

PCS

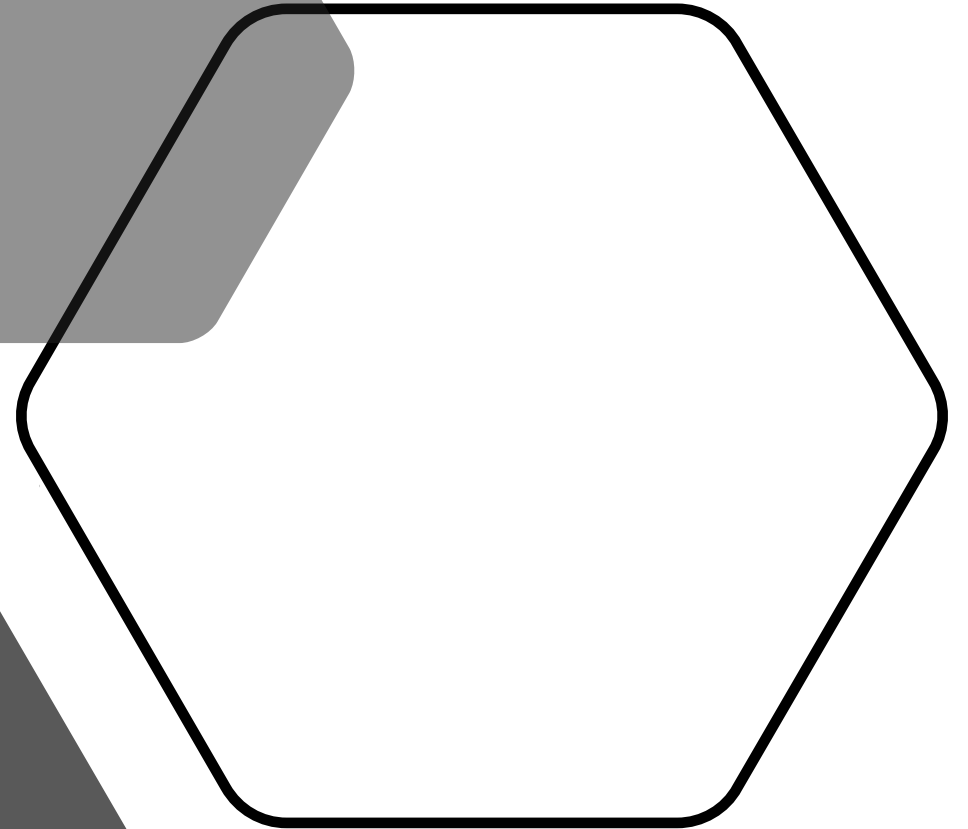
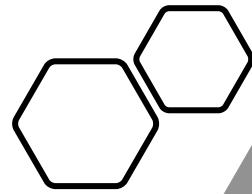
Setting the Standard for Securitisation

The STS Regime - an overview



Agenda

- The STS Regime – an overview
- PCS – Who we are
- Our Services



PCS

Setting the Standard for Securitisation

The STS Regime - an overview



STS Regime

THE LAW

- EU 2017/2402 - General framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (“STS Regulation”)

amended by

- (EU) 2021/557 - amending Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation to help the recovery from the COVID-19 crisis (“Synthetic STS Regulation”)

STS Regime

Origins

2007-2008

- Financial crisis engulfs the world
- Securitisation is considered a key culprit

2008-2009

- Tsunami of new financial regulations across the world
- Securitisation “punished” (Basel 2 changes, Solvency II, etc.)

2009-2011

- Financial crisis becomes a sovereign crisis - EU deeply concerned about the future of European finance
- But EU securitisations weather the crisis extremely well - public authorities start to wonder (ECB, BoE, EC...)

2012-2014

- “Good securitisation” becomes rehabilitated in policy circles
- Official sector looks to soften the regulatory punishment but only for “high quality” securitisations

2015

- EBA Report and European Commission legislative proposal
- A new definition of high-quality securitisation is proposed: STS

2017-2019

- Law is passed in December 2017
- Law comes into force on 1st January 2019

2021

- Law is amended to include synthetic securitisations and to fix some issues with NPLs

STS Regime

THE LAW Structure

- The “STS Regulation” is also called, probably more accurately, the “Securitisation Regulation” as it sets out the rules for all securitisations in the European Union
- The STS Regulation is therefore two sets of rules in one legislative text
- The first part of the Regulation (articles 5 to 17) sets out the rules applicable to all securitisations and market participants
- The second part (articles 18 to 28), sets out the rules for the STS regime
- The third part (articles 29 to 48) is concerned with procedural and regulatory matters (including the respective powers of various regulatory bodies and sanctions)
- *Note: the new 2021 regulation allowing synthetic STS transactions amended this regulation but left the structure broadly unchanged*

STS Regime

THE LAW General Rules

Chapter	Article	Subject Matter
Chapter 1 - General Provisions	Art.1	Subject Matter and Scope
	Art.2	Definitions
	Art.3	Sales to retail
	Art.4	SSPE requirements
Chapter 2 - Provisions applicable to all securitisations	Art.5	Due diligence requirements
	Art.6	Risk retention
	Art.7	Disclosure requirements
	Art.8	Ban on re-securitisations
	Art.9	Criteria for credit granting
Chapter 3 - Conditions and procedures for registration of securitisation repository	Art.10 to Art.17	Rules on securitisation repositories
Chapter 5 - Supervision	Art. 34 and 35	Sanctions

