



CENTRAL BANK &
FINANCIAL SERVICES
AUTHORITY OF IRELAND

FVC Regulation ECB/2008/30
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Article 5.1(a): Derogation on securitised loans data

What is the derogation?

National Central Banks may grant a derogation to FVCs with respect to the maturity, sector and residency breakdowns of outstanding securitised loans on their balance sheets if these loans were originated and are being serviced by a euro-area Monetary Financial Institution (MFI) through a true-sale securitisation. The Central Bank of Ireland will grant this derogation in applicable cases.

Banks in the euro-area will report these maturity, sector and residency breakdowns as part of their monthly or quarterly reporting requirements. The National Central Banks will receive this information from their domestic banks that have originated and securitised loans in euro-area FVCs. This information will then be exchanged between National Central Banks via the ECB.

Must the FVC or bank “apply” for the derogation to be used?

The derogation will be granted in all applicable cases, and it is not necessary for the FVC or bank to “apply” or “request” the derogation, as such. FVCs are asked if they have loans which are originated and serviced by a euro area bank. The derogation will be granted in all such cases.

The Central Bank of Ireland, with help from colleagues in other National Central Banks, will confirm that the appropriate information is captured in bank returns. This is to avoid cases in which:

- a) a derogation is granted in error, so there would be missing information; or,
- b) a derogation is incorrectly not granted, and as such there would be double-counting of those securitised loans.

We will confirm the applicability of the derogation with the FVC in advance of first reporting. If data is either unexpectedly provided in derogated cells (or not fully provided if the derogation is not applied) we will query this at the data validation stage.

What impact will the derogation have on reporting requirements?

Regulation ECB/2008/30 requires the following breakdown of securitised loans originated by euro-area banks:

Required breakdown of securitised loans originated by euro-area MFIs (Table 1)	
Sector	General Government (S.13) Other Financial Intermediaries' & Financial Auxiliaries (S123 & S.124) Insurance corporations and Pension Funds (S.125) Non-financial corporations (S. 11) Households & Non-profit institutions serving households (S.14 & S.15)
Residency	Ireland Other participating Monetary Union Member States (OMUMS)
Maturity	For NFC loans only: Up to 1 year 1 to 5 years Over 5 years
Total	All sectors, residencies and maturities – including, but necessarily limited to, the above.

If the derogation applies, only the total securitised loans with a euro area MFI as originator will be reported. The above maturity, sector and residency breakdowns are not required.

What is a Monetary Financial Institution?

Broadly speaking, these are credit institutions (mainly banks) and money market funds. A full list of MFIs is available on the ECB website.

Securitised loans are originated and are serviced by a UK resident bank – does the derogation apply?

No, the derogation applies to euro-area resident banks. (A derogation is also unnecessary: no sector, maturity or residency breakdowns are required for any securitised assets with a non-euro area originator.)

Does the derogation apply to mortgage backed securities?

No, the derogation applies to securitised loans on the balance sheet of the FVC. MBS should be recorded under ‘securities other than shares’ and not ‘securitised loans’.

Does the FVC have a derogation from all reporting requirements?

No, only the requirements relating to securitised loans originated and serviced by a euro area bank. The assets and liabilities data of the FVC are not provided through banks’ reporting requirements, and so an FVC return is required for each FVC. However, a bank may submit an FVC return on behalf of an FVC.