

STS Criteria (ABCP)

The table that follows contains the STS criteria for ABCP transactions and programmes.

The criteria are those set out in the STS Regulation for ABCP securitisations. They appear in Articles 24, 25 and 26 of the STS Regulation. The criteria also include the Article 7 requirements which are part of the STS criteria”

As evidenced by this document, PCS has taken the language of the Regulation but has broken down the relevant articles, paragraphs and sub- paragraph into separate queries each subject to a specific and singular answer. In doing so, PCS has not changed in any way the legislative text but has sought to make the task of measuring compliance with the overall STS criteria capable of a more straightforward, binary process. In doing so, PCS has used its own extensive experience, through the PCS Labels, in verifying in a straightforward way whether any transaction meets a set of complex criteria. PCS recognises that it is entirely possible to choose another and equally legitimate way of breaking down the legislative text into individual questions. However, the key fact is that this will not result in any different conclusion as to the STS status of any transaction or programme. It would only modify the ease with which the question is answered. In the table below, the left-hand column contains the legislative text as it appears in the STS Regulation. In the right-hand column appear the individual questions resulting from the breakdown of that legislative text which are the basis for the checklist through which PCS performs an STS Verification.

This document must be read together with the PCS Procedures Manual and the PCS ABCP Evidentiary Standards Manual.

Definitions:

“AUP”: the agreed upon procedures through which an external firm verifies certain aspects of the asset pool.

“COMI”: center of main interest – broadly, the legal jurisdiction where the insolvency of the seller of assets will be primarily determined.

“Issuer Notification”: the notification provided by the originator or sponsor pursuant to article 27 of the STS Regulation.

“Jurisdiction List”: the list of jurisdictions where it has been determined that severe clawback provisions do not obtain.

“Legal Opinion”: an opinion signed by a law firm qualified in the relevant jurisdiction and acting for the originator or the arranger where the law firm sets out the reasons why, in its opinion and subject to customary assumptions and qualifications, the assets are transferred in such a way as to meet the STS Criterion for “true sale” or the same type of opinion for prior sales together with an opinion on the enforceability of the underlying assets.

“Marketing Documents”: Documents prepared by or on behalf of the originator and used in the marketing of the transaction with potential investors.

“Model”: a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.

“Prospectus/Deal Sheet”: the prospectus or programme information memorandum provided to commercial paper investors or the deal sheet between the sponsor and a seller.

“Transaction Document”: a document entered into in relation to the transaction binding on one or more parties connected to the transaction.

Note: For STS Criteria that refer to future/post-closing obligations, a covenant to fulfil these obligations will need to be inserted in the Transaction Documents and evidenced in the Prospectus/Deal S Prospectus/Deal Sheet.

Legislative text	STS criteria
<p>Article 23 – Simple, transparent and standardised ABCP securitisation</p>	
<p>23.1. An ABCP transaction shall be considered STS where it complies with the transaction-level requirements provided for in Article 24.</p>	
<p>23.2. An ABCP programme shall be considered STS where it complies with the requirements provided for in Article 26 and the sponsor of the ABCP programme complies with the requirements provided for in Article 25.</p> <p>For the purpose of this Section, a ‘seller’ means ‘originator’ or ‘original lender’.</p>	
<p>23.3. By 18 October 2018, the EBA, in close cooperation with ESMA and EIOPA, shall adopt, in accordance with Article 16 of Regulation (EU) No 1093/2010, guidelines and recommendations on the harmonised interpretation and application of the requirements set out in Articles 24 and 26 of this Regulation.</p>	

Legislative text	STS criteria
Article 24 – Transaction-level requirements	
<p>24.1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.</p>	<p>1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.</p>
	<p>2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.</p>
<p>24.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:</p> <p>(a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;</p> <p>(b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.</p>	

Legislative text	STS criteria
<p>24.3. For the purpose of paragraph 1, clawback provisions in national insolvency laws that allow the liquidator or a court to invalidate the sale of underlying exposures in the case of fraudulent transfers, unfair prejudice to creditors or transfers intended to improperly favour particular creditors over others shall not constitute severe clawback provisions.</p>	
<p>24.4. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.</p>	<p>3. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.</p>
<p>24.5. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall include at least the following events:</p> <ul style="list-style-type: none"> (a) severe deterioration in the seller credit quality standing; (b) insolvency of the seller; and (c) unremedied breaches of contractual obligations by the seller, including the seller's default. 	<p>4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall include at least the following events:</p>