STS Regime

THE LAW STS Rules

Chapter	Article	Subject Matter
Chapter 4 – STS Provisions	Art.18	STS Designation
	Art.19	Term STS Securitisations
	Art.20	Term Simplicity Criteria
	Art.21	Term Standardisation Criteria
	Art.22	Term Transparency Criteria
	Art.23	ABCP STS Securitisations
	Art.24	ABCP Transaction Level Criteria
	Art.25	ABCP Sponsors
	Art.26	ABCP Program Level Criteria
	Art.26 a – e	Synthetic Criteria *
Art.27 and 28	Third party certification	

* Added by the 2021 regulation

STS Regime

THE LAW Key general provisions

- Onerous investor due diligence requirements (art.5) , including the **mandatory** requirement for all investors in STS securitisations to verify the STS status
- Absolute ban on re-securitisations
- Complex and extensive mandatory disclosure requirements (art.7) subject to extremely thorough **ESMA templates**
- The creation of authorised and regulated **Data Repositories** with whom disclosures must be filed
- An extremely severe **sanctions regime** including fines of up to 10% of worldwide turnover and €5 million personal fines

STS Regime

THE LAW Key STS provisions

- STS status for securitisations is unique in that it is not sufficient for a transaction to be treated as STS to meet the STS criteria. **Each STS transaction must be notified as such to ESMA**
- ESMA maintains a public record of all STS securitisations (anonymized for private transactions) but operates only as a “post box”. ESMA does no verification
- To be STS a term transaction must meet **each and every** STS criteria as set out in articles 20 to 22 of the STS Regulation
- There is no *de minimis* exemptions or mitigation provisions
- There are **103** separate criteria which can be found on PCS’ Master Checklist
- Sanctions for mis-notification are potentially extremely severe

STS Regime

THE LAW Key STS Investor Provisions

- Article 5.3 sets a specific due diligence obligation on any investor buying a securitisation that is notified as STS
- Under article 5.3.(c), investors must assess the compliance of the securitisation with the STS criteria
- In doing so, investors may rely to an **appropriate extent** on the originator's STS notification and other information provided by the originator **BUT** may **not** rely on it **solely or mechanistically**
- Article 5.3 therefore requires an investor to take specific due diligence steps beyond merely reading the originator provided information
- The investor obligations under article 5.3 are **absolute** and do **not depend** on whether the investor seeks to derive any benefit from the STS status of the securitisation or even cares about it
- The article 5.3 obligations remains unchanged for investors in synthetic STS securitisation

STS Regime

THE LAW Third Party Verification Agents

- *A legislator's dilemma*: (a) even with savage potential sanctions the legislator did not fully trust banks to police their STS issuance (after 2007/2008) but the European regulators were not prepared to police the STS regime either and (b) the investors informed them in very strong terms that, if they had to perform a full due diligence on the STS status of securitisations (art.5.3), they would leave the market.
- To solve this double-bind the legislators created a new category of capital market participants: the **third-party verification agent**
- The role of the third-party verification agent is to verify independently the originator's certification of the STS status of its securitisation
- This provides comfort on the **policing** of the new regime *and socializes the cost of investor due diligence* as investors can base their article 5.3 due diligence on the work of a third-party verification agent.
- The intervention of a third-party verification agent is **not mandatory**
- Only an originator may hire the third-party verification agent

STS Regime

THE LAW Third Party Verification Agents

Third-party verification agents	Regulatory requirements
Independent	Cannot perform other services for originators
	Limited by their regulators as to the range of their activities
	Subject to oversight as to their governance (incl. mandatory independent directors)
Authorised	Must be authorised within the European Union by a financial regulator
Subject to rules on conflicts of interest	Must have codes of conducts
	Must have strict rules on charging (cost-based, non-discriminatory, not dependent on results)
	Prohibited from providing advisory services

STS Regime

THE LAW Third Party Verification Agents

Who benefits from the intervention of a Third-Party Verification Agent?

The regulators and legislators

By providing an oversight mechanism

By reducing the risk of divergence between jurisdictions (since the STS criteria are national responsibilities)

The investors

By providing an STS report that may be used to fulfil investors' article 5.3 obligations

The originators

By providing them expert confirmation of their ESMA certification

By providing them a defence against sanctions – as sanctions require negligence or misfeasance

STS Regime

THE LAW Benefits of STS

- The CRR Regulation provides for **lower capital requirements for EU bank investors** holding STS securitisations that also meet some additional requirements
- The Money Market Funds Regulation provides that **money market funds** can only invest 10% of their holding in securitisations. This limit is increased to 15% for STS securitisations
- The Solvency 2 legislation provides for **EU insurance companies** to hold substantially less capital against the senior tranches of STS securitisations
- An amendment to the Liquidity Cover Ratio (“LCR”) rules changed the **eligibility rules for LCR** to the benefit of STS

