

European Securities and Markets Authority

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SUBMITTED ONLINE AT www.esma.europa.eu

14 March 2024

Re: European Securities and Markets Authority Consultation Paper of 21 December 2023

On behalf of The Loan Market Association (the “**LMA**”), we welcome the opportunity to respond to the European Securities and Markets Authority (“**ESMA**”) consultation paper of 21 December 2023¹ (the “**Consultation Paper**”). The continuing engagement of ESMA with market participants on issues related to the securitisation market and, in particular, CLOs, is greatly appreciated.

Our representations in respect of the Consultation Paper are limited to managed collateralised loan obligations (“**CLOs**”) as opposed to other securitisations, in the hope that we can engage in productive dialogue with ESMA in relation to that asset class. The LMA would be pleased to provide additional information on the CLO market following the closure of this consultation.

The LMA was established in 1996 and is headquartered in London. Our key objective is improving liquidity, efficiency, transparency and sustainability in the primary and secondary loan markets in Europe, the Middle East and Africa (“**EMEA**”). By establishing sound, widely accepted market practice, we seek to promote loans as one of the key debt products available to borrowers across the region. Our membership has grown steadily and currently stands at over 850 organisations covering 69 countries, comprising commercial and investment banks, institutional investors, law firms, service providers, rating agencies and regulatory and governmental bodies. The LMA’s overall mission is to act as the authoritative voice of the EMEA loan market vis à vis lenders, borrowers, regulators and other members of the loan ecosystem.

During its history, the LMA has played a key role in developing standard form documentation for documenting syndicated loans and forms of documentation and practices for secondary market trading in syndicated loans. Our work has contributed to widening and deepening the loan market in EMEA, reducing barriers to accessing capital, and increasing liquidity of assets for investors.

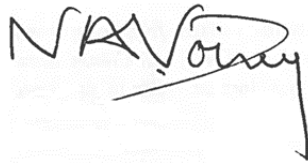
¹ <https://www.esma.europa.eu/document/consultation-paper-securitisation-disclosure-templates>

Please note that references in this section to CLOs only includes CLOs which primarily invest in UK and EU leveraged loans.

We would welcome the opportunity to discuss this response with you and provide a further update of the market in order to highlight the ongoing positive performance of CLOs (including through the global financial crisis as well as the Covid-19 pandemic).

If you would like to do so, please contact Nicholas Voisey of the Loan Market Association (nicholas.voisey@lma.eu.com).

Yours faithfully

A handwritten signature in black ink that reads "N Voisey". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Nicholas Voisey
Managing Director
Loan Market Association

Annex 1

REPLY FORM

Reply Form

to the Consultation Paper on the securitisation disclosure templates under Article 7 of the Securitisation Regulation



Responding to this Consultation Paper

ESMA invites comments on all matters in this Consultation Paper and in particular on the specific questions summarised in Annexes. Comments are most helpful if they:

- respond to the question asked;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider or comment to specific questions irrespective of the preferred option.

ESMA will consider all comments received by **15 March 2024**.

All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your input - Consultations’.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in this reply form.
- Please do not remove tags of the type < ESMA_QUESTION_SECR_0>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP1_SECR _nameofrespondent.
- For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP1_SECR _ABCD.
- Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at www.esma.europa.eu under the heading ‘*Your input - Consultations*’.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email

message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading '[Data protection](#)'.

Who should read this paper?

This Consultation Paper may be of particular interest to securitisation investors/potential investors, securitisation issuers/originators, market infrastructures, securitisation repositories, credit rating agencies as well as public bodies involved in securitisations (market regulators, resolution authorities, supervisory authorities, central banks and standard setters).

I. General information about respondent

Name of the company / organisation	Loan Market Association
Activity	Associations, professional bodies, industry representatives
Are you representing an association?	<input checked="" type="checkbox"/>
Country / Region	Europe

II. Questions

Q1 Option A focuses on maintaining the current framework in its entirety. Do you agree with maintaining the current disclosure framework unchanged?

