

EBA/ITS/2022/05

16 December 2022

Final Report

Draft Implementing Technical Standards

specifying the templates to be used by credit institutions for the provision of information referred to in Article 15(1) of Directive (EU) 2021/2167 in order to provide detailed information on their credit exposures in the banking book to credit purchasers for the analysis, financial due diligence and valuation of a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself (NPL Transaction Data Templates)

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1. Executive Summary

Article 16 (1) of Directive on credit servicers and credit purchasers¹ mandates the EBA to develop draft implementing technical standards (ITS) to specify the templates to be used by credit institutions for the provision of information to credit purchasers when selling or transferring non-performing loans (NPL). These NPL transaction data templates shall provide detailed information on credit institutions' credit exposures in the banking book for the credit purchasers' analysis, financial due diligence, and valuation of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself.

The objective of the draft ITS is to provide a common data standard for the sales or transfers of NPL across the EU enabling cross-country comparison and thus, reducing information asymmetries between sellers and buyers of NPL, which was previously identified as one of the impediments for the development and efficient functioning of NPL secondary markets in the EU. Having necessary information standardised by means of common templates, data fields with their definitions and characteristics as set out in the draft ITS would facilitate the sales of NPL and aim at reducing entry barriers for small credit institutions and smaller investors wishing to conclude transactions.

The draft ITS are built around the templates for provision of loan-by-loan information for the sales or transfer of portfolios of NPL. The templates, cover information regarding counterparties related to the loan, contractual characteristics of loan itself, any collateral and guarantee provided, any legal and enforcement procedures in place, and the historical collection of loan repayment. The information included in the templates represents the minimum content of the actual data tape to be filled in by a credit institution and provided to prospective buyers of NPL recognising that this core dataset can be supplemented by additional information depending on the specific transactions. The NPL transaction data templates are also complemented by a data glossary and the instructions for filling in the templates.

In addition, the draft ITS set out the requirements for the treatment of confidential information being exchanged between the credit institutions and the buyers as well as highlight the need to ensure that the information being provided is complete and accurate.

In accordance with the requirements of Article 16(3) of Directive (EU) 2021/2167 the draft ITS are based around the principle of proportionality, focusing on the sales of portfolios of NPL and setting different information requirements depending on the nature of the borrowers and of the loans included in the portfolios to be sold, by specifying mandatory data fields. The proportionality is further reinforced by allowing all data fields to be treated as not mandatory for certain types of transactions (e.g. for intra-group transactions; when selling or transferring single NPL or several loans linked to one

¹ Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU

single borrower; syndicated loan facilities or loans linked to a borrower that is domiciled outside of the European Union).

The EBA has developed the draft ITS leveraging on the experience gained with the use of the voluntary NPL transaction data templates that the EBA developed in 2017-2018 and reflecting the industry feedback regarding the use of these templates and wider market practices. The EBA collected these experiences during developing the Discussion Paper that was published in May 2021 and during the public consultation on that Discussion Paper. Whilst following the basic design of the templates that were introduced in 2018 and further revised in 2021, in these draft ITS the EBA has further streamlined the data fields and clarified their definitions and use in response to the comments made during the public consultation, in order to ensure that those data fields are closer aligned with the market practices and also meet the needs for the financial due diligence and valuation of NPL to be made by prospective buyers before entering into a sale-purchase contract.

Next steps

These draft ITS will be submitted to the European Commission for adoption before being published in the Official Journal of the European Union. The technical standards will apply 20 days after the publication in the Official Journal.

2. Background and rationale

1. Article 16 (1) of Directive (EU) 2021/2167² mandates the EBA to develop draft implementing technical standards (ITS) to specify the templates to be used by credit institutions for the provision of information to credit purchasers when selling or transferring a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself. These data templates shall provide detailed information on credit institutions' credit exposures in the banking book for the credit purchasers' analysis, financial due diligence, and valuation of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself.
2. In accordance with this mandate, the EBA has developed these draft ITS considering the criteria specified in Article 16(4) of the Directive (EU) 2021/2167, in particular existing market practices and user experience with the existing EBA NPL transaction data templates.
3. The draft ITS specify granular loan-by-loan information to be provided by the credit institutions when selling or transferring non-performing loans (NPL), with the aim to enable prospective buyers to conduct their analysis, financial due diligence, and valuation of NPL in the context of a transaction.
4. The objective of the draft ITS is to provide a common data standard for the NPL sale transactions across the EU enabling cross-country comparison and thus reducing information asymmetries between the seller and prospective buyers of NPL, which was previously identified as one of the impediments for the development of efficient functioning NPL secondary markets in the EU. Having necessary information standardised by means of common templates, data fields with their definitions and characteristics as set out in these draft ITS will facilitate the sales of NPL on secondary markets and aim at reducing entry barriers for small credit institutions and smaller investors wishing to conclude transactions.
5. The extended use of the NPL transaction data templates is also expected to widen the investor base and facilitate the work of the existing and emerging NPL electronic auction or transaction platforms.
6. Whilst the draft ITS do not introduce any supervisory reporting requirements, the information included in the templates represents the minimum content of the actual data tape to be filled in by a credit institution and to be provided to prospective buyers of NPL recognising that this core dataset can be supplemented by additional information depending on the specific transactions, where agreed by the parties.

Application of the requirements of the NPL transaction data templates

7. The requirements set out in the draft ITS apply in relation to direct sales or transfers of loans that have been classified as non-performing in accordance with Article 47a of Regulation (EU) No

² Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU

575/2013³, between credit institutions and prospective buyers where the latter can be either credit purchasers in the meaning of Directive (EU) 2021/2167 or other credit institutions.

8. As the focus is on NPL, the templates do not apply to other types of contracts, such as credit default swap, total return swap and other derivative contracts, insurance contracts and sub-participation contracts in relation to NPL, or to transfers of NPL pursuant to such contracts. The templates do not cover sales or transfers of transferable debt securities, derivatives, or other financial instruments within the meaning of Directive 2014/65/EU⁴, securities financing transactions, other than margin lending transactions, within the meaning of Regulation (EU) 2015/2365⁵ or financial or other leases of movable or immovable property that are not covered by Directive 2008/48/EC⁶ or sales or transfers of rights under such instruments, transactions or leases.
9. Recognising that there may be several disposal strategies available to credit institutions, the templates provided in these draft ITS do not apply to the disposals of NPL through their securitisation since this is covered by the Regulation (EU) 2017/2402⁷ and the associated information needs by the Commission Delegated Regulation (EU) 2020/1224⁸ and Commission Implementing Regulation (EU) 2020/1225⁹.
10. Furthermore, as set out in Directive (EU) 2021/2167, the templates provided in the draft ITS do not apply to sales of NPL as part of sales of branches, sales of business lines or sales of clients' portfolios which are not limited to NPL and transfers of NPL as part of an ongoing restructuring operation of the selling credit institution within insolvency, resolution or liquidation proceedings.

Structure and content of the draft ITS and NPL transaction data templates

11. The draft ITS set out the requirements for a minimum set of information to be provided by credit institutions to prospective buyers of NPL by specifying mandatory data fields in the annexed templates depending on the transaction and the parties to it. In addition, the draft ITS set out the requirements for the treatment of personal data and confidential information being exchanged between the credit institutions and the prospective buyers and highlight the need for credit institutions to ensure that the information being provided is complete and accurate.

³ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012

⁴ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast)

⁵ Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012

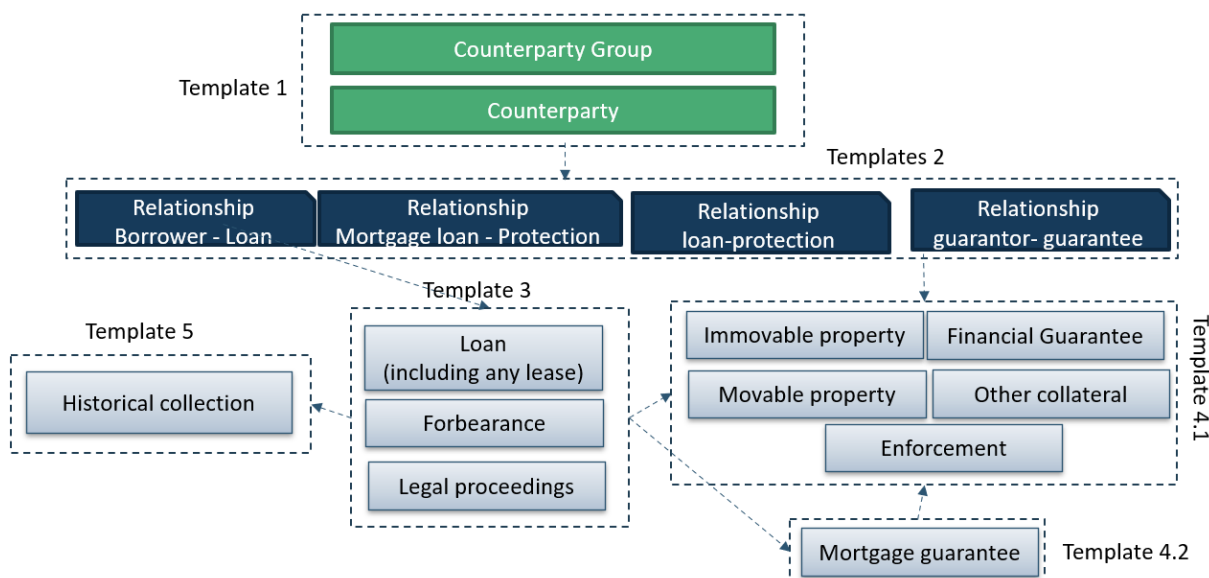
⁶ Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC

⁷ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012

⁸ Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and the details of a securitisation to be made available by the originator, sponsor and SSPE

⁹ Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards with regard to the format and standardised templates for making available the information and details of a securitisation by the originator, sponsor and SSPE

12. The draft ITS are built around the templates for the provision of information regarding: (i) counterparties related to the loan; (ii) contractual characteristics of loan itself including any forbearance measure and any lease agreement; (iii) any collateral and guarantee provided with the associated enforcement procedures and (iv) historical collection of loan repayments. The information included in the templates is the actual file to be filled in by a credit institution when selling or transferring NPL. The NPL transaction data templates are also complemented by a data glossary and the instructions for filling in the templates. The following graph shows an overview of the structure of the templates.



13. The data tape is organised in the following templates:

- a. **Counterparty (Template 1)** covers information for the identification of the counterparty group and the counterparty, where the latter can assume the role of ‘borrower’ or of ‘protection provider’ in relation to the different loan contracts. Specifically, the template covers information which includes, among others: the economic activity and the legal type of corporate borrowers; the residence of private individual borrowers; the national identifier and its source; the address of the counterparties and any insolvency or restructuring procedure to which the counterparty is subject.

Relationship (Templates 2.1; 2.2; 2.3; 2.4) sets out the relationships between: borrower and loan; mortgage loan and protection; loan and protection and guarantor and guarantee. The different NPL transaction data templates are linked to each other using their respective unique identifiers (counterparty identifier; loan identifier; mortgage identifier and protection identifier).

For example, in Template 2.1, one borrower may have several loans that are identified by their respective identifiers. A loan may in turn have one or more counterparties. In case of mortgage loans, a mortgage deed can relate to a pledge of collateral or to several collaterals, which relate in turn to a loan or several loans. On the other hand, a collateral can refer to one or multiple mortgage deeds. All these relationships are captured in template 2.2. Further, in Template 2.3,

a loan other than mortgage loans may have several collaterals and a collateral may be associated with several loans. Finally, Template 2.4 shows the relationship between any guarantee received and its protection provider.

- b. **Loan (Template 3)** covers information on the contractual loan agreement, including any lease agreement or forbearance measure granted. It includes among others, data fields on: the cut-off date, the asset class to which the loan belongs to, the type of instrument, the legal balance at the cut-off date, loan currency, loan amounts split in principal amount, accrued interest and other balances, days in past-due, date of the default status of the loan. The template also covers information on any legal proceeding at loan level as this information is considered key for loan pricing. They include, among others, the loan legal status, the stage reached in the legal proceeding and the date of initiation of the legal proceeding.
- c. **Collateral, guarantee and enforcement (Template 4.1 and 4.2).** Template 4.1 gathers data fields on any immovable and movable property collateral, other type of collateral, guarantees and any relevant information on the enforcement procedure that may be applicable to them. Where the credit institution is a lessee in a lease contract, any lease asset (i.e., right-of-use assets) recognised in its financial statements in accordance with the applicable accounting standards will be also presented in this template.

For immovable property collateral, the template provides detailed information on the specificities of the immovable property including its location, type. Similarly, for movable property, other collateral and guarantee, the template includes data fields on the type and features of the collateral, including the currency of collateral and guarantee and the financial guarantee amount. Further, the template collects information on higher ranking loan and lien position for collaterals and the information on the latest estimated value of the collateral, which have been provided either internally or externally. Where both internal and external valuations are available, both valuations with the related valuation dates can be provided to the prospective buyer.

Finally, the template covers data fields on the enforcement status to help the prospective buyers estimate time to recovery and recovery value. To this end, the template includes data fields related to jurisdiction of court, currency of enforcement, court appraisal as well as other relevant information about the court auction for the specific collateral that may have taken place.

Template 4.2 covers information for mortgage guarantees, including in particular the mortgage amount, higher ranking loan, lien position.

- d. **Historical collection of repayments (Template 5)** covers information on historical collection including in particular the history of total repayments over a minimum period of 36 months before the cut-off date. The repayments are aggregated per month. Sellers and buyers may agree to provide a longer time series before the cut-off date.

14. The templates are supplemented by a data glossary that provides the list of all the data fields with the relevant information on the content and nature of each data field, its applicability in relation to

different borrowers and loan types and the identification of the mandatory data fields. The data glossary lays down common definitions for each data field included in the templates. To reduce the data processing costs for credit institutions, the data glossary is built, where possible, on existing common EU definitions set out in Regulation (EU) No 575/2013 (CRR), International Accounting Standards (IAS/IFRS), in Article 2 of Regulation (EC) No 1606/2002¹⁰, EU financial supervisory reporting framework (FINREP), European Central Bank's AnaCredit and ESMA templates used for the NPL securitisation purposes. The data glossary therefore includes, where possible, legal references to the data fields used in those existing templates that are considered also relevant for the NPL transaction valuation.

Treatment of personal data and confidential information

15. In addition to defining data fields necessary for financial due diligence and valuation of NPL, the draft ITS also set out requirements for treatment of confidential information and highlight the importance of having adequate internal governance procedures to be put in place by credit institutions to ensure that the data provided is complete and accurate.
16. Information needed for financial due diligence and valuation of NPL may contain elements that may be considered confidential by the credit institutions based on applicable Union or national legislation on data protection¹¹, data confidentiality and bank secrecy legislation, or based on internal rules or market practices. It is therefore not always possible to set out in a comprehensive manner all the data fields specified in the draft ITS that can be considered as confidential. This determination should be made by credit institutions on the basis of the applicable legislation and internal considerations.
17. It is important, however, to ensure that any information deemed confidential by credit institutions shall be shared with the appropriate confidentiality arrangements in place (such as non-disclosure agreements drafted in compliance with applicable legislation and market practices) and through secure channels. Such secure channels could be electronic virtual data rooms set up by credit institutions where data and information for NPL transactions purposes are shared with the prospective buyers. It is important for credit institutions to ensure that such virtual data rooms meet the applicable industry standards for confidentiality and data security.
18. In line with the existing market practices as set out in European Commission *Guidelines for a best execution process for sales of non-performing loans on secondary markets*¹² and with the aim of ensuring an adequate treatment of personal data, the draft ITS provide a possibility for credit institutions and prospective buyers to agree not to share personal data at the early stages of the

¹⁰ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

¹¹ For general reference, see, for example, European Commission homepage on protection of personal data (https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu_en), and see, for example, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016.

¹² Communication from the Commission on Guidelines for a best-execution process for sales of non-performing loans on secondary markets (2022/C 405/01) of 21 December 2022.

transaction process and provide them to the buyers only after entering into a contract for the transfer of NPL.

Proportionality

19. In accordance with the requirements of Article 16(3) of Directive (EU) 2021/2167 the principle of proportionality is an important element in the design of the templates and of the provisions of the draft ITS. In particular, the draft ITS set out the information requirements by differentiating between mandatory and not mandatory data fields.

20. The proportionality principle is embedded in the scope of application of the data fields which varies in relation to the nature of the borrower (different data fields apply to private individual or corporate borrowers) and the nature of the loan (secured or not). Furthermore, some data fields are to be provided only when certain conditions specified in the data glossary are met (e.g., certain data fields are required only for most recent NPL).

21. The mandatory data fields as identified in the data glossary, are to be provided by credit institutions, except for limited 'not applicable' circumstances specified in the instructions. These data fields are those that have potentially the most relevant impact on the valuation of the NPL. Altogether the templates include 129 data fields (including 5 identifiers and excluding any additional rows agreed by the parties involved in the transaction), out of which 69 data fields are mandatory (counting each identifier only once).

22. To facilitate the proportionate application of the templates and reflect the existing market practices, the draft ITS specify the circumstances where the use of the templates for particular type of transactions may be disproportionate, whereby credit institutions should treat all the data fields as not mandatory. This includes circumstances where credit institutions sell or transfer:

- a. a single non-performing loan;
- b. several loans linked to one single borrower;
- c. non-performing loans being part of syndicated loan facilities;
- d. non-performing loans linked to a borrower that is domiciled outside of the European Union; or
- e. transferring non-performing loans between credit institutions belonging to the same group.

The same treatment applies also where the credit institutions are selling or transferring NPL that they have acquired from entities other than credit institutions, as in such situations many of the required data fields may not be available to the selling credit institutions.

23. Furthermore, the principle of proportionality also applies to selling or transferring NPL linked to natural persons, where provisions of all mandatory data fields may be disproportionate for the small unsecured loans that are outside the scope of Directive 2008/48/EC, and therefore for the

unsecured loans to natural persons outside of the scope of that Directive all data fields should be treated as not mandatory.

Using the NPL transaction data templates and providing data

24. Information regarding NPL should be provided early enough in the sale process to allow prospective buyers to perform their analysis before committing to a specific price. However, considering the level of the detail of the information needed for the purposes of financial due diligence and valuation of NPL and associated confidentiality implications, such information should be provided only to the prospective buyers that are really interested in purchasing the assets in question, and therefore all the detailed information cannot be provided very early in the transaction process to all prospective buyers that may be interested in purchase, but not necessarily committed to the purchase.
25. In line with the observed best market practices set out in the European Commission *Guidelines for a best execution process for sales of non-performing loans on secondary markets*, before commencing the sales process, as a practice, credit institutions will need to decide whether to organise the sale of NPL in one phase or in two phases, where the latter is split between 'non-binding offer' phase and 'binding offer' phase. In the case of the two-phased sale process, credit institutions should provide the information needed for the financial due diligence and valuation at the beginning of the second 'binding offer' phase and only to those prospective buyers that have signed specific non-disclosure agreements that have been prepared in conformity with the applicable legislation and market practices.
26. Whilst the draft ITS do not specify any particular formats or protocols for the exchange of information between the credit institutions and prospective buyers, it is although expected that the information is provided in electronic and machine-readable form, unless credit institutions and prospective buyers agree otherwise. Given the level of application of the draft ITS, the transfer of NPL may happen as bilateral transaction between two parties, where the parties may agree on the channels that are most suitable to their needs. Whereas, where credit institutions use electronic auction platforms or electronic transaction platforms to organise the sale or transfer process of NPL, further requirements for the electronic and machine-readable format may be set out by such platforms.
27. Credit institutions should provide information for all the data fields marked as mandatory in the data glossary set out in Annex II of the draft ITS, except where the data fields are not applicable in accordance with the criteria specified in the instructions. Furthermore, credit institutions should make reasonable efforts to provide information for the data fields that are not marked as mandatory.
28. Taking into account the specific features connected to each transaction, any party potentially involved in a NPL transaction may request further information not included in the draft ITS. To facilitate the provision of such additional information, the parties involved in the NPL transaction may agree on adding additional (optional) rows under each relevant template (except for Templates 2), to ensure that all core information and any additional information are included as part of the same single data tape.

