

## 1 Feedback on Beneficial Owner Reporting (Article 5 in EP text)

Article 5 1a in the EP text requires investors to report 'Beneficial Owner' information.

Investors suggest it would be easier to divest ABS than to comply

Feedback from fund managers is that this would contravene contracts with their customers on whose behalf they invest. To comply would require the renegotiation of these contracts. Our understanding is that some fund managers have thousands of customers which would need to be identified as beneficial owners – therefore regulation would require thousands of contract renegotiations which would simply not be practical.

### 1.1 Possible compromise

In place of 'Beneficial Owner' the fund manager could report to regulators/competent authorities the legal entity name and LEI of the fund that owns the positions and the details of those positions.

## 2 Some points on Article 28 (Transitional provisions)

### 2.1 Status of CRA3 Article 8(b)

It is EuroABS' understanding that STS self-certification should be available to ABS issuers on entry into force of the STS regulation.

Paragraph 6 of Article 28 refers to Annexes I to VIII of CRA3 Article 8(b) to provide a specification for loan level data and reporting requirements for the various asset classes.

Concerns have been raised that STS both **refers to** and then **repeals** CRA3 Article 8(b). Are you able to check that both the:

- Reference to CRA3 Article 8(b) and
- The point at which CRA3 Article 8(b) is replaced/repealed

Are clear and legally sound?

### 2.2 Grandfathering

We would also like to suggest that it is important to make clear whether issues accepted as STS compliant under the initial rules (under CRA3 Article 8(b)) would have their STS status grandfathered when the ESMA level 2 text replacing CRA3 Article 8(b) is released.

## 3 Article 10 Paragraph 3 – Liabilities Waterfall Models

As discussed in my previous correspondence, the text should be clear in stating that the liabilities waterfall model:

- a. must provide a representation of the rules for the allocation of the cash flows to the beneficiaries of the securitisation which precisely and fully represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE. (this is similar to the clarification in the EP text) and
- b. must provide the user of the model with opportunity to input values for every scenario the securitisation liabilities waterfall documentation states consequences for.