<ESMA_QUESTION_SECR_1>

It is the view of the LMA that maintaining the current reporting framework in its entirety is not the optimal solution. The reporting regime in its current form is not proportionate to the CLO² market, and imposes additional costs and operational burdens on CLO issuers, managers and trustees due to, for example: (i) the time and effort required to gather data and prepare and review reports and (ii) the appointment of service providers to provide data. By maintaining the current framework, none of the issues and limitations identified would be addressed. In addition, as noted by a number of regulatory authorities, investors generally do not access the reporting templates and in particular the CLO market investors continue to access the traditional CLO reporting package which has been used since the inception of the CLO market.

Ideally, the LMA would see the reporting framework amended so as to become more proportionate to private CLO transactions and to reflect the types of information that investors are looking to receive, as outlined in our meeting with you of 13 February 2023. We would be very happy to follow up on the points discussed in this meeting if helpful. However, as it is clear any such extensive adjustments to the regime would take a number of years to implement, we believe it would be appropriate to address certain of the market's concerns in the short term, with a more comprehensive review of the disclosure framework to follow (see responses to Questions 14 onward).

<ESMA_QUESTION_SECR_1>

Q2 Do you agree that LLD granularity is essential for performing proper risk evaluation, including due-diligence analysis or supervisory monitoring? Please explain your answer considering the costs and benefits of keeping the current level of granularity in terms of operational costs, compliance burden and any other possible implications.

<ESMA_QUESTION_SECR_2>

The loan-level disclosure that is currently reported in respect of CLOs (both European-issued and third country CLOs issued into Europe) under the existing SECR disclosure regime is overly detailed. The costs and operational burden on CLO issuers and managers in complying with the required LLD granularity is disproportionate to its value.

For investors and their due diligence analysis, the market has developed (directly with investors and other stakeholders) standard form transaction reporting. This includes certain loan-level detail that the market has accepted as beneficial to investors but does not include the more burdensome reporting that is currently required under the SECR regime.

² Note: This is relevant not only to European-issued CLOs but also third country CLOs issued into Europe.

On the basis that the SSM notification template should be sufficient for the purposes of supervisory monitoring, the additional LLD granularity in the existing SECR disclosure regime is not required. It should be noted that the traditional CLO reporting package (broadly comprising monthly reports and quarterly payment date reports) has always contained some loan-level data (as discussed in our meeting of 13 February 2023) and investors continue to require receipt of such standard CLO reporting package.

The burden of compliance with the LLD granularity is particularly high for managed transactions where portfolios are subject to change. Managed CLOs provide for a strict set of criteria within which the portfolio may be managed. Such criteria are made available to all investors, potential investors and competent authorities. Provided a managed CLO is managed within such criteria, there should not be the need to provide LLD with the granularity currently imposed by the SECR regime.

<ESMA_QUESTION_SECR_2>

Q3 Do you agree that the current design of disclosure templates is adequately structured to facilitate comprehensive risk evaluation, including due diligence analysis and supervisory monitoring of securitisation transactions? If not, please explain your answer.

<ESMA_QUESTION_SECR_3>

We do not agree. The current design of the disclosure template does provide for some standardisation and facilitates comparison between transactions, but we would reiterate that the level to which information is reported is not proportionate to or appropriate for CLO transactions.

Further, we would note that the disclosure templates assume application to all asset classes. Where there are fields that are not relevant to a particular asset class, or have different meanings between asset classes, this can create imbalance in any comparison and negate any value in the disclosure. Further, fields for which the reporting templates prescribe specific calculations or determinations can differ from how the relevant metrics would typically be calculated and reported in the European leveraged loan market, creating further confusion.

It would be more appropriate for a simplified transaction-level template to apply, where all fields are relevant to each transaction, thereby facilitating comparative evaluation and monitoring.

<ESMA_QUESTION_SECR_3>

Q4 Do you agree that disclosure and reporting requirements should be maintained consistent between private and public securitisation?

<ESMA_QUESTION_SECR_4>

In response to this question, there is the broader discussion as to the classification of securitisations as public or private for the purpose of the SECR. Whilst the LMA understands

that this will likely be reviewed separately, we would note that CLOs should continue to be considered to be private securitisations. We would be happy to discuss this separately, noting that this particular discussion falls outside the scope of this Consultation Paper.

The LMA agrees that investors and competent authorities should be provided access to information in respect of transactions, whether or not they are public or private. However, such information should not be as granular as is currently required in the reporting templates. Adjusting the reporting requirements to better reflect the investor requirements and industry standard for asset classes would result in more valuable disclosure.

