



Overview of the RMBS Focus Group

January 28, 2019

Focus group overview

At the CFIF-sponsored [RMBS Workshop](#) this past September participants expressed broad support for enhanced transparency of Canadian mortgage data as a way to help create a well-functioning domestic private-label RMBS market.

To explore this issue, a focus group was convened in January to discuss the means of establishing this level of transparency, including the feasibility of creating a public database and the form it could take.

Overview of the focus group

- ❖ 12 participants largely from the sell-side, providing a range of perspectives and expertise.
- ❖ Discussion areas included:
 - data collection; and
 - a possible reporting framework.

Discussion highlights

- ❖ Overall, similar to other jurisdictions, focus group participants expressed broad support for the creation of a national mortgage database available to the public.
 - Participants believed that a data repository was a public good that would not only encourage the development of a liquid RMBS market in Canada, but also allow all stakeholders to monitor the health of the Canadian mortgage market.
- ❖ Participants agreed that the database would ideally include information on both insured and uninsured mortgages from all lenders, and outline general borrower, loan and property characteristics.
- ❖ Participants felt that aggregate performance data was sufficient as long as they were able to analyze the data by different criteria (e.g. by geography, credit score or vintage).
 - Participants felt that the ability to analyze RMBS collateral against the broader market would enable them to benchmark new RMBS issues and reach more informed investment decisions.

Discussion highlights - continued

- ❖ While participants felt that historical data would be beneficial, there was broad understanding that this data would be difficult to obtain.
 - As a result, participants believed that populating the data repository on a go forward basis was an easier and much bigger priority than collecting historical information.
 - Participants outlined several existing data sources (such as covered bond reports which began in 2012) that could be used to supplement a new repository and provide historical information on mortgage loan performance if needed.
 - They cautioned, however, that non-standardized reporting and calculation methodologies across institutions for some of these data sources would make data aggregation a challenge.
 - Participants also noted that lending standards have changed significantly over the last few decades, and that as a result, historical data could make for a poor comparison to today's market.

Discussion highlights - continued

- ❖ Participants believed it would be beneficial to leverage existing data collection efforts, such as those underway at CMHC and OSFI, to develop the new data repository.
 - It was felt that this would help garner widespread buy-in from mortgage issuers to report their mortgage data, particularly to a trusted third party.

For discussion – next steps

❖ Possible next steps include:

1. The creation of a new working group, sponsored by CFIF, to develop both data submission and publication templates
 - To be comprised of CFIF member institutions, focus group participants and/or industry
 - The composition of the working group to include individuals that know what data can easily be captured and included in the repository (e.g. retail bankers), and individuals that can identify the scope and level of detail that would be required for publishing data to support RMBS (e.g. buy-side and those with securitization expertise).
2. A second focus group to discuss the various issues involved with developing liquidity in both primary and secondary RMBS markets
3. Other?



Appendix

Participants

Co-chairs

- ❖ Ron Morrow, Bank of Canada
- ❖ Roger Casgrain, Casgrain & Company

Participants

- ❖ Alex Nicholson, Bank of America Merrill Lynch
- ❖ Lovisa McCallum, Bank of Montreal
- ❖ Andrew Maciel, CIBC
- ❖ Les Badzioch, CMHC
- ❖ Jason Ellis, First National
- ❖ Navin Dookhie, Manulife
- ❖ Don Ross, MCAP
- ❖ Richard Hunt, Moody's Canada
- ❖ Yves Locas National Bank of Canada
- ❖ Lawrence McKean, Royal Bank of Canada
- ❖ Alex Dey, Scotiabank
- ❖ Joel Starkes, TD Bank

Observers

- ❖ Samantha Sohal, Bank of Canada
- ❖ Adi Mordel, Bank of Canada