29. When providing additional information beyond the requirements of the draft ITS, the EBA encourages credit institutions to refer to the data fields and their related definitions as provided in the 2018 EBA NPL transaction data templates¹³.
30. The EBA expects credit institutions when applying these draft ITS to have appropriate internal governance arrangements for the preparation and submission of data in line with the industry best observed practices. The European Commission *Guidelines for a best execution process for sales of non-performing loans on secondary markets* may be used as a reference of such practices.
31. The EBA notes that using the templates provided in the draft ITS do not discharge the users or any other parties potentially involved in the NPL transaction from any legal, accounting, tax, professional, supervisory, data protection or other obligations, or any other Union or national legislation on data protection and confidentiality, as well as bank secrecy. The application and impact of legislation can vary widely over time or based on specific conditions.

Considerations for the development of the draft ITS and NPL transaction data templates

32. When developing the draft ITS, the EBA duly considered all past work done in this area and the criteria set out in Article 16(4) of Directive (EU) 2021/2167, that refer to: (1) existing EBA NPL transaction data templates and industry experience in using them, (2) existing market practices, (3) similar requirements at the level of Member States, and (4) the importance of minimising processing cost for credit institutions and prospective buyers of NPL. The latter aspect is considered in the impact assessment in Section 5 of this Report.

Existing EBA NPL transaction data templates and market practices

33. As part of the EU's response to tackling the high level of NPL after the Great Financial Crisis, the Council of the European Union in its July 2017 Action Plan¹⁴ invited the EBA, the ECB and the Commission itself to propose initiatives "to strengthen the data infrastructure with uniform and standardised data for NPL and consider the setting-up of NPL transaction platforms in order to stimulate the development of this secondary market".
34. Following the invitation from the European Council July 2017 Action Plan, in December 2017, the EBA published standardised NPL transaction data templates¹⁵ with the aim to facilitate the NPL transactions in the secondary market, which represents one of the tools available to credit institutions to manage and reduce the NPL on their balance sheets.
35. Despite the fact that the EBA NPL transaction data templates were not mandatory for the use in the NPL sales transactions, they were created with the ambition to be used as a market standard for NPL transactions, by encouraging credit institutions to provide the information specified in the templates which can help prospective buyers in their financial due diligence and valuation of NPL transactions. In addition to being available on the EBA website, the templates have been also made

¹³ See version 1.1 of the EBA NPL transaction templates (<https://www.eba.europa.eu/risk-analysis-and-data/npls>).

¹⁴ The Council of the EU's Action Plan to tackle non-performing loans in Europe (<https://www.consilium.europa.eu/en/press/press-releases/2017/07/11/conclusions-non-performing-loans/>).

¹⁵ <https://www.eba.europa.eu/risk-analysis-and-data/npls>.

available for the use on various electronic NPL transaction platforms and by electronic data providers.

36. Since the publication of the templates, the EBA has been engaging with various market participants, e.g., credit institution, investors, credit servicers, advisors and transaction platforms, operating in the EU, to understand the market uptake of the NPL transaction data templates in real market transactions and actual market practices in sharing information in the NPL transactions.
37. In these engagements, the EBA received feedback that while the templates could be an effective tool to enhance the granularity, quality and comparability of NPL data, the market uptake is below desirable levels. On several occasions, market participants informed the EBA that the NPL transaction data templates were too complex and disproportionate, and in some cases, the data fields did not reflect the information exchanged by market participants in real transactions, urging a significant review and revision of the templates.
38. This feedback from the market participants prompted the EBA to review its NPL transaction data templates first in September 2018 and then in May 2021. The latter more thorough revision of the NPL transaction data templates came also in response to the European Commission's Communication on tackling NPL in the aftermath of the COVID-19 pandemic (December 2020)¹⁶ that, amongst others, requests the EBA to review the templates based on a consultation with market participants in the course of 2021.
39. To this end, the EBA published in May 2021 the Discussion Paper on the review of the NPL transaction data templates¹⁷ that presented a significant streamlining of the data fields compared to the original templates done based on the feedback received from the template users that the EBA had collected through various contacts with the market participants and through an ad-hoc industry survey conducted during the beginning of 2021 on their experience of using the existing NPL transaction data templates and specifically focusing on the availability of the data considered as critical in the templates.
40. In response to the consultation on the Discussion Paper, the EBA has received feedback from 25 market participants (19 public responses published on the website) including from credit institutions (sellers of NPL), investors, consultants and electronic auction or transaction platforms. The EBA has used the feedback received from stakeholders in the public consultation to develop these draft ITS.

Existing market practices and similar requirements in Member States

41. The revision of the templates in May 2021 took also into account existing similar requirements of Member States, especially in those Member States with a significant amount of NPL transactions on the secondary markets. As part of the development of the Discussion Paper, the proposed EBA

¹⁶ Communication from the Commission to the European Parliament, the Council and the European Central Bank on Tackling non-performing loans in the aftermath of the COVID-19 pandemic (16 December 2020)

¹⁷ EBA/DP/2021/02

templates have been mapped across to some of such requirements and the results of that mapping fed into the Discussion Paper.

42. Furthermore, when developing the draft ITS, the EBA considered ongoing work on the development of the European Commission *Guidelines for a best execution process for sales of non-performing loans on secondary markets* that outline the industry best practices in the sales of NPL and ensured that the provisions for the data preparation and exchange are aligned with those practices.

Practical aspects of the application of the draft ITS

43. In accordance with Article 16(7) of Directive (EU) 2021/2167 the templates specified in these draft ITS shall be used for loans that are originated on or after 1 July 2018 and that became non-performing after 28 December 2021. As provided for in Article 16(7) of the Directive (EU) 2021/2167 when selling or transferring loans originated between 1 July 2018 and the date of entry into force of the ITS, credit institutions shall complete the data template with the information already available to them.

44. The fact that the draft ITS do not apply to the sale of any other NPL falling outside this time window does not mean that for those NPL there are different information needs for financial due diligence and NPL valuation. Therefore, the EBA encourages credit institutions to have regard to the templates and requirements of these draft ITS and fill in the templates on the 'best-efforts' basis with information that is available to them for the loans that have been originated before 1 July 2018 that became non-performing before or after 28 December 2021, as well as for those loans that originated after 1 July 2018 and became non-performing before 28 December 2021.

45. The templates specified in the draft ITS are meant to be used in NPL sales or transfers between credit institutions and prospective buyers and do not introduce any supervisory reporting requirements. The enforcement of the use of the templates in practice relies on a market discipline.

46. There is no formal role for the competent authorities in monitoring the use of the templates and enforcing the use of the draft ITS at the point of sale or transfer of NPL (during the transaction). The competent authorities may, however, assess the availability of information and use of the template as part of their supervisory activities in the area of NPL management or credit risk management by credit institutions.

3. Draft implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) No .../...

of **XXX**

specifying the templates to be used by credit institutions for the provision of information referred to in Article 15(1) of Directive (EU) 2021/2167 in order to provide detailed information on their credit exposures in the banking book to credit purchasers for the analysis, financial due diligence and valuation of a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself (NPL Transaction Data Templates)

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive (EU) 2021/2167 of the European Parliament and of the Council on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU, and in particular to Article 16 (6) thereof,

Whereas,

- (1) Having access to granular loan-by-loan information regarding the loan itself, the counterparty, the collateral, the guarantees, the legal and enforcement procedures and also the historical collection and repayment history are important elements for the sales of non-performing loans by credit institutions, as this information allows prospective buyers to perform their financial due diligence and carry out valuation of non-performing loans. Access to this information helps addressing the asymmetry of information between the prospective buyers and sellers of non-performing loans and allows for better price discovery on the secondary markets for non-performing loans. Having necessary information standardised by means of common templates, data fields, definitions and characteristics, as set out in this Regulation, should facilitate

the sales of non-performing loans on secondary markets and reduce entry barriers for small credit institutions and smaller investors wishing to conclude transactions.

- (2) Credit institutions have different possibilities for disposal of non-performing loans from their balance sheet, with the most common being sales or transfers of such loans to other investors or credit institutions, or through securitisation. This Regulation should apply in relation to direct sales or transfers of non-performing loans between two or more parties. Instead, the disposals of non-performing loans through securitisation, where Regulation (EU) 2017/2402¹⁸ applies and the provision of the related information is governed by the Commission Delegated Regulation (EU) 2020/1224¹⁹ and Commission Implementing Regulation (EU) 2020/1225²⁰, should not be in scope of this Regulation.
- (3) Furthermore, this Regulation should apply to sales or transfers of both a creditor's rights under a non-performing credit agreement and the non-performing credit agreement itself, when they are included in a portfolio for sales or transfers. This Regulation should apply to sales or transfers of non-performing loans involving a change to the lender of record under the relevant credit agreement and should not apply to other types of contracts, such as credit default swap, total return swap and other derivative contracts, insurance contracts and sub-participation contracts in relation to non-performing loans, or to transfers of non-performing loans pursuant to such contracts.
- (4) This Regulation should not apply in relation to sales or transfers of transferable debt securities, derivatives or other financial instruments within the meaning of Directive 2014/65/EU²¹, securities financing transactions, other than margin lending transactions, within the meaning of Regulation (EU) 2015/2365²² or financial or other leases of movable or immovable property that are not covered by Directive 2008/48/EC²³ or sales or transfers of rights under such instruments, transactions or leases.
- (5) This Regulation should not apply to sales of non-performing loans as part of sales of branches, sales of business lines or sales of clients' portfolios which are not limited to non-performing loans and transfers of non-performing loans as part of an ongoing restructuring operation of the selling credit institution within insolvency, resolution

¹⁸ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitization and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012

¹⁹ Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and the details of a securitization to be made available by the originator, sponsor and SSPE

²⁰ Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards with regard to the format and standardized templates for making available the information and details of a securitization by the originator, sponsor and SSPE

²¹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast)

²² Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012

²³ Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC

or liquidation proceedings. Finally, this Regulation should not apply to sales or transfers of exposures that are not classified as non-performing in accordance with Article 47a of Regulation (EU) No 575/2013²⁴.

- (6) The templates specified in this Regulation should be used and the information included in such templates should be provided in relation to the loans that are originated on or after 1 July 2018 and that became non-performing after 28 December 2021. For loans originated between 1 July 2018 and the date of entry into force of this Regulation, credit institutions should complete the templates set out in this Regulation with the information already available to them. The date of conclusion of the relevant credit agreement should be regarded as the date of origination of a loan for these purposes.
- (7) The principle of proportionality should be observed for the purposes of this Regulation. In particular, this Regulation should set out different information requirements depending on the nature and size of the non-performing loans included in the portfolios to be sold or transferred. Furthermore, this Regulation should specify the mandatory data fields that have to be provided when selling or transferring non-performing loans, or the circumstances where all fields are not mandatory.
- (8) To facilitate the proportionate application of the templates and reflect the existing market practices, this Regulation should specify a set of transactions where the provision of the mandatory data fields may be disproportionate, and therefore the credit institutions can treat all the data fields as not mandatory. Those transactions involve selling or transferring single non-performing loan, selling or transferring several non-performing loans linked to one single borrower, selling or transferring non-performing loans being part of syndicated loan facilities, selling or transferring non-performing loans linked to a borrower that is domiciled outside of the European Union, or transferring non-performing loans between credit institutions belonging to the same group. In those circumstances, the provision of information specified in the mandatory data fields and the use of templates set out in this Regulation may be disproportionate and credit institutions should consider all data fields as not mandatory. The same treatment also applies when the credit institutions are selling or transferring non-performing loans that have been acquired from an entity that is not a credit institution, as in such situations many of the required data fields may not be available to the selling credit institutions.
- (9) The principle of proportionality should also apply to selling or transferring non-performing loans to natural persons, where provisions of all mandatory data fields may be disproportionate for small unsecured loans that are outside the scope of Directive 2008/48/EC, and therefore for the unsecured loans to natural persons outside of the scope of that Directive all data fields should be treated as not mandatory.
- (10) Information to be provided by credit institutions to prospective buyers of non-performing loans is important for the purposes of financial due diligence and valuation of non-performing loans to be performed by the prospective buyers before entering into the buy-sell transaction. To this extent, information should be submitted by the

²⁴ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012

credit institutions early enough in the sale process to allow prospective buyers to perform their analysis before committing to a specific price.

However, considering the level of detail of the information needed by the prospective buyers for the purposes of financial due diligence and valuation of non-performing loans and associated confidentiality implications, such information should be provided by the credit institutions only to the prospective buyers that are seriously interested in purchasing the assets in question. For the reason of protecting confidentiality of information, all the detailed information should not be provided very early in the transaction process to all the prospective buyers that may be interested in purchase, but not committed to it.

- (11) Information needed by the prospective buyers for financial due diligence and valuation of non-performing loans may contain elements considered confidential by the credit institutions on the basis of the requirements applicable to them based on confidentiality and bank secrecy legislation, or on the basis of commercial considerations. This Regulation does not specify which data fields should be considered confidential, as this determination should be made by credit institutions providing the information on the grounds of the applicable legislation, internal rules or on the basis of commercial practices. It is important, however, to ensure that all confidential information should be shared through secure channels and only after appropriate confidentiality arrangements have been put in place between the credit institution and the prospective buyer. Such secure channels may be electronic virtual data rooms set up by the credit institutions to grant access to the prospective buyers to the information requested in accordance with this Regulation. Credit institutions should ensure that such virtual data rooms meet the applicable industry standards for confidentiality and data security.
- (12) In addition to respecting confidentiality of certain information in the process of exchange of information, credit institutions should ensure that any personal data within the meaning of Regulation (EU) 2016/679²⁵ should be treated and exchanged in a way that is in accordance with the requirements of that Regulation. In line with the existing market practices to ensure the adequate treatment of personal data, credit institution and prospective buyers may agree not to share personal data at the early stages of the transaction process and provide it to the buyers only after entering into a contract for the transfer of non-performing loans.
- (13) To facilitate the exchange of information in accordance with this Regulation, information should be provided in electronic and machine-readable form, unless credit institutions and prospective buyers agree otherwise. Where credit institutions use electronic auction platforms or electronic transaction platforms to organise the sales or transfer process of non-performing loans, specific requirements for the electronic and machine-readable format may be set out by such platforms.
- (14) Credit institutions should ensure that the information provided to prospective buyers in accordance with this Regulation is subject to appropriate internal governance arrangements.

²⁵ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)

- (15) As part of the negotiation of the sales or transfer transaction, credit institutions may agree with prospective buyers to provide additional information regarding non-performing loans beyond what is specified in this Regulation.
- (16) This Regulation is based on the draft implementing technical standards submitted by the European Supervisory Authority (European Banking Authority) to the Commission.
- (17) European Banking Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010²⁶.

HAS ADOPTED THIS REGULATION:

CHAPTER 1

SUBJECT MATTER, SCOPE AND DEFINITIONS

Article 1

Subject matter

This Regulation lays down the templates to be used by credit institutions for the provision of information to credit purchasers, referred to in Article 15 (1) of Directive (EU) 2021/2167²⁷ and other credit institutions as referred to in Article 16 (8) of that Directive, when selling or transferring non-performing loans, the data glossary and the instructions on how to use such templates.

Article 2

Scope of application

- (1) This Regulation shall apply to the sales or transfers of portfolios of non-performing loans held in the banking book of credit institutions established in the Union and subject to the requirements of Regulation (EU) No 575/2013, that meet the time criteria set out in Article 16 (7) of Directive (EU) 2021/2167.
- (2) This Regulation shall not apply to the following:
 - (a) sales or transfers of non-performing loans held in the trading book of credit institutions;
 - (b) sales of non-performing loans as part of sales of branches, sales of business lines or sales of clients' portfolios which are not limited to non-performing loans and transfers of non-performing loans as part of an ongoing restructuring operation

²⁶ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

²⁷ Directive (EU) 2021/2167 of the European Parliament and of the Council on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU

of the selling credit institution within insolvency, resolution or liquidation proceedings;

- (c) sales or transfers of non-performing loans through securitisation, where Regulation (EU) 2017/2402 applies and the provision of the related information is governed by Commission Delegated Regulation (EU) 2020/1224 and Commission Implementing Regulation (EU) 2020/1225;
- (d) sales or transfers of non-performing loans pursuant to credit default swap, total return swap and other derivative contracts, contracts of insurance and sub-participation contracts;
- (e) sales or transfers of non-performing loans pursuant to a financial collateral arrangement as defined in point (a) of Article 2(1) of Directive 2002/47/EC²⁸ or a transaction that would be a securities financing transaction as defined in point (139) of Article 4(1) of Regulation (EU) 575/2013 if that definition also applied to repurchase transactions, lending and borrowing transactions and margin lending transactions relating to loans;
- (f) sales or transfers of loans that are not classified as non-performing exposures in accordance with Article 47a of Regulation (EU) No 575/2013 by the credit institution at the time that the credit institution enters into a contract for the sale of the loan.

Article 3

Definitions

For the purposes of this Regulation the following definitions apply:

- (1) ‘Banking book’ means all the exposures and positions not held in the trading book;
- (2) ‘Trading book’ means the trading book as defined in point (86) of Article 4(1) of Regulation (EU) No 575/2013.
- (3) ‘Buyer’ means a credit purchaser as defined in Article 3, point (6) of Directive (EU) 2021/2167 or a credit institution that is the party receiving the non-performing loans in a transaction with another credit institution;
- (4) ‘Counterparty’ means either a borrower or a protection provider in relation to the non-performing loan being sold or transferred;
- (5) ‘Cut-off date’ means the reference date for the provision of information by credit institutions in accordance with this Regulation;
- (6) ‘Non-performing loan’ means creditor’s rights under a non-performing credit agreement, or the non-performing credit agreement as defined in Article 3, point (13) of Directive (EU) 2021/2167;
- (7) ‘Portfolio of non-performing loans’ means a group of non-performing loans which are object of a sales or transfer transaction in the scope of this Regulation;

²⁸ Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements

- (8) ‘Loan’ means creditor’s rights under a credit agreement or a credit agreement as defined in Article 3, point (4) of Directive (EU) 2021/2167.

CHAPTER 2

INFORMATION TO BE PROVIDED BY CREDIT INSTITUTIONS

Article 4

Information to be provided by credit institutions

- (1) Credit institutions shall provide prospective buyers with information on the loan-by-loan basis regarding the following:
 - (a) Counterparty, as set out in Template 1 of Annex I of this Regulation;
 - (b) Loan, as set out in Template 3 of Annex I of this Regulation;
 - (c) Collateral, guarantee and enforcement, as set out in Template 4.1 of Annex I of this Regulation;
 - (d) Mortgage guarantee, as set out in Template 4.2 of Annex I of this Regulation;
 - (e) Historical collection of repayments, as set out in Template 5 of Annex I of this Regulation.
- (2) Information referred to in the previous paragraph shall be provided in accordance with the criteria and definitions specified in the data glossary as set out in Annex II and with the instructions set out in Annex III of this Regulation.
- (3) When providing the information specified in paragraph 1, credit institutions shall also show the relations between the data fields as set out in Templates 2 of Annex I of this Regulation.