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	<ul style="list-style-type: none"> (a) severe deterioration in the seller credit quality standing; (b) insolvency of the seller; and (c) unremedied breaches of contractual obligations by the seller, including the seller's default.
<p>24.6. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.</p>	<p>5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.</p>
<p>24.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet predetermined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p>	<p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet predetermined, clear and documented eligibility criteria</p>

Legislative text	STS criteria
	7. Which do not allow for active portfolio management of those exposures on a discretionary basis..
Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.	8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures
24.8. The underlying exposures shall not include any securitisation position.	9. The underlying exposures shall not include any securitisation position.

Legislative text	STS criteria
<p>24.9. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013</p>	<p>10. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p>
	<p>11. and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013</p>
<p>or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <p>(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at</p>	<p>12. or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination</p>

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<p>least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p> <p>(ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>	
	<p>13. or has undergone a debt restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p>
	<p>14. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p>

Legislative text	STS criteria
	<p>15. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>
<p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p>	<p>16. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p>
<p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	<p>17. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>

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<p>24.10. The debtors shall, at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p>	<p>18. The debtors shall, at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p>
<p>24.11. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled over or refinanced.</p> <p>The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.</p>	<p>19. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.</p>
<p>24.12. The interest-rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.</p>	<p>20. The interest-rate and...</p>

Legislative text	STS criteria
	21 currency risks arising from the securitisation shall be appropriately mitigated
	22. and any measures taken to that effect shall be disclosed.
Except for the purpose of hedging interest-rate or currency risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.	23. Except for the purpose of hedging interest-rate or currency risk, the SSPE shall not enter into derivative contracts

Legislative text	STS criteria
	24. and shall ensure that the pool of underlying exposures does not include derivatives.
	25. Those derivatives shall be underwritten and documented according to common standards in international finance.
24.13. The transaction documentation shall set out, in clear and consistent terms, definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge-offs, recoveries and other asset-performance remedies.	26 The transaction documentation shall set out, in clear and consistent terms, definitions

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	<p>27. , remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge-offs, recoveries and other asset-performance remedies.</p>
<p>The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>	<p>28. The transaction documentation shall clearly specify the priorities of payment,</p>
	<p>29. events which trigger changes in such priorities of payment</p>

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	30. as well as the obligation to report such events.
	31. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.
<p>14. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Where the sponsor does not have access to such data, it shall obtain from the seller access to data, on a static or dynamic basis, on the historical performance, such as delinquency and default data, for exposures substantially similar to those being securitised. All such data shall cover a period no shorter than five years, except for data relating to trade receivables and other short- term receivables, for which the historical period shall be no shorter than three years.</p>	<p>32. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,</p>

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	<p>33. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.</p>
	<p>34. All such data shall cover a period no shorter than five years, except for data relating to trade receivables and other short- term receivables, for which the historical period shall be no shorter than three years.</p>
<p>24.15. ABCP transactions shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the characteristics relating to the cash flows of different asset types including their contractual, credit-risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>	<p>35. ABCP transactions shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the characteristics relating to the cash flows of different asset types including their contractual, credit-risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>

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<p>The pool of underlying exposures shall have a remaining weighted average life of not more than one year, and none of the underlying exposures shall have a residual maturity of more than three years.</p> <p>By way of derogation from the second subparagraph, pools of auto loans, auto leases and equipment lease transactions shall have a remaining weighted average life of not more than three and a half years, and none of the underlying exposures shall have a residual maturity of more than six years.</p>	<p>36. The pool of underlying exposures shall have a remaining weighted average life of not more than one year, and none of the underlying exposures shall have a residual maturity of more than three years.</p> <p>By way of derogation from the second subparagraph, pools of auto loans, auto leases and equipment lease transactions shall have a remaining weighted average life of not more than three and a half years, and none of the underlying exposures shall have a residual maturity of more than six years.</p>
<p>The underlying exposures shall not include loans secured by residential or commercial mortgages or fully guaranteed residential loans, as referred to in point (e) of the first subparagraph of Article 129(1) of Regulation (EU) No 575/2013.</p>	<p>37. The underlying exposures shall not include loans secured by residential or commercial mortgages or fully guaranteed residential loans, as referred to in point (e) of the first subparagraph of Article 129(1) of Regulation (EU) No 575/2013.</p>
<p>The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors with defined payment streams relating to rental, principal, interest, or related to any other right to receive income from assets warranting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>	<p>38. The underlying exposures shall contain obligations that are contractually binding and enforceable,</p>

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	39. with full recourse to debtors
	40. with defined payment streams
	41. relating to rental, principal, interest, or related to any other right to receive income from assets warranting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.