STS Regime

Synthetic STS

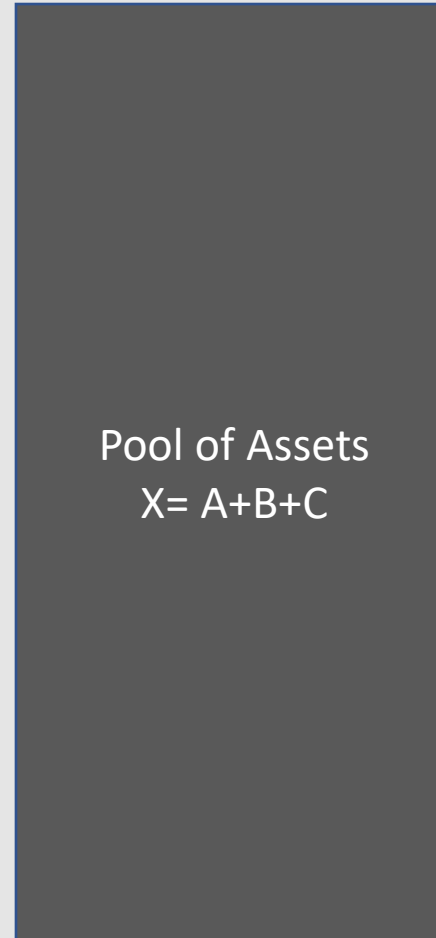
- Synthetic securitisations, where the securitised assets are not transferred to an SPV by a sale but remain on the originator's balance-sheet and defaults are "protected" by an "investor", where not allowed to be STS in the original 2017 legislation
- But the European legislators instructed the European Commission to look into creating a "synthetic STS" category
- In 2021, this was done by passing an amending regulation which came into force on 9th April 2021
- The new regulation also amended certain provisions of the STS Regulation relating to retention and NPLs to make NPL securitisations easier
- In the new regulation, "synthetic securitisations" are called "on-balance-sheet securitisations" and "true sale securitisations" are called "traditional securitisations" – just so you should know.

STS Regime

Synthetic STS
Why the change?

- The CRR impact of a synthetic securitisation

Before



After



STS Regime

Synthetic STS Why the change?

CRR impact of a synthetic securitisation

- CRR includes a “non-neutrality” principle for securitisations
- Under non-neutrality, if a pool X is securitized into three tranche (A,B,C), under the CRR, K_x is substantially less than $K_A+K_B+K_C$
- If you enter into a synthetic securitisation removing the credit risk of tranche B, you should “mathematically” achieve a large reduction of capital requirement for pool X *but...*
- ...by doing so, the originator “creates” a new securitisation corresponding to the unprotected tranche A. Since tranche A is usually retained by the originator, the new capital requirement for this part A of the pool can be almost the same (and in some cases larger!) that the old K_x
- By allowing the synthetic securitisation to access the lower STS CRR capital requirements for tranche A, the new regulation softens the impact of “non-neutrality” and makes (many) more pools capable of meaningful risk transfer.

STS Regime

Synthetic STS Key provisions

- Synthetic STS is only available to prudentially regulated European banks
- The only regulatory benefit provided for synthetic STS is access for the **senior retained tranche** to the lower STS CRR capital calibrations
- No regulatory benefits are available to the investors/protection sellers
- No Solvency II benefits are available for synthetic STS
- The criteria for synthetics are (with a couple of exceptions) the same as for true sale securitisation plus additional ones
- There are around 145 to 160 criteria for synthetics vs 103 for “true sale”
- Third-party verification agents are available for synthetic STS securitisations on the same basis as for “true sale” transactions.

STS Regime

STS and Brexit

- On 1st January 2021, when the Brexit transition period ended, the STS regime split into two (nearly) identical mirror regimes
- All existing and future United Kingdom securitisations lost the possibility of STS status for European Union investors. There was no grandfathering
- Existing EU securitisations were grandfathered in the hands of United Kingdom investors and future STS securitisations will continue to be for a two-year transition period

STS Regime

STS and Brexit

STS regime	European Union	United Kingdom
STS criteria	unchanged	unchanged
Criteria oversight	NCA's backed by EBA	FCA
Mandatory notification	Yes - to ESMA	Yes - to FCA
Mutual recognition	No	Yes - for two years
Grandfathering	No	Yes
Data Repository	Yes - ESMA authorised	Yes - FCA authorised
DR mutual recognition?	No	No
Third-party Verification Agents	Yes - NCA authorised	Yes - FCA authorised
TPVA mutual recognition	No	No

STS Regime

Bank Investor Capital Benefit

Risk Weights for securitisations under the SEC-ERBA

Credit Quality Step	STS		Non-STS		Non-STS % vs STS RW increase	
	Senior Tranche		Senior Tranche		Senior Tranche	
	Tranche Maturity		Tranche Maturity		Tranche Maturity	
	1 year	5 years	1 year	5 years	1 year	5 years
1	10%	10%	15%	20%	50%	100%
2	10%	15%	15%	30%	50%	100%
3	15%	20%	25%	40%	67%	100%
4	15%	25%	30%	45%	100%	80%
5	20%	30%	40%	50%	100%	67%
6	30%	40%	50%	65%	67%	63%
7	35%	40%	60%	70%	71%	75%
8	45%	55%	75%	90%	67%	64%
9	55%	65%	90%	105%	65%	62%
10	70%	85%	120%	140%	71%	65%
11	120%	135%	140%	160%	17%	19%
12	135%	155%	160%	180%	19%	16%
13	170%	195%	200%	225%	18%	15%
14	225%	250%	250%	280%	11%	12%
15	280%	305%	310%	340%	11%	12%
16	340%	380%	380%	420%	12%	11%
17	415%	455%	460%	505%	11%	11%
18+	1250%	1250%	1250%	1250%	0%	0%