We do not consider it appropriate or proportionate for a private securitisation to be required to submit reporting to SRs. This would add a further level of cost and time burdens to issuers of private securitisations. These transactions are private in nature and may contain information which should not be available publicly through a securitisation repository. Further, and in accordance with Option C below, we support the introduction of a simplified reporting template for private CLO securitisations.

<ESMA_QUESTION_SECR_4>

Q5 Please insert here any general observations or comments that you would like to make on this CP, including how relevant the revision based on the above approach (Option A) may be to your own activities and potential impacts.

<ESMA_QUESTION_SECR_5>

Generally, the LMA would note that Option A would not be appropriate and would not address any of the concerns identified by the European Commission in their report or as part of the ESMA consultation process in respect of the existing disclosure framework.

<ESMA_QUESTION_SECR_5>

Q6 Do you believe that the additional adjustments to the current framework proposed by Option B, such as restricting the use of ND options and including additional risk indicators (including climate-related indicators) are necessary? Do you support a revision of the technical standards accordingly? Please explain your answer, indicating whether you support these proposed adjustments and any reasons for your agreement and disagreement.

<ESMA_QUESTION_SECR_6>

The LMA does not believe that the adjustments proposed by Option B would be appropriate or necessary. By extending the scope of the reporting templates to include additional risk indicators, the already overly prescriptive templates would become even more burdensome. Further, we would note that climate-related terms and indicators are evolving in the market and their inclusion in the templates would create confusion and complication, together with additional costs for CLO issuers, managers and investors in analysing any supplementary data.

In relation to the inclusion of additional risk indicators (such as Probability of Default, Loss Given Default, risk retention, and also payment schedules for individual loans) in the scope of the reporting templates, we would highlight that the offering circulars prepared the relation to the issuance of a CLO will already include a discussion of risks relevant to the transaction. As part of the risk factors (which can be 20-30 pages long), investors are provided with details as to the risks related to the nature of the portfolio. There is also a separate section in the offering circular that provides detail as to the approach taken for risk retention. We note our response to Question 9 below in respect of the additional risk indicators.

<ESMA_QUESTION_SECR_6>

Q7 Do you believe that a reduction of ND thresholds would materially improve the representation of data of securitisation reports? Please explain your answer.

<ESMA_QUESTION_SECR_7>

No, we don't agree that reducing the ND thresholds would improve the data in reports. There are a number of instances where CLO issuers/reporting entities legitimately apply ND options in response to fields. If such fields are required to be completed, it is likely that data may not be reliable or appropriately comparable.

As noted as part of our response to the ESMA's field by field review in respect of the templates in March 2023, we suggested removing fields where "ND" is typically the default response. If there is genuinely no data available in respect of such fields, it is difficult to understand the value in requiring a response.

By reducing the availability of ND options, market participants would find compliance with the template reporting regime more onerous; creating further challenges to the securitisation market.

<ESMA_QUESTION_SECR_7>

Q8 Do you think that the advantages stemming from restricting the consistency thresholds and/or removal of ND options for specific fields, resulting in more accurate representation of data, would justify the heightened compliance costs for reporting entities?

<ESMA_QUESTION_SECR_8>

We would note that the ND options are genuinely applicable in respect of certain fields in relation to CLO transactions. As such, removal of the ND options would be unlikely to produce more accurate data and accordingly the LMA does not consider this would justify any increased compliance costs.

<ESMA_QUESTION_SECR_8>

Q9 Do you believe that the proposal of enriching the Annexes with additional risk-sensitive indicators (presented in Section 5.3) is necessary?

<ESMA_QUESTION_SECR_9>

The additional risk indicators suggested in Section 5.3 include payment schedules for individual loans. The cost of including this detailed information would appear to the LMA to be disproportionate to the value provided, given the strict set of criteria within which a CLO portfolio may be managed. CLOs will typically include a requirement as to at least annual payments, and will include mechanisms that cater for risks associated with payment schedules (such as rating agency criteria). In addition, CLOs will typically include a weighted average life test such that the weighted average life of the assets in the portfolio is required to be maintained at a certain level. As part of the calculations for such test, the current CLO reporting package includes detail as to each loan's maturity date and so a payment schedule for each such loan could already be determined therefrom.