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<p>The underlying exposures shall not include transferable securities as defined in point (44) of Article 4(1) of Directive 2014/65/EU other than corporate bonds, that are not listed on a trading venue.</p>	<p>42. The underlying exposures shall not include transferable securities as defined in point (44) of Article 4(1) of Directive 2014/65/EU other than corporate bonds, that are not listed on a trading venue.</p>
<p>25.16. Any referenced interest payments under the ABCP transaction's assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, but shall not reference complex formulae or derivatives. Referenced interest payments under the ABCP transaction's liabilities may be based on interest rates reflective of an ABCP programme's cost of funds.</p>	<p>43. Any referenced interest payments under the ABCP transaction's assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, but shall not reference complex formulae or derivatives. Referenced interest payments under the ABCP transaction's liabilities may be based on interest rates reflective of an ABCP programme's cost of funds.</p>
<p>25.17. Following the seller's default or an acceleration event:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation unless exceptional circumstances require that an amount be trapped to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>	<p>44. Following the seller's default or an acceleration event:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation unless exceptional circumstances require that an amount be trapped to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>

Legislative text	STS criteria
<p>(b) principal receipts from the underlying exposures shall be passed to investors holding a securitisation position via sequential payment of the securitisation positions, as determined by the seniority of the securitisation position; and</p>	<p>45. (b) principal receipts from the underlying exposures shall be passed to investors holding a securitisation position via sequential payment of the securitisation positions, as determined by the seniority of the securitisation position; and</p>
<p>(c) no provisions shall require automatic liquidation of the underlying exposures at market value.</p>	<p>46. (c) no provisions shall require automatic liquidation of the underlying exposures at market value.</p>
<p>25.18. The underlying exposures shall be originated in the ordinary course of the seller's business pursuant to underwriting standards that are no less stringent than those that the seller applies at the time of origination to similar exposures that are not securitised. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to the sponsor and other parties directly exposed to the ABCP transaction without undue delay. The seller shall have expertise in originating exposures of a similar nature to those securitised.</p>	<p>47. The underlying exposures shall be originated in the ordinary course of the seller's business</p>

Legislative text	STS criteria
	48. Pursuant to underwriting standards that are no less stringent than those that the seller applies at the time of origination to similar exposures that are not securitised.
	49. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to the sponsor and other parties directly exposed to the ABCP transaction without undue delay.
	50. The seller shall have expertise in originating exposures of a similar nature to those securitised.

Legislative text	STS criteria
<p>20. Where an ABCP transaction is a revolving securitisation, the transaction documentation shall include triggers for termination of the revolving period, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold; and</p> <p>(b) the occurrence of an insolvency-related event with regard to the seller or the servicer.</p>	<p>51. Where an ABCP transaction is a revolving securitisation, the transaction documentation shall include triggers for termination of the revolving period, including at least the following:</p>
	<p>52. (a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold; and</p>
	<p>53. (b) the occurrence of an insolvency-related event with regard to the seller or the servicer.</p>

Legislative text	STS criteria
<p>25.20. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the sponsor, the servicer and the trustee, if any, and other ancillary service providers;</p> <p>(b) the processes and responsibilities necessary to ensure that a default or insolvency of the servicer does not result in a termination of servicing;</p> <p>(c) provisions that ensure the replacement of derivative counterparties and the account bank upon their default, insolvency and other specified events, where applicable; and</p> <p>(d) how the sponsor meets the requirements of Article 25(3).</p>	<p>54. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the sponsor, the servicer and the trustee, if any, and other ancillary service providers;</p>
	<p>55. (b) the processes and responsibilities necessary to ensure that a default or insolvency of the servicer does not result in a termination of servicing;</p>
	<p>56. (c) provisions that ensure the replacement of derivative counterparties and the account bank upon their default, insolvency and other specified events, where applicable; and</p>