Risk Weights according to Article 263 & 264 of the REGULATION (EU) 2017/2401

Please Note:

- For Synthetic STS, these benefits apply only to the originator as “investor” in the senior tranche
- This table only shows the senior tranche capital benefit

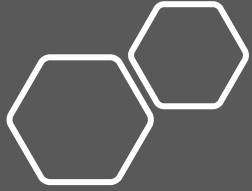
PCS

Setting the Standard for Securitisation

STS (Simple Transparent Standardised)

In a nutshell





STS in a nutshell

- On January 1, 2019, the STS Regulation introduced a new category of securitisations: “simple, transparent and standardised securitisations” or “STS securitisations” for short
- STS securitisations are securitisations that meet a set of long and detailed criteria and which the originator has certified and notified to the European Securities and Markets Authority (“ESMA”) or the United Kingdom Financial Conduct Authority (“FCA”)
- STS securitisations benefit from favourable regulatory treatments in the CRR (for banks), Solvency 2 (for insurers) and the MMF regulation (for money market funds)
- In addition, the STS Regulation also created a new type of regulated entity: the “third party verification agent”
- The role of these is to verify the originator’s own certification of the STS status of a securitisation





STS is
applicable to a
broad list of
asset types &
deal types

Deal types

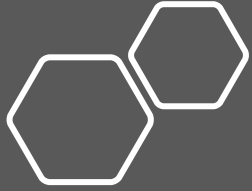
Private/Public
ABCP/Non-ABCP
Warehouses
On-balance sheet lending
Risk Transfer (Article 270)
Synthetic securitisations

Asset types include among others

RMBS
Auto Leases
Auto Loans
BTL
CLO
CMBS
Consumer Loans
Corporate Loans
Credit Cards
Equipment Leases
Fleet Leases
SME Loans
Trade Receivables
..

NPLs*

*(explicitly excluded from STS)



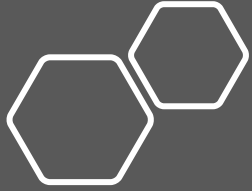
STS Benefits for Investors

- Rehabilitates securitisation as an investment tool
- Lower Capital Requirements for banks
- Lower Capital Requirements for insurers
- Eligibility for LCR pools
- Higher market liquidity vs non-STS



STS Benefits for Issuers

- Rehabilitates securitisation as a finance tool
- Larger investor pools vs non-STS
- Lower spreads vs non-STS



STS Bank Investor Capital Benefit

Risk Weights for securitisations under the SEC-ERBA						
Credit Quality Step	STS		Non-STS		Non-STS % vs STS RW increase	
	Senior Tranche		Senior Tranche		Senior Tranche	
	Tranche Maturity		Tranche Maturity		Tranche Maturity	
	1 year	5 years	1 year	5 years	1 year	5 years
1	10%	10%	15%	20%	50%	100%
2	10%	15%	15%	30%	50%	100%
3	15%	20%	25%	40%	67%	100%
4	15%	25%	30%	45%	100%	80%
5	20%	30%	40%	50%	100%	67%
6	30%	40%	50%	65%	67%	63%
7	35%	40%	60%	70%	71%	75%
8	45%	55%	75%	90%	67%	64%
9	55%	65%	90%	105%	65%	62%
10	70%	85%	120%	140%	71%	65%
11	120%	135%	140%	160%	17%	19%
12	135%	155%	160%	180%	19%	16%
13	170%	195%	200%	225%	18%	15%
14	225%	250%	250%	280%	11%	12%
15	280%	305%	310%	340%	11%	12%
16	340%	380%	380%	420%	12%	11%
17	415%	455%	460%	505%	11%	11%
18+	1250%	1250%	1250%	1250%	0%	0%

Risk Weights according to Article 263 & 264 of the REGULATION (EU) 2017/2401

Please Note:

- For Synthetic STS, these benefits apply only to the originator as “investor” in the senior tranche
- This table only shows the senior tranche capital benefit

PCS

Setting the Standard for Securitisation

PCS - Who we are





PCS

Prime Collateralised Securities (PCS) was set up by market stakeholders as an independent, not-for-profit initiative to help rebuild a safe securitisation market in Europe



Our Mission

- The aim of the Prime Collateralised Securities (“PCS”) initiative is to strengthen the securitisation market as a sustainable investment and funding tool for both investors and originators, promote growth in the real economy and improve market resilience by supporting standards of quality, transparency, and simplicity
- The PCS initiative – as an independent entity – has, since its foundation in 2012, sought to define and promote standards of “best practice” in both the “true sale” and “risk transfer” asset backed markets: standards of quality, transparency and simplicity. It did this initially through its labels and now through its work as a verification agent but also through its advocacy and thought leadership
- PCS is committed to retaining its not-for-profit status