We note that certain stakeholders highlighted the absence of information such as the Probability of Default and Loss Given Default values. We would note that the current CLO reporting package includes detail as to the portfolio's weighted average rating factor and assumed recovery rate, which imply Probability of Default and Loss Given Default values. Given this overlap, there does not appear to be the need to include such information in the Annexes.

Additional information as to risk retention, re-securitisation and the STS status of the transaction is already included where separate supervisory authorities require such information for their review. Accordingly, we do not consider it necessary to duplicate the reporting of this information unless supervisory authorities are expected to remove their own requirements and adding these indicators would have the inverse effect of the intention of reducing reporting overlaps.

<ESMA_QUESTION_SECR_9>

Q10 Do you believe that reporting entities would face challenges and/or significant costs if requested to report those additional indicators? If yes, please elaborate your answer.

<ESMA_QUESTION_SECR_10>

Yes. Reporting additional indicators will likely increase challenges and costs for market participants, not least the operational costs associated with implementing such changes. For example, the costs that may be incurred in analysing and reporting payment schedules for individual loans would appear to the LMA to be disproportionate to any value in including such data in reports.

<ESMA_QUESTION_SECR_10>

Q11 Do you believe that the proposal of enriching the Annexes with climate risk indicators (presented in Section 5.4) is warranted?

<ESMA_QUESTION_SECR_11>

As noted above, climate-related terms and indicators are constantly evolving in the market and their inclusion in the templates would likely create confusion and complication, together with additional costs for CLO issuers, managers and investors in locating and analysing any supplementary data (to the extent available).

Given reporting of such indicators is already required (where appropriate) under applicable regulation such as the Sustainable Finance Disclosure Regulation, adding these indicators to the Annexes would increase costs and have the inverse effect of the intention of reducing reporting overlaps. We do not view the expansion of the Annexes to include such indicators as warranted.

<ESMA_QUESTION_SECR_11>

Q12 In addition to the list of advantages and challenges identified by ESMA in introducing the proposed sustainability indicators, do you believe additional advantages and challenges should be factored in?

<ESMA_QUESTION_SECR_12>

We acknowledge the challenges identified by ESMA in the Consultation Paper in introducing the proposed sustainability indicators and agree that data availability, comparability and accuracy will likely prove to be barriers to including these indicators. As noted above, we also agree that the overlap with other reporting requirements would mean that expansion of the reporting templates to include climate indicators would not be warranted.

In addition to these considerations, we would also highlight that Option B does not address the areas identified in the European Commission's report of October 2022: (i) development of a simplified template for private securitisations and (ii) ensuring adequate proportionality of transparency requirements and usefulness of data for a proper due diligence. Further, the concerns regarding jurisdictional scope and the "competitive disadvantage" identified by the European Commission would not be addressed by Option B.

<ESMA_QUESTION_SECR_12>

Q13 Please insert here any general observations or comments that you would like to make on this CP, including how relevant the revision based on the above approach (Option B) may be to your own activities and potential impacts.

<ESMA_QUESTION_SECR_13>

The LMA does not consider Option B as appropriate. It does not address areas for improvement identified by both market participants and regulators.

<ESMA_QUESTION_SECR_13>

Q14 Do you agree with Option C as the preferred way forward (simplified template for private transactions, removal/streamlining of loan-level data for some asset classes, new template for trade receivables) for the revision of the disclosure templates?

<ESMA_QUESTION_SECR_14>

Yes, the LMA agrees that Option C is, in the short term, the option that is most respectful of the European Commission's recommendations in their report of October 2022. The European CLO market requires some stability in the approach to transparency and disclosure so as to be able to catch up with the US CLO market.

The specific and targeted suggestions in Option C appear to be achievable in the relatively short term and look to be able to provide some much-needed relief to the CLO market.

<ESMA_QUESTION_SECR_14>

Q15 Do you agree with the analysis and the inclusion of a new simplified template for private transactions that focuses mostly on supervisory needs?

<ESMA_QUESTION_SECR_15>

Yes, the LMA agrees with the inclusion of a new simplified template for private CLO securitisations. The LMA welcomes the concept of a template that focuses on the needs of the supervisors, noting that in respect of CLOs, investor needs are adequately addressed by the market standard reports that are delivered under the terms of the CLO transaction.

