



## LOAN LEVEL DATA DISCLOSURE

### Frequently Asked Questions

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#### **Why has the ASF developed standards for loan level data disclosure?**

The ASF supports the adoption of disclosure practices that enhance the confidence of global investors and other market participants (including regulators) in Australian securitisation markets by promoting the standardisation and transparency of securitisation transactions.

These objectives were furthered when the Reserve Bank of Australia (RBA) developed new repo eligibility criteria for asset-backed securities. The RBA eligibility criteria for asset backed securities (including RMBS, CMBS and other ABS) require information providers to submit detailed data to the RBA on a monthly basis. The RBA requires that the data also be made available to the public (refer to the [RBA Securitisations Industry Forum](#)).

The loan level data contains extensive data about assets underlying securitisations transactions. In meeting the RBA's reporting requirements, the RBA and sponsors of securitisation transactions are concerned to ensure that individuals' privacy is protected and to ensure that the information is not used inappropriately. Furthermore, most transaction sponsors have responsibilities under the *Privacy Act 1988*.

#### **What measures are being undertaken to protect individuals' privacy?**

The RBA, the ASF and its members have consulted together and with the Office of the Australian Information Commissioner (OAIC) to determine an appropriate framework that balances the RBA's interest in accurately assessing the risk that attaches to securitisations with promoting the transparency of securitisation markets by giving market participants access to information with the protection of individuals' privacy.

The key measures recommended by the ASF in this regard, and endorsed by the RBA and the OAIC, are:

- Certain sensitive data that is provided to the RBA is not required to be made publicly available;
- Information providers (sponsors) enter into non-disclosure agreements with permitted users that, amongst other things, limit the purpose for which the data may be used;
- Sponsors adopt a risk-based approach to different permitted users in assessing that appropriate safeguards are put in place to minimise any impact on individuals' privacy.

The safeguards are designed to mitigate the risks of improper, fraudulent or illegal activities (including “re-identification”, a process whereby the anonymous loan level data is matched with other information in an attempt to identify individuals).

### **Where can I obtain further information about the RBA framework?**

Information about the RBA information reporting framework is available on the RBA website’s [RBA Securitisations Industry Forum](#).

### **Who may access the loan level information?**

Parties interested in asset-backed securities for investment purposes or for professional or academic research purposes. Find out more on the [RBA’s Reporting Guidelines](#).

### **What loan level information is available?**

The RBA provides detailed specifications on the form and content of the loan level information that is required to be made available to permitted users. Only the most recent reports provided to the Bank need to be made available. Find out more on the [RBA’s Reporting Guidelines](#).

### **How is the loan level information accessed?**

The RBA does not intend to require, coordinate or fund the establishment of a central data repository for the reported data. Find out more on the [RBA’s Reporting Guidelines](#). Potential users must therefore request the loan level information from each transaction sponsor.

The contacts for loan level transaction information are available on the ASF website’s [Loan Level Contact List](#).

### **What due diligence are sponsors undertaking on parties requesting access to loan level information?**

The ASF recommends that sponsors undertake due diligence on parties requesting access to loan level information to ascertain: 1) that the applicants are permitted users; 2) the applicant’s ability to comply with the non-disclosure agreement; 3) the risks associated with applicants seeking access to the loan level information, and; 4) that appropriate safeguards are put in place to minimise any impact on individuals’ privacy.

The level of due diligence required may vary from sponsor to sponsor and depending on the risks perceived to be associated with the user seeking access to the loan level data. Privacy risks are likely to be higher for users with less sophisticated and less well-established practices, procedures and systems for handling personal information.

Schedule 1 to the [ASF Data Access Deed – RMBS](#) provides basic information about the user, their purpose for seeking access to the information and to highlight privacy risk factors related to the user. Certain user responses to Schedule 1 to the NDA indicate higher privacy risk factors. These may include one or more of the following:

- the user intends to distribute the information and/or make it accessible to third parties
- where the information is likely to be used outside Australia
- where the user does not have existing responsibilities under the *Privacy Act* (or declines to opt in to the *Privacy Act*)
- previous material breaches of the *Privacy Act* (or similar laws)

In these circumstances, additional due diligence is recommended to ensure that appropriate safeguards are in place to minimise any impact on individuals' privacy. The ASF has developed [Due Diligence Guidance Notes](#) to provide guidance to sponsors in regard to any additional due diligence inquiries.

### **Should sponsors follow the ASF Standards in regard to credit ratings agencies and other information services providers?**

Transaction sponsors may have existing commercial agreements in place with credit ratings agencies and information services which cover the exchange and handling of information between these parties. Accordingly, whilst these parties may follow ASF Standards, alternative arrangements may also be followed. Sponsors should have regard to the due diligence considerations recommended in respect of all users.

### **Data consistency**

Programme sponsors prepare information for different purposes including RBA loan level data, investor reporting and for sponsor websites. To assist users of such information, it is industry best practice to ensure these data sources are consistent or that explanations are available for variations between report.