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# Covered Bond Investor Council (CBIC)

2 years of the CBIC Covered Bond Transparency Template  
– Where do we stand?

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## Review of the CBIC work on Covered Bond Transparency

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- The CBIC has explained that more transparency is urgently needed as the Covered Bond market has become more and more complex and diverse.
  - Therefore the CBIC started working with market participants on a Covered Bond transparency template which identified key data that most investors need and data which issuers should technically be able to provide without huge additional costs and legal problems.
- May 2012: After an extensive consultation period, the final version of the CBIC transparency template was introduced to the market. It comprises:
  - Key balance sheet data to analyse the issuer (balance sheet highlights)
  - Cover pool data (not loan by loan data but high quality aggregated data)
  - Key Concept's explanations where issuers are asked to explain certain used calculation methods and can provide further relevant information about the reported data.
- Also in 2012, the CBIC introduced the “7 C-List” which summarised key requirements of how transparency data should be made available.

To obtain the updated template and/or get more information, please send your request to [cbic@icmagroup.org](mailto:cbic@icmagroup.org) or click on the following webpage: <http://www.icmagroup.org/About-ICMA/icma-councils-and-committees/Covered-Bond-Investor-Council-CBIC/>

## Where do we stand today?

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### Use of the CBIC transparency template:

- Hardly any issuer is actively/properly using it (even blanks are allowed) 😞

### The 7-C List requirements:

- Comparable: The data is reported according to a standardised template 😐
- Comprehensive: The template aims to provide European comparability and not only national 😞
- Continued: The data must be reported timely and updated on a regular basis 😐
- Coordinated: The template is the result of compromise between investor needs and discussions with issuers representatives to ensure the data can (easily) be provided 😞
- Circumstantial: The template recognises differences between jurisdictions and holds a key concept list for each jurisdiction to explain their own specificities 😞
- Conceptual: Investors are able to understand and readily use the reported data presented on a stratified basis (Excel) 😞
- Cost-free/easily available: Free data access via a dedicated platform or at least a direct link to the data in the respective layout (no part of a general presentation) 😐

## What are the current takeaways?

## What are the possible risks if the current situation persists?

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### Takeaways:

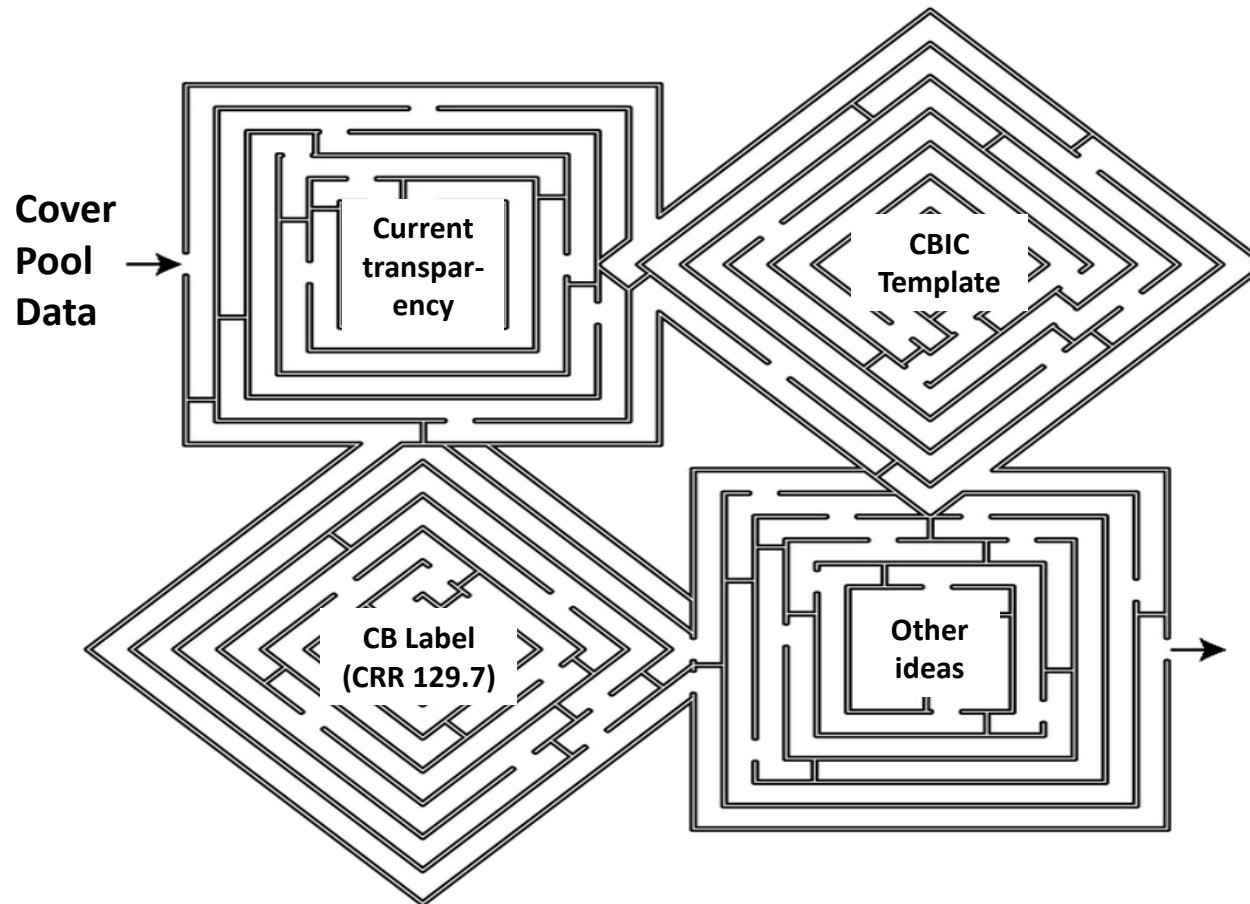
- Are most issuers simply not willing to publish the data required by investors (even investors agreed on a compromise and did not ask for loan by loan data)?
- Do issuers really need more than two years of time to properly react to investors requests? How much longer do they need?
- Is there a need for “real tangible benefits” (e.g. preferential regulatory treatment) before the majority of issuers are accepting to provide more detailed data

### Possible risks:

- If it takes too long to achieve an acceptable level of transparency on a harmonised basis, Covered Bonds may lose the positive reputation they earned during the crisis.
- If the Covered Bonds market looks unable to make collective progress, another market actor might step in (maybe with an outcome which is not welcomed)

## Possible reasons - Lack of regulatory transparency or are market participants lost in regulations?

- Various transparency requests – Which way to follow and what will be the outcome?



### **Will the final result ...**

...be something issuers can provide / are willing to provide

...give preferential regulatory treatment

... suit Investor needs

...be something too complex which doesn't properly reflect the nature of a Covered Bond

## Next steps

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- The CBIC still intends to push for more transparency and data from issuers.
- This would be easier if the level of collective decisions between market participants improves
- Market participants will support people and initiatives which try to find suitable market solutions for the Covered Bond market
- Market participants need to remain open to changes, even in a post-crisis world where funding sources at cheap level are available again
- Market participants need to remember the promises made during the crisis

**Don't give away the driver seat position!**

# Q&A

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