Article 5

Information granularity, completeness and accuracy

- (1) Information provided by the credit institutions to prospective buyers in accordance with Article 4 of this Regulation shall be complete and accurate.
- (2) Credit institutions shall provide information for all data fields marked as mandatory in the data glossary set out in Annex II of this Regulation, except where these data fields are not applicable in accordance with the criteria specified in the instructions set out in Annex III of this Regulation.
- (3) Credit institutions shall make reasonable efforts to provide information for the data fields that are not marked as mandatory in the data glossary set out in Annex II of this Regulation.
- (4) By way of derogation from the requirements of paragraph 2 of this Article, the requirement to provide data fields marked as mandatory in the data glossary set out in Annex II of this Regulation shall not apply to transactions involving the following:
 - (a) sales or transfers of a single non-performing loan or non-performing loans towards a single borrower;
 - (b) sales or transfers of non-performing loans under or forming a part of syndicated

loan facilities;

- (c) sales or transfers of non-performing loans where the borrower is not domiciled or, if under its national law, it has no registered office in the Union;
- (d) sales or transfers of non-performing loans by a credit institution to an undertaking which is a member of the same group as defined in point (138) of Article 4(1) of Regulation (EU) No 575/2013;
- (e) sales or transfers of non-performing loans that have been acquired by the credit institution from an entity other than a credit institution established in the Union and subject to the requirements of Regulation (EU) No 575/2013;
- (f) sales or transfers of unsecured non-performing loans granted to a natural person where they do not meet the criteria to be considered in the scope of Directive 2008/48/EC.

CHAPTER 3

OPERATIONAL PROCEDURES, AND CONFIDENTIALITY ARRANGEMENTS FOR PROVISION OF INFORMATION

Article 6

Operational procedures for provision of information

- (1) Credit institutions shall provide the information specified in this Regulation prior to entering into a contract for the sell or transfer of non-performing loans as provided in Article 15 (1) of the Directive (EU) 2021/2167 and in accordance with the arrangements for treatment of confidential and personal data as set out in Article 7 of this Regulation.
- (2) Credit institutions shall provide the information specified in this Regulation in an electronic and machine-readable form unless agreed otherwise between the credit institutions and the prospective buyers.

Article 7

Treatment of personal data and confidential information

- (1) When providing information specified in this Regulation to prospective buyers, credit institutions shall:
 - (a) identify and treat personal data regarding counterparties in accordance with the requirements of the Regulation (EU) 2016/679;
 - (b) identify what information shall be considered as confidential in accordance with relevant Union or national legislation on data confidentiality or banking secrecy applicable to them, or on the basis of own internal rules or market practices;
 - (c) ensure adequate protection of personal data and confidential information by applying the requirements set out in relevant Union or national legislation on data confidentiality or banking secrecy applicable to them.
- (2) As part of ensuring the protection of personal data and confidential information, before providing such information to prospective buyers:
 - (a) credit institutions shall enter into confidentiality agreements with prospective

buyers such as non-disclosure agreements drafted in conformity with applicable legislation and market practices;

- (b) credit institutions and prospective buyers shall agree, where appropriate, not to share personal data at the early stages of the transaction process and provide them to the buyers only after entering into a contract for the transfer of non-performing loans.
- (3) To ensure the protection of personal data and confidential information, credit institutions shall use secure channels to provide information specified in this Regulation to prospective buyers. Such secure channels, including virtual data rooms or similar electronic means, shall meet the applicable industry standards, where relevant.

CHAPTER 4

FINAL PROVISIONS AND APPLICATION

Article 9

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission

The President

ANNEX I

Templates for loan-by loan information (loan data tape)

ANNEX II
Data Glossary

ANNEX III

Instructions for filling loan data tape

These instructions explain the use of the non-performing loan (NPL) data templates provided in Annex I and of the data glossary set out in Annex II to this Regulation. The instructions are structured into two parts, where Part 1 contains general instructions including references, conventions applicable to the templates and an explanation of how to use the data glossary, and Part 2 provides specific instructions in relation to the data templates.

PART 1

GENERAL INSTRUCTIONS

1. REFERENCES

1. For the purpose of the NPL transaction data templates, the definitions set out in Article 3 of this Regulation shall apply. In addition, the following definitions and abbreviations shall apply for NPL transaction data templates and data glossary:
 - (a) ‘Loan Agreement’: the contract and any addendums to the original loan agreement;
 - (b) ‘Secured loan’: a loan for which either collateral has been pledged or financial guarantees have been received; the unsecured part of a partially secured or partially guaranteed exposure shall be included in the amount of ‘secured loan’;
 - (c) ‘Commercial real estate’: as defined in Article 2 of the Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019²⁹ as any income-producing real estate, either existing or under development, and excludes social housing and property owned by end-users;
 - (d) ‘Residential real estate’: as defined in Article 2 of the Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 as any immovable property, available for dwelling purposes (including buy-to-let housing or property), acquired, built or renovated by a private household and that is not qualified as commercial real estate;
 - (e) ‘CRR’: the Capital Requirements Regulation (EU) No 575/2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (the Capital Requirements Regulation);
 - (f) ‘IAS’ or ‘IFRS’: ‘International Accounting Standards’, as defined in Article 2 of the IAS Regulation No 1606/2002³⁰;

²⁹ Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council regarding regulatory technical standards specifying the information and the details of a securitisation to be made *available* by the originator, sponsor and SSPE (C/2019/7334). (OJ L 289, 3.9.2020, p. 1–216) and Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards regarding the format and standardized templates for making available the information and details of a securitisation by the originator, sponsor and SSPE (C/2019/7624) (OJ L 289, 3.9.2020, p. 217–284)

³⁰ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11/09/2002, p. 1).

- (g) ‘FINREP’: as defined in Commission Implementing Regulation (EU) No 2021/451³¹ (Annexes III, IV and V);
- (h) ‘ANACREDIT’: as defined in Regulation (EU) No 2016/867 of 18 May 2016³² (ECB/2016/13);
- (i) ‘ESMA securitisation templates’: as defined in Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 and Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019;
- (j) ‘SME’: micro, small and medium-sized enterprises as defined in Commission Recommendation No 2003/361 of 6 May 2003³³;
- (k) ‘EBIT’: Earnings Before Interest and Tax;
- (l) ‘ISO 3166 ALPHA-2’: a list of country codes³⁴, defined by 2 letter code;
- (m) ‘ISO 4217’: a list of global currencies³⁵, defined by the 3 letter codes;
- (n) ‘ISO 17442’: the latest version of Financial Services LEI code;
- (o) ‘LEI code’: the global Legal Entity Identifier assigned to entities, which uniquely identifies a party to a financial transaction;
- (p) ‘ISIN’: the international securities identification number assigned to securities, composed of 12 text characters, which uniquely identifies a security issue;
- (q) ‘NACE codes’: as defined in Regulation (EC) No 1893/2006 of the European Parliament and of the Council³⁶;
- (r) ‘UN/LOCODE’: latest version of United Nations Code for Trade and Transport Locations³⁷ list.

2. DATA GLOSSARY

2. The data glossary, which is an integral part of the NPL transaction data templates, includes all the relevant information on the data fields to be provided under the scope of the NPL transaction data templates, which allows to understand the content of each data field, their applicability in relation to both the borrower type and the loan type and any legal references for the content of these data fields.

³¹ Commission Implementing Regulation (EU) No 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council regarding supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014.

³² Regulation (EU) 2016/867 of the European Central Bank of 18 May 2016 on the collection of granular credit and credit risk data (ECB/2016/13).

³³ Commission Recommendation No 2003/361 of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (C (2003)1422) (OJ L 124, 20.5.2003, p. 36).

³⁴ <https://www.iso.org/obp/ui/#search>

³⁵ <https://www.currency-iso.org/en/home/tables/table-a1.html>

³⁶ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

³⁷ <http://www.unece.org/cefact/locode/service/location>

3. With the data glossary, credit institutions are able to identify their internally available data for the valuation of NPL transactions and compare them with the data glossary. Specifically, the data glossary contains a list of all the data fields included in the NPL transaction data templates with their specifications, including:
 - (a) index number for each data field included in the NPL transaction data templates;
 - (b) label of each data field included in the NPL transaction data templates;
 - (c) description of the content of each data field included in the NPL transaction data templates;
 - (d) borrower type to which each data field is applicable, including corporates, private individuals or all;
 - (e) loan type to which each data field is applicable including secured loan or all (secured and unsecured loans);
 - (f) data fields marked as 'Mandatory';
 - (g) field type which can be one of the following: 'Boolean', 'Choice', 'Date (DD/MM/YYYY)', 'Alphanumeric', 'Percentage' and 'Number';
 - (h) legal references: where available, references are made to ESMA securitisation templates, AnaCredit, FINREP, Articles of the CRR, IAS/IFRS, in order to ensure consistency, where possible, with existing definitions included in other regulatory frameworks.

3. CONVENTIONS

4. If not otherwise stated in the 'description' column of the data glossary, all the data fields shall be reported as at the cut-off date. The latter is defined in Article 3 of this Regulation.
 5. In the data glossary, the 'field type' column sets out the following format standards for 'Boolean', 'Choice', 'Alphanumeric', 'Number', 'Percentage' and 'Date' fields. However, the parties involved in the transaction may agree on using different format standards.
 6. Where the field type is 'Boolean', the field choice is 'Yes' or 'No'.
 7. Where the field type is 'Choice', credit institutions shall select from a list the relevant choice that is applicable to the data field. The choice field shall be entered as the full name of the choice option. For example, where the choice field is '(a) 'Private individual'', the credit institution shall enter 'Private individual' into the data template.
 8. Where the field type is 'Alphanumeric', credit institutions shall enter free text into that data field. The latter may consist either of alphabetical and numerical symbols or of a finite sequence of characters.
 9. Where the field type is a 'Number', credit institutions shall enter a number expressed to two decimal places. If not otherwise stated in the data glossary, all numerical values are expressed as positive numbers. Furthermore, the amounts shall be provided in their own currency at the cut-off date.
 10. Where the field type is a 'Percentage', credit institutions shall enter a percentage expressed as a ratio to two decimal places.
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11. Where the field type is a 'Date', the format 'DD/MM/YYYY' shall be used.

4. MANDATORY DATA FIELDS AND ADDITIONAL INFORMATION

12. The data glossary defines a core set of mandatory data fields.

13. For mandatory data fields as marked in the data glossary, a value shall be provided, except where the information is not applicable in relation to the underwriting criteria specified in the description of the data field or in relation to the borrower type or the loan type.

14. For the other data fields that are not marked as mandatory in the data glossary, credit institutions shall make reasonable efforts to provide information, as stated in Article 5 of this Regulation. However, when the information is not available under the template format, it may be provided under a different format or not provided at all.

15. When credit institutions agree with the prospective buyer on providing information beyond the requirements of this Regulation by using the template format, additional rows with their own index to be defined (1.xx.1; 3.xx; 4.xx; 5.xx) shall be added under the relevant template as well as in the data glossary. For such additional information, the 2018 version 1.1 EBA NPL transaction data templates³⁸ may be used as reference.

³⁸ See version 1.1 of the EBA NPL transaction templates (<https://www.eba.europa.eu/risk-analysis-and-data/npls>).

PART 2
TEMPLATE RELATED INSTRUCTIONS

1. COUNTERPARTY (Template 1)

16. Template 1 provides the information for the identification of the counterparty where the latter may assume different roles: ‘borrower’ or ‘protection provider’ in relation to different loan contracts. The counterparty may, in turn, be a private individual or a corporate and the latter may or not be part of a counterparty group. In addition, Template 1 covers some information on any insolvency or restructuring proceedings to which the counterparty is subject. Further information on any legal proceeding shall be provided at loan level in Template 3.
17. Information in Template 1 shall be provided in accordance with the specifications included in the data glossary of Annex II to this Regulation. Template 1 is linked to the other templates by using the counterparty identifier which is also included for this purpose in Template 2. Additional information may be provided as specified in Part 1 ‘General instructions’, Section 4.

2. RELATIONSHIP (Templates 2.1; 2.2; 2.3; 2.4)

18. Templates 2 provide the relationships between Template 1 and the other templates by using unique identifiers applied to each counterparty, loan, mortgage guarantee and protection. These identifiers are defined by credit institutions as at the cut-off date to identify the non-performing loans that are object of a sale or transfer transaction.
19. Template 2.1 shows the relationship between borrowers and loans. One borrower may have several loans that are identified by the related loan identifiers. A loan may in turn have one or more counterparties.
20. Template 2.2 shows the relationship between mortgage loans and protections (collateral, guarantee). A mortgage deed may relate to a pledge of collateral or to several collaterals, which relate in turn to a loan or several loans. On the other hand, a collateral may refer to one or multiple mortgage deeds.
21. Template 2.3 shows the relationship between loans other than mortgage loans and protections (collateral, guarantee). A loan may have several collaterals, and a collateral may be related to several loans.
22. Template 2.4, shows the relationships between the guarantee received and its protection provider.
23. Information in Templates 2 shall be provided in accordance with the specifications included in the data glossary of Annex II to this Regulation.

3. LOAN (Template 3)

24. Template 3 provides information on the contractual loan agreement, including any lease agreement and forbearance measure granted. In addition, template 3 covers information

on any legal proceeding referred to the loan including, among others, the legal status, the stage reached in legal proceedings and the date of initiation of legal proceedings.

25. Information in Template 3 shall be provided in accordance with the specifications included in the data glossary of Annex II to this Regulation. Template 3 is linked to the other templates by using the loan identifier which is also included for this purpose in Template 2. Additional information may be provided as specified in Part 1 ‘General instructions’, Section 4.

4. COLLATERAL, GUARANTEE AND ENFORCEMENT (Templates 4.1; 4.2)

26. Template 4.1 provides information on any immovable and movable property collateral, and other type of collateral and guarantees which secure a loan. In addition, the template covers relevant information on any applicable enforcement procedure.
27. Where the credit institution is a lessee in a lease contract, any lease asset (i.e., right-of-use assets) recognised in its financial statements in accordance with the applicable accounting standards shall be presented based on its nature in Template 4.
28. Credit institutions shall also provide the latest estimated value of any collateral before or at the cut-off date. The latest estimate value may be calculated either internally by the credit institution, or by an external valuer. Therefore, credit institutions shall provide the latest evaluation (internal or external), when it is available. When both internal and external valuations are available, both values with the related valuation dates may be provided to the prospective buyer.
29. In case of mortgage guarantees, credit institutions shall provide the information on ‘mortgage amount’, ‘lien position’, ‘higher ranking loan’ in Template 4.2.
30. Information in Template 4 shall be provided in accordance with the specifications included in the data glossary of Annex II to this Regulation. The Template 4.1 and template 4.2 are linked to the other templates by using the protection identifier and the mortgage identifier which are also included for this purpose in Template 2. Additional information may be provided as specified in Part 1 ‘General instructions’, Section 4.

5. HISTORICAL COLLECTION OF REPAYMENTS (Template 5)

31. Template 5 provides information on historical collection for each loan before the cut-off date, including when the credit institution has used an external collection agent.
32. The total historical repayment amounts are aggregated per month and presented in separate columns over a minimum period of 36 months before the cut-off date.
33. Information in Template 5 shall be provided in accordance with the specifications included in the data glossary of Annex II to this Regulation. The Template 5 is linked to the other templates by using the loan identifier which is also included in Templates 2 and 3. Additional information may be provided as specified in Part 1 ‘General instructions’, Section 4. Further, credit institutions may decide to provide a longer time series before the cut-off date.

4. Accompanying documents

4.1 Additional clarifying example on the relationship Templates 2

47. The following example is only included for illustrative purposes. It presents how the links between counterparties, loan contracts and collaterals are reported in the proposed Templates 2 on relationships by using the identifiers.

48. A credit institution has the following non-performing loans towards respectively the counterparty C-AAA and the counterparty C-BBB:

- a. two mortgage loans (L-1560; L-1350) granted to the counterparty C-AAA. The mortgage deeds (M-1560; M-1350) relate to a pledge of the same collateral (P-XXX). The full amount of the collateral (100% of the collateral value, first lien) can be used and it covers the full amount (100%) of the loan L-1560 and the 20% of the value of the loan L-1350.
- b. a loan other than a mortgage loan (L-3430) granted to the counterparty C-BBB. The loan is secured by a financial guarantee (P-YYY) where the guarantor is the counterparty C-AAA.

49. The above relationships will be shown in Templates 2 in the following way:

Template 2.1: Relationship borrower- loan

Index	2.00	2.01
Data field	Counterparty Identifier	Loan Identifier
	C-AAA	L-1560
	C-AAA	L-1350
	C-BBB	L-3430

Template 2.2: Relationship mortgage loan-protection:

Index	2.01	2.02	2.03
Data field	Loan identifier	Mortgage identifier	Protection identifier
	L-1560	M-1560	P-XXX
	L-1350	M-1350	P-XXX

Template 2.3: Relationship loan other than mortgage loan - protection (collateral, guarantee)

Index	2.01	2.02
Data field	Loan identifier	Protection Identifier
	L-3430	P-YYY

Template 2.4: Relationship guarantor- guarantee

Index	2.00	2.03
Data field	Counterparty identifier	Protection identifier
	C-AAA	P-YYY

4.2 Cost-benefit analysis / impact assessment

50. According to Article 15(1) of Regulation (EU) No 1093/2010 (EBA Regulation), before submitting draft implementing technical standards (ITS) to the Commission, the EBA shall analyse potential related costs and benefits of the standards by the means of an Impact Assessment (IA).

51. This analysis presents the IA of the main policy options included in the draft ITS on NPL Transaction Data Templates. The IA is high level and qualitative in nature.

A. Problem identification and background

52. Article 16 (1) of Directive (EU) 2021/2167 mandates the EBA to develop draft ITS to specify the templates to be used by credit institutions for the provision of information to credit purchasers when selling or transferring a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself.

53. In accordance with this mandate, the EBA has developed these draft ITS considering the criteria specified in Article 16(4) of the Directive (EU) 2021/2167, and considering existing market practices and user experience with the existing EBA NPL transaction data templates first published in 2017. These voluntary templates aimed at facilitating the sales and transfers of NPL by credit institutions in the EU but, since their publication, the EBA has received mixed views from market participants regarding their effectiveness in supporting the NPL transactions in secondary markets. For this reason, the EBA first reviewed the templates in 2018 and then in May 2021, in view of the expected mandate to the EBA that was given in the Directive (EU) 2021/2167 published in the Official Journal in November 2021. Therefore, the EBA has developed these draft ITS based also on the feedback received from the public consultation on the Discussion Paper published in May 2021. The EBA took also into account the feedback received from the public consultation on the Consultation Paper.

B. Policy objectives

54. The draft ITS seek to establish a complete, accurate data tape for credit institutions wishing to sell or transfer their NPL. In particular, they aim at providing relevant information on loan-by-loan basis to prospective buyers for performing their financial due diligence and carrying out valuation of NPL.

C. Options considered, assessment of the options and preferred options

55. Section C. of this IA presents the main policy options discussed and the decisions made during the development of the draft ITS. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis are provided.