Legislative text	STS criteria
	57. (d) how the sponsor meets the requirements of Article 25(3).
Article 25 – Sponsor of an ABCP programme	
25.1. The sponsor of the ABCP programme shall be a credit institution supervised under Directive 2013/36/EU.	58. The sponsor of the ABCP programme shall be a credit institution supervised under Directive 2013/36/EU.
25.2. The sponsor of an ABCP programme shall be a liquidity facility provider and shall support all securitisation positions on an ABCP programme level by covering all liquidity and credit risks and any material dilution risks of the securitised exposures as well as any other transaction- and programme-level costs if necessary to guarantee to the investor the full payment of any amount under the ABCP with such support. The sponsor shall disclose a description of the support provided at transaction level to the investors including a description of the liquidity facilities provided.	59. The sponsor of an ABCP programme shall be a liquidity facility provider...

Legislative text	STS criteria
	<p>60.... and shall support all securitisation positions on an ABCP programme level by covering all liquidity and credit risks and any material dilution risks of the securitised exposures as well as any other transaction- and programme-level costs if necessary to guarantee to the investor the full payment of any amount under the ABCP with such support.</p>
	<p>61. The sponsor shall disclose a description of the support provided at transaction level to the investors including a description of the liquidity facilities provided.</p>
<p>25.3. Before being able to sponsor an STS ABCP programme, the credit institution shall demonstrate to its competent authority that its role under paragraph 2 does not endanger its solvency and liquidity, even in an extreme stress situation in the market. The requirement referred to in the first subparagraph of this paragraph shall be considered to be fulfilled where the competent authority has determined on the basis of the review and evaluation referred to Article 97(3) of Directive 2013/36/EU that the arrangements, strategies, processes and mechanisms implemented by that credit institution and the own funds and liquidity held by it ensure the sound management and coverage of its risks.</p>	<p>62. Before being able to sponsor an STS ABCP programme, the credit institution shall demonstrate to its competent authority that its role under paragraph 2 does not endanger its solvency and liquidity, even in an extreme stress situation in the market.</p>

Legislative text	STS criteria
<p>25.4. The sponsor shall perform its own due diligence and shall verify compliance with the requirements set out in Article 5(1) and (3) of this Regulation, as applicable. It shall also verify that the seller has in place servicing capabilities and collection processes that meet the requirements specified in points (h) to (p) of Article 265(2) of Regulation (EU) No 575/2013 or equivalent requirements in third countries.</p>	<p>63. The sponsor shall perform its own due diligence</p>
	<p>64. and shall verify compliance with the requirements set out in Article 5(1) and (3) of this Regulation, as applicable.</p>
	<p>65. It shall also verify that the seller has in place servicing capabilities and collection processes that meet the requirements specified in points (h) to (p) of Article 265(2) of Regulation (EU) No 575/2013 or equivalent requirements in third countries.</p>

Legislative text	STS criteria
<p>25.5. The seller, at the level of a transaction, or the sponsor, at the level of the ABCP programme, shall satisfy the risk-retention requirement referred to in Article 6.</p>	<p>66. The seller, at the level of a transaction, or the sponsor, at the level of the ABCP programme, shall satisfy the risk-retention requirement referred to in Article 6.</p>
<p>25.6. The sponsor shall be responsible for compliance with Article 7 at ABCP programme level and for making available to potential investors before pricing upon their request:</p> <p>(a) the aggregate information required by point (a) of the first subparagraph of Article 7(1); and</p> <p>(b) the information required by points (b) to (e) of the first subparagraph of Article 7(1), at least in draft or initial form.</p>	<p>67. The sponsor shall be responsible for compliance with Article 7 at ABCP programme level</p>
	<p>68. and for making available to potential investors before pricing upon their request:</p> <p>(a) the aggregate information required by point (a) of the first subparagraph of Article 7(1); and</p>

Legislative text	STS criteria
	69. (b) the information required by points (b) to (e) of the first subparagraph of Article 7(1), at least in draft or initial form.
25.7. In the event that the sponsor does not renew the funding commitment of the liquidity facility before its expiry, the liquidity facility shall be drawn down and the maturing securities shall be repaid.	70. In the event that the sponsor does not renew the funding commitment of the liquidity facility before its expiry, the liquidity facility shall be drawn down and the maturing securities shall be repaid.