Strong Team of Securitisation Experts

- We are a team of experts with an average experience of more than 25 years in securitisation markets
- We are based in 7 cities across Europe and have offices in London and Paris
- Our team members are fluent in several European languages including English, French, German, Italian, Spanish & Greek

Market Outreach Team



Ian Bell
CEO
ian.bell@pcsmarket.org



Max Bronzwaer
Investor Liaison
max.bronzwaer@pcsmarket.org

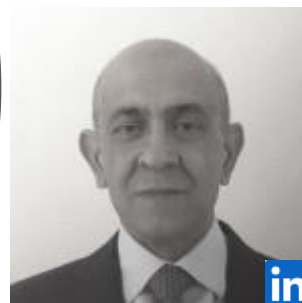


Rob Koning
Issuer Liaison
rob.koning@pcsmarket.org



Harry Noutsos
Issuer Liaison
harry.noutsos@pcsmarket.org

Analytical Team



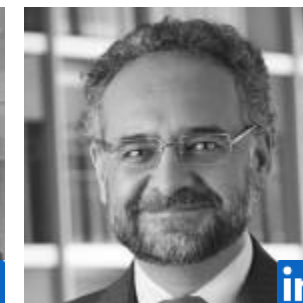
Fazel Ahmed
Analyst
fazel.ahmed@pcsmarket.org



Robert Leach
Analyst
robert.leach@pcsmarket.org



Martina Spaeth
Analyst
martina.spaeth@pcsmarket.org



Daniele Vella
Analyst
daniele.vella@pcsmarket.org

Mark Lewis
Head of Analytics
mark.lewis@pcsmarket.org



You can click on the photo for the CV

PCS Members & Permanent Observers

PCS Members

Allen & Overy	Linklaters
Allianz	Lloyds Banking Group
Amundi	Intesa San Paolo
APG	Mayer Brown
Ashurst LLP	Moody's
AXA	Morgan Lewis
Baker & McKenzie	National Bank of Greece
Banca Sella Holding S.p.A.	Nationwide Building Society
Barclays	NIBC Bank
BBVA	NN Investment Partners
Bishopsfield Capital Partners	Obvion
Bloomberg	Rabobank
BNP Paribas	RBS
BNY Mellon	Robeco
Clifford Chance	Santander
Credit Suisse	Securitisation Services
Deutsche Bank	Societe Generale
DLA Piper	Swiss Re
European Banking Federation	TwentyFour Asset Management
Freshfields Bruckhaus Deringer	UBS
Hengeler Mueller	UniCredit
Hogan Lovells	Vieira De Almeida
ING	Weil, Gotshal & Manges
J.P.Morgan Asset Management	

PCS Permanent Observers

Association for Financial Markets in Europe (AFME)	Hellenic Financial Stability Fund (HFSF)
Dutch Securitisation Association (DSA)	Insurance Europe
Eurofinas	International Association of Credit Portfolio Managers (IACPM)
European Bank for Reconstruction and Development (EBRD)	Irish Debt Securities Association (IDSA)
European Banking Authority (EBA)	KfW
European Central Bank (ECB)	LeaseEurope
European Fund and Asset Management Association (EFAMA)	
European Financial Services Round Table (EFR)	
European Investment Bank (EIB)	
European Investment Fund (EIF)	
European Securities and Markets Authority (ESMA)	

PCS

actively
supports
European
securitisation

How does PCS
support the
market?

- Provider of thought leadership & advocacy
- Third Party Verification Agent
- Provider of LCR and CRR assessments
- Information resource

Since the introduction of STS in 2019, we have provided more than 350 STS verifications across Europe covering a wide range of deal types and asset classes in every jurisdiction from which an STS notification has been done.

PCS

has an active role in European securitisation markets

How does PCS contribute?

- Responding to consultations
- Publications
- Newsletters
- White Papers
- Webinars and seminars
- Criteria Papers
- Active dialogue & advocacy with policy makers
- Active dialogue with prudential and market regulators

STS

Third Party Verification Agent

What do third
party verification
agents do?

- A third party verification agent verifies the STS status of a securitisation at the request of an originator
- The verification agent does this by checking each and every STS criterion to ensure that it has been met
- In checking each criterion, the third party verification agent brings into play its expertise of both securitisation and the STS rules, derived from its experience over many transactions as well as its ongoing dialogue with regulatory authorities
- By informing investors and potential investors of the independent third party verification of its transaction, the originator provides comfort to investors but also assists *all investors* (regulated or not) to fulfill their legally required due diligence obligations

