



Overview of the RMBS Investors Focus Group

May 2, 2019

Recap of past meetings

At the CFIF-sponsored [RMBS Workshop](#) in September 2018, 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 further, [a focus group](#) largely from the sell-side was convened in January to discuss the means of establishing this level of transparency, including the feasibility of creating a public mortgage database and the form it could take

- Participants supported a national mortgage database to encourage the development of a liquid RMBS market in Canada, and allow stakeholders to monitor the health of the domestic mortgage market

A follow-up meeting, largely focused on buy-side participants, was held in May to examine in greater detail the scope and level of public disclosure that would be required by investors from such a database

Discussion highlights

- ❖ MCAP reviewed the public availability of mortgage data that currently exists in Canada, and presented the data they made available on their recent RMBS transactions (which covers loan level, pool level and performance data)
 - MCAP noted that investor reaction to the provided data has been positive
- ❖ While some participants admitted a desire to obtain as much mortgage data as possible (“the more data, the better”), there was recognition that privacy concerns, competitive commercial considerations and the feasibility of collecting and aggregating large amounts of data placed practical limits on a national database. As a result, the ensuing discussion focussed on the mortgage data which investors required (i.e. need vs desire) to support their analysis of RMBS issues
- ❖ Overall, participants supported MCAP’s data-template for its RMBS investors as a sound basis for a national database. Under this model, individual mortgage data (including performance data) would be aggregated across financial institutions and data users could “slice and dice” the aggregate data along a number of dimensions, thereby providing a benchmark against which to compare RMBS transactions

Discussion highlights

- ❖ A national database of insured and uninsured mortgages based on the MCAP template was seen as meeting a global standard and feasible
- ❖ The ability of data users to slice and dice the data on a customized and spreadsheet-friendly basis, without compromising privacy or confidentiality concerns, was seen as a critical feature of the database
- ❖ There was discussion of augmenting the MCAP template in some respects. A number of participants expressed a desire to “drill down” further on a geographic basis when analysing the data (subject to privacy concerns). Some also expressed a desire to access mortgage data on an FI-specific basis; however, it was recognised that this was not the goal or purpose of a national public database

Discussion highlights

- ❖ Participants believed that populating the data repository on a go-forward monthly basis should be a first priority rather than collecting historical information
- ❖ There was support for the database to leverage the existing data collection efforts of the official sector (in particular, CMHC and OSFI) and that the database should be managed by the government sector

For discussion – next steps

- ❖ Following the two focus group meetings with first largely sell-side and then buy-side participants, it may now be timely to have detailed discussions about the data requirements with the large banks' retail arms and other smaller mortgage originators who have not participated in the focus groups to date
 - Specifically, to develop a concrete list of data variables to form the database

- ❖ Other?



Appendix

Participants

Co-chairs

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

Participants

- ❖ Evan Hughes, 1832 Asset Management
- ❖ Barbara Lambert, Addenda Capital
- ❖ Lovisa McCallum, BMO
- ❖ John Van Boxmeer, CIBC Asset Management
- ❖ Louise Stevens, CMHC
- ❖ Maxim Armstrong, CMHC
- ❖ Alex Prokoudine , Equitable Bank
- ❖ Rob Barnes, Great-West Life
- ❖ Don Ross, MCAP
- ❖ Jessica Mittler, MCAP
- ❖ Richard Hunt, Moody's Canada

Observers

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