Legislative text	STS criteria
<p>Article 26 – Programme level requirements</p>	
<p>26.1. All ABCP transactions within an ABCP programme shall fulfil the requirements of Article 24(1) to (8) and (12) to (20).</p> <p>A maximum of 5 % of the aggregate amount of the exposures underlying the ABCP transactions and which are funded by the ABCP programme may temporarily be non-compliant with the requirements of Article 24(9), (10) and (11) without affecting the STS status of the ABCP programme.</p> <p>For the purpose of the second subparagraph of this paragraph, a sample of the underlying exposures shall regularly be subject to external verification of compliance by an appropriate and independent party.</p>	<p>71. All ABCP transactions within an ABCP programme shall fulfil the requirements of Article 24(1) to (8) and (12) to (20).</p>
	<p>72. A maximum of 5 % of the aggregate amount of the exposures underlying the ABCP transactions and which are funded by the ABCP programme may temporarily be non-compliant with the requirements of Article 24(9), (10) and (11) without affecting the STS status of the ABCP programme.</p>
<p>26.2. The remaining weighted average life of the underlying exposures of an ABCP programme shall not be more than two years.</p>	<p>73. The remaining weighted average life of the underlying exposures of an ABCP programme shall not be more than two years.</p>

Legislative text	STS criteria
<p>26.3. The ABCP programme shall be fully supported by a sponsor in accordance with Article 25(2).</p>	<p>74. The ABCP programme shall be fully supported by a sponsor in accordance with Article 25(2).</p>
<p>26.4. The ABCP programme shall not contain any resecuritisation and the credit enhancement shall not establish a second layer of tranching at the programme level.</p>	<p>75. The ABCP programme shall not contain any resecuritisation</p>
	<p>76. ...and the credit enhancement shall not establish a second layer of tranching at the programme level.</p>

Legislative text	STS criteria
<p>26.5. The securities issued by an ABCP programme shall not include call options, extension clauses or other clauses that have an effect on their final maturity, where such options or clauses may be exercised at the discretion of the seller, sponsor or SSPE.</p>	<p>77. The securities issued by an ABCP programme shall not include call options, extension clauses or other clauses that have an effect on their final maturity, where such options or clauses may be exercised at the discretion of the seller, sponsor or SSPE.</p>
<p>26.6. The interest-rate and currency risks arising at ABCP programme level shall be appropriately mitigated and any measures taken to that effect shall be disclosed. Except for the purpose of hedging interest-rate or currency risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives.</p>	<p>78. The interest-rate...</p>
	<p>79. ...and currency risks arising at ABCP programme level shall be appropriately mitigated</p>

Legislative text	STS criteria
	80. ...and any measures taken to that effect shall be disclosed.
	81. Except for the purpose of hedging interest-rate or currency risk, the SSPE shall not enter into derivative contracts
	82. and shall ensure that the pool of underlying exposures does not include derivatives.

Legislative text	STS criteria
<p>Those derivatives shall be underwritten and documented according to common standards in international finance.</p>	<p>83. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>
<p>26.7. The documentation relating to the ABCP programme shall clearly specify:</p> <ul style="list-style-type: none"> (a) the responsibilities of the trustee and other entities with fiduciary duties, if any, to investors; (b) the contractual obligations, duties and responsibilities of the sponsor, who shall have expertise in credit underwriting, the trustee, if any, and other ancillary service providers; (c) the processes and responsibilities necessary to ensure that a default or insolvency of the servicer does not result in a termination of servicing; (d) the provisions for replacement of derivative counterparties, and the account bank at ABCP programme level upon their default, insolvency and other specified events, where the liquidity facility does not cover such events; (e) that, upon specified events, default or insolvency of the sponsor, remedial steps shall be provided for to achieve, as appropriate, collateralisation of the funding commitment or replacement of the liquidity facility provider; and (f) that the liquidity facility shall be drawn down and the maturing securities shall be repaid in the event that the sponsor does not 	<p>84. The documentation relating to the ABCP programme shall clearly specify:</p> <ul style="list-style-type: none"> (a) the responsibilities of the trustee and other entities with fiduciary duties, if any, to investors;

Legislative text	STS criteria
<p>renew the funding commitment of the liquidity facility before its expiry.</p>	
	<p>85. (b) the contractual obligations, duties and responsibilities of the sponsor, who shall have expertise in credit underwriting, the trustee, if any, and other ancillary service providers;</p>
	<p>86. (c) the processes and responsibilities necessary to ensure that a default or insolvency of the servicer does not result in a termination of servicing;</p>
	<p>87. (d) the provisions for replacement of derivative counterparties, and the account bank at ABCP programme level upon their default, insolvency and other specified events, where the liquidity facility does not cover such events;</p>