<ESMA_QUESTION_SECR_15>

Q16 Do you believe that ESMA should proceed with the review of the RTS based on this option and using the SSM notification template as a starting point? Please provide details in your answer.

<ESMA_QUESTION_SECR_16>

Yes, the LMA agrees with this approach as a short term solution in respect of private CLO securitisations.

There are a few points that the LMA would like to highlight for consideration:

- Frequency of reporting

To align with the approach taken by the ECB/SSM, we suggest that the notification report is delivered within a certain period of time after closing and is updated in the case of Article 7(1)(f) or Article 7(1)(g) reportable events. The LMA would suggest that there is no need to provide quarterly reports in the form of the reporting templates as investors will continue to receive the standard CLO reporting package on a monthly basis.

- No overlap in reporting

In order for the proposed review to have the maximum benefit to market participants, investors and supervisors, it is essential that any template reporting is considered alongside any existing regimes.

When considering existing regimes, we suggest that where there is overlap between the approach proposed to be taken by the ESMA and that of national supervisors, separate reporting to national supervisors should no longer be required. National supervisors/competent authorities should be given the opportunity to review any new template.

- Assumption as to portfolio data

As part of this approach, the LMA would assume that there is no intention to prescribe reporting requirements in respect of portfolio data. Instead, provided proportionate portfolio data is available all relevant recipients (investors, potential investors and competent authorities), the LMA would expect that reporting using the SSM form, on the frequency described above should be sufficient.

- Availability of information/documentation

As with reporting to the Financial Conduct Authority in the UK, the LMA would suggest that rather than impose an obligation on market participants to deliver information directly to competent authorities, such competent authorities are instead directed to the location as to where information and documentation in respect of a transaction may be accessed. For CLOs, this would likely be the reporting website maintained on behalf of the CLO issuer for such purpose. This would reduce any operational burden on the CLO issuer and manager to deliver information and documents, without restricting the availability of such information and documents to competent authorities.

If the SSM notification template is selected as a starting point, the LMA would gladly provide feedback on the form of the template and our views on the existing fields.

<ESMA_QUESTION_SECR_16>

Q17 Do you consider that a simplified template can be useful even though the operational way to submit the data is exempted from the mandatory reporting via the SRs?

<ESMA_QUESTION_SECR_17>

Reporting via the SRs should not be required in order for reports to be considered reliable. We note that at paragraph 138 of the Consultation Paper, the ESMA highlighted the importance of extending to private transactions the obligation to report to SRs. It appears that certain competent authorities consider that the reliability of information is not “*assured until it is centralised and validated by a[n] SR*”.

The LMA would note here that reporting submitted to a number of competent authorities is not made via an SR and is accepted by such competent authorities. There should be no need to extend reporting via SR to private securitisations, which would increase costs applicable to European transactions or transactions sold into Europe.

<ESMA_QUESTION_SECR_17>

Q18 Do you believe that ESMA should proceed with the review of the RTS based on the proposal to deviate from loan-level data reporting for those asset classes which are highly granular, of short-term maturity or revolving pools? What are the potential benefits, challenges, or considerations that ESMA should consider if adopting this approach?

<ESMA_QUESTION_SECR_18>

In respect of private CLO securitisations, the expectation would be that if the SSM notification applies in the frequencies set out above, the requirement for delivery of loan-level data will be satisfied by reference to delivery of data proportionate to the asset class. The LMA would suggest that this would be addressed by delivery of the market standard transaction reporting on which investors have relied for a number of years (including prior to the introduction of any reporting/disclosure under the SECR).

<ESMA_QUESTION_SECR_18>

Q19 Are there any additional asset classes that should be further explored based on the proposal of deviating from the loan-level data reporting? Please list the relevant asset classes or annexes and explain why.

<ESMA_QUESTION_SECR_19>

For private CLO securitisations, loan-level data reporting should be satisfied by reference to delivery of data proportionate to the asset class (on the basis that reporting in the form of the SSM template would apply). The LMA would suggest that this would be addressed by delivery of the market standard transaction reporting on which investors have relied for a number of years (including prior to the introduction of any reporting/disclosure under the SECR).

<ESMA_QUESTION_SECR_19>

Q20 Do you agree, in the context of option C, that ESMA should further explore the deletion of the current disclosure templates? Please provide details in your answer.

