



Code of Conduct

PCS Code of Conduct

This is the Code of Conduct applicable to Prime Collateralised Securities (“PCS”) and all directors, management and staff of PCS.

This Code of Conduct was approved by the Board of Prime Collateralised Securities (PCS) UK Ltd on 11th December 2018 and the executive management of Prime Collateralised Securities (PCS) EU sas on January 22nd 2019. In this Code, “PCS” shall refer to both companies.

PCS UK and PCS EU are fully owned by Prime Collateralised Securities (PCS) Europe a.s.b.l, the “PCS Association”. As such, PCS is not just a set of companies but a part of the PCS Initiative launched in 2012.

The PCS Association is a not-for-profit association with the following social mission: to promote the transparency, efficiency and integration of financial markets, particularly the market for “asset-backed securities” (“ABS”) and to promote the ABS market as a strong and important financing tool for the real economy. This statement is the PCS Mission.

PCS fully adheres to the PCS Mission. It represents the PCS’ DNA.

Accordingly, everything that PCS does must proceed from the values that are embedded in this DNA. These include:

Serving all the stakeholders in the securitisation market.

PCS must carry out its activities in the best interest of **all** the stakeholders in the market, not just a sub-set. The crisis showed that not only issuers, arrangers and investors, but also regulators, policy makers and the public at large had a vital interest in a healthy, deep but safe and transparent securitisation market. In its activities, PCS must always bear this aim in mind and act without favouring any group. Our aim must be to help sustain a European securitisation market that works in the interests of all in growing the European economy.

Fulfilling our not-for-profit covenant

Obviously, PCS must generate sufficient revenues to meet its expenses. However, as a not-for-profit initiative, PCS must always seek to deliver the best quality service at the best value for all its stakeholders.

Acting with integrity and independence

In order to fulfill our ambition to serve all the stakeholders in the market, participate in the creation of a safe and transparent market and meet our regulatory commitments, every action taken by PCS must meet the highest levels of integrity and honesty and not endanger in any way our independence.

PCS is also committed to treating all persons it encounters, whether as employees, suppliers, clients or stakeholders with dignity and respect.

Every decision of the Board, board members, management and staff of PCS must be judged against these principles.



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Definitions

- “**Agent**” shall mean, in respect of the Originator and Arranger or Arrangers of any Analytical Activity any person or entity, including legal counsel, who act for or on behalf of such Originators and Arrangers in any capacity related to that Analytical Activity;
- “**Analytical Activity**” shall mean the issuance of STS Verifications, Labels, Article 270 Reports, STS Reports, LCR Assessments, CRR Assessments;
- “**Analytical Staff Member**” shall mean any Staff Member that is so identified and may be responsible for completing and signing off on any Checklist for an Analytical Activity and, for the avoidance of doubt, in cases where an Analytical Activity has been outsourced to Prime Collateralised Securities (PCS) EU s.a.s, the term will encompass any analytical staff member of that company working on the relevant Analytical Activity;
- “**Arranger**” shall mean the bank that arranges, structures, underwrites or places one or more securitisations in respect of which an Analytical Activity is being conducted;
- “**Article 270 Report**” shall mean any report issued by PCS setting out PCS’ opinion as to whether a securitisation meets the requirements of Article 270 of the Capital Requirement Regulation of the European Union;
- “**Assessment**” shall mean any of a CRR Assessment or an LCR Assessment;
- “**Assets**” shall mean the assets securitised or proposed to be securitised in the context of a transaction in respect of which an Analytical Activity is being conducted;
- “**Board**” shall mean the board of directors of a PCS company;
- “**Checklist**” shall mean the checklist compiled by PCS and which is filled out as the means of determining the outcome of an Analytical Activity and which the PCS procedures require to be finalised by signing by an Analytical Staff Member;