56. The starting point for the work on the data tape was the Discussion Paper published in 2021 and the feedback received from the public consultation. This approach is in line with the mandate for the draft ITS as provided in Article 16(4) of Directive (EU) 2021/2167 requiring the

EBA to consider experience with the EBA NPL transaction data templates, industry experience from using them and existing market practices. Therefore, the alternative starting point for the development of these draft ITS is not considered as a policy option and is not assessed from the cost-benefit perspective. Therefore, the following options are considered in relation to the content and data fields included in the Discussion Paper and in the following Consultation Paper of these draft ITS.

Setting out internal governance requirements for the use of data templates

57. Standardising and specifying the data needs for the NPL sale transactions is a way to improve the functioning of secondary markets for NPL but having only the data requirements may not be enough. In the developing of the draft ITS, the EBA has considered whether to specify only the data templates and associated data fields or aim at putting the templates also into the operational context and provide operational and internal governance requirements for the use of templates in different stages of the transition, including data preparations and data exchange. To this end, the EBA assessed whether the templates should be also complemented with internal governance requirements to ensure that the information provided in the templates is complete and accurate. The following options have been considered:

Option 1a: specify only the templates and the data fields.

Option 1b: specify templates and data fields and set out the internal governance requirements for the use of the templates.

58. Setting out requirements for the internal governance arrangements, such as independent data validation and managerial approval to be put in place would ensure that the information provided in the templates is complete and accurate. However, the EBA observed from its contacts with the industry stakeholders and the feedback received from the public consultation, that there are established practices observed by many credit institutions with respect to the preparation of data needed for the NPL transactions. Furthermore, since the requirements proposed in the Consultation Paper were of general nature and largely mirrored the requirements set out in other regulatory products, setting additional requirements within the draft ITS may not be proportionate.

59. For this reason, **Option 1a has been chosen as the preferred option.** Indeed, specifying only the templates and data fields is considered as a minimum way to achieve the data standardisation requirements. There are no specific internal governance requirements set out within the draft ITS. Instead, the EBA sets out supervisory expectation in the Background and Rationale with a reference to the European Commission *Guidelines for a best execution process for sales of non-performing loans on secondary markets*.

Consistency with existing definitions in other regulatory and reporting frameworks

Option 2a: keep the current definitions of the data fields included in the voluntary version of the NPL transaction data templates.

Option 2b: align, where possible, the definitions and the labels of the data fields with the ones already included in other EU regulatory, supervisory and reporting frameworks, in particular with the supervisory financial reporting framework (FINREP), the European Central Bank's AnaCredit and the ESMA securitisation templates as well as references to the CRR and to the IAS/IFRS.

60. In the Discussion Paper published in May 2021, the definitions of the data fields reflected the ones already used in the currently applicable voluntary version of the NPL transaction data templates. Therefore, Option 2a would be in continuity with the past. However, the feedback received from the industry on the Discussion Paper were in the direction of referring, where possible, to existing regulatory definitions. This would help credit institutions identify their internally available data for NPL transactions purposes, then it would reduce their data processing costs. On these grounds, **the Option 2b has been chosen as the preferred option.** Then, the definitions of the data fields in the data glossary have been aligned, where possible considering the different purposes, with the ones already included in other EU regulatory, supervisory and reporting frameworks and the related legal references were also added in the data glossary.

Legal proceedings information

Option 3a: provide similar information on legal proceedings at both loan level in Template 3 'Loan' and counterparty level in Template 1 'Counterparty'.

Option 3b: provide some information on legal proceedings at counterparty level in Template 1 'Counterparty' and others at loan level in Template 3 'Loan'.

61. In the Consultation Paper the information on legal proceedings including, among others, the name of insolvency/restructuring proceedings; status of legal proceedings; date of initiation of legal proceedings and stage reached in legal proceedings were all reported under Template 1 'Counterparty'.

62. Following the feedback received from the public consultation, for pricing a loan, it is crucial to know if a legal title was obtained for a specific loan, at what stage it is, and at what date and for which amount it was obtained. This information supplements the legal information of counterparties and of collaterals and – only combined – gives a full picture of the legal situation and collectability of a loan. In this regard, the Option 3a would allow to accommodate these requests from the public consultation. However, it would imply to duplicate some data fields currently included in Template 1 in Template 3 (such as information on legal status, start date of the legal action, type of legal action at loan level) and this would incur unnecessary costs. For this reason, **Option 3a was rejected.**

63. The **Option 3b has been chosen as the preferred option**: it enables the prospective buyer to have the legal information necessary for the pricing of NPL, at loan level rather than at counterparty level, whilst avoiding a duplication of data fields at both levels. Specifically, the data fields on name of insolvency/restructuring proceedings; status of legal proceedings; description of other legal measures were kept under Template 1 'Counterparty'; whilst the data fields on date of initiation of legal proceedings; jurisdiction of court, date of obtaining order for possession and stage reached in legal proceedings were moved to Template 3 'Loan'. In addition, two new data fields on loan legal status and statute of limitations date were added in Template 3.

Private individual counterparties' personal data fields

Option 4a: keep, as in the voluntary templates, data fields for the private individuals' personal data.

Option 4b: exclude, contrarily to the voluntary templates, data fields for the private individuals' personal data.

34. In the Discussion Paper of May 2021, the following four data fields of Template 1 related to the private individuals' counterparties of NPL were proposed to be kept:

- Annual income;
- Currency of annual income;
- Income self-certified;
- Employment status.

35. These data fields are generally collected by the seller at the origination of the loan contract, but they are not systematically updated over time. As for this type of information, an up-to-date data is key for the prospective buyer to get an accurate valuation of the NPL, these data fields might not be useful because they are not always reliable, and they would anyway require further checks by the prospective buyer. For these reasons, **Option 4b has been chosen as the preferred option**: these data fields would give a small benefit to the prospective buyer as they will not be always reliable for the valuation of the NPL transaction and the costs of recovering updated information by the seller would overcome the benefits. Furthermore, the parties involved in the NPL transactions may agree on adding this and other information under Template 1.

Ratings and market capitalisation

Option 5a: keep, as in the voluntary templates, data fields for the ratings and market capitalisation.

Option 5b: exclude, contrarily to the voluntary templates, data fields for the ratings and market capitalisation.

36. In the Discussion Paper published in May 2021, the following seventeen fields included in Template 1 and 3 respectively for counterparties and loans were proposed to be kept. They are related to internal and external ratings of counterparties and loans respectively, together with the market capitalisation field for the corporate counterparties:

- Internal and external credit ratings (current and at origination) attributed to counterparties and loans respectively;
- Source of external credit ratings (current and at origination) attributed to counterparties and loans respectively;
- External credit scoring (current and at origination) attributed to private individual counterparties;
- Source of external credit scoring (current and at origination) attributed to private individual counterparties;
- Market capitalisation for corporate counterparties.

37. Information on counterparty's ratings, loan ratings and market capitalisation are generally relevant for the valuation of loans but in case of valuation of NPL, they may become less relevant since they could not give a meaningful indication of the 'ability to pay' of the counterparty.

38. With specific regard to internal credit ratings, this information may lack of independence since it is produced by the seller itself. For this reason, this information should be accompanied by the internal methodology used to produce the rating and its evolution since the loan origination, but this would cause additional costs for credit institutions. Regarding market capitalisation and external rating, this information is generally publicly available for prospective buyers. For these reasons, **Option 5b has been chosen as the preferred option**: there might be an interest for the internal ratings fields for prospective buyers, but this would give them a small benefit compared to a higher cost of provision of data for the seller. Furthermore, the parties involved in the NPL transactions may agree on adding this and other information under Template 1.

Maturity date and other data fields related to interest rate

Option 6a: keep, as in the voluntary template, data fields for the maturity and interest rate for all NPL.

Option 6b: exclude, contrarily to the voluntary template, data fields for the maturity and interest rate for all NPL.

Option 6c: keep data fields for the maturity and interest rate only for NPL that are not past-due or that are past-due less one year (365 days in past-due) and set those as not mandatory.

39. In the Discussion Paper published in May 2021, the following data fields were proposed to be kept:

- Legal final maturity date (previously named ‘Current maturity date’ in the Discussion Paper);
- Interest rate (previously named ‘Current interest rate’ in the Discussion Paper);
- Interest rate type (previously named ‘Current interest rate type’ in the Discussion Paper);
- Description of interest rate type (previously named ‘Description of current interest rate type’ in the Discussion Paper);
- Interest rate spread/margin (previously named ‘Current interest margin’ in the Discussion Paper);
- Reference rate (previously named ‘Current interest rate reference’ in the Discussion Paper);
- Interest rate reset frequency (previously named ‘Interest payment frequency’ in the Discussion Paper);
- Payment frequency (previously named ‘Principal payment frequency’ in the Discussion Paper);

40. The feedback received from the public consultation on the Discussion Paper of May 2021 were mixed regarding the usefulness of these data fields for the financial due diligence and valuation of the NPL transactions. On one hand, this information is generally used to estimate the future cash flows of loans. On the other hand, in case of NPL, this information may become less relevant, especially when borrowers enter in a gone-concern status and the related loans are managed following a liquidation approach. Providing this information would be costly for sellers and the added value of this information for prospective buyers in case of old NPL managed with a liquidation approach would be minimal. For this reason, **Option 6a has been rejected.**

41. However, in case of loans that have recently entered the non-performing status i.e. loans that are considered as ‘unlikely to pay’ or ‘past-due less than one year’, this information would be still relevant for the loan valuation by prospective buyers and that is why **Option 6b has been rejected.**

42. To conciliate the two above mentioned rationales without incurring unnecessary costs for institutions, **Option 6c has been chosen as the preferred option:** the above fields have been kept only for NPL that are not past-due or they are past-due less than one year and they have been set as not mandatory.

Mortgage guarantees

Option 7a: create a dedicated template for mortgage guarantees.

Option 7b: include the mortgage guarantees in the Template 4 ‘Collateral, guarantees and enforcement’.

43. Mortgage guarantees were considered as critical for a clear representation of the NPL portfolio. Differently from other types of collateral and guarantees, mortgage guarantees have generally their own registration amounts which might differ from the underlying collateral amounts and the credit institution’s ‘lien position’ is defined at mortgage level rather than at property level.
44. In the Consultation Paper, the information on mortgage guarantees was included in Template 4.1 ‘Collateral, guarantee and enforcement’. This implied that some data fields such as lien position, higher ranking loan and register of deeds number should have been reported at ‘mortgage level’, where applicable, instead of at ‘collateral level’. This option would have kept the overall structure of the NPL transaction data templates both simple and comprehensive. However, it would not allow to easily capture the relationships between mortgages and the protection: a mortgage deed can put liens to several collaterals, and on the other hand, collateral can be related to multiple mortgage deeds with different ranking. For this reason, **Option 7b has been rejected.**
45. **Option 7a has been chosen as the preferred option:** an ad-hoc data template for mortgage guarantees has been created (Template 4.2 ‘Mortgage guarantee’). This template includes data fields on mortgage identifier; mortgage amount; lien position; higher ranking loan and register of deeds number (the latter not marked as mandatory). The data fields on lien position; higher ranking loan and register of deeds number are also reported in Template 4 ‘Collateral, guarantee and enforcement’ for collaterals other than mortgage guarantees. The relationships among mortgage loans and collaterals are captured through the relevant identifiers in Template 2.2.

Collateral valuation

Option 8a: require the provision by the credit institution of the latest valuation amount of the collateral at or prior to the cut-off date, where the latest valuation can be performed internally or by an external appraiser.

Option 8b: give the credit institution the possibility to provide both the internal latest valuation amount and the external latest valuation amount when both valuations are available at or prior to the cut-off date.

46. An external valuation may be more appropriate than an internal valuation for the purpose of setting the purchase price. However, in case the latest valuation of the collateral at or prior to the cut-off date has been performed internally by the credit institution, useful information coming from the external valuation would be lost. For this reason, **Option 8a has been rejected.**
47. To provide prospective buyers with unbiased and useful information, the seller can provide both valuations when these valuations have been both performed at or prior to the cut-off date. Therefore, **Option 8b has been chosen as preferred option:** credit institutions can provide the latest valuation amounts with the related dates and types of valuation for both internal and external valuations if they are both available. Since the provision of this information depends on its availability, the costs for credit institutions should not increase.

Information on historical collection and repayment schedule

Option 9a: keep the information on historical collection for the last 24 months and repayment schedule for the next 36 months in Template 5, as proposed in the Consultation Paper.

Option 9b: keep and extend the information on historical collection for the last 36 months (as initially proposed in the Discussion Paper) but delete all the information on repayment schedule in Template 5.

48. Following the feedback received from the public consultation of the Consultation Paper, the information on historical collection of repayments is considered as one of the most relevant elements in portfolio valuation, although it may be difficult to be extracted from credit institutions' IT systems. Indeed, investors use this information for making projections on future cash recoveries during their due diligence process based on their own estimates. On the other hand, the information on repayment plan schedule which would be provided by the seller has little value for portfolio valuation, given the high uncertainty and low likelihood of payments. For this reason, **Option 9b has been chosen as the preferred option**: the information on repayment plan schedule initially foreseen in the Consultation Paper was deleted; whilst the information on historical collection was kept, and even extended to 36 months (as initially foreseen in the Discussion Paper of May 2021), as the benefits of proving this information for NPL valuation outweigh the cost of collection for credit institutions.

General approach to the principle of proportionality

Option 10a. Exclude certain type of transactions from the scope of the draft ITS.

Option 10b. Introduce specific proportionality regime for certain types of transactions.

49. The Directive (EU) 2021/2167 does not make any differentiation between NPL within the scope of the mandate for the draft ITS requiring all NPL held in the credit institutions' banking books that are sold or transferred to credit purchasers to be within the scope of the draft ITS.

50. On the other hand, the use of the NPL transaction data templates for some specific type of transactions might be disproportionate. Such transactions include intra-group transactions, sales or transfers of single NPL, or several loans linked to one single borrower; syndicated loan facilities or loans linked to a borrower that is domiciled outside of the EU. In the case of such transactions the use of the templates may be disproportionate, and whilst the EBA cannot change the scope of the application of the draft ITS (the scope of the application of the draft ITS should be the same as of the Directive), it can make the data fields for such transactions as not mandatory.

51. On these grounds, **Option 10b has been chosen as the preferred option.**

Proportionality in relation to loan nature: applicability of the data fields

Option 11a: keep the columns of the data glossary on the applicability of the data fields by asset class.

Option 11b: replace the columns of the data glossary on the applicability of the data fields by asset class with the applicability of the data fields by secured versus unsecured loans, in addition to the existing column on the applicability of the data fields by borrower type (private individual versus corporate).



52. Article 16(3) of Directive (EU) 2021/2167 mandates the EBA to develop draft implementing technical standards that shall be proportionate, among others, to the nature of credits and credit portfolios.
53. In the Discussion Paper published in May 2021, the data glossary included separate columns for asset classes to which the data fields apply. The asset class breakdown was similar – with some distinctions – to the exposure types included in the ESMA securitisation templates. Following the feedback received from the public consultation of the Discussion Paper, it seems that the applicability of the data fields is not so much determined by the asset class of the loan but mostly by variables such as the borrower type (private individual or corporate) or the existence of a collateral. For this reason, **Option 11a has been rejected.**
54. The breakdown by asset class has been replaced by a breakdown by secured versus unsecured loans. This breakdown gives a simpler and immediate representation of the applicability data fields to the macro types of loans. Furthermore, the more granular information on the asset class to which data fields belong is anyway included as a specific data field in the Template 3 'Loan'. Therefore, **Option 11b has been chosen as preferred option.**

Proportionality in relation to loan size

Option 12a: identify a set of mandatory data fields only for loans above a certain threshold and keep all the data fields as non-mandatory for loans below the threshold.

Option 12b: identify a set of mandatory data fields for loans below a certain threshold and a larger set of mandatory data fields for loans above the size threshold.

Option 12c: identify all the data fields as mandatory regardless of the size of a loan.

Option 12d: identify a set of mandatory data fields regardless of the size of a loan.

55. In accordance with Article 16, points (2) of Directive (EU) 2021/2167, the EBA has, among others, to identify which data fields are mandatory. In addition, in accordance with the point (3) of the same article, the draft implementing technical standards shall be, among others, proportionate to the size of credits and credit portfolios. The consideration of the size of a loan could be incorporated through differentiating the required information depending on the size of the loan by the means of using monetary threshold. However, since the NPL transaction data templates are to be used for transactions which may involve a single loan or a portfolio of loans, the size of NPL transactions can vary widely. Hence, the Option 12a could exclude lots of transactions involving small loans. For this reason, **Option 12a has been rejected.**
56. Option 12b has the benefit of being applicable to all types of NPL transactions involving both small loans and large loans, whilst providing mandatory data fields for both loans which are below a certain threshold and loans above the threshold. Proportionality is also taken into account since the set of mandatory data fields is different in relation to the size of loans. Additional mandatory data fields are only required for loans above the threshold. However, given the general desire to reduce the overall size of the templates and reduce the number of data fields it was practically difficult to introduce substantial differentiation of mandatory data fields

below and above specific threshold³⁹. Therefore, **Option 12b has been rejected** following the public consultation.

57. On the other side, Option 12c would have covered all transactions regardless of their size, but it would have not fulfilled the principle of proportionality set out in point (3) of Article 16, therefore, **Option 12c has been rejected** as well.
58. **Option 12d has been chosen as the preferred one** as this option still allows for the differentiation between mandatory and not mandatory data fields and thus meeting the requirements of the mandate, is not dependent on the threshold and fits into the revised proportionality model based on the outcomes of the public consultation.

Proportionality in relation to NPL's portfolio size

Option 13a: setting a NPL portfolio-based threshold.

Option 13b: not setting a NPL portfolio-based threshold to the NPL's portfolio size.

59. Setting a threshold to the NPL's portfolio size would increase complexity into the draft ITS since the information of the NPL transaction data templates shall be provided on loan-by-loan basis. Requesting the seller to provide more data for a portfolio of small loans exceeding a certain threshold would be inconsistent with the provision of less loan-by-loan data.
60. For portfolios of large loans meeting certain conditions (e.g. loans linked to a same single borrower that need to be assessed on a single name basis) the proportionality has been already introduced through making all data fields not mandatory. The same applies to the unsecured loans to natural persons within the scope of Consumer Credit Directive and their portfolios. For this reason, **Option 14b has been chosen**.

D. Conclusions

61. The development of the draft ITS on NPL Transaction Data Templates is necessary to comply with Article 16 (1) of Directive (EU) 2021/2167. The aim of these draft ITS is to provide "detailed information on their credit exposures in the banking book to credit purchasers for the analysis, financial due diligence and valuation of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself." The voluntary EBA NPL transaction data templates published in 2017 do not meet this aim, due to their voluntary nature and not fully reflecting the information exchanged by market participants in real market transactions. Thus, new templates were to be developed.
62. The templates provided in these draft ITS aim at reaching the set objective, whilst at the same time accommodating experience from real market transactions, offering continuity with the 2017 voluntary NPL transaction data templates and their later developments, which were used as the basis for the development of the draft ITS.

³⁹ This point was specifically raised in the feedback to the public consultation where the EBA initially considered in the consultation paper using monetary threshold of 25 000 EUR linked to the threshold used in AnaCredit Regulation. However, based on the feedback received this threshold was not deemed as appropriate considering both the size of the threshold, its proposed reference values and the need to calibrate the threshold for different types of transactions and Member State particularities. Furthermore, the proposed threshold was deemed too low for corporate loans and too high for unsecured consumer loans. Nevertheless, EBA recognizes existing thresholds set out in the Consumer Credit Directive for the unsecured loans to natural persons.