Legislative text	STS criteria
	<p>88. (e) that, upon specified events, default or insolvency of the sponsor, remedial steps shall be provided for to achieve, as appropriate, collateralisation of the funding commitment or replacement of the liquidity facility provider; and</p>
	<p>89. (f) that the liquidity facility shall be drawn down and the maturing securities shall be repaid in the event that the sponsor does not renew the funding commitment of the liquidity facility before its expiry.</p>
<p>26.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well- documented policies, procedures and risk-management controls relating to the servicing of exposures.</p>	<p>90. The servicer shall have expertise in servicing exposures of a similar nature to those securitised</p>

Legislative text	STS criteria
	91. and shall have well- documented policies, procedures and risk-management controls relating to the servicing of exposures.
<i>Article 7 Transparency requirements for originators, sponsors and SSPEs</i>	

Legislative text	STS criteria
<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;</p>	<p>The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>92. (a) information on the underlying exposures on a quarterly basis,</p>

Legislative text	STS criteria
<p>(b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <p>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</p>	<p>93. all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <p>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</p>
<p>(ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</p>	<p>94. for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</p>
<p>(iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;</p>	<p>95. the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;</p>
<p>(iv) the servicing, back-up servicing, administration and cash management agreements;</p>	<p>96. the servicing, back-up servicing, administration and cash management agreements;</p>
<p>(v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;</p>	<p>97. the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;</p>
<p>(vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;</p>	<p>98. any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;</p>

Legislative text	STS criteria
That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	99. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;
(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:	100. where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:
(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;	101. (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;	102. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
(iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;	103. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
(iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;	104. (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;
(d) in the case of STS securitisations, the STS notification referred to in Article 27;	105. in the case of STS securitisations, the STS notification referred to in Article 27;

Legislative text	STS criteria
(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:	106. quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:
(i) all materially relevant data on the credit quality and performance of underlying exposures;	107. (i) all materially relevant data on the credit quality and performance of underlying exposures;
(ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;	108. information on events which trigger changes in the priority of payments or the replacement of any counterparties,
	109. and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;

Legislative text	STS criteria
<p>(iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.</p>	<p>110. (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.</p>
<p>(f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;</p>	<p>111. (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;</p>
<p>(g) where point (f) does not apply, any significant event such as: (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p>	<p>112. (g) where point (f) does not apply, any significant event such as: (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p>
<p>(ii) a change in the structural features that can materially impact the performance of the securitisation;</p>	<p>113. (ii) a change in the structural features that can materially impact the performance of the securitisation;</p>

Legislative text	STS criteria
<p>(iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;</p>	<p>114. (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;</p>
<p>(iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;</p>	<p>115. (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;</p>
<p>(v) any material amendment to transaction documents.</p>	<p>116. (v) any material amendment to transaction documents.</p>
<p>The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest or, in the case of ABCP transactions, at the latest one month after the end of the period the report covers.</p> <p>In the case of ABCP, the information described in points (a), (c)(ii) and (e)(i) of the first subparagraph shall be made available in aggregate form to holders of securitisation positions and, upon request, to potential investors. Loan-level data shall be made available to the sponsor and, upon request, to competent authorities.</p>	<p>117. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest or, in the case of ABCP transactions, at the latest one month after the end of the period the report covers.</p> <p>In the case of ABCP, the information described in points (a), (c)(ii) and (e)(i) of the first subparagraph shall be made available in aggregate form to holders of securitisation positions and, upon request, to potential investors. Loan-level data shall be made available to the sponsor and, upon request, to competent authorities.</p>
<p>Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay</p>	<p>118. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay</p>

Legislative text	STS criteria
<p>When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.</p> <p>In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.</p> <p>Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.</p>	
<p>7.2 The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p> <p>Or Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p>	<p>119. The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p> <p>Or</p> <p>Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p>

Legislative text	STS criteria
<p>(a) includes a well-functioning data quality control system; (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website; (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk; (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation.</p>	<p>(a) includes a well-functioning data quality control system; (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website; (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk; (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation.</p>
<p>7.2 The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>	<p>120. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>