<ESMA_QUESTION_SECR_20>

In relation to CLOs and the short term solution offered by Option C and provided that the current disclosure templates are no longer applicable to private securitisations, the LMA does not have a view as to their deletion.

<ESMA_QUESTION_SECR_20>

Q21 Do you agree, in the context of option C, that ESMA should further explore the streamlining of the current disclosure templates? Please provide details in your answer.

<ESMA_QUESTION_SECR_21>

In relation to CLOs and the short term solution offered by Option C and provided that the current disclosure templates are no longer applicable to private securitisations, the LMA does not have a view as to their streamlining.

<ESMA_QUESTION_SECR_21>

Q22 Do you consider that a new template for non-ABCP trade receivables should be included and why? Please provide reasons for your answer.

<ESMA_QUESTION_SECR_22>

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<ESMA_QUESTION_SECR_22>

Q23 Which additional template could be relevant for the reporting of other asset classes that are not currently covered in the framework? Please provide details in your answer.

<ESMA_QUESTION_SECR_23>

In relation to CLOs, and on the basis that only reporting in the form of the SSM template would apply to private CLO securitisations, the LMA does not consider any other asset-class specific templates to be required.

<ESMA_QUESTION_SECR_23>

Q24 Please provide any general observations or comments that you would like to make on this CP, including how the revision based on the above approach (Option C) may be relevant to your own activities, and any potential impacts.

<ESMA_QUESTION_SECR_24>

Market participants will require sufficient notice of the final provisions ahead of their entry into force in order to implement necessary measures.

In the absence of any transition period (noting that no formal transition period after adoption of revised RTS may be allowed without changes to the Level 1 text), the LMA would welcome confirmation that:

- any transactions currently reporting on the basis of the existing regime need not continue to do so following the entry into force of any amendments to implement Option C; and
- the notification based on the SSM template should not be required to be delivered in respect of existing transactions that have already been complying with Article 7.

If, notwithstanding the simplified reporting on the basis of the SSM template, asset-class specific reporting is considered to apply to managed CLOs (whether alongside the SSM template or otherwise), the LMA would be happy to engage with ESMA in discussions as to

the format of such template. Our suggestion would be along the lines of that delivered to ESMA in March 2023 as part of ESMA's field by field review of the templates.

<ESMA_QUESTION_SECR_24>

Q25 Do you agree with Option D (a comprehensive review of the disclosure framework) as the preferred way forward for the revision of the disclosure templates?

<ESMA_QUESTION_SECR_25>

The LMA would note that the overall simplification of the current framework and introduction of simplified templates across all asset classes suggested under Option D will be time consuming and does not offer a solution within a reasonable time period.

The LMA's view would be that in relation to private CLO securitisations, the adjustments to be adopted under Option C may be sufficient to address the concerns identified by the European Commission in their report and as part of the ESMA consultation process in respect of the existing disclosure framework.

However, and for clarity, the LMA's preferred options would be:

- Optimal solution: Option C in the short term to provide relief to the market and address the more immediate concerns followed by Option D to overhaul the framework;
- Secondary solution: Option C only; and
- Tertiary solution: Option D, with elements of Option C.

Notwithstanding the LMA's immediate preference for Option C, the remaining questions in respect of Option D are answered on the assumption that Option C is not effected (which is not the LMA's preference). As part of Option D, the LMA would suggest development of a simplified template for private CLO securitisations (similar to the suggestion under Option C).

Note that any implementation of Option D will likely overlap with the review of and subsequent changes to SECR (including changes to the Level 1 text). This may introduce a period of uncertainty in the market.

<ESMA_QUESTION_SECR_25>

Q26 Do you think that it would be possible to achieve a level of simplification and standardisation within fields, across multiple templates, without having an impact on the overall risk analysis of the transaction? Please explain the rationale behind your answer.

<ESMA_QUESTION_SECR_26>

Any implementation of Option D will be time consuming. Given the variety of asset classes, consideration will need to be given to the impact of changes across all asset classes.

<ESMA_QUESTION_SECR_26>

Q27 Do you think that the overall usability would improve with simplified and standardised templates? Please explain the rationale behind your answer.

<ESMA_QUESTION_SECR_27>

In theory, simplified and standardised templates (if achievable) will produce a comparable set of data. However, market participants should be wary of comparisons between asset classes, even where the templates appear to align data fields.