63. The templates hence should achieve the goals of transparency and development of functioning secondary markets for NPL in the EU, with as little extra effort and burden on credit institutions as possible.

4.3 Feedback on the public consultation

64. The EBA publicly consulted on the draft proposal for these ITS. The consultation period lasted for four months from 16 May to 7 September 2022. The EBA has received 32 responses to this public consultation, of which 26 have been published on the EBA website.
65. This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.
66. In many cases several industry bodies made similar comments, or the same body repeated its comments in the response to different questions. In such cases, the comments, and the EBA analysis are included in the section of this paper where the EBA considers them most appropriate.
67. Changes to the draft ITS have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

68. The feedback from the public consultation the EBA received mainly concerned: (i) the scope of application of the draft ITS; (ii) the application of proportionality principle; (iii) the timing of application; (iv) the granularity of data; (v) the structure of the templates; (vi) the governance arrangements; (vii) the sellers' liability and the confidentiality arrangements. In addition, the EBA has received significant number of comments related to specific data fields, where the stakeholders provided their views on whether the data fields provided in the Consultation Paper should be kept/modified or deleted or additional data fields should be added – this detailed feedback has been carefully analysed and considered in the final version of the draft ITS, but is not summarised.
69. Regarding the scope of application of the draft ITS, many respondents asked to exclude various types of loans and transactions from the scope of the draft ITS, in particular large corporate loans, syndicated loans, intragroup loan transactions, as these types of exposures need a different set of information and prospective buyers generally conduct a deeper financial and legal analysis rather than a statistical analysis of them. In this regard, the EBA notes that the scope of application of the draft ITS shall be the same as the Directive (EU) 2021/2167. However, the proportionality principle as set out in Article 16(3) of this Directive can be applied to these exposures, as explained further below.
70. Several respondents commented on the approach to the application of the principle of proportionality as set out in the mandate for these draft ITS. First, some stressed that Article 16(3) of the Directive provided for a proportionality not only at individual loan level but also at portfolio level. Second, some expressed concerns that setting up a size threshold at individual loan level (EUR 25 000) was not appropriate since data fields are either available or not in the sellers' internal data governance systems, regardless of the loan size; furthermore, there was not much differentiation between the number of mandatory data fields above and below this size threshold.

71. In order to address these comments, the EBA reconsidered its approach to proportionality, clarifying that the draft ITS shall apply to portfolios of non-performing exposures and provide a set of mandatory data fields for all non-performing exposures including in the portfolio, regardless of their individual size. On proportionality grounds, credit institutions will have a possibility of not providing information for the mandatory data fields (i.e., all data fields can be treated as not mandatory) for specific types of transactions or exposures, which consider the nature and/or the size of the non-performing exposures involved. These special proportionality cases are explicitly listed and include sells or transfers of: single name exposures, exposures to the borrowers outside of the European Union, NPL under or forming a part of syndicated loan facilities, unsecured exposures to natural persons that are outside of the scope of Directive 2008/43/EC (Consumer Credit Directive), exposures not originated by credit institutions or acquired from the entities that are not credit institutions established in the EU and subject to the requirements of Regulation (EU) No 575/2013.
72. Regarding the timing of the application of the draft ITS, there were various requests to introduce phase-in arrangements for the application of the templates, albeit there are clear timing requirements in Article 16(7) of the Directive (EU) 2021/2167. There have been also requests not to apply the templates to the on-going transactions (deals that started before the ITS entry into force) and also suggestions to delete the proposed text of the draft ITS to use the templates on the 'best-efforts' basis for transactions outside the scope set out by Article 16(7) of the Directive (EU) 2021/2167. In this regard, the EBA believed that the requirements of Article 16(7) of the Directive (EU) 2021/2167 shall be applied and no phase-in arrangements should be introduced. The reference to 'best efforts' was kept in the section of 'background and rationale' of the draft ITS to encourage the use of the templates for the sales and transfers of NPL outside the time window specified by the Directive.
73. Regarding the granularity of data, the feedback received were split between sellers and buyers of NPL, where the former explained that the granularity and number of the required data fields were still too high citing the concerns that some data fields are not available, or they are available under different formats, depending also on the type of non-performing exposures/countries. Other data fields are not relevant for pricing loans, or they can be retrieved through the general due diligence process undertaken by the investor. On the other hand, for buyers, more data were considered helpful to reduce the information asymmetries.
74. In light of the comments received, the EBA reviewed the number of mandatory data fields to identify a core layer of information that is considered as essential to start the valuation process of a NPL portfolio. Additional information may be provided by sellers under the template format, or a different format agreed with the prospective buyer.
75. The structure of the templates was also reviewed to address the comments received by the respondents. In particular, the Template 4 on collateral and guarantees was split into two templates, in order to better reflect the relationships between mortgage guarantees and collaterals. Some legal-related information was adjusted and moved from Template 1 'Counterparty' to Template 3 'Loan', to satisfy the requests of having information on legal proceedings at loan level since the latter was considered as key for pricing the loan. Furthermore, several respondents did not support the proposed structure of Template 5. In particular, they considered that the information on repayment plan schedule has little value for the valuation of portfolios, given the high uncertainty and low likelihood of payment. Instead, the information on historical collection of repayments was considered more relevant to forecast the future repayments, albeit the respondents from buy side considered them as difficult to be extracted from their IT systems. These comments were reflected in the new structure of Template 5 which consider the historical collection of repayments over a period of 36 months before the cut-off date but



some flexibility in filling in the template is given to institutions. Finally, regarding the Template 2, the relationships across templates were split in different templates to be more in line with the current market practice.

76. With respect to the governance arrangements requirements, many respondents claimed that they have already well-established governance processes in place and one respondent also argued that the introduction of such requirements may go beyond the mandate received by the EBA in the Directive. Following these comments, the EBA decided to delete Article 8 on credit institutions' data governance arrangements.
77. Various respondents also expressed concerns regarding sellers' liability in case of not providing data, or in case of providing inaccurate data. Some stakeholders asked for specific disclaimers to be added to the templates. In this regard, the EBA highlighted that the ITS do not create any liability issues and the accuracy of data keeps being on the responsibility of institutions providing data, in accordance with the current market practices.
78. Finally, some concerns were expressed on the confidentiality treatment of the data. Specifically, it was noticed that confidential data may be shared with a potential seller close to or immediately after the sale contract agreement is signed. In this regard, the EBA specified the possibility of providing this information later in the sale process.

Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Scope of application	<p>Many respondents suggested that the scope of the application of the draft ITS should be clarified to focus on the sales of portfolios of NPL that are on the banking book of credit institutions and then clearly specify that the templates should not be used for NPL securitisation, sales of debt securities and also sales or transfers of NPL pursuant to credit default swap, total return swap and other derivative contracts, contracts of insurance and sub-participation contracts.</p> <p>Furthermore, some respondents noted that sales or transfers of NPL pursuant to a financial collateral arrangement as defined in point (a) of Article 2(1) of Directive 2002/47/EC or a transaction that would be a securities financing transaction as defined in point (139) of Article 4(1) of Regulation (EU) 575/2013 if that definition also applied to repurchase transactions, lending and borrowing transactions and margin lending transactions relating to loans should not be within the scope of the draft ITS.</p> <p>Lastly, several respondents suggested to clarify that it is important to stress that the exposures within the scope of the draft ITS should be classified as non-performing by the time seller enters a contract for the sale of the loans.</p>	<p>As discussed also under the proportionality (see below) the EBA acknowledges that the focus of the templates is to facilitate the sales of NPL portfolios and does not cover sales through the securitisation, sale of performing exposures or non-performing financial instruments other than loans.</p>	<p>The draft ITS have been amended accordingly.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Scope of application – exclusions	<p>Given that the focus of the draft ITS should be on sales and transfers of portfolios of NPL and considering that the detailed templates are best suited for the sales of multiple small- and medium-ticket loans, several respondents requested to exclude from the scope of the requirements several types of transactions, including:</p> <ul style="list-style-type: none"> • sales or transfers of a single NPL or NPL linked to one single borrower; • sales or transfers of NPL under or forming a part of syndicated loan facilities; • sales or transfers of NPL where the borrower is not domiciled or has its registered office in the Union or, if under its national law it has no registered office in the Union; • sales or transfers of NPL by a credit institution to an undertaking which is a member of the same group as defined in point (138) of Article 4(1) of Regulation (EU) No 575/2013; • sales or transfers of NPL that have been acquired by the credit institution from an entity other than a credit institution. 	<p>Whilst acknowledging the concerns raised by the respondents and agreeing with the fact that the use of the templates may be disproportionate for such transactions, the EBA notes that the scope of the application of the draft ITS should be the same as the scope of application of the underlying Directive (EU) 2021/2167. Therefore, outright exclusions from the scope of application are not possible.</p> <p>To address the concerns, however, the EBA has introduced proportionality requirements for such transactions allowing credit institutions to treat for such transactions all data fields specified in the draft ITS as not mandatory (see also proportionality related comments below).</p>	<p>No changes have been made regarding the scope of application, whilst the proportionality elements addressing the raised concerns have been introduced.</p>
Scope of application – credit institutions	<p>Some respondents suggested to stress that the draft ITS applies only to credit institutions that are subject to CRR requirements and does not apply to other</p>	<p>The EBA agrees with the concerns raised and that the addresses of the draft ITS are credit institutions within the scope of CRR.</p>	<p>The draft ITS have been amended accordingly.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	institutions (like international or national development banks not subject to the CRR).		
Application of the draft ITS	Some respondents suggested that the draft ITS should not apply to the continuation of existing deals and would only make sense in the perspective of new deals.	The EBA notes that the calendar for the application of the draft ITS is explicitly stated in the underlying Directive and the requirements start to apply on 20 th day upon publication of the requirements in the Official Journal. In practice this would mean that if a transaction has started before the entry into force (e.g. portfolio was put for a sale and the data tape provided before that date) the requirements of the draft ITS would not apply.	No changes made.
Link to the supervisory reporting and rationalisation of the information requests.	<p>Some respondents noted that the EBA should be mindful of any duplication and overlap with the existing requirements on NPL. To this end, respondents called for a comprehensive rationalisation of data requests on NPL. Following the principle of “report once” shared by the European Commission and the banking industry and several Recommendations of the EBA Cost Compliance Study, it is important to fully rationalise the different NPL information sets in order to enhance data comparability, curb overlaps, streamline and increase efficiency in the reporting processes, facilitate data sharing, advance coordination among authorities and reduce undue reporting burdens.</p> <p>Finally, some respondents suggested to the EBA specifying the final templates also in light of future changes of the IREF, which will replace all Statistical Regulations, and with the Integrated Reporting</p>	The EBA notes that these draft ITS do not form part of any reporting obligations and therefore the principles set out for the reporting (including integrated reporting) do not apply to the data exchanged between sellers and buyers of NPL.	No specific changes have been made, but the data fields have been reviewed from the perspective of ensuring, where possible, appropriate referencing to other regulatory requirements having similar data fields.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Transitional arrangements and phase-in	<p>System (post EBA Feasibility Study, Article 430c of CRR2).</p> <p>A number of respondents raised concerns over entry into force. Banks should be given time to implement the new requirements. Two respondents asked for a phase-in approach over at least 15-18 months like for the ECB and ESMA templates for ABS. For one respondent, the date of the ITS entry into force should be aligned with the loan origination date, i.e., the draft ITS should be applied to new loans originated after their entry into force. For another respondent, the Article 9 of the draft ITS should be amended since the ITS date of entry into force should not be before the deadline defined by the Article 32 of the Directive.</p> <p>Some respondents also requested to introduce complete grandfathering of loans originated prior to 1 July 2018 and have a proportionate approach to the sales of mixed portfolios</p>	<p>The underlying Directive also envisages specific calendar window for the application of the draft ITS which means that the requirements will apply to relatively new loans and new NPL for which banks should have collected the necessary data based on various requirements, including the EBA <i>Guidelines on loan origination and monitoring</i>⁴⁰. To this end the EBA does not see a need in specific transitional or phase in arrangements.</p> <p>Especially, the draft ITS clarify that for loans originated between 1 July 2018 and the date of entry into force of the Regulation, credit institutions can fill the templates set out in the Regulation with information already available to them only.</p>	No changes made.
Timing for the application	<p>Some respondents noted that the draft ITS should make clear that banks are not required to use the templates for sales or transfers of NPL that do not meet the time criteria set out in Article 16(7) of the Directive.</p>	<p>The EBA notes that in accordance with Article 16(7) of Directive (EU) 2021/2167 the templates specified in these draft ITS shall be used for loans that are originated on or after 1 July 2018 and that became non-performing after 28 December 2021. The fact the draft ITS do not apply to the sale of any other NPL falling outside this time window does not mean that for those NPL there are different information needs for financial due diligence and NPL valuation. As provided in Article 16(7) of the Directive EU 2021/2167 when selling or transferring NPL originated between 1</p>	The calendar for the application of the draft ITS have been amended accordingly.

⁴⁰ EBA/GL/2020/06

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>July 2018 and the date of entry into force of the ITS credit institutions shall complete the data template with the information already available to them.</p> <p>Furthermore, the draft ITS highlight that EBA encourages credit institutions to have regard to the templates and requirements of these draft ITS and fill in the templates on the ‘best-efforts’ basis with information that is available to them for the loans that have been originated before 1 July 2018 that became non-performing before or after 28 December 2021, as well as for those that originated after 1 July 2018 and became non-performing before 28 December 2021.</p>	
Reference to data hub	<p>Several respondents noted that the reference to the potential use of NPL templates as the basis for the future NPL data hub that is being considered by the EU Commission should not be present in the text as the data hub has not been decided yet and is subject to the separate debate.</p>	<p>Whilst the EU Commission December 2020 Action Plan introduces the idea for the EU NPL data hub and mentions the EBA NPL transaction data templates as one of the basis for the data, the EBA acknowledged that the reference to this potential future development is not strictly necessary in the draft ITS.</p>	References to data hub have been removed.
The purpose of the draft ITS and templates	<p>Several respondents noted that the draft ITS and the templates should act as enablers for the NPL sales transactions and should not create entry barriers as entry barriers for new sellers, buyers or technology providers.</p> <p>In terms of the NPL sale process it would be impractical and undesirable to impose highly standardised requirements in terms of the sales process and timing of data provision across the secondary sale market as a whole, and that to do so would risk hampering some parts of the market</p>	<p>The EBA agrees that the templates and the requirements set out in the draft ITS should not act as barriers to transactions and entrance of new market participants and have to reflect the existing best market practices.</p>	The draft ITS have been reviewed and amended throughout.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>which currently operate well. The respondents recommended that the draft ITS are reviewed to ensure that credit institutions retain a level of flexibility to ensure the smooth running of sales, especially in the unsecured consumer NPL sales market where existing processes are largely mature and effective across many Member States.</p>		
Local specificities vs standardisation	<p>Some respondents suggested that the overall approach to the templates should be re-designed and the draft ITS should have specific templates for each EU Member State recognising their specificities, in particular bank secrecy requirements.</p>	<p>The EBA notes that the intention of the standards is to standardise the core information and to facilitate the EU-wide approach to NPL sales. Such EU-wide approach should allow for cross-border sales and better functioning of the market. At the same time the EBA agrees that there might be some additional market specific information needed, for example in the area of workouts or legal proceedings. Such information can be exchanged by the sellers and buyers as additional information that is also facilitated by the revised templates.</p>	<p>The templates have been revised to include possibility for adding additional information and data fields as deemed relevant by the parties.</p>
Standardisation	<p>Some respondents asked for a further rationalisation of data requests on NPL, by avoiding any duplication or overlapping with the existing requirements on NPL and by following the principle of 'report once'. It was suggested referring to IREF and the future integrated reporting system and it was also asked to consider the different legal frameworks across different jurisdictions.</p>	<p>The NPL transaction data templates were not developed for supervisory reporting purposes, but they aim at facilitating the sales of NPL on secondary markets. Then, the relevant information for NPL transactions was identified, regardless of the data needs for supervisory reporting purposes.</p> <p>However, in the data glossary, to facilitate the application and to reduce the data processing costs for credit institutions, the descriptions of the fields were built, where possible, on existing common EU definitions set out in the current EU legislations.</p>	<p>No amendments needed.</p>
Role of supervisors / enforcement of the templates	<p>Some respondents noted that although the NPL transaction data templates are explicitly not intended to give rise to any supervisory reporting requirements (cf. Background, paragraph 6 on page</p>	<p>The EBA notes that there is no supervisory or other enforcement mechanism for the standards and the enforcement will be done through a market discipline. The EU competent authorities may, however, assess the availability of information</p>	<p>The reference to supervisory assessment has been more generalised.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>6) and (national) supervisory authorities are not to be (and have not been) assigned any role with regard to the use and enforcement of the templates (cf. Background, paragraph 42 on page 14), the EBA expects competent (national) authorities to check the availability of the data and the use of the templates as part of their supervisory (on-site) monitoring activities (cf. paragraph 42). Respondents pointed out that actions lacking a legal basis run counter to European legal principles.</p>	<p>and use of the template as part of their supervisory activities in the area of NPL management or credit risk management by the credit institutions. Such assessment is well within the supervisory competences.</p>	
<p>Timeliness of information – cut-off date</p>	<p>One respondent asked to clarify how the timings of data collection work with the timings for closing NPL sales, given that not all of NPL sales will close at month-end and certain mandatory reporting information may only become available at the end of a month.</p> <p>Two respondents stated that the cut-off date should be defined as close as possible to the start of the tender. This is in line with the current market price.</p> <p>While for one respondent, the date of conclusion of the credit agreement is the relevant date for the purposes of applying the time criteria referred to in Article 2(1) of the draft ITS and Article 16(7) of the Directive and banks shall be not required to use the templates for sales or transfers of NPL that do not meet the time criteria set out in Article 16(7) of the Directive.</p> <p>One respondent stated that a detailed data set is provided during the non-binding offer according to</p>	<p>Whilst the EBA acknowledges that the information to be provided through the templates to prospective buyers should be as recent as possible, it is not the intention of the draft ITS to specify any market practices in this regard as those already exist and set out in the EU Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i>.</p>	<p>No changes made.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>the market practice and not at the beginning of the second binding offer phase that should be too late.</p>		
Application of the templates and liability	<p>Several respondents stated that the sales of NPL should not be blocked if the requested mandatory information are not fully or easily available at bank's level. Some difficulties in collecting the information should be considered: for instance, FINREP information requested in the NPL data tape may rise difficulties for banks as the reporting system will not be same or because these FINREP information are not easily available on a loan-by-loan basis.</p> <p>Furthermore, several respondents believed that credit institutions should not assume any liability for the information to be complete and sufficient for an investment decision of the prospective buyers. The latter have the responsibility to make the necessary analysis and take the investment decision.</p> <p>One respondent further pointed out that 'mandatory' data fields should be without sanctions under the national civil code or similar.</p>	<p>The seller's liability is out of the scope of this draft ITS as it is contractually defined with the prospective buyer in line with the industry best observed practices as set out in the EU Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i>. The draft ITS does not envisage any specific sanctions, as their application relies on the market discipline.</p>	<p>No changes made to the draft ITS. Reference to the European Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i> has been introduced into the Background and Rationale.</p>
Overall size of the templates	<p>Many respondents from the sell-side commented on the number of data fields. They considered the number of data fields is too high and it should be reduced. Specifically, they believed that the mandatory data fields should be reduced, and it should include only those data without which a valuation on a loan-by-loan basis is simply not</p>	<p>The EBA acknowledges the concerns, however, notes that templates and specified data fields need to represent balance between the views of sellers to provide less data and the needs of prospective buyers.</p>	<p>Templates have been revised and data fields further streamlined as per detailed comments and the overall draft ITS has been revised to align it more with the known market practices.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>possible. It is advisable to concentrate on the core data necessary to kick off an evaluation of NPL. Indeed, the high number of data fields causes an increase of the credit institutions' IT costs and the time-to-market of the NPL portfolios. Instead, a significant role is covered by the due diligence and legal aspects/contracts of the transactions provided during the negotiation. Some data are not relevant (in particular, for the valuation of unsecured consumer NPL or the data protected by the GDPR/personal information and regulatory and accounting information), other are public data.</p> <p>In addition, it was noticed that there are no comparable values for 76 data points (including 45 mandatory data fields) and 11 data points refer only to IAS/IFRS and not NGAAP.</p> <p>The suggestions were mentioned: to reduce the number of mandatory of data fields or to extent the use of NDO or to provide that certain information can be reported on pool level instead of client level due to GDPR.</p> <p>Two respondents suggested considering three different types of information:</p> <ol style="list-style-type: none">1) core data fields available in a standardized format that should be mandatory2) information available under different formats and depending on the type of NPL/countries (they should be non-mandatory)		