- “**CRR Assessment**” shall mean a report compiled by PCS regarding a securitisation and setting out whether, in PCS’ opinion, the securitisation complies with the additional requirements for lower capital requirements for European banks as set out in the CRR Regulation;
- “**Data Privacy Policy**” shall mean the policy so titled and approved by the Board setting out the manner in which PCS handles private data;
- “**Family Members**” shall mean, in relation to any Staff Member (a) a spouse or person with whom the Staff Member has a relationship of the same nature as a relationship with a spouse, (b) a father or mother, or (c) a child;
- “**Independent Directors**” shall mean the independent directors of PCS appointed in conformity with Article 28 of the STS Regulation and identified as such on the PCS website;
- “**Label**” shall mean any PCS True Sale Labels or PCS Risk Transfer Label awarded by PCS to securitisations that meet its published criteria;
- “**LCR Assessment**” shall mean a report compiled by PCS regarding a securitisation and setting out whether, in PCS’ opinion, the securitisation complies with the additional requirements for eligibility for the liquidity cover ratio buffers of a European bank as set out in the CRR Regulation;
- “**Originator**” shall mean the originator of one or more securitisations in respect of which an Analytical Activity is being conducted and shall include any “sponsor” as defined in the STS Regulation;
- “**PCS**” shall mean Prime Collateralised Securities (PCS) UK Ltd and Prime Collateralised Securities (PCS) EU sas;
- “**PCS Group**” shall mean any company or entity a majority of whose shares are owned or controlled, directly or indirectly, by Prime Collateralised Securities (PCS) Europe a.s.b.l.;
- “**PCS devices**” shall mean any desktop or laptop computer or mobile phone or other electronic device provided by PCS to any Staff Member to assist in fulfilling their PCS duties;
- “**Regulator**” shall mean the United Kingdom Financial Conduct Authority;



- **“Securities”** shall mean any security, bond, equity share, partnership interest, derivative, warrant, option or any other instrument that provides, or is capable of providing, a monetary benefit to its holder relating to a company, partnership or other such entity but shall not include any securities held as part of discretionary funds the contents over which a Staff Member has no control or influence or any instrument in the form of a debt instrument offered by a bank and treated, from a regulatory point of view, as equivalent to a retail bank deposit;
- **“Staff Member”** shall mean any employee, whether part time or full time, of PCS and any person employed as a consultant by the PCS, for so long as they shall be employed by PCS;
- **“STS Regulation”** shall mean the REGULATION (EU) 2017/2402 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation;
- **“STS Report”** shall mean a report compiled by PCS regarding a securitisation and setting out whether, in PCS’ opinion, the securitisation complies with the STS requirements as set out in the STS Regulation but is not an STS Verification;
- **“STS Verifications”** shall mean the verification of an STS certification pursuant to Article 28 of the STS Regulation.

Also, any reference to “PCS” in the context of a position (eg “Head of HR”) or an engagement or an activity shall be a reference to this position or engagement or activity in, by or for the relevant PCS company.

PCS’ Commitments and Responsibilities

This part sets out the commitments and responsibilities of PCS towards its Staff.

1. Equal Opportunities

PCS will employ, compensate and promote individuals based solely on their competence, integrity and work-related qualities. PCS will also, always and in every way, strive to provide a work environment that respects the inherent



dignity of all staff and those who come into contact with the company. PCS will not discriminate, nor allow workplace discrimination, based on race, colour, nationality, national origin, ethnic background, sex, sexual orientation, religion, religious belief or lack thereof, disability, gender, gender identity, marital status or pregnancy.

2. Freedom from Harassment

PCS will not tolerate discrimination or harassment by any of its Staff Members of any other Staff Member, client, supplier or sub-contractor of PCS.

Harassment includes sexual harassment or other discrimination harassment.

If anyone believes that they have been the victims of harassment, they should immediately report it to the head of HR.

Any Staff found guilty of harassment in breach of this Code of Conduct will be disciplined and, depending on the seriousness of the offence, may be dismissed without compensation.

For definitions of “sexual harassment” and “other discriminatory harassment”, please consult the Appendix to this Code of Conduct.

3. Privacy

PCS will handle all private data relating to its Staff Members in accordance with the law and its Data Privacy Policy, a copy of which is provided to all Staff Members on hiring.

Should any Staff Member wish to obtain another copy of PCS’ Data Privacy Policy, it may obtain it from the head of HR.



4. Non-Retaliation

PCS acknowledges the right of every Staff Member to report, in good faith, either internally or to the Regulator, acts that breach the law, the STS Regulation, any regulatory requirement or the terms of this Code of Conduct.

As set out below, such report may be made to a direct line superior, the head of HR, the Chief Executive Officer and, in cases of the breach of the STS Regulation or other regulatory requirement, to any of the Independent Directors.