STS

Third
Party
Verification
Agent

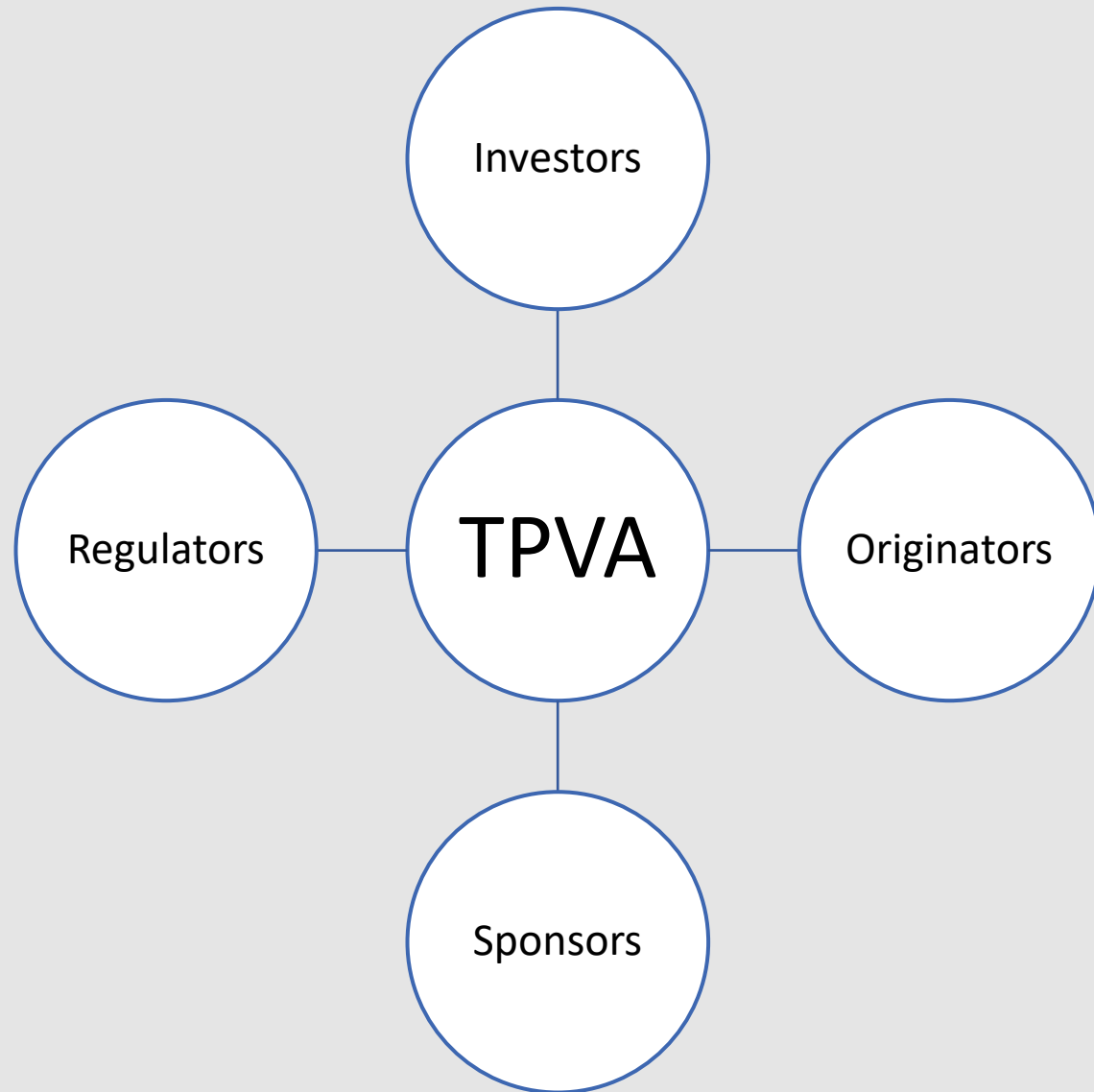
How are third
party verification
agents
regulated?

- Only authorised entities may be third party verification agents
- In authorising a third party verification agent, the national competent authority checks its internal governance and codes of conduct as well as the verification agents processes and procedures
- To guarantee the independence of third party verification agents, the regulations prohibit them from providing any advisory or other services to originators and requires them to have an internal code of conduct that prevents or manages any conflict of interest
- The authorisation of a third party verification agent by any national competent authority in the European Union entitles that agent to operate in all other member states of the EU
- Only third party verification agents authorised by the UK FCA can verify UK STS securitisations
- PCS is authorised as a third party verification agent by the French Autorité des Marchés Financiers and the British Financial Conduct Authority

STS

Third
Party
Verification
Agent

Who does it
help?



STS

Third Party Verification Agent

Who does it help
and how?

Originators & Sponsors

As an expert verification

- Lowers recharacterisation risk
- Adds to the internal compliance process
- Brings cross-border, cross-asset class and regulatory knowledge to the table

As a mitigant to the threat of sanctions

- 10 % of worldwide turn-over
- €5,000,000 personal fines
- Requirement of deliberate act or negligence

Investors

- Socialises the cost of compliance (art.5.3.c)
- Is the answer to the question of what lies between relying “to an appropriate extent” and not “solely or mechanistically” (art. 5.3.c)
- Brings cross-border, cross-asset class and regulatory knowledge to the table
- Produces a report that allows an investor to double-check either a factual assertion or an interpretation
- The reports are public so available pre-pricing, at closing and in the secondary market

Regulators

- Criteria interpretations lies with NCAs
- Third party verification agents, as regulated independent bodies, can have interpretation discussions for the whole market on a basis of trust
- Risk of regulatory fragmentation undermining the European benchmark status of STS
- Third party verification agents operating cross-border and cross-asset class can identify inconsistencies before they become a threat to the system

PCS

Setting the Standard for Securitisation

Our Services



PCS

Services

What do we
offer?