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>3) Additional information tailored to a specific buyer's needs (they should be out of the scope of the draft ITS).</p> <p>On the other hand, for two respondents representing the buy-side more data are necessary to reduce the information asymmetries in the current market but one of them considered that some details such are the lien ranks of a real estate collateral and the interaction with the loan and the legal status of counterparty and collateral are irrelevant for the valuation of NPL.</p>		
Responses to questions in Consultation Paper EBA/CP/2022/05			
Question 1.	Do the respondents agree that these draft ITS fit for the purpose of the underlying Directive?		
Fit for purpose	<p>Most of the respondents noted that the draft ITS fit for the purpose of the underlying Directive.</p> <p>On the other hand, several respondents pointed out that the draft ITS are not in line with the requirements of the Article 16 (4) of the Directive and ask for further streamlining the templates.</p> <p>One respondent believes that syndicated loans and intragroup transactions should be excluded from the NPL transaction data templates.</p> <p>One respondent believes that the draft ITS fit for the purpose of the underlying Directive, but more data should be required.</p>	<p>The EBA acknowledges the concerns, however, notes that templates and specified data fields need to represent balance between the views of sellers to provide less data and the needs of prospective buyers for more data.</p>	<p>Templates have been revised and data fields further streamlined as per detailed comments and the overall draft ITS has been revised to align it more with the known market practices.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>One respondent believes that the draft ITS fit for the purpose of the underlying Directive, except for the template 5.</p> <p>One respondent considers the number of attributes should be driven by the market practice and do not overlap with the regular practice of data sharing for the due diligence and valuation. The main concerns with regards to the proposed templates relate to the number of data fields, materiality and costs, liability and data protection.</p>		
Question 2.	What are the respondents' views on the content of Template 1? Please provide any specific comment you may have on the data fields in the dedicated columns of the data glossary (Annex II to the draft ITS) added for your feedback.		
Granularity	<p>Some respondents believed that the Template 1 is still too granular including residual information or that may be not present on banks' IT systems. Therefore, they asked to delete the information or made it optional.</p>	<p>Considering the feedback received, the Template 1 was streamlined by: deleting some information considered as not essential for the loan valuation (e.g. contingent obligations); merging some data fields (postal code and country of private individuals with postal code and country of corporates); specifying the content of some data fields (e.g. date of last contact); moving some data fields to Template 3 (legal-related data fields); identifying a minimum set of mandatory data fields that are considered essential for a financial due diligence and loan valuation. However, sellers and buyers may decide and agree on additional information to be provided under the relevant template by adding rows.</p>	Please refer to the EBA analysis column.
Additional data fields	<p>Some respondents suggested adding data fields to Template 1 regarding in particular: the counterparty type (main borrower, coborrower and guarantor), the original amount; the probability of default, the counterparties classification, the</p>	<p>The requests of additional data fields were analysed considering the need of including the essential information for a proper identification of the counterparty. In this regard, the data fields related to the availability of the e-mail and of the phone number of the counterparty were added. Other data fields were not added</p>	<p>In Template 1 of Annex I to the draft ITS, two fields were added: availability of e-mail and availability of telephone number. The field 'Role of counterparty</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>compliance to the ESG criteria and the means of communication used with the counterparty.</p>	<p>since the information can be derived from already existing data fields (e.g. the information on the counterparty type can be derived from the field 'Role of the counterparty' of Template 1 and the field 'Joint counterparties' of Template 3) or they are less relevant in the context of exposures already defaulted (for example, the probability of default of non-performing exposures should be always 1) or the information is not directly linked to the NPL valuation in the event of a sell or transfer (e.g. the compliance to ESG criteria).</p>	<p>was moved from Template 2 to Template 1.</p>
Changes to data fields	<p>Some respondents noticed that the information on 'Date of last contact' could be difficult to retrieve, especially for corporate borrowers and it should be specified the acceptable form of contact (e.g., telephone, e-mail, paper correspondence, direct conversation). Further, it was noticed that some information is not always available (e.g., LEI code information; counterparty information relating to tenants) or updated (e.g., the address of the counterparty). It was also asked for differentiating between 'resident' and 'not resident', rather than asking for the nationality, clarifying the use of NACE code in the field 'Economic activity' of the counterparty and adding a 'Personal identity number' or making the field 'National identifier' applicable to both corporate and private individuals counterparties.</p>	<p>The content of the field 'Date of last contact' was specified by referring to those contacts where a reply was received by the counterparty and the field was classified as 'non-mandatory'.</p> <p>The LEI code was kept and considered as non-mandatory, and the 'tenant' was removed from the possible choices of the field 'Role of the counterparty'. On the other hand, the information on the 'address' of the counterparty was kept and marked as mandatory since they are considered as essential to identify the counterparty. Therefore, credit institutions are expected to store this information in their system and update them.</p> <p>The field 'Nationality' was replaced by the field 'Residency' as the former may be less relevant information, while it is important to know whether the borrower is a resident in the same country as the institution to know if different legal frameworks are applicable to the counterparty.</p> <p>Regarding the content of the field 'Economic activity', the NACE code is used to describe the economic activity of the counterparty, regardless of the number of the exposure to it. This field is kept and marked as mandatory, while the field 'Economic activity of counterparty group' was deleted since it may be less relevant and</p>	<p>Please refer to the EBA analysis column.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>One respondent asked for clarifications regarding the content of the field 'Date for obtaining order for possession' and specifically if it refers to real estate owned object that should be included in the template 4 on collaterals. It was also asked to provide a standardized list of options for the field 'Stage reached in legal proceedings'.</p> <p>Another respondent suggested a different classification of the counterparties for the field 'Legal type of the counterparty' including public sector bodies and partnerships.</p>	<p>misleading, considering that a group can perform different economic activities.</p> <p>The field 'National identifier' was made applicable to both corporate and private individual borrowers.</p> <p>The field 'Date for obtaining order for possession' refers to real estate owned object and together with other legal-related data fields, it was moved from Template 1 to Template 3. The field applies to secured loans.</p> <p>The field 'Stage reached in legal proceedings' was moved to template 3 and its content was changed with a non-exhaustive list of possible options, to consider the differences across countries.</p> <p>The content of the field 'Legal type of counterparty' was modified to refer to the FINREP counterparty classification.</p>	
Deleted data fields	<p>Some respondents suggested deleting data fields, such as contingent-obligation related-information, related party, distribution made to the seller and other legal-related fields, date of last contact, LEI code, postal code and country of the counterparty.</p>	<p>Considering the comments received, some data fields such as contingent obligation-related information, related party, distribution made to the seller, legal fees accrued were deleted. Others such as date of last contact, LEI code, postal code and country of the counterparty were kept as they were considered as relevant for a proper identification of the counterparty. However, some of this information like the date of last contact, LEI code were considered as not mandatory.</p> <p>The fields 'Stage reached in legal proceedings', 'Jurisdiction of Court', 'Date of initiation of legal proceedings', 'Date of obtaining order for possession' were moved from Template 1 to Template 3 as to reply to the respondents' requests of providing some legal information at loan level, rather than at counterparty level. This</p>	Please refer to the EBA analysis column.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>was considered as key for loan pricing, and it would better address the legal situation of borrowers with multiple loans. The fields ‘Proof of Claim Filed by the seller’, ‘Distribution made to the seller’ and ‘Notice for Procedure Termination’ were deleted, and their content included in the field ‘Stage reached in legal proceedings’.</p>	
Mandatory versus non-mandatory data fields	<p>Some respondents suggested downgrading to non-mandatory or deleting some fields, such as: related party, source of national identifier, counterparty’s financial statements data. The latter are indeed considered as less relevant, especially for gone concern and insolvent companies and they may be outdated. In addition, they could be retrieved by public data sources if needed by the investor.</p> <p>On the other hand, some respondents suggested upgrading to mandatory some fields such as date of birth, related party, national identifier, address of counterparty.</p>	<p>The classification of mandatory fields was reviewed in light of the new proportionality approach and the comments received. In particular, a core set of mandatory data fields that are essential for the financial due diligence and loan valuation was identified.</p>	<p>In Template 1 of Annex I to the draft ITS, all the fields on financial statements have been considered as not mandatory. ‘Date of birth’ was kept as non-mandatory, while ‘National identifier’ and ‘Address of counterparty’ were marked as ‘mandatory’.</p>
Cut-off date	<p>Some respondents noticed that it would be disproportionate to require selling banks continuously to update the information up to the time at which the information is provided to the prospective buyer.</p>	<p>The general principle is that the template information is requested at the cut-off date unless it’s otherwise specified in the description of the data field in the data glossary.</p> <p>The cut-off date is the reference date for the data provision to the prospective buyer, as agreed between the parties. The provision of any updated information after the cut-off date is in the responsibility and interest of the seller.</p>	<p>In Annex II to the draft ITS, the column of the Data glossary with the indication of dynamic and static fields was deleted.</p>
Scope	<p>Some respondents believed that sellers shall not be required to fill in any mandatory fields where the information is not available because the counterparty or the collateral is located outside the</p>	<p>The EBA acknowledged that the features of transactions involving exposures towards non-EU counterparties, syndicated loans and intragroup loans may be not adequately captured by the NPL transaction data templates. For this reason, in application of the</p>	<p>Changed Article 5 of the draft ITS to list the types of transactions and NPL for which all the data fields were considered as not mandatory in</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>EU. In addition, intragroup transactions and syndicated loans should be excluded from the scope of the templates or the number of fields should be limited for these types of transactions. Indeed, for syndicated loans, banks should not be liable for information provided by third parties (e.g., facility agents) or they should not be required to fill in mandatory data fields or fields which require the exercise of judgement or a legal analysis (e.g., lien position) as this would imply the provision of a legal opinion to prospective buyers.</p>	<p>proportionality principle, all the data fields were considered as not mandatory for these transactions.</p>	<p>application of the proportionality principle.</p>
Question 3.	What are the respondents' views on the content of Template 3? Please provide any specific comment you may have on the data fields in the dedicated columns of the data glossary (Annex II to the draft ITS) added for your feedback.		
Granularity	<p>Some respondents believed that the template 3 is still too granular and it can be further streamlined by deleting or making optional fields not relevant for the evaluation of the credit portfolio, or internal evaluations that may distort the sale process and expose the bank to civil liability to the buyer.</p>	<p>Considering the feedback received, the Template 3 was streamlined and a set of information relevant for a financial due diligence and non-performing loan valuation was identified.</p> <p>Specifically, some information was deleted since they were considered less relevant in the context of a NPL sell or transfer (for example, the accounting loan value or loan commitment) or they could be derived from other fields (for example, the field 'non-performing category' can be derived from the field 'Days in past-due').</p> <p>The seller's liability is out of the scope of this draft ITS as it is contractually defined with the prospective buyer.</p>	<p>In Template 3 of Annex I to the draft ITS, the following fields were deleted: amortisation type; non-performing category; outstanding nominal amount; total balance; percentage of the loan that is collateralised; charge-off date; total past-due amount; total balance at date of default; specialised product; start date of forbearance measure; proof of claim filed by the seller.</p>
Additional data fields	<p>Some respondents asked for adding information such as origination amount, original creditor, external debt collection agencies and legal actions at loan level. Indeed, it was noticed that for pricing</p>	<p>Considering the comments received, the fields 'Stage reached in legal proceedings', 'Jurisdiction of Court', 'Date of initiation of legal proceedings', 'Date of obtaining order for possession' were moved from Template 1 to Template 3. The content of the field</p>	<p>Please refer to the EBA analysis column.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>a loan, some legal information should be provided at loan level and not only at counterparty and collateral levels.</p>	<p>'Stage reached in legal proceedings' was modified and better specified. In addition, two new data fields were added on 'loan legal status' and 'statue limitation date'.</p> <p>Other new data fields proposed by respondents were not added as the information may be difficult to retrieve (for example, the provision of information on origination amount or original creditor if the bank is not the originator of the loan or detailed information on the external debt collection agencies).</p>	
Changes to data fields	<p>Some respondents noticed that a separate reporting of principal amounts, interest amounts, and other charges would be necessary and in line with Article 10, point 2, letter (g) of Directive (EU) 2021/2167 regarding the communication of credit purchasers to borrowers. Further, the distinction between the field 'total balance' and 'outstanding nominal amount' was considered as not clear.</p> <p>Some respondents asked for deleting the loan interest information; while others wanted not to limit this information to NPL that are unlikely to pay or past-due less than one year. Indeed, the latter believed that these fields should be all mandatory in order to be aligned and to satisfy Article 3, point 9, letter (d), Article 10 point 2, letter (g) and Article 2, point 3 of Directive (EU) 2021/2167. In addition, they suggested splitting the interest rate type in past and current interest rates and adding the currently applicable interest rate, such as penalty interest. It was also noticed that the content of the field 'reference rate' should be updated and it was</p>	<p>The fields 'Total balance' and 'Outstanding nominal amounts' were deleted but the field 'Principal amount' was added to have a separate reporting of principal balance, accrued interest and other balances. The separate reporting is indeed a key requirement for sending the case to a legal stage in some countries and it's consistent with Article 10, point 2, letter (g) of Directive (EU) 2021/2167 regarding the communication of credit purchasers to borrowers.</p> <p>Loan interest rate information was kept since it's useful for calculating the purchase price for the portfolio. However, this information was considered as non-mandatory and limited to NPL that are not past-due or past-due less or equal to one year. Indeed, details on interest rates, spread/margin, frequency are not explicitly required by Article 3, point 9, letter (d), Article 10 point 2, letter (g) and Article 2, point 3 of Directive (EU) 2021/2167. Further, these details may be less relevant for older NPL that are generally managed with a liquidation approach.</p> <p>The interest rate information refers to the interest rate currently applicable, according to the original or modified contractual loan agreements, as at the cut-off date. Then, no past interest rates are</p>	Please refer to the EBA analysis column.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>asked for clarifying that the information on interest rates, amortisation type and forbearance refer only to active loans.</p> <p>Some respondents asked for clarifying why the fields 'Legal balance at the charge-off date' and 'the charge-off date' are classified as 'dynamic' in the Data glossary.</p> <p>Regarding the field 'Non-performing category' it was asked adding more options so as to be aligned with the pas-due bands of Finrep template F 18.00. It was also asked deleting fields that can be calculated based on other data (e.g., days of default).</p> <p>Regarding the field 'Joint counterparties', some respondents asked for deleting this information.</p>	<p>required, but the seller might agree with the buyer on adding this information, if it's deemed relevant.</p> <p>The penalty interests are already included in the field 'Legal balance'.</p> <p>The field type of the 'Reference rate' was changed in 'Alphanumeric' to give flexibility in filling in the field.</p> <p>The data field on amortisation type was deleted. The forbearance information refers to active measures currently applicable as at the cut-off date.</p> <p>The fields 'Legal balance at the charge-off date' and 'the charge-off date' were deleted and replaced by the field of Legal balance at the cut-off date, to have the most updated information on the amounts legally entitled to claim to the borrower. The column of the Data glossary on dynamic/static fields was deleted since it could be misleading. Indeed, the general principle is that the template information is requested at the cut-off date.</p> <p>The field 'Non-performing category' was deleted since the information can be derived from the field 'Days in past-due'. The content of the latter was specified to also include cases where NPL are 'unlikely to pay' and not past-due.</p> <p>The field 'Joint counterparties' was kept since it was considered as relevant indication for a prospective buyer. The field type was changed to include the option of 'No joint counterparties' as well.</p>	
Forbearance	Some respondents raised questions on forbearance fields. It was noticed that the field 'Type of forbearance' and those fields pertaining to arrears management are not fully aligned with Articles 27	The field 'Type of forbearance' refers to the forbearance categories provided in Finrep template F 26.00. The list of forbearance measures included in Articles 27 and 28 of Directive (EU) 2021/2167 is provided for a different purpose from the NPL	Please refer to the EBA analysis column.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>and 28 of Directive (EU) 2021/2167. It was also asked to reflect cases where a combination of forbearance measures is applied and to request the start and end dates for all known current and future forbearance measures according to a forbearance plan. Further, it was asked to clarify the content of the fields 'Clause to stop forbearance' and 'Debt forgiveness'. Regarding the latter, the redemption amount should be indicated only if the prospective buyer has the right to claim the amount.</p>	<p>transactions. There, it's not necessary to refer to it in the context of the NPL sales or transfers.</p> <p>For the field 'Type of forbearance', a multiple choice was allowed in case of multiple forbearance measures applied to the loan. In the latter case, the most recent end date of the measures shall be considered in the field 'End Date of forbearance measure'.</p> <p>The data fields on forbearance refer to measures currently applicable as at the cut-off date. Therefore, any future or past forbearance measure is excluded. However, some historical information may be obtained from Template 5 on historical collection of repayments.</p> <p>Taking into account that only information on current forbearance measures is provided in Template 3, the field 'Start date of forbearance measure' was removed. However, the parties involved in a specific transaction may agree on adding this information to the template, as has been introduced in the revisions.</p> <p>The field 'Clause to stop forbearance' was removed and the information on any clause to stop can be provided in the changed field 'Description of the forbearance measures'. In the latter field, it's also possible to give further details on any combination of forbearance measures applied to the loan.</p> <p>The field 'Debt forgiveness' refers only to partial cancellation of loans by the institution through forfeiture of right to legally recover it as specified in paragraph 358 of Part 2 of Annex V to Implementing Regulation (EU) No 451/2021.</p>	
Mandatory versus non-mandatory data fields	Different views were expressed regarding the fields that should be considered as 'mandatory' and 'non-mandatory'. For some respondents, there are fields	The classification between mandatory versus non-mandatory fields was reviewed considering the new proportionality approach and the comments received. Therefore, a set of mandatory data	Please refer to the EBA analysis column.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>like amortisation type, joint counterparties, forbearance and debt forgiveness, other balances, interest rate, charge-off date and portion of syndicated loan that are the most relevant for pricing and they should be mandatory. For other respondents, there are fields like joint counterparties, percentage of the loan that is collateralised, specialised product, syndicated loans, debt forgiveness, clause to stop forbearance and loan description of the forbearance clause that should be non-mandatory. For syndicated loans information, it was also noticed that the description of the fields assumes that the lenders under a syndicated credit facility are all EU credit institutions. In addition, it should be considered that there may be multiple separate facilities under a single syndicated credit facility agreement and the selling bank may be only selling a part of its participation in these facilities. It would also be inappropriate to require a selling bank to disclose the size of its retained portion of any loan.</p>	<p>fields deemed essential for the financial due diligence and for the loan valuation was identified. Some fields like amortisation type, loan commitment, total balance at date of default, specialised product and clause to stop forbearance were deleted. Others like the loan interest information, syndicated loan and portion, securitised were kept as non-mandatory.</p>	
Question 4.	What are the respondents' views on the content of Template 4? Please provide any specific comment you may have on the data fields in the dedicated columns of the data glossary (Annex II to the draft ITS) added for your feedback.		
Additional data fields	<p>Some respondents believed that some key data are missing, and they suggested including additional fields, like in particular: cadastral information for immovable properties; the appraisal type (market value versus liquidation value); detailed information on foreclosure; annual rental income; year of construction and cash in court.</p>	<p>The requests of additional data fields were analysed considering the need of including only the information essential for a collateral or guarantee valuation. In this regard, they were included information on cadastral data; year of construction; cash in court and type of appraisal amount for the latest external/internal valuation.</p>	<p>In Template 4 of Annex I to the draft ITS, the following fields were added: 'Immovable property collateral cadaster identification number'; 'Cadaster identification'; 'Year of construction'; 'Cash in court'; 'Type of</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>One respondent asked for splitting the collateral information and the enforcement information into two different templates and adding information on legal action dates and legal status.</p> <p>For the field 'Type of occupancy', one respondent asked for adding an additional option in the field type column of the data glossary.</p>	<p>The information on enforcement was kept in Template 4 as it is directly related to collaterals. Further information on any legal action undertaken to both unsecured and secured loans was included in Template 3.</p> <p>For the field 'Type of occupancy', the possible options were simplified (Owner-occupied; Rented; Other).</p>	<p>appraisal amount' for the latest external/internal valuation.</p> <p>In the data glossary of Annex II to the draft ITS, the following options in the field type column of 'Type of occupancy' were included: Owner-occupied; Rented; Other.</p>
Clarifying data fields	<p>Some respondents asked for clarifications regarding some fields. In particular, the encumbrance information should refer only to real estate mortgages. Regarding the field 'Legal owner of the collateral', it should be specified what happens in case of multiple owners.</p> <p>Regarding the field 'Collateral repossession date', it should be clarified that real estate owned objects (REOs) are included in the scope of the template.</p>	<p>The fields were reviewed considering the need of identifying the information essential for a collateral or guarantee valuation. Then, some detailed information was removed, and they include: 'Percentage complete'; 'Activation of Financial Guarantee'; 'Eligibility of financial guarantee'; 'Purchased under resale agreement'; 'Rehypothecation of collateral'; 'Legal owner of the collateral'.</p> <p>The field 'Collateral repossession date' was removed since only 'active' collaterals that are not repossessioned shall be reported in the Template 4.</p> <p>The field 'Sector of immovable property' was removed since it was merged with the field 'Type of immovable property'.</p>	Please refer to the EBA analysis column.
Mandatory versus non-mandatory data fields	<p>Some respondents suggested upgrading to mandatory some information including among the others: address and postcode of immovable property; building area; completion of immovable property and its percentage complete; eligibility of financial guarantee and next auction date.</p> <p>On the other hand, some information was suggested downgrading to non-mandatory and</p>	<p>The classification of mandatory data fields was reviewed considering the new proportionality approach and the comments received. In particular, the key information for the identification of the collateral and its valuation were classified as 'mandatory' and they include, among others: address and postcode of the immovable property; lien position and higher-ranking loan; latest external valuation and enforcement information. On the other hand, information like ISIN and value of energy performance</p>	Please refer to the EBA analysis column

