

Lindner, Vincent; Riedel, Max

**Research Report**

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Vincent Lindner  
Max Riedel

# From Deletion to Substitution: A Smart Regulatory Path for EU Securitisation Reform

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**Leibniz Institute for Financial Research SAFE**  
Sustainable Architecture for Finance in Europe

[policy\\_center@safe-frankfurt.de](mailto:policy_center@safe-frankfurt.de) | [www.safe-frankfurt.de](http://www.safe-frankfurt.de)

# From Deletion to Substitution: A Smart Regulatory Path for EU Securitisation Reform\*

Vincent Lindner, SAFE

Max Riedel, SAFE

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## Abstract

*This policy letter critically assesses the European Commission's proposed revisions to the Securitisation Regulation, which aim to simplify disclosure requirements by reducing reporting fields by at least 35%. While the Commission frames this as a step toward cutting red tape, this quantitative approach risks undermining the core function of securitisation reporting: to ensure transparency and enable effective risk assessment. We argue that politically expedient deregulation overlooks key qualitative dimensions of financial supervision. Using the case of auto asset-backed securities (ABS), we propose a cost-effective alternative that reduces administrative burden while enhancing information depth. Specifically, we demonstrate that the mandatory reporting of just two existing vehicle identifiers can yield highly granular and reliable vehicle data. Using public datasets from the European Environment Agency, we show that these identifiers can reproduce or surpass the current data quality for key vehicle characteristics, including CO<sub>2</sub> emissions, fuel type, and engine power. We conclude that regulatory simplification should aim for intelligent substitution rather than deletion.*

## I. The EU's Reporting Simplification Agenda in Securitisation

The recently published draft revision of the Securitization Regulation fits well into Europe's simplification agenda. The European Commission pledges to reduce reporting fields for securities by at least 35%, moving beyond the already ambitious target of a 25% cut, outlined in the competitiveness compass in 2024.<sup>†</sup> However, while there is broad political support for a simplified and streamlined reporting framework, this purely quantitative approach risks missing the point of the securitisation review. Reporting obligations in securitisation exist for a reason, as they provide transparency and information to market participants and supervisory agencies and, thus, are critical for risk assessment and market discipline. Accordingly, the feedback to an ESMA consultation on the securitisation

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<sup>†</sup> [EU Compass to regain competitiveness](#), [Proposal for amending Regulation \(EU\) 2017/2402 - COM\(2025\)0826](#)

templates provides a more nuanced picture on the pros and cons of the reporting framework.<sup>‡</sup> A contentious issue was the proposal to switch from the provision of granular loan-level information to stratified data for small homogeneous loans, such as auto loans. While some respondents argued that this would streamline reporting, others warned that shifting to aggregated data could negatively affect risk assessment and transparency (ESMA, 2024, p. 21-22.). The Joint Committee of European Supervisory Agencies endorsed the use of aggregated data for all asset classes which are revolving in nature, highly granular, or of short-term maturity without specifying the case of auto loans (JC, 2025, p. 62-63).

We fear that this nuance has largely disappeared from the political debate, as deregulation has become a signaling device for policymakers. Too often, purely numerical targets to cut reporting obligations in the name of freedom from bureaucracy trump a qualitative assessment of the financial function of certain regulations and administrative processes. Notwithstanding the necessity to revisit and simplify the European regulatory framework, this policy letter outlines a substantive approach which aims for substitution instead of unwarranted deletion of reporting fields. In doing so, we strongly agree with the sentiment that the details of reporting should be tailored to the characteristic of each asset class, as expressed by the ESAs. By example of auto asset-backed securities (ABS), we show that it is possible to reduce the regulatory burden without losing information. In fact, making use of existing identifiers could potentially enhance information quality of the underlying collaterals, providing opportunities for growth and innovation. We are optimistic that similar solutions are suitable for other asset classes and would recommend the European institutions to look for smart regulatory approaches instead of across-the-board cuts.