WE offer the following Verifications and Assessments:

- True Sale STS Verification
- ABCP STS Verification
- CRR Assessment
- LCR Assessment
- PCS+ (Verification + CRR and/or LCR)
- Mixed Transaction STS Verification
- Synthetic STS Verification



PCS

Third Party Verification Agent

Why use PCS?

- We have verified more than 600 transactions including more than 350 STS transactions
- We have extensive experience of the STS criteria grounded in our constant interaction with regulators and market participants
- Our experience across countries and asset classes allows originators to join in the market and regulatory consensus around STS
- There are 103 criteria in true sale and between 145 and 160 in synthetics. We go through every one of them on every deal
- There is no de minimis rule. Failure to meet even one criterion will make a transaction ineligible
- We prepare a detailed checklist covering each criterion and make it available before pricing

PCS is authorised by



PCS

Third Party
Verification
Agent

Why use PCS?

We have verified transactions for the following deal types

Private/Public

ABCP/Non-ABCP

Warehouses

On-balance sheet lending

Portfolio acquisition financing

Risk Transfer (Article 270)

Synthetic securitisations



PCS

Third Party
Verification
Agent

Why use PCS?

We have verified transactions for the following asset types

Auto Leases

Auto Loans

BTL Loans

Consumer Loans

Corporate Loans

Credit Cards

Equipment Leases

Fleet Leases

RMBS

Salary Loans

SME Loans

Trade Receivables

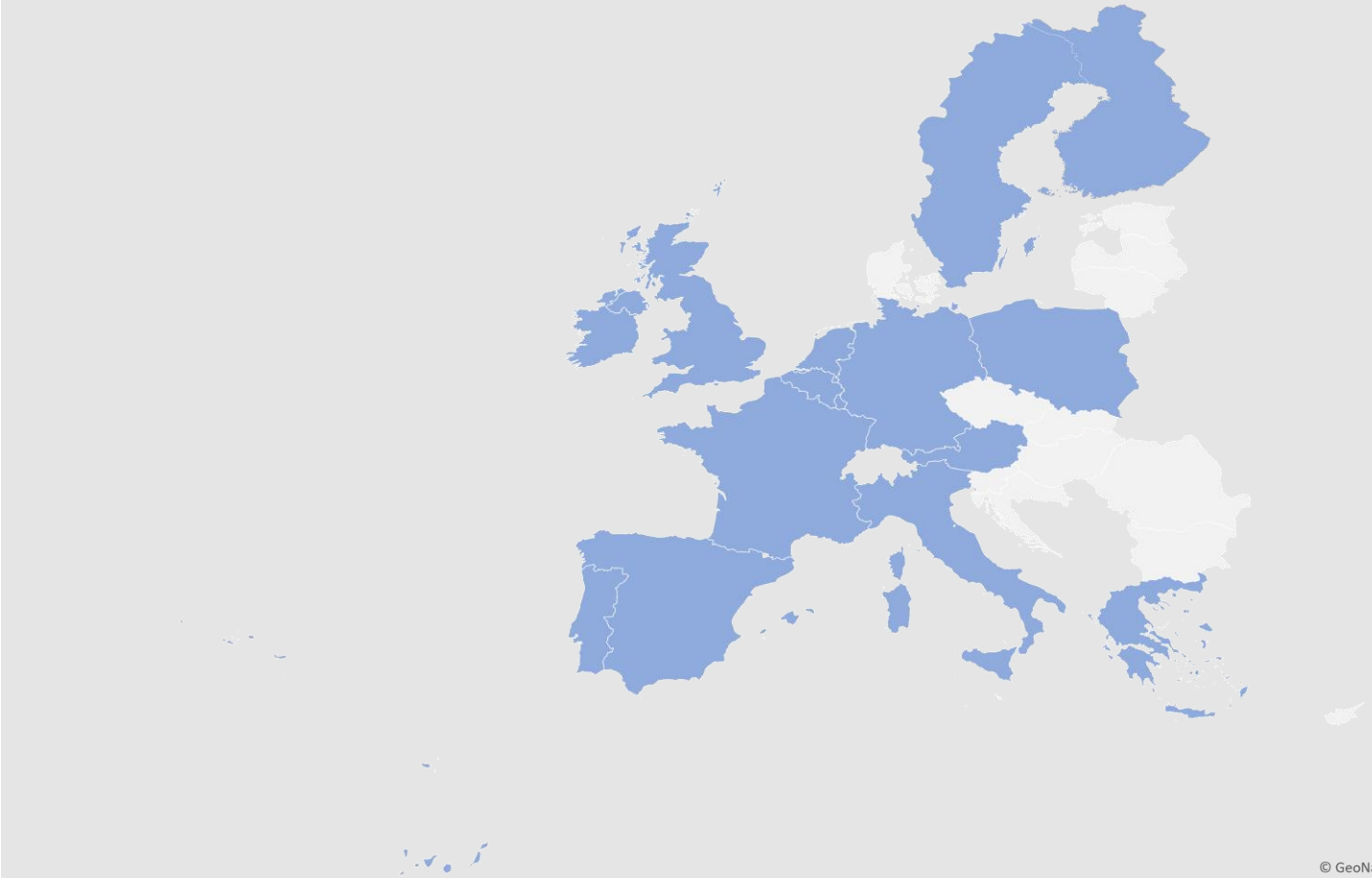


PCS

Third Party
Verification
Agent

Why use PCS?

