

ABI comments on
***“Good Practice Guidelines on Pillar 3
Disclosure requirements for
Securitisation”***

September 2008

Paragraphs	Questions	Comments
3.5 Comparability and granularity	Q3: How do you think sufficient comparability and granularity of presentation can best be obtained?	<p>We would like to stress the need to avoid the establishment of mandatory common templates.</p> <p>In several UE jurisdictions, such as Italy, information on securitisation transactions are already provided through templates dictated by regulatory authorities.</p> <p>Accordingly, the establishment of additional template would be burdensome for banks and can cause confusion to the market.</p>

Paragraphs	Questions	Comments
6.6 Exposures securitised – by transaction type and exposure type	Q24: Do you agree with the proposed implementation guidance for exposures securitised broken down by transaction and exposure type? If not, how could it be improved?	<p>In this paragraphs there is a reference to the footnote contained in Basel 2 text that allow banks that haven't retained any securitization exposures to report the securitized pool only for the year of transaction.</p> <p>Please note that such footnote is also reported in Bank of Italy transposition of CRD. Accordingly, it would be advisable to specify that whenever allowed by local application of CRD, banks that don't retain any securitization exposure can report securitized pool only at the year of inception.</p> <p>Additionally:</p> <ul style="list-style-type: none"> - Even when banks retain a securitization exposure we can envisage problems in providing such data if securitized pool have been derecognized (originator) for balance sheet purposes or if the SPE

		<p>isn't consolidated (sponsor). In such case the securitized pool won't be any more reported in bank systems. Regarding the alternative solution proposed: option a), as noted in the document, can be misleading as assets can be repaid; option c) require to manually gather information that can be difficult to obtain especially as some securitization may have a life that extend over several decades. Accordingly, in our opinion, as long as the risks arising from the retained securitization exposure is not material there is no need to disclose the outstanding amount of the exposure securitised. Perhaps this concept is implicit in the "materiality concept" explained in par. 4.8. If that's the case, however, we would like it to be explicitly stated.</p> <p>In this purpose Basel 2 recognises that the general principle underlying Pillar 3 disclosure is that information provided to the market shall be consistent with information used by top management for assessing risks. In this context when Banks retain limited risk to securitized pool we wonder which is the benefit arising from the disclosure of securitized assets that another entity would effectively have to disclose through retention of first loss piece (or similar instrument).</p> <p>Finally we propose that the amount to be disclosed would be the amount resulting from financial statements after provisions.</p> <p>-</p>
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<p>6.7 Impaired and Past Due exposures securitised – by exposure type and losses</p>	<p>Q25: Do you agree with the proposed guidance on the disclosure of impaired and past due exposures securitised and losses. If not, how could this guidance be improved?</p>	<p>The very same issues indicated for par. 6.6 arise also for par. 6.7. Also in this case the securitized pool that could be disclosed is composed by assets still present on originators balance sheet or consolidated by the sponsor.</p> <p>In fact it would not be possible to indicate if an asset is impaired/past due as well losses recognized in the period for assets residing in another entity balance sheet.</p> <p>Of course it would be possible to indicate if securitized assets are impaired or past due at the starting date of the transaction, however such information doesn't seem consistent with the amount of losses to be disclosed that refer to current period.</p> <p>Also in this case, we propose that the amount to be disclosed would be the amount resulting from financial statements after provisions.</p>

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<p>6.8 Securitisations Positions, retained and purchased, by exposure type</p>	<p>Q26: Do you agree with the proposed implementation guidance for securitisation positions broken down by exposure type? If not, how could they be improved?</p>	<p>Regarding the bullet point 4) guidance on exposure type seems to imply that amounts to be disclosed refer to the underlying portfolio. We think that disclosure should refer to the exposure a bank has toward the SPE instead of underlying assets. In particular, a footnote of Bank of Italy regulation 263 implementing CRD states that (roughly translation) exposure types include debt securities, other credit supports such as guarantee deposits and subordinated assets. Accordingly disclosure provided in accordance with guidance proposed could be judged not compliant with Italian regulation and accordingly not applicable by Italian banks.</p>