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>they include among others: legal owner of the collateral, ISIN and value of energy performance certificate. Furthermore, it was asked to remove or classified as non-mandatory the information on the bank's internal assessment of a given collateral since it's responsibility of the prospective buyer to assess the value of the collateral, the client's situation, and the legal possibilities of recovery on its own. Finally, it was suggested providing an external appraisal of the value of the property to the prospective buyer instead of filling in the template.</p>	<p>certificate were considered as non-mandatory since they may be not always available.</p> <p>The information on the bank's internal assessment of a given collateral was kept since although it's marked as mandatory, it's required only when the bank has carried out an internal valuation before or at the cut-off date. Indeed, this information may be a useful indication for prospective investors in case of lack of external valuations.</p> <p>The seller's liability is out of the scope of these draft ITS as it is contractually defined with the prospective buyer.</p> <p>Any additional information under a format different from the template can be always provided to the prospective buyer.</p>	
Mortgage guarantee	<p>Several respondents asked for a separate presentation of mortgage guarantees and collaterals. Indeed, a mortgage deed can relate to a pledge of collateral or to several collaterals, which in turn relate to a loan or several loans. Then, the relationship between mortgage and collateral would be difficult to represent in a single template.</p> <p>It was also asked to clarify whether the 'mortgage amount' is referred to the cut-off date as the amount may vary with interests and expenses increasing over time.</p> <p>Finally, one respondent asked for clarifying the meaning of 'highest lien rank' in the field 'Lien position' and specifically which lien ranks other</p>	<p>Following the comments received, a new Template 4.2 for mortgage guarantee was added. It includes: 'Mortgage identifier'; 'Mortgage amount'; 'Lien position'; 'Higher ranking loan' and 'Register of Deeds Number' (the latter considered as non-mandatory). The last three fields were also included in the Template 4.1 for secured loans other mortgage loans.</p> <p>The 'mortgage amount' refers as to the cut-off date.</p> <p>The field 'Lien position' refers to the highest-ranking position held by the institution in relation to the collateral which determines the order in which the law recognises the institution's claims against the collateral in a foreclosure. In case the loan has several</p>	<p>In Annex I to the draft ITS, Template 4.2 on mortgage guarantee was added.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>than the highest are in favour of the seller and which loans belongs to which lien rank. It suggested allowing for one line per lien rank by including one ID reflecting the lien ranks as well as a collateral group identifier (Protection Group identifier).</p>	<p>liens on one collateral, the highest claim is reported in this field. The seller may agree with the prospective buyer on providing additional rows per lien ranks to the template, if it's deemed to be appropriate.</p>	
Question 5.	<p>What are the respondents' views on the content of Template 5? Please provide any specific comment you may have on the data fields in the dedicated columns of the data glossary (Annex II to the draft ITS) added for your feedback?</p>		
Historical data collection	<p>Respondents from sell-side stated that the repayment amounts received in the past do not give any information about possible cash recoveries in the future. Further, the information may be difficult to be extracted from credit institutions' IT systems. Then, they proposed to delete or make this information as optional.</p> <p>On the other hand, several respondents from buy-side considered the collection of historical payments as one of the most important elements in portfolio valuation. The information is relevant for running statistical models and making projections for the future. They considered that setting the minimum requirements to 36 monthly payments before the cut-off date would improve the transactions in the secondary markets.</p> <p>Some respondents also suggested a different structure of the template 5, including a detailed collection history with the payment dates rather than grouping the amounts by months or years; or giving the seller the flexibility to report the historical information at a higher frequency and for</p>	<p>Considering the comments received, the information on historical collection of repayments was considered more relevant than the repayment plan schedule to make forecasts on possible repayments in the future. For this reason, the information on historical data collection was kept, while the information on the repayment plan schedule was deleted.</p> <p>In Template 5, historical repayments shall be aggregated per month over a minimum period of 36 months before the cut-off day to allow prospective buyers to make robust projections on the future repayments.</p> <p>The seller and the prospective buyer may always agree on adding further detailed information, such as the exact dates of repayments or extending the historical time series to all payments post default if it's deemed necessary.</p>	<p>In Template 5 of the Annex I to the draft ITS, the information on the repayment plan schedule was deleted and the information on historical collection was kept and they include the following: loan identifier; type of collection; name of external collection agent; history of total repayments and history of repayments – from collateral sales.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>a longer period than two years. It was also noticed that a combination of both static and time series data can be highly problematic to be provided in an efficient manner for a large number of positions in massive NPL portfolios. One respondent suggested using an xml-table instead of using the excel template as it is a better structure and more readable.</p>		
Repayment plan	<p>Some respondents from sell-side believed that credit institutions should not disclose their repayment plan schedule since the expected future repayments have to be determined by the investor during its due diligence process based on its own estimates.</p> <p>For different reasons, respondents from buy-side considered the information on repayment plan schedule as not relevant. They believed that this information has little value for the valuation of portfolios, given the high uncertainty and low likelihood of payment with few exceptions (promissory notes that are legally binding to the borrower in Italy). Instead, a detailed collection history is considered as essential for NPL valuation to forecast future collections.</p>	<p>Following the comments received, the information on the repayment plan schedule was deleted.</p>	<p>In template 5, the information on the repayment plan schedule was deleted.</p>
Data fields	<p>Some respondents did not see any benefit in splitting the collections between internal and external ones. This information should be deleted or classified as non-mandatory since it may be difficult to retrieve in case of various servicers and it should be moved to counterparty or loan</p>	<p>Considering the different comments received from both buyers and sellers, it was added a new field 'Type of collection' but it was considered as 'non-mandatory'. The field 'Name of External</p>	<p>Please refer to the EBA analysis column.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>templates. It was also noticed that the collection from asset sale is not always tracked in the IT systems.</p> <p>On the other hand, other respondents noticed that the split is relevant since internal and external collection may imply different processes. They also believed that the information on the external collection is not enough, and they asked for a list of the last 2 or 4 debt collection agencies (DCAs), how many DCAs have worked for the case and until which periods of time.</p> <p>In addition, cash recoveries should be provided for both internal and external collections and the information should be mandatory for all sizes of exposures.</p> <p>Some respondents asked for adding information on any extrajudicial agreement in place with the debtor (i.e., the date of the agreement, the amount agreed, and the deadline of the agreement) and on customers' preferences such as communication preferences and payment channels utilised. It was also asked to have a list of payments containing amongst the loan ID and a few more fields like payment date; payment amount; source of payment.</p>	<p>collection agent' was also kept but considered as 'non-mandatory'.</p> <p>The field 'History of total repayments' was kept together with the field: 'History of repayments- From collateral sales'. The latter was considered as non-mandatory.</p> <p>The information on any extrajudicial agreement between the credit institutions and the borrower would be provided in Template 3. Indeed, any extrajudicial agreement on the repayments would meet the definition of forbearance measure since a non-performing borrower is considered by definition in financial difficulties.</p> <p>Instead, the information on means of communication used with the counterparty is provided in Template 1 of Annex I.</p>	
Scope	Two respondents asked if the sellers should be required to provide cash flow information on closed cases in addition to the open cases that form part of the portfolio. They noticed that this information	The estimated information on closed cases is out of the scope of the NPL transaction data templates.	No amendments needed.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	is generally estimated but its inclusion may have a positive effect on the price paid for the portfolio.		
Question 6.	Do the respondents agree on the structure of Template 2 to represent the relationship across the templates? If not, do you have any other suggestion of structure?		
Structure	<p>Most of the respondents agree on the structure of the Template 2 and they considered that the collection of all the relationships in one single template is possible. However, they noticed that it may be difficult to read the template in more complex situations where there are multiple loans on the same collateral or vice-versa, multiple collaterals on the same loan. Therefore, the instructions should give the possibility to split the relationships in different templates in line with the current market practice. It was also noticed that it should be split the link loans versus guarantees and guarantees versus mortgages and they believed that the interaction between loans and real estate collaterals is not adequately covered.</p>	<p>Following the comments received, the single template on relationships was split in more templates in line with the current market practice to facilitate the reading of more complex transactions where multiple loans and/or collaterals are involved.</p>	<p>The single relationship template was split in the following templates: borrower-loan; mortgage loan-protection; loan-protection; guarantor-guarantee.</p>
Data fields	<p>Some respondents believed that only the primary fitting keys should be mapped within the template on the relationships. Therefore, it suggested moving role of the counterparty, counterparty group identifier and instrument identifier respectively in template 1 and template 3. Indeed, the contract identifier is considered enough to represent the relationship across the templates, in line with the market practice.</p>	<p>Following the comments received, the field 'Role of counterparty', 'Counterparty group identifier' were moved to template 1, and the fields 'Instrument identifier' and 'Contract identifier' were replaced by a unique identifier 'Loan identifier' that is provided in Templates 2, 3 and 5.</p> <p>A mortgage identifier was added to better represent the relationships between the mortgage loans and the collaterals.</p> <p>The value of the identifiers is set out as at the cut-off date, regardless of any following changes over time.</p>	<p>Please refer to the EBA analysis column.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>One respondent noticed that in case of multi-product contract, the account number could change over time, e.g., in the case of transferring a bank account credit to the due credit (the last account number would be provided).</p> <p>Finally, some respondents asked for including a mortgage identifier to allow a separation of the mortgage from the collaterals. Indeed, the fields on lien and mortgage amount are expected to be reported at the level of the mortgage.</p>		
Question 7.	Do the respondents agree on the structure and the content of the data glossary? Please provide any specific comment you may have on the data fields in the dedicated columns of the data glossary (Annex II to the draft ITS) added for your feedback.		
Mandatory versus non-mandatory	<p>Some respondents expressed concerns on the differentiation between mandatory and non-mandatory fields according to the loan size. They believed that this may create additional complexity and potential costs to both sellers and buyers to price the portfolios. Data are either available or not available in the creditors' systems, regardless of the individual loan size.</p>	<p>The proportionality approach was changed and the size threshold at individual loan level was dropped. A core set of mandatory fields regardless of the loan size was identified.</p>	<p>In the data glossary, a column with the indication of mandatory fields regardless of the individual loan size is provided.</p>
Static versus dynamic data fields	<p>Some respondents suggested deleting the indication of static and dynamic fields.</p>	<p>The general principle is that the information shall be provided as at the cut-off date unless it's otherwise specified in the description of the data field in the data glossary. Considering this general principle, the column with the indication of static and dynamic fields was dropped.</p>	<p>The column of the data glossary with the indication of dynamic and static fields was deleted.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Other suggestions	<p>It was suggested adding a column for the use of ‘No data options’ like in ESMA securitisation templates. Some improvements to the definition of loan were also suggested as well as a distinction of non-performing exposures by asset class and risk categories (‘unlikely to pay’ versus ‘bad loans’).</p>	<p>The ‘No data options’ approach was deleted as the information is less relevant for the purpose of facilitating the NPL transactions on secondary markets.</p> <p>The definition of ‘Loan’ is in accordance with Directive (EU) 2021/2167. Specifically, as set out in Article 3 of this Regulation, ‘loan’ means creditor’s rights under a credit agreement or a credit agreement as defined in Article 3, point (4) of Directive (EU) 2021/2167.</p> <p>Regarding a distinction of non-performing exposures by asset class, there is already a field on ‘Asset class’ in Template 3. A classification of non-performing exposures by risk category would be useful but there’s no a standardised classification at EU level except for breakdown by past-due band provided in FINREP. However, an indication of the riskiness of the non-performing loan may be derived from the field ‘Days in past-due’ in Template 3 Loan.</p>	Please refer to the EBA analysis column.
Question 8.	What are the respondents’ views on the content of instructions?		
Content	<p>Most of respondents from buy-side considered the content of the instructions as clear and complete. On the other hand, some respondents from sell-side believed that the instructions could be more exhaustive and clearer to properly fill in the templates. One respondent suggested adding an example file for sellers.</p> <p>Another respondent asked for clarifying the instructions on template 1 regarding the different roles that a counterparty may assume. It was also asked to better address criteria regarding consumer</p>	<p>The content of the instructions was adjusted to reflect the changes in the templates. An example of how to represent the relationships across the templates was provided in the accompanying documents of the draft ITS.</p> <p>Regarding Template 1, the instructions clarified that the template shall be filled in for each counterparty, where the latter is the borrower. In addition, when financial guarantees were received, Template 1 shall also be filled in with the information on the guarantor.</p> <p>Regarding the consumer NPL, in application of the new proportionality approach, the fields of the NPL transaction data</p>	Please refer to the EBA analysis column.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>NPL, in addition to the criteria specified for corporates and secured loans.</p> <p>Finally, as already commented for the data glossary, the definition of loan may be improved.</p>	<p>templates become all non-mandatory for unsecured exposures to natural persons that are outside of the scope of Directive 2008/43/EC (Consumer Credit Directive).</p> <p>The definition of ‘Loan’ is in accordance with Directive (EU) 2021/2167. Specifically, as set out in article 3 of this Regulation, ‘loan’ means creditor’s rights under a credit agreement or a credit agreement as defined in Article 3, point (4) of Directive (EU) 2021/2167.</p>	
Other suggestions	<p>Some respondents asked for clarifying whether the templates should be mandatorily used only in relation to sales through platforms and not for bilateral transactions. They also believed that any supervisory activity should only concern transactions occurring through platforms.</p> <p>It was also asked to clarify the consequences regarding the potential non-delivery of mandatory fields and to give the possibility of extending the data tape with non-standard additional information.</p> <p>Finally, it was observed that there is still a significant room for further reduction of the number of data fields.</p>	<p>The templates shall be used for NPL transactions regardless of whether the latter occur through platforms or not. However, in accordance with the new proportionality approach, all the data fields become non-mandatory for specific transactions.</p> <p>In case of non-delivery of mandatory fields, no supervisory sanctions or measures are applicable as this is to market discipline ensure the enforcement.</p> <p>For each template, additional information may be provided by making reference, to the extent possible, to the previous voluntary version of the NPL transaction data templates.</p> <p>A streamlined of the templates and the related data fields were done after the public consultation.</p>	Please refer to the EBA analysis column.
Question 9.	Do the respondents agree on the use of the ‘No data options’ as set out in the instructions?		
No data options	<p>While some respondents generally agree with the ‘No data option’ approach, they raised some questions and they asked for clarifications. Specifically, it was asked for clarifying the meaning of ‘NDO2’ as not all data come from reporting</p>	<p>The ‘No data option’ approach was dropped as the focus of the NPL templates is to facilitate the NPL transactions in secondary markets, and it is not related to supervisory purposes.</p>	The ‘No data option’ approach was removed.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>systems but also from other business systems and the data are generally not available any time during the month but at month-end.</p> <p>It was suggested a more alignment with the ‘No data options’ of the ESMA securitisation templates.</p> <p>One respondent asked for allowing the application of the ‘No data options’ to loans originated after the ITS entry into force date and their implementation period. Another respondent asked for a simplification of the ‘No data option’ approach to balance the need of transparency with the burdens for institutions.</p> <p>Several respondents would be in favour of extending the use of ‘No data option’ to mandatory data fields. They noticed that investors may accept loans with incomplete data, possibly but not necessarily at a lower price. Sometimes, the cost of collecting all mandatory fields is not justified by the potential expected price increase. The EBA should also clarify what are the consequences (if any) in case of non-delivery mandatory fields and how compliance would be monitored and if necessary, enforced.</p> <p>Sometimes, banks have the information, but it’s available under a different format. In this case, banks should be allowed to provide this information under a different format.</p> <p>It was also noticed that sellers who are not able to fill in all the mandatory fields may be discouraged from selling certain portfolios to avoid incurring in</p>	<p>From the point of view of the market, the disclosure of the reasons of missing fields as at the cut-off date may have little value for prospective buyers but it would imply costly tracking of all mandatory and non-mandatory fields.</p>	

