each FVC falling under the reporting population as defined by the Regulation (EC) N° 24/2009 of the European central bank of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2008/30) shall spontaneously inform BCL of its existence within one week from the date on which the FVC has taken up business. The FVC definition is available in the BCL Circular 2009/224.

1 Question

Which information shall be provided at the time of the first registration?

2 Answer

BCL wants to collect legal information about the securitisation vehicle, the nature of securitisation (refer to chapter 6), ISIN codes of securities issued, information about the reporter (i.e. entity which submits the data), and if applicable information about the management company.

In this purpose, a registration form for a new securitisation vehicle in Excel format is downloadable on the BCL website.

Following receipt of this dully completed registration form, an identification code will be given to the reporting agent.

3 Question

Shall a FVC register even if it is not subject to reporting obligations?

4 Answer

Yes.

A FVC, even exempted from reporting obligations, shall register and provide the required information in order for the list of FVCs to remain exhaustive.

Besides, the FVC has to provide its annual accounts if they are not public, e.g. published in the R.C.S. within the legal deadline of 7 months after closure. The BCL accepts, on an exceptional basis, drafted balance sheets, but the signed Financial Statements have to be provided as soon as available in order to regularize the situation.

3.2 Amendment or cancellation of a registration entry

1 Question

Shall a FVC inform BCL when a change occurs?

2 Answer

A FVC shall shortly notify BCL in the following cases:

- All kind of amendment of registration information;
- Closure/liquidation date if the FVC is closed or liquidated;
- As soon as the total assets of a securitisation vehicle vary to such an extent that it could change its situation regarding the reporting obligation.

4 Reporting dates

4.1 Financial year-end date different from the reporting date

The different reporting dates match with the end of calendar quarters while the company is free to choose the date for the end of its financial year.

1 Question

Which data should be reported if the financial year-end does not match with the end of quarter?

2 Answer

The statistical reports of the BCL can be based on the latest figures used for establishing the annual accounts (unaudited) and/or the internal reports.

For instance, if the company closes its books as at 15 October, then those figures should be reported in the statistical reporting as at the end of December. The next statistical reporting as at 31 March should contain the figures as at 15 January, and so forth.

It should be noted that the report allows to report 2 different dates: <endMonthDate> and <closingDate>.

For the example above-mentioned, the reporting scheme foresees 2 fields for the date:

- the last day of the quarter the data relate to: 31.12.20XX <endMonthDate>
- the date used to establish the data: 15.10.20XX <closingDate>

4.2 Unavailable figures at the reporting date

BCL must transmit quarterly statistics within 28 working days following the end of the period to which the data relate to.

1 Question

How to establish the reports if the company has not received the information about the transactions since the last reporting date?

2 Answer

The basic instruction, as described in the document «Definitions and concepts for the statistical reporting of securitisation vehicles», stipulates that the last day of each quarter should be the reference date for the establishment of the statistical reports.

Thus, as long as there are no new figures available, the company should report the same data than the ones used for the previous quarter for the establishment of the statistical report S2.14, but with the new reference date. The report S2.15 is not applicable in this case.

Needless to mention that if a report is based on old values, it must be updated as soon as the new values are available.

5 Compliance with the reporting deadline

The reports must be provided to the BCL in an electronic file according to the norms defined in the documents «Manual of electronic transmission» and «Compendium of verification rules» established for each statistical report.

1 Question

Can the reporting agents be held responsible if the reports are submitted to the BCL within the required deadline but are not received due to transmission problems such as a potential overload of the server?

2 Answer

The companies must provide the files to the transmission channel that will provide them with a confirmation of receipt. This confirmation of receipt means discharge for the reporting agents since they have fulfilled their obligation.

The companies cannot be held responsible if the transmission channel and/or the BCL are not able to master the volume of the reported data.

6 Classification of securitisation vehicles

6.1 Useful definitions in order to classify the FVCs and compartments of FVCs according to their activity

The classification according to the activity is necessary in order to allow the BCL to comply with the statistical obligations laid down in regulation ECB/2008/30.

It should be noted that this classification is purely statistical and that it must not be considered as prudential appreciation.

Three types of securitisation are identified for statistical purposes:

- **Traditional** securitisation means a securitisation involving the economic transfer of the exposures being securitised to a financial vehicle corporation (FVCs) which issues securities. This shall be accomplished by the transfer of ownership of the securitised exposures from the originator (i.e. credit institution) or through sub-participation. The securities issued do not represent payment obligations of the originator.
- **Synthetic** securitisation means a securitisation where the tranching is achieved by the use of credit derivatives or guarantees, and the pool of exposures is not removed from the balance sheet of the originator.
- **Other** means FVCs which do not fall in the two first categories.