Any retaliation against a Staff Member for making such a good faith report or participating in the investigation of any such report will not be tolerated by PCS. Any Staff Member found guilty of such retaliation will be disciplined and, depending on the seriousness of the offence, may be dismissed without compensation.

Obligations to PCS

This part sets out the obligations of Staff Members to PCS.

1. Reporting wrongdoing and mistakes

Due to the requirements of the data protection laws of some countries and the EU, PCS does not *require* (save as set out below) that Staff Members report all cases of breaches of the Code of Conduct or wrongdoing generally. However, PCS strongly encourages it.

Staff Members must, however, disclose any suspected breaches of the law and, especially, any breaches by PCS or Staff Members of the STS Regulation.

Staff Members must also disclose immediately to the Chief Executive Officer and the Head of Analytics if they come across any evidence that an STS Verification was wrongly provided by PCS. This could be as a result of wrongdoing but also innocent error or the later discovery of information not available at the time of the STS Verification or regulatory interpretation subsequent to the STS Verification that calls into question the STS Verification.

Reporting of suspected breaches of the Code of Conduct or any wrongdoing generally should be made to the direct report of the Staff Member or, if the Staff Member so elects, to either the head of HR or the Chief Executive Officer.



In the case of any suspected breach of the STS Regulation, the Staff Member may also, if they wish, report the suspected breach to any of the Independent Directors.

2. Client Confidentiality

- a. Staff Members shall keep confidential all information about a securitisation the subject of any Analytical Activity and received by them from Originators, Arrangers or their Agents in the context of any Analytical Activity except where:
 - Disclosure is required by law or regulation;
 - The information is already in the public domain;
 - The provider of the information informs PCS that such information is not confidential or has specifically authorised disclosure of the information.
- b. Staff Members shall only store information received from Originators, Arrangers or their Agents on PCS devices and shall not use personal devices for this purpose.
- c. Staff Members shall only conduct email correspondence with Originators, Arrangers and their Agents on matters concerning Analytical Activities through their PCS email accounts. If a Staff Member receives an email from an Originator, Arranger or their Agent on matters concerning Analytical Activities through another email account, the Staff Member shall without delay forward that email to his or her PCS email account so that a proper record of the communication is kept.
- d. Staff Members must bear in mind that all PCS devices remain fully the property of PCS. The management of PCS shall be entitled at all times to have full access to all the files and data stored on any PCS device, unless such access is specifically prohibited by law. This includes any data or files that the Staff Member believes to be personal or confidential.



3. Conflicts of interest

- a. Analytical Staff Members shall not be paid or hold any employment with any Originator, Arranger or their Agents;
- b. Staff Members who are not Analytical Staff Members may, exceptionally, be employed or paid by an Originator or Arranger or their Agents but must obtain written approval from the Chief Executive Officer and the head of HR for such employment or payment.
- c. Staff Members who are not Analytical Staff Members and have obtained an exemption under 3.b may not participate or be involved in any way or have any discussions whatsoever with any Analytical Staff member concerning any Analytical Activity involving the Originator, Arranger or Agent in respect of which they obtained an exemption.
- d. Staff Members and their Family Members shall not own or have any financial interest in any securitisation which has been the subject of any Analytical Activity;
- e. Staff Members shall disclose to PCS any interest they or their Family Members hold in any Securities of any Originator or Arranger or their Agents. Such disclosure shall be made against the list maintained in the Clients' Register which is available to all Staff Members and in respect of which updates shall be provided at regular intervals by the head of HR and/or the Chief Executive. Staff Members shall not hold any Securities if such holding would suggest a conflict of interest when taking into account their role at PCS.
- f. PCS may require any Staff Member (or Family Member) to dispose of any Securities of any Originator, Arranger or Agent if, in PCS' reasonable opinion, the holding of such Securities would call into question PCS' independence or fairness. Upon such request, the relevant Securities shall be disposed of within 10 working days.



