

## CBIC European Transparency Standards

CFF welcomes CBIC's consultation on transparency, and is pleased to submit its comments hereafter.

### General Comments

- The proposed format (general data at sponsor level and cover pool stratifications) appears better suited for issuers sharing the same balance sheet with the sponsor (German or Spanish model), as opposed to the separate balance sheet format used in countries such as France, Ireland or Norway. In the latter case, the non privileged liability structure is not reviewed (senior unsecured debt, subordinated debt, equity,..), nor is its duration.
- Regarding the way information is presented, excluding the key figures section for the moment, we would advocate structuring the information under "Asset" or "Liability" headings at the various "balance sheet" levels. We would also expect information requests to be more detailed at the cover pool/issuer level than at the sponsor level, which is not really the case in the proposed template.
- We would also suggest for reliance purposes sticking to figures that are audited (excluding for example concepts such as net margin).
- There is no ability to report loans that benefit from a double guarantee (public and mortgage). Examples of such loans include social loans underwritten under the Fonds de Garantie à l'Aide Sociale in France, the NHG scheme in the Netherlands or similar residential loans distributed in Canada.
- Regarding French residential mortgages, we believe that the template should include a reference to the Debt Service Coverage Ratio (proportion of the loan installment in the monthly salary), which is a key underwriting criterion.
- Even though that type of information does not change every quarter, we think that a summary on the definition of a French mortgage loan, with a description of enforcement procedures, timing and costs, should feature as well. That is also true of the local legal framework for Covered Bonds.
- There should also be information on rolling 180 days liquidity coverage.
- We think the fixed/floating rate distinction is not very useful (whether on assets or liabilities), if it is looked at independently of the derivatives policy of the issuer.

### General Issuer Data

- Out of consistency, all information fields should be provided for two financial years, rather than 3 in some cases
- Funding :
  - Within « wholesale », separate between « Covered » and not.,
  - Clarify Interbank vs other and Registered vs Bearer

- Mortgage loan information: it should be clear that the information that is requested is on the underlying under the RMBS format or under other formats where there is recourse to the mortgage loans, but where those loans are not directly held by the cover pool.
- Gross or Net Margin : this point would not make sense for us, as loans are purchased by the issuer at a price different from their nominal value. We can however provide information on the net profit or the ROE of the issuer, due to the dedicated balance sheet format. We could also provide profit NPV calculations over say a 15 year horizon.

### **General Cover Pool Information**

- Clarify difference between Cover Pool Size and Outstanding,
- The French legal framework is using nominal value o/c instead of NPV o/c so we cannot communicate on an NPV basis,
- We suggest to separate ABS between RMBS and CMBS,
- Cover Pool WAL: we believe the figure should exclude Replacement Assets,
- Expected Maturity: we propose to use an expected prepayment rate, whereas for Legal Maturity we would suggest a zero prepayment rate,
- Maturity structure : the bucket information suggested makes sense, as an alternative one could provide the pay down curve on the assets and liabilities sides,
- Soft or hard bullet should be related to « liabilities » as opposed to « assets »,
- Eligible assets in cover pool : in the french framework, all assets in the cover pool are eligible, one could interpret the question as removing those assets that have a zero per cent risk weight in the regulatory overcollateralisation ratio,
- Insured mortgages : please specify what type of insurance is relevant here : borrower insurance (life, disability) , or property insurance.