## **II. Vehicle-Level Data Accuracy in Auto ABS: An Empirical Approach**

Currently, an auto ABS requires six reporting fields for each underlying collateral: manufacturer, model, year of registration, new or used, and the Energy Performance Certificate (EPC) as well as its provider. The EPC is a regulatory label which rates all cars on a scale from A to G depending on their CO<sub>2</sub> output, however its use has been criticized for two reasons. First, the transformation from a continuous variable (CO<sub>2</sub>/km) to a scale entails substantial information loss and second, the classifications vary significantly across European jurisdictions, making comparisons complicated (Badenhoop and Riedel, 2024). We argue for the replacement of the car-characteristic fields with two already existing vehicle identifiers, the type approval number (TAN) and the version, which can be used to obtain a wealth of highly accurate vehicle information. To illustrate this, we use publicly available data from the European Environment Agency (EEA), which maintains a repository of all new passenger

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<sup>‡</sup> [ESMA12-2121844265-3972 - Feedback statement Securitisation disclosure templates.pdf](#)

car registrations in the EU, including variables such as fuel type, weight, CO<sub>2</sub> emissions, engine power, and fuel efficiency (EEA, 2025). We focus on the year 2024 and restrict the sample to registrations in the EU as well as entries with non-missing values for the TAN, type, variant, and version. Following Hackmann, Lindner, Pelizzon, and Riedel (2024), a vehicle model is then defined as a unique combination of these four identifiers, referred to as a TAN-TVV-based model. We apply additional data cleaning based on this definition.<sup>§</sup>

Next, in attempt to minimize the necessary reporting input, we explore the trade-off between using a reduced set of identifiers and the resulting accuracy of vehicle-level data. Our analysis shows that combining only two identifiers, the TAN and the version (TAN-Ve), yields quite precise vehicle information. Table 1 reports the accuracy of TAN-Ve-based vehicle models. A key finding is that vehicles grouped under the same TAN-Ve model almost typically share the same fuel type, type code, and variant code, with virtually no variation in vehicle weight or engine power for the median TAN-Ve model in our sample. In terms of CO<sub>2</sub> emissions, the standard deviation of vehicles within the median TAN-ve model is just  $\pm 0.88$  gCO<sub>2</sub>/km—an accuracy level that far exceeds what is currently achievable under existing reporting requirements.\*\*

**Table 1: Data accuracy using the TAN and Version as vehicle identifiers**

| Variable                    | Median | SD    | P1   | P25  | P75   | P99    | Obs    |
|-----------------------------|--------|-------|------|------|-------|--------|--------|
| Number of fuel types        | 1.00   | 0.29  | 1.00 | 1.00 | 1.00  | 2.00   | 28,628 |
| Number of types             | 1.00   | 0.23  | 1.00 | 1.00 | 1.00  | 2.00   | 28,628 |
| Number of variants          | 1.00   | 1.17  | 1.00 | 1.00 | 1.00  | 6.00   | 28,628 |
| SD(Weight in kg)            | 0.00   | 27.12 | 0.00 | 0.00 | 15.33 | 133.49 | 28,628 |
| SD(Engine power in KW)      | 0.00   | 16.87 | 0.00 | 0.00 | 0.00  | 81.77  | 28,607 |
| SD(CO <sub>2</sub> in g/km) | 0.88   | 8.39  | 0.00 | 0.37 | 2.70  | 50.18  | 28,628 |

Table 1: Summary statistics on vehicle data accuracy when defining a vehicle model based on a combination of the TAN and the version code. The first three rows show the number of distinct fuel types, type codes, and variant codes within each TAN-Ve-based vehicle model. The last three rows report the within-model standard deviations (SD) of vehicle weight, engine power, and CO<sub>2</sub> emissions. Source: Own calculations, EEA (2025).

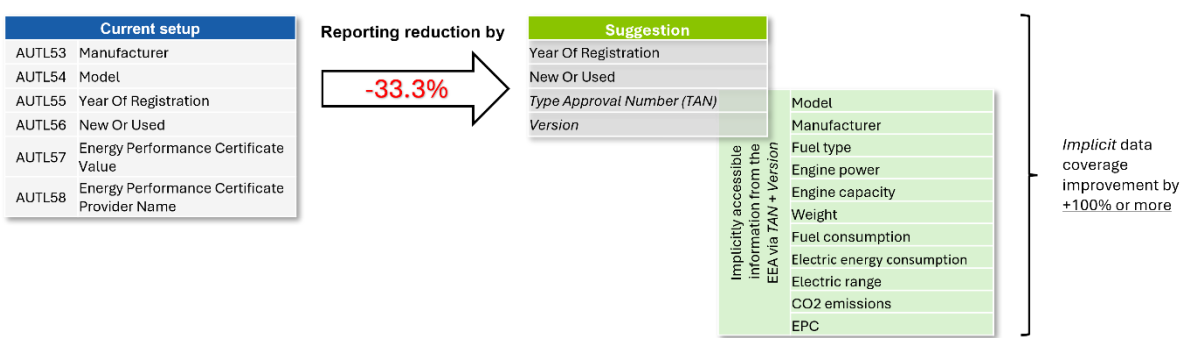
Accordingly, the mandatory reporting of the TAN-ve combination could improve the quality and depth of the information in comparison to the current framework. Graph 1 summarizes our proposal for a cost-effective disclosure framework that substantially improves data coverage of underlying exposures. Our proposal reduces the regulatory burden by one third in line with the Commission target