- g. Analytical Staff Member and their Family Members may not, under any circumstances, hold any Securities in an Originator, Arranger or Agent involved in any securitisation on which that Analytical Staff Member is performing an Analytical Activity.
- h. No Family Member of any Analytical Staff Member may be employed, contracted or in receipt of any monetary benefit of any kind from an Originator or Arranger involved in any securitisation for which that Analytical Staff Member is performing an Analytical Activity. In the case of Agents (such as law firms or accounting firms), the matter be determined on a case by case basis by the Chief Executive Officer who shall determine in his or her discretion whether the nature of the Family Member's role with the Agent and the role of the Agent in the Analytical Activity are such as to call into question the independence of PCS and the integrity of the Analytical Activity.
- i. Any exceptions made by the Chief Executive Officer in respect of an Agent pursuant to h. above shall be evidenced in writing with a short, reasoned rationale and communicated at the next Board meeting to the independent directors.
- j. If any Staff Member is or becomes aware that, for any reason, that Staff Member cannot determine the circumstances of any Family Member (including any Securities holdings), the Staff Member must inform the Chief Executive Officer and the head of HR. PCS shall then take reasonable steps to ensure that this does not call into question the independence of PCS' Analytical Activities.
- k. If any Analytical Staff Member is in any discussion (however preliminary and whether directly or through an intermediary such as a head-hunter) with an Originator, an Arranger or an Agent, with a view to possibly taking employment with that party, that Analytical Staff Member may not accept any Analytical Activity involving the party with whom discussions are taking place.



- I. Any Staff Member who becomes aware at any time of a breach of the provisions of this article 3 must immediately inform the Chief Executive Officer and the head of HR. PCS shall then take appropriate measures to ensure that the independence of PCS is not called into question and the provisions of the STS Regulations are met.

4. Independence

- a. Staff Members must draw to the attention of the Chief Executive Officer and the head of HR any circumstances of which they become aware and which could reasonably be deemed to call into question the independence of PCS' Analytical Activities.
- b. A Staff Member may not share the contents of any discussions it has had with any Originator or Arranger or their Agent in respect to any STS Verification with the Analytical Staff Member assigned to that STS Verification.
- c. Any Analytical Staff Member who has engaged in any discussion relating to the STS status of any specific securitisation with an Originator, Arranger or their Agent must report this to the head of HR so that this fact may be recorded in the Discussions' Register and, should this securitisation later be presented to PCS for an STS Verification, that Analytical Staff Member cannot be assigned to any STS Verification in relation to that securitisation.
- d. An Analytical Staff Member is only required to report a discussion where the other party disclosed specifics of a future securitisation. For example: "I want to discuss the next MegaProgram issue" or "This is about ABSPrime 12" would meet this requirement. But: "If someone would come with an auto-lease deal..." or "How does PCS view the homogeneity requirement for German mortgages..." would not.



- e. Also, an Analytical Staff Member is only required to report a discussion where the subject matter was STS criteria or the obtaining of an STS Verification. For example: “How would PCS react if we changed law firms providing the opinion on ABSPrime 12” or “would PCS accept a wider definition of credit-impaired debtors as falling into the legal requirement” would qualify. But general chatter such as “By the way, we are thinking of coming out with a new issue out of the MegaProgram master trust” or “We are concerned about spread widening if we bring ABSPrime 12 before August” would not.
- f. Staff Members shall not promise or guarantee to any person (implicitly or explicitly) that a securitisation will obtain any given outcome as the result of any Analytical Activity.
- g. Staff Members, when discussing matters relating to STS with any Originator, Arranger or their Agent, may provide information regarding the procedures of PCS or the PCS approach to the interpretation of any STS criterion or the standard of evidence PCS would require when doing an STS Verification. However, no Staff Member must engage in discussions which could be viewed, in any way, as “advising” an Originator, Arranger or their Agent as to how to structure their securitisation or their STS certification or which could may amount to a “recommendation”.
- h. Analytical Staff Members may not participate in any meeting held by Staff Members who are not Analytical Staff Members with Originators, Arrangers or their Agents where the purpose of the meeting (or one of the purposes of the meeting) is to market any PCS services or discuss the commercial relationship between PCS and that Originator, Arranger or Agent.
- i. No Staff Member that is not an Analytical Staff Member shall seek to influence in any way the outcome of an STS Verification. In particular, no Staff Member who is not an Analytical Staff Member shall discuss with an Analytical Staff Member in charge of a particular STS Verification the commercial importance of that STS Verification or the Originator or Arranger who has solicited that STS Verification, nor share any data on the revenues generated by that Originator or Arranger.