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>any liability for data incorrectness – which may adversely affect the market. In alternative, sellers may be encouraged to provide inaccurate information which would require anyway internal evaluations by the prospective buyer.</p> <p>Some other respondents explicitly disagree with the ‘No data option’ approach. They noticed that this approach was introduced in the ESMA securitisation templates for a different purpose from the NPL transactions. Furthermore, the distinction between ND1, ND2 and ND4 is not clear with the consequences of using more ND4. Indeed, in the ESMA securitisation templates experience, it has been seen a large use of ND5. Finally, the disclosure of the reasons of any missing fields would imply costly tracking without adding value or insight.</p>		
Question 10.	<p>What are respondents’ views on whether the proposed set of templates, data glossary and instructions are enough to achieve the data standardisation in the NPL transactions on secondary markets, or there may be a need for some further technical specifications or tools to support digital processing or efficient processing or use of technology (e.g., by means of the EBA Data Point Model or XBRL taxonomy)?</p>		
Data standardisation	<p>Some respondents believed that the proposed set of templates, data glossary and instructions are sufficient to achieve data standardisation in NPL transactions on secondary markets, provided that their requests in terms of fields and structure of the templates are accomplished.</p> <p>However, other respondents believed that the data standardization is difficult to achieve as there are local legislations and product specifics that cannot</p>	<p>A core data set of mandatory fields was identified, and it shall be provided under the template format. In addition, credit institutions should make a reasonable effort to provide the non-mandatory data fields. However, if the latter is not available under the template format, it may be provided under different formats or not provided at all.</p> <p>Finally, further data needs due to the specific features of the transaction or due to local legislations, or product specifics may be addressed including additional rows under the relevant</p>	<p>For each template, a core data set of mandatory fields was identified, and additional rows may be added by the seller.</p>

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	<p>be standardised. For example, there are several insolvency proceeding types across the EU. In addition, some definitions were still considered as unclear; some information are not legally or reliably retrievable from the counterparty and specific portfolio may always require specific information. Therefore, the proposed templates would generate additional costs and obstacles that would not lead to improvements in the market, but to a slowdown as well as to entry barriers for small and medium sized sellers that might not be able to adapt their IT systems. The market participants involved in the transaction should decide what is really needed. Taking into account these considerations, it was also recommended to identify a core data set of mandatory fields and another set of important data that can be reported with more freedom as regards the format.</p>	<p>template. For any additional information, credit institutions are encouraged to use the 2018 EBA NPL transaction data templates as reference.</p>	
Digital processing	<p>Some respondents believed that the digital processing of the ITS should be supported. The goal should be a digital file management, also from a sustainability perspective.</p> <p>One respondent expressed the preference of having each template delivered in csv format with UTF-8 encoding. These files are easy to open in Excel and to read by machines.</p> <p>Another respondent preferred that the EBA NPL templates followed the format standards set by the ESMA securitisation templates where possible (for example for date format it should be 'YYYY-MM-DD')</p>	<p>Based on the comments received, the proposed set of templates, data glossary and instructions seem to be enough to achieve the data standardisation in the NPL transactions on secondary markets. Therefore, any technical specifications - including any validation rules – will be able to be provided by market participants.</p> <p>In the data glossary, the 'field type' column suggested some format standards for 'Boolean', 'Choice', 'Alphanumeric', 'Number', 'Percentage' and 'Date' fields. However, the parties involved in the transaction may agree on using different formats.</p>	<p>No changes made. The parties can agree on using specific formats, e.g., the ones set by ESMA, other than the one suggested in the 'field type' column of the data glossary of Annex II.</p>

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	<p>instead of 'MM/DD/YYYY'). Furthermore, a respondent would appreciate having a distribution of EBA data validation rules, combining with a periodical update of them.</p> <p>Finally, one respondent noticed that the drafting of technical specifications may be a prerogative of other actors (i.e., Marketplaces, Due Diligence Platforms, etc.).</p>		
Other suggestions	<p>One respondent believed that it could be useful if the draft ITS were reviewed after a certain implementation period.</p> <p>One respondent suggested providing a short overview of European insolvency proceedings (in particular, jurisdiction and costs) and an overview of confidentiality requirements in EU countries. This could be presented in the form of an additional information letter, for example.</p> <p>One respondent disagreed with the proposal to convert all currency amounts to Euro. The amounts should be reported in their actual currency as indicated in the respective currency fields.</p>	<p>Any review of the draft ITS might be decided in the future.</p> <p>Providing an overview of European insolvency proceedings (in particular, jurisdiction and costs) and an overview of confidentiality requirements in EU countries would be out of the scope of these ITS.</p> <p>The instructions specified that the amounts shall be reported in their actual currency. No conversion to Euro is required.</p>	<p>In Annex III to the draft ITS, the general instructions to the templates specified that the amounts shall be reported in their actual currency.</p>
Question 11 and 12.	<p>What are the respondents' views on the approach to the proportionality, including differentiating mandatory data fields around the threshold? Please provide any specific comment you may have on the data fields in the dedicated columns of the data glossary (Annex II to the draft ITS) added for your feedback.</p> <p>Do the respondents agree with the proposed calibration of 25 000 euros threshold in line with AnaCredit Regulation? If not, what alternative threshold should be introduced, and why?</p>		
Proportionality number of data fields	<p>Many stakeholders have commented that despite the noticeable improvements and significant</p>	<p>Whilst the EBA acknowledges the views of the sellers of NPL and agrees that the templates could be further streamlined to better</p>	<p>The EBA has reviewed the templates to streamline them whilst maintaining the</p>

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	<p>streamlining of the templates compared to 2018 version and 2021 versions, the templates remain to be large and disproportionate.</p> <p>Many respondents on the sell-side requested further significant reductions of the overall number of data fields and review of the mandatory nature (and reduction of a number of mandatory data fields). At the same time some respondents on the buy-side noted that the proposed templates have sufficient level of detail and the reduction of data fields compared to the earlier version of the EBA templates represents well the proportionality whilst moving from non-mandatory templates to the mandatory templates under the ITS.</p>	<p>reflect past market practices, it also stresses the need to maintain appropriate balance with the needs of investors and their wishes for more information to be provided for the purposes of financial due diligence and monitoring.</p>	<p>balance between the views of sellers and buyers of NPL.</p>
Portfolio dimension	<p>Several respondents noted that the EBA considered proportionality criteria only in relation to the size and type of the loan and disregarded that according to the mandate the proportionality should also consider the size and type of portfolios of NPL being sold.</p> <p>Some respondents made specific proposal for the portfolio level thresholds, e.g., 20% of the portfolio face value.</p>	<p>The templates focus on the provision of loan-by-loan information and therefore it is difficult to consider different loan-by-loan requirements for different portfolios of the same loans. The EBA, however, acknowledges that the primary focus of the ITS is on supporting the data needs for the sales of portfolios, where the data needs may be different for the sales and transfers of individual loans. The EBA considers that for the sales of individual NPL that are likely to be of large size (and therefore also reflecting the size criterion of proportionality for the portfolio and individual exposure dimension), all data fields can be treated as not mandatory for the sales of individual exposures allowing for the sellers and buyers to agree to use more tailored information.</p>	<p>The EBA has clarified that the primary focus of the templates is to facilitate the sales of NPL portfolios and have introduced the proportionality consideration, whereby all data fields can be treated as not mandatory for the sales of individual exposures allowing for the sellers and buyers to agree to use more tailored information.</p>
Proportionality threshold - size	<p>Whilst some respondents supported the proposed proportionality threshold of 25 000 EUR with reference to AnaCredit Regulation.</p>	<p>The EBA acknowledges concerns raised with respect to the use of the proposed 25 000 EUR thresholds and notes that in the absence of any other threshold reflecting actual market practices based on the past transactions, the challenge of setting and calibration any</p>	<p>The explicit proportionality threshold has been dropped.</p>

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	<p>Other respondents have suggested to introduce different levels of thresholds (several thresholds) or to recalibrate the threshold to higher level of 50 000 EUR or applying the threshold of 25 000 at the level of a borrower, or there should be a differentiation in the threshold for secured and unsecured loans.</p> <p>Where some respondents suggested to introduce lower threshold to cut out small-ticket loans from the use of the templates, others suggested to increase the thresholds (or introduce different thresholds) for corporate loans (in the size ranging from 50 to 100 000 EUR) and even significantly higher thresholds at the level of 3 mln to 20 mln EUR to cut-off large-scale transactions, or even 50 mln EUR for syndicated transactions.</p>	<p>threshold would always exist and finding an agreement on an alternative threshold that would work for all types of exposures in all geographies would be difficult and costly (would require further data collection and calibration exercises).</p> <p>At the same time the EBA acknowledges the need to identify mechanism allowing for a different approach with respect to the use of the templates when selling or transferring large ticket and small ticket NPL. To this end the desired model is to have the templates as not mandatory for the large-size single name transactions, and also for a portfolio of really small-ticket exposures and focus the mandatory data fields (and therefore the use of the templates as a core data set for the majority of transactions falling in the middle between the large and really small ones.</p> <p>In response to the feedback, the approach would be then to drop the proportionality threshold altogether, focus the templates on the sales of portfolios of NPL and make their use not mandatory (i.e., treat all data fields as not mandatory) for the sales of large-ticket single name exposures and for the sales of small-ticket loans with reference to the thresholds already existing in the Consumer Credit Directive.</p>	<p>For unsecured loans to private individuals falling into the scope of Consumer Credit Directive explicit reference to that Directive has been introduced making the threshold of Consumer Credit Directive also applicable for the templates.</p>
Proportionality threshold – reference value	<p>In addition to the comments regarding the proposed size of the threshold, a number of respondents commented on the reference value of the proposed threshold suggesting that gross carrying amount may not be the most suitable measure. Instead, some have suggested to use nominal value of a loan, or total balance at reference date.</p>	<p>The EBA agree with the concerns expressed noting that different reference values for the thresholds have own benefits and drawbacks, especially those that may be influenced by accounting or provisioning practices.</p>	<p>The explicit proportionality threshold has been dropped and the mandatory data fields have been identified with relevance to the core information needs for the most of transactions within the focus of the templates.</p>

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Proportionality threshold – reference value	A number of respondents whilst agreeing with the idea of an absolute threshold questioned the rationale of it being linked to AnaCredit regulation and questioned the relevance of the AnaCredit threshold for the purposes of sales of NPL. Instead, some suggested to link the thresholds to more appropriate consumer credit regulations/	The EBA acknowledges that rationale for linking the threshold to AnaCredit may not be obvious in the context of the NPL sales, as it was originally considered more from the data similarities perspectives, as AnaCredit is using a lot of data that is similar to that specified in the templates.	The explicit proportionality threshold has been dropped. For unsecured loans to private individuals falling into the scope of Consumer Credit Directive explicit reference to that Directive has been introduced making the threshold of Consumer Credit Directive also applicable for the templates.
Proportionality threshold – differentiation between templates	Some respondents suggested that if the threshold is used, there should be differentiation between the templates as different thresholds linked to the loan (for the loan templates), collateral (for the collateral template) etc. are more appropriate as opposed to one generic threshold for all templates.	Whilst the EBA acknowledges the logic behind having the thresholds linked to different reference values depending on the template and not just the loan and portfolio, having multiple thresholds within one ITS would complicate its application.	The explicit proportionality threshold has been dropped.
Proportionality threshold – differentiation of data fields	Many respondents noted that there was not big difference between the mandatory data fields for the loans above or below the proposed threshold of 25 000 EUR expecting the differentiation between the mandatory data needs for the loans above/below the threshold to be more significant.	The EBA acknowledges that whilst it is focusing on the identification of a core set of mandatory data fields that are relevant for all types of transactions and exposures and at the same time is aiming at the overall reduction of number of data fields based on the responses to the consultation, it is difficult to identify different subsets of core information. In response to the feedback, the approach would be to focus on the core set of information that would be relevant for the most of transactions within the focus of the templates and not to differentiate the information needs based on any explicit threshold.	The explicit proportionality threshold has been dropped and the mandatory data fields have been identified with relevance to the core information needs for the most of transactions within the focus of the templates.
Proportionality threshold –	Some respondents suggested that there should be no differentiation between the mandatory data	The EBA acknowledges the comment and also agrees that the differentiation between mandatory and not mandatory data fields	The explicit proportionality threshold has been dropped and the mandatory

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differentiation of mandatory data fields	fields around the threshold, and all certain data fields should be mandatory for all transactions, in particular secured with collateral, irrespective of the size of the loan	irrespective of the type and size of a loan can also be considered as a proportionality element.	data fields have been identified with relevance to the core information needs for the most of transactions within the focus of the templates.
Proportionality – scope of application	Mirroring the comments received in relation to the scope of the application of the draft ITS (see above) many stakeholders have noted that the application of the ITS and the use of the templates would be disproportionate for the large-scale single name transactions, syndicated exposures, intragroup transactions as well as for the NPL linked to the borrowers domiciled in third countries.	<p>As explained above, whilst the EBA is not in position to change the scope of the application of the draft ITS and it should follow the same scope as the underlying Directive, the EBA acknowledges that for the proportionality reasons data requirements for various transactions will be different and for specific transactions the application of all data fields as mandatory and the use of the templates may be disproportionate.</p> <p>To facilitate the proportionate application of the templates and reflect the existing market practices, the draft ITS specify the circumstances where the use of the templates for particular type of transactions may be disproportionate, whereby credit institutions should treat all data fields as not mandatory. This includes, but is not limited to, circumstances where credit institutions sell or transfer:</p> <ul style="list-style-type: none"> • a single non-performing loan, • several loans linked to one single borrower, • NPL being part of syndicated loan facilities, • NPL linked to a borrower that is domiciled outside of the European Union, or • transferring NPL between credit institutions belonging to the same group. <p>The same treatment applies also where the credit institutions are selling or transferring NPL that have been acquired by them from entities other than credit institutions, as in such situations many</p>	The draft ITS have been reviewed to introduce new proportionality model to allow for certain types of transactions to treat all mandatory data fields as not mandatory.

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		of the required data fields may not be available to the selling credit institutions.	
Question 13. What are the respondents' views on the operational procedures, confidentiality and data governance requirements set out in the draft ITS?			
Rationale for including governance requirements	Many respondents noted that the inclusion of the requirements for internal governance arrangements, an in particular managerial sign off and internal validation of data is not within the mandate for the draft ITS and there are other regulatory products setting out similar governance requirements.	The EBA notes that whilst it believes that setting governance requirements for the use of the templates can be considered within the mandate, it acknowledges that since the requirements proposed in the consultation paper are of general nature and largely mirror the requirements set out in other regulatory products, setting additional requirements within these ITS may not be necessary.	The requirements for data governance have been dropped from the main body of the draft ITS. Instead, the EBA introduced supervisory expectation with respect to credit institutions having adequate governance arrangements in the Background and Rationale with a reference to European Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i> .
Governance arrangements -	<p>Many respondents noted that the proposed governance requirements for the internal validation of data are quite complex to execute as they also lack the details and do not consider the circumstances of all involved parties. Furthermore, some respondents further noted that there are already existing market practices that are not fully reflected in the requirements.</p> <p>Some respondents also noted that the requirements set in the consultation paper are similar to those set out for regulatory reporting, whilst the draft ITS and the templates are not related to such reporting.</p>	The EBA agrees with the concerns raised.	The requirements for data governance have been dropped from the main body of the draft ITS. Instead, the EBA sets out supervisory expectation in the Background and Rationale with a reference to European Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i> .

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	<p>It should be also noted that sellers have the contractual obligation to provide accurate data and they already have well-established and effective internal governance arrangements.</p>		
Operational procedures – correction of errors	<p>Some respondents suggested that the requirement to resubmit the data in case of errors should be linked to material errors only on the date of provision of information or cut-off date. After that the selling bank enters a contract, there should be no need to provide any updates.</p> <p>Furthermore, several respondents asked for making clear that selling banks continue to be free to agree with prospective buyers on the extent of, and limits on, the liability of the selling bank for information provided via the templates.</p> <p>A data tape is provided to the investor at a specific cut-off date and such data cannot be changed several times during the process for any minor change which might occur. In case a relevant data is not accurate, the bank and the investors always agree on some specific price sensitive fields to be guaranteed.</p>	<p>The EBA acknowledges the concerns raised and notes that the existing market practices may be sufficient in this regard. The EBA introduced reference to such practices in the Background and Rationale with a reference to European Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i>.</p>	<p>The specific requirements for the resubmission and corrections of errors have been dropped.</p>
Technology providers	<p>Some respondents proposed to delete the term “reputable technology provider” from Article 7(3) since it may create a barrier for new entries into this market and it lacks objectivity.</p>	<p>The EBA agrees with the concerns raised.</p>	<p>The text of the draft ITS has been amended accordingly.</p>
Confidentiality	<p>It is necessary to ensure that banks are legitimated to provide the information required in data fields</p>	<p>The EBA acknowledges the existence of market practices for the exchange of personal data in the context of the NPL sales</p>	<p>The text of the draft ITS has been amended accordingly.</p>

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	<p>without breaching bank secrecy or data protection obligations.</p> <p>Furthermore, some respondents stressed that Local requirements for Bank data secrecy and Customer data protections must be reflected. The current legislative approach is not fully unified across EU and could lead to market disbalances with preferential markets within EU, even outside EU.</p>	<p>transactions as set out in the European Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i>, where the industry best practices for the exchange of confidential information are set out.</p> <p>Whilst the EBA cannot refer to such practices in the legal text, the Background and Rationale can include such references.</p>	
Protection of personal data	<p>Several respondents requested for more guidance on how to meet GDPR requirements for the exchange of personal data recognising the existing of market practices. Some also noted that no personal data are shared with any potential sellers until the sale is closed</p>	<p>The EBA acknowledges the existence of market practices for the exchange of personal data in the context of the NPL sales transactions as set out in the European Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i>. The proposed mechanism of not exchanging personal data at the early stages of the transaction and only after the sales-purchase contract has been completed have been introduced into the draft ITS.</p> <p>Such approach would allow for the compliance with the GDPR requirements for the controller of personal data also to notify the data subject (borrower) about the transfer of data to the buyer.</p>	<p>The text of the draft ITS has been amended accordingly.</p>
Liabilities	<p>Several respondents asked for making clear that selling banks continue to be free to agree with prospective buyers on the extent of, and limits on, the liability of the selling bank for information provided via the templates.</p> <p>A data tape is provided to the investor at a specific cut-off date and such data cannot be changed several times during the process for any minor change which might occur. In case a relevant data is not accurate, the bank and the investors always</p>	<p>The EBA notes that credit institutions should be responsible for the completeness and accuracy of the information provided to prospective buyers. To facilitate the discharge of this responsibility, the information provided to prospective buyers in accordance with the draft ITS should be subject to appropriate internal governance arrangements for the preparation and submission of data.</p> <p>The seller's liability is set out in the contract agreement with the prospective buyer.</p>	<p>The specific requirements for the resubmission and corrections of errors have been dropped. Reference to the European Commission <i>Guidelines for a best execution process for sales of NPL on secondary markets</i> has been introduced into the Background and Rationale.</p>

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agree on some specific price sensitive fields to be guaranteed.

One respondent asked for changing the Article 5(1) since the latter should make clear that selling banks are not liable for penalties or other regulatory sanctions if the information is not accurate, so long as the selling bank has put in place an adequate process designed to ensure the accuracy of the information. This is particularly important for selling banks where they provide information obtained from a third party, such as a borrower, guarantor, facility agent or security trustee, or where the information is forward-looking (e.g., the expected dates for enforcement action or future repayment schedules) or involves matters of opinion (e.g., valuations). It was also asked to limit the provisions on correction of errors to material errors only.