<sup>§</sup> To avoid including erroneous models likely resulting from typos or reporting inconsistencies, we drop TAN-TVV-based vehicle models with fewer than five registrations. In instances where the same TAN-TVV-model appears with multiple fuel types, we retain the model if least 90% of its registrations are associated with a single fuel type and exclude it otherwise.

\*\* Under the current disclosure requirements, vehicle descriptions often lack precision, ranging from vague entries such as “Volkswagen Golf” (standard deviation of  $\pm 58$  gCO<sub>2</sub>/km around its mean of 107 gCO<sub>2</sub>/km) to slightly more precise, but still generic, descriptions such as “Volkswagen Golf 2.0 TDI” (standard deviation of  $\pm 24$  gCO<sub>2</sub>/km around its mean of 146 gCO<sub>2</sub>/km).

by eliminating the requirement to report Energy Performance Certificates and replacing the “Manufacturer” and “Model” fields with the above-presented vehicle TAN and version codes. These two identifiers can be used to retrieve accurate vehicle information from third-party sources such as the EEA. The additional data can then support a wide range of stakeholders, such as investors, rating agencies, regulators, and researchers, in conducting risk assessments and sustainability analyses. This versatility ensures that the securitisation repository and its users can use these identifiers to navigate future uncertainties and meet the needs of stakeholders seeking to identify and manage unrecognized concentration risks in their portfolios.<sup>††</sup> Moreover, the level of generality of the TAN-ve identifiers rules out any data privacy concerns, as dicussed in detail by Hackmann, Lindner, Pelizzon, and Riedel (2024).

**Graph 1: Illustration of smart data collection**



Graph 1: Illustrates how the reporting requirements for underlying exposures in auto ABS (as defined in ESMA’s [Annex 5](#), data fields AUTL53-58) can be reduced by one-third (≈33%). Simultaneously, the requirement to disclose vehicle identifiers such as vehicles’ Type Approval Number and the Version code can considerably improve overall data coverage through better access to third-party sources, such as European Environment Agency’ datahub on newly registered passenger vehicles in the EU. Source: European Securities Markets Authority, European Environment Agency.

### III. Smart Simplification: A Case for Information-Rich Substitution

Parts of the EU’s simplification agenda risk to decouple the regulatory function from the regulatory output. The proposal to cut reporting fields for securitisations by 35% is an example in case. Such an approach, largely informed by the symbolic politics of bureaucracy reduction, which confuses simplification with deregulation will likely not improve conditions for businesses but poses a risk to transparency, adequate pricing, and effective oversight. This policy letter proposes a more constructive pathway: smart substitution instead of unwarranted deletion. Using the auto ABS segment as a case study, we demonstrate that replacing existing reporting fields with more information-rich identifiers not only preserves but enhances data quality. A combination of two existing vehicle identifiers, the TAN and the version, provides data on basic car characteristics as well

<sup>††</sup> For instance, scenarios similar to Dieselgate—where it was impossible to identify manipulated vehicles within collateral pools due to a lack of granular data—will be easier to manage, as investors will have access to detailed data to assess their portfolio and concentration risks.

as sustainability measures such as CO<sub>2</sub> emissions. Investors, rating agencies, and supervisors could access the data in a public repository. This would allow them to react to regulatory or other changes which may affect the characteristics of the underlying assets.

Our findings carry normative implications for the current regulatory debate beyond the specific case of auto ABS: Regulatory simplification should not be guided by arbitrary quantitative benchmarks, but by functional assessments of how data serve market integrity, transparency, and risk assessment. The EU should avoid the binary logic of “more versus less” regulation but should use the review of its regulatory framework as a chance to enhance data integration and substitution.

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