- j. PCS shall not accept an engagement for the STS Verification of any securitisation in respect of which it, or any company within the PCS Group, has issued an STS Report.

5. Incentives and Compensation

The compensation of Analytical Staff Members (including any bonus or other incentives) shall never be dependent on, or calculated by reference to, the number of positive outcomes to any Analytical Activity.

6. Gifts and entertainment

- a. Subject to paragraph (b) below Staff Members (and Family Members) shall not accept any gifts from, or on behalf of, Originators, Arrangers or their Agents save gifts of a trivial monetary value. A trivial monetary value, for the purposes of this Code, shall be any sum below €25 (or other currency equivalent). In no circumstances shall a Staff Member ever accept money or cash equivalents from, or on behalf of, an Originator, Arranger or Agent.
- b. In exceptional circumstances, where the Staff Member (or Family Members) deems it would be offensive to the giver (for cultural reasons) for the Staff Member (or Family Member) to refuse a gift not of trivial monetary value, the Staff Member (or Family Member) may accept such a gift. In these circumstances, the Staff Member must immediately report the acceptance of such gift to the Chief Executive Officer and the head of HR and hand over such gift to the head of HR who will dispose of such gift to charitable purposes.
- c. Staff Members shall not accept excessive and extravagant entertainment offered, or provided for, by Originators, Arrangers or their Agents. In particular, Staff Members shall not accept the payment or re-imbusement of any travel other than travel wholly and exclusively done in the performance of their duties for PCS and with the prior written consent of the Chief Executive Officer. If Staff Members are uncertain as to whether the entertainment offered is excessive or extravagant, they must inform the Chief Executive Officer and the head of HR prior to acceptance. The Chief Executive Office will determine whether the entertainment is of such nature as to call into question the independence of PCS.



- d. Paragraph (c) does not prevent Staff Members from accepting meals or drinks, in a normal social setting, provided that the cost of such meals or drinks is reasonable and would not lead a reasonable person to question the intent or the propriety of the occasion.

7. Harassment and discrimination

Staff Members shall refrain from any conduct that could amount to harassment or discrimination of any other Staff Member, client, supplier or any other person in contact with PCS.

8. General

Staff Members shall, at all times, avoid not only conflicts of interest but also the appearance of such conflicts. They shall perform their duties to the highest standard of independence and integrity. They shall not speak or act in such a way as to call into question their independence and impartiality or the independence and impartiality of PCS.

9. Sanctions

Any breach by a Staff Member of any part of this Code will, if suspected, result in an investigation jointly conducted by the head of HR and the Chief Executive Officer and such Staff Member, if found to have breached this Code, shall be liable to sanctions. Such sanctions, depending on the severity of the breach, may include dismissal without compensation. (If the person suspected of a breach is the Chief Executive Officer, the investigation shall be carried out by the head of HR with the support of the Independent Directors.)

10. Signature

It is a requirement of employment for every Staff Member at PCS that they read a copy of this Code and sign it to indicate that they have understood it and agree to be bound by it. The signed copy shall be kept with the relevant Staff Member's employment record.

Appendix

For the purposes of the Code of Conduct, “sexual harassment” is defined as unwelcome sexual advances, request for sexual favours or other verbal or physical conduct of a sexual nature where:

- Acceptance of such conduct is, whether explicitly or implicitly, made a condition of employment;
- Acceptance or rejection of such conduct is used as the basis for employment decisions (such as compensation or promotion) or it is intimated that it will be so;
- Such conduct unreasonably interferes with the Staff Members capacity to perform their tasks or creates a hostile or offensive work environment.

For the purposes of this Code, the gender or sexual preference of any party involved is irrelevant as is whether the advances were accepted or rejected.

For the purposes of the Code of Conduct “other discriminatory harassment” is defined as any verbal or physical conduct that denigrates or shows hostility or aversion to anyone based on their race, colour, nationality, national origin, ethnic background, sex, sexual orientation, religion, religious belief or lack thereof, disability, gender, gender identity, marital status or pregnancy and has the intent or the effect of creating a hostile or offensive work environment or interferes unreasonably with the targeted individual’s capacity to perform their tasks.