We have verified STS transactions across Europe



● Jurisdictions where PCS has verified STS transactions



Powered by Bing
© GeoNames, Microsoft, TomTom

PCS

Verification & Assessment

How PCS assures analytical integrity?

PCS has implemented a Chinese wall policy between its market outreach and its analytical team

This ensures that the analysis performed by our team is

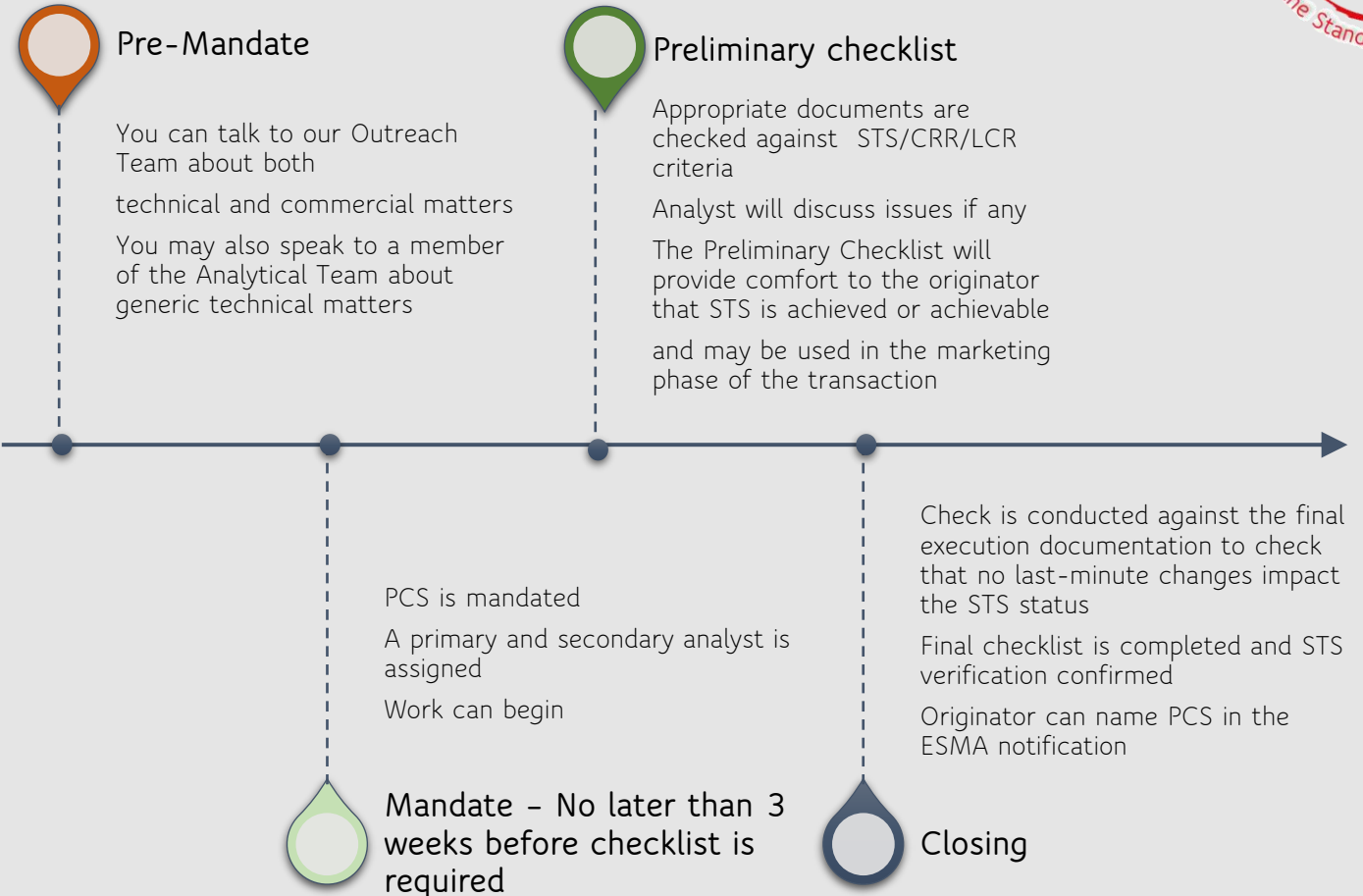
- Impartial
- Not affected by conflicts of interest or commercial considerations
- In conformity with the requirements of the Regulation



PCS

Verification & Assessment Process

When should
you engage PCS?



PCS⁺

True Sale
STS
Assessments

Why request a CRR Assessment?

CRR Assessment

What is a CRR Assessment?

- For a bank treasury investing in a securitisation to allocate to it a lower capital amount, the Capital Requirement Regulation (CRR) requires that:
 - the securitisation be STS and
 - an additional four criteria be met
- To assist bank investors contemