



Joint Consultation Paper on the review of the SFDR Delegated Regulation regarding PAI and financial product disclosures

This document provides the response of the Dutch Securitisation Association (“DSA”) on the Joint Consultation Paper dated 12 April 2023. We welcome the opportunity to react on this Consultation Paper.

DSA Background

The Dutch Securitisation Association was established in 2012 as representative body of the Dutch securitisation industry. Our membership includes issuers of securitisations both from the insurance and banking industry as well as finance companies, and we are operating in close cooperation with the Dutch investor community. Our purpose is to create a healthy and well-functioning Dutch securitisation market. We try to achieve this i.a. by providing a standard for documentation and reporting of Dutch RMBS, BTL and Consumer ABS transactions, promoting further standardisation and improvements in transparency, and active involvement in consultations about future regulation of the securitisation market.

Against this background, we would like to provide our comments, on behalf of all Dutch issuers joined in the DSA, on the Joint Consultation Paper on the review of the SFDR Delegated Regulation regarding PAI and financial product disclosures (individual DSA members may submit their own responses).

Our comments

General Comment

Since securitisation is not a Financial Product under the SFDR, our comments only cover the elements that are referenced in the Final Report on draft Regulatory Technical Standards with regard to the content, methodologies and presentation of disclosures in respect of the sustainability indicators in relation to adverse impacts of the assets financed by the underlying exposures for STS securitisations on the climate and other environmental, social and governance-related adverse impacts pursuant to Article 22(6) and 26d(6) of Regulation (EU) 2017/2402 (JC 2023 13 of 25 May 2023).

Question 6: For real estate assets, do you consider relevant to apply any PAI indicator related to social matters to the entity in charge of the management of the real estate assets the FMP invested in?

It all depends on how “entity” is defined. We do not see any merit in setting social indicators for private individuals in their role as mortgage borrowers and neither for securitisation SPEs. However for social housing corporations it would make sense.

Question 7: For real estate assets, do you see any merit in adjusting the definition of PAI indicator 22 of Table 1 in order to align it with the EU Taxonomy criteria applicable to the DNSH of the climate change mitigation objective under the climate change adaptation objective?

We fully support alignment with the Taxonomy, so the proposed adjustment would certainly be welcomed by us.

Question 9: Do you have any comments or proposed adjustments to the new formulae suggested in Annex I?

For securitisation, the following formulae are currently relevant:

22. Exposure to fossil fuels through real estate assets

23. Exposure to energy inefficient real estate assets

41. GHG emissions

42. Energy consumption intensity

43. Waste production

44. Raw materials consumption

45. Land artificialisation

We have no problems with the formulae as such, but some of the indicators are rather irrelevant for securitisations of mortgage loans (although we appreciate that that is not specifically the scope of this consultation). The 2 most striking are Exposure to fossil fuels (for residential real estate: zero) and Waste production (residential houses usually do not operate waste production facilities).

Question 10: Do you have any comments on the further clarifications or technical changes to the current list of indicators? Did you encounter any issues in the calculation of the adverse impact for any of the other existing indicators in Annex I?

We certainly do encounter difficulties in calculating the indicator values for the PAIs relevant for securitisation. Data on GHG emissions and Energy consumption intensity for existing, and especially older, mortgages are not available or at least hard to source without using proxy data.