For private CLO securitisations the simplified template should provide a level of standardisation for comparative purposes.

<ESMA_QUESTION_SECR_27>

Q28 Do you agree with the approach proposed by Option D, to create a set of templates based on the characteristics and nature of underlying assets rather than the categorisation of the securitisation transaction (i.e., public or private, true sale or synthetic)?

<ESMA_QUESTION_SECR_28>

The LMA would suggest that as part of Option D, a simplified template for private CLO securitisations (similar to the suggestion under Option C) is created. This approach addresses the European Commission's suggestion to ensure adequate proportionality of transparency requirements and usefulness of data for a proper due diligence.

If, notwithstanding the simplified reporting on the basis of the SSM template, asset-class specific reporting is considered to apply to managed CLOs (whether alongside the SSM template or otherwise), the LMA would be happy to engage with ESMA in discussions as to the format of such template. Our suggestion would be along the lines of that delivered to ESMA in March 2023 as part of ESMA's field by field review of the templates.

<ESMA_QUESTION_SECR_28>

Q29 Do you believe that ESMA should proceed with the review of the RTS based on the proposal to deviate from loan-level data disclosure for those asset classes which are highly granular, of short-term maturity or revolving pools? What are the potential benefits, challenges, or considerations that ESMA should consider if adopting this approach?

<ESMA_QUESTION_SECR_29>

See Question 18 above. If, notwithstanding the simplified reporting on the basis of the SSM template, asset-class specific reporting is considered to apply to managed CLOs (whether alongside the SSM template or otherwise), the LMA would be happy to engage with ESMA in discussions as to the format of such template. Our suggestion would be along the lines of that delivered to ESMA in March 2023 as part of ESMA's field by field review of the templates.

<ESMA_QUESTION_SECR_29>

Q30 Are there any additional asset classes that should be further explored based on the proposal of deviating from the loan-level data reporting? Please list the relevant asset classes or annexes explain why.

<ESMA_QUESTION_SECR_30>

See Question 19 above.

<ESMA_QUESTION_SECR_30>

Q31 What are your views on the proposal to transition from the current 'no-data' options to a framework based on 'mandatory', 'conditional mandatory' and 'optional' fields for securitisation transactions?

<ESMA_QUESTION_SECR_31>

See our response to Questions 7 and 8 above. Further, a comprehensive review of the data fields and availability of data for each asset class will be required in order to effectively implement this proposal.

<ESMA_QUESTION_SECR_31>

Q32 Do you think that this transition be of added value to the securitisation framework? What challenges or concerns, if any, do you anticipate with the introduction of 'mandatory,' 'optional,' and 'conditionally mandatory' fields? Are there specific considerations related to data availability, feasibility, or implementation that should be considered?

<ESMA_QUESTION_SECR_32>

See our response to Question 31 above.

<ESMA_QUESTION_SECR_32>

Q33 Please provide any general observations or comments that you would like to make on this CP, including how the revision, based on the above approach (Option D) may be relevant to your own activities and any potential impacts.

<ESMA_QUESTION_SECR_33>

As noted above, Option D is a good long-term solution for all asset classes. The LMA would note that, however, that the overall simplification of the current framework and introduction of simplified templates across all asset classes will be time consuming and does not offer a solution within a reasonable time period.

The LMA's view would be that in relation to private CLO securitisations, the adjustments to be adopted under Option C may be sufficient to address the concerns identified by the

European Commission in their report and as part of the ESMA consultation process in respect of the existing disclosure framework.

As noted above, the LMA's preferred options would be:

- Optimal solution: Option C in the short term to provide relief to the market and address the more immediate concerns followed by Option D to overhaul the framework;
- Secondary solution: Option C only; and
- Tertiary solution: Option D, with elements of Option C.

If, notwithstanding the simplified reporting on the basis of the SSM template, asset-class specific reporting is considered to apply to managed CLOs (whether alongside the SSM template or otherwise), the LMA would be happy to engage with ESMA in discussions as to the format of such template. Our suggestion would be along the lines of that delivered to ESMA in March 2023 as part of ESMA's field by field review of the templates.

Note that any implementation of Option D will likely overlap with the review of and subsequent changes to SECR (including changes to the Level 1 text). This may introduce a period of uncertainty in the market.

<ESMA_QUESTION_SECR_33>