This is a slight adaptation of the definitions included in Directive 2006/48/EC.

6.2 Classification of FVCs and compartments of FVCs according to their activities

1 Question

At which level is the classification made?

2 Answer

The classification is made at the level of the reporting entity, either the company or the compartment.

3 Question

Do the FVCs and compartments of FVCs have to apply for a given classification?

4 Answer

No.

The entity determines the classification using the definitions given under 4.1.

The BCL will contact the entities for whom the classification seems erroneous in order to clarify their classification in agreement with themselves.

7 Selection of FVCs and compartments of FVCs subject to reporting obligations

1 Question

Which FVCs are subject to quarterly reporting obligations?

2 Answer

Annually, the BCL computes the exemption threshold applicable to the securitisation vehicles.

The selection of FVCs or compartments of FVCs is made by the BCL on the basis of the total assets of each FVC.

A company which reports its figures per compartment is considered at the consolidated level with comparison with the exemption threshold.

The following table provides a simple overview on the way to proceed.

Entity	Total assets in euro	Share in aggregated total assets	Cumulated share	Entity subject to reporting
AAAAA	1 000 000	17,42	17,42	yes
BBBBB	900 000	15,68	33,10	yes
CCCCC	800 000	13,94	47,04	yes
DDDDD	700 000	12,20	59,23	yes
EEEEE	600 000	10,45	69,69	yes
FFFFF	500 000	8,71	78,40	yes
GGGGG	400 000	6,97	85,37	yes
HHHHH	300 000	5,23	90,59	yes
IIIII	200 000	3,48	94,08	yes
JJJJJ	100 000	1,74	95,82	yes
KKKKK	90 000	1,57	97,39	no
LLLLL	80 000	1,39	98,78	no
MMMMM	70 000	1,22	100,00	no
Aggregated total assets	5 740 000	100,00		

8 Start and end of reporting obligation

8.1 Start of reporting obligation

1 Question

When should a securitisation vehicle start its quarterly reporting obligation?

2 Answer

The company will start reporting once its total balance sheet has exceeded the exemption threshold. In order to check whether the company is exempted, the company is considered at its consolidated level when it has chosen to report per compartment.

The first reporting should report the figures as at the first end of quarter following the break of the threshold.

If the company has chosen to transmit the figures per compartment, all the compartments (even the compartments with a total balance sheet below the threshold) should report.

3 Question

If a FVC and/or compartment of FVC has not yet received its identification code from the BCL, does it have to report with a generic identification code?

4 Answer

No.

The FVC and/or compartment of FVC will start reporting once it has received its identification code from the BCL.

8.2 End of reporting obligation

1 Question

If a FVC stops its activities or experiments a significant decline in its total balance sheet, does it have to continue the statistical reporting?

2 Answer

The reporting obligation stops when the total balance sheet of the company remains below the exemption threshold for a long time.

The BCL wishes to avoid the case where a company with a total balance sheet close to the threshold stops/restarts reporting due to small variations, in particular due to exchange rates.

Thus, a FVC that stops its activities or experiments a significant decline in its total balance sheet during November 2010 is no longer required to provide the statistical reports for December 2010. In the given example the last statistical reporting to provide is the one of September 2010.

It should be noted that a company which stops the statistical reporting because it stops its activities or experiments a significant decline in its total balance sheet is invited to signal this change to the BCL.

9 Classification of securitised loans traded in the Secondary Market

1 Question

In which item shall the securitised loans traded on the Secondary Market be registered, given the lack of a specific category?

2 Answer

In order to correctly classify this kind of financial operations, it is recommended to take into account the available information on the initiator:

If the initiator is known

If the initiator is resident in euro area

Register these loans in items related to securitised loans for which the initiator is a resident in the euro area according to the nature of the initiator:

1-101 : Securitised loans – Initiator Monetary Financial Institution

1-102 : Securitised loans – Initiator General Government

1-103 : Securitised loans – Initiator Other Financial Intermediaries / Insurance Corporations and/or Pension Funds Sector

1-104 : Securitised loans – Initiator Non Financial Corporation

If the initiator is not resident in euro area

Register these loans in item 1-105 : Securitised loans – Initiator non resident in euro area.

Note

The general item 1-100 Securitised loans cannot be simply used in this case as one of the verification rules states the following:

1-100 = 1-101 + 1-102 + 1-103 + 1-104 + 1-105

If the initiator is unknown

Put these loans in item 1-110 Other securitised assets

10 Report S 2.15 «Information on transactions made by securitisation vehicles»

10.1 Compilation of valuation effects

The instructions for report S 2.15 «Information on transactions made by securitisation vehicles» do not foresee a specific compilation method for valuation effects.

1 Question

How are computed the transaction effects for the captions subject to valuation effects due to exchange rate and market price variations?

2 Answer

The BCL recommends the following formula:

$$\begin{aligned} &\text{Net valuation effect} \\ &= \\ &[(\text{average}(\text{position (t);position (t-1))}) * [\text{Price (t) * Exchange Rate (t) - Price (t-1) *} \\ &\text{Exchange Rate (t-1)}] \end{aligned}$$

Considering:

- [Market value t – Market value t-1] = real transactions of the quarter + net valuation effect due to market valuation and exchange rate fluctuation
- Real transactions of the quarter = [market value t – market value t-1] - net valuation effect due to market valuation and exchange rate

Example for a position in foreign currency:

30/06/2010		30/09/2010		Net variation
Exchange rate	1,2271	Exchange rate	1,3648	- 228 763,04
USD	CV / EUR	USD	CV / EUR	
1 000 000,00	814 929,51	800 000,00	586 166,47	
Valuation effect	$\text{average}(1000000;800000) * ((1/1,3648)-(1/1,2271)) =$			- 73 999,28
Transaction effect	$(800000-1000000) * \text{average}(1/1,3648 ; 1/1,2271) =$			- 154 763,76

11 Consistency checks between statistical reports

The consistency checks performed by the BCL are defined in the compendium of verification rules for the different statistical reports.

1 Question

Are there consistency checks between the quarterly statistical reports S2.14 and S2.15?

2 Answer

Yes.

The consistency between the reports S 2.14 « Quarterly statistical balance sheet for securitisation vehicles » and S 2.15 « Information on transactions made by securitisation vehicles » is checked at global and individual levels on the basis of the data reported (line 1-AMO-XX-XXX-90000 Write-downs of securitised loans), the evolution of the exchange rates and main indices, the annual reports and all relevant information related to the companies.

12 Sanctions in case of non respect of the reporting obligations

1 Question

What are the sanctions in case of violation of the reporting obligations?

2 Answer

The regulation (EC) N° 24/2009 of the European central bank of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2007/8) stipulates that the ECB's sanctions regime laid down in Article 7 of Regulation (EC) N° 2533/98 will apply to those companies.

Article 7 Imposition of sanctions

1. The ECB shall have the power to impose the sanctions set out in this Article on reporting agents which are subject to reporting requirements and residing in a participating Member State and which fail to comply with the obligations resulting from this Regulation or from ECB regulations or decisions defining and imposing the ECB's statistical reporting requirements.
2. The obligation to transmit certain statistical information to the ECB or to the national central banks shall be deemed to have been infringed if:
 - a. no statistical information is received by the ECB or national central bank by the established deadline; or
 - b. the statistical information is incorrect, incomplete or in a form not complying with the requirement.
3. The obligation to allow the ECB and the national central banks to verify the accuracy and quality of the statistical information submitted by reporting agents to the ECB or national central bank shall be deemed to have been infringed whenever a reporting agent obstructs this activity. Such obstruction includes, but is not limited to, the removal of documents and prevention of physical access by the ECB or the national central bank which is necessary for them to carry out their verification task or compulsory collection.

4. The ECB may impose sanctions on a reporting agent as follows:
 - a. in the event of an infringement as defined in paragraph 2 (a), a daily penalty payment not exceeding EUR 10 000, with the total fine not exceeding EUR 100 000
 - b. in the event of an infringement as defined in paragraph 2(b), a fine not exceeding EUR 200 000
 - c. in the event of an infringement as defined in paragraph 3, a fine not exceeding EUR 200 000.
5. The sanctions set out in paragraph 4 shall be additional to the obligation on the reporting agent to meet the costs of the verification and compulsory collection procedure as required in Article 6(3).
6. In exercising the powers provided for in this Article, the ECB shall act in accordance with the principles and procedures as set out in Regulation (EC) No 2532/98.

13 Contact

An e-mail address was set-up to answer to any query related to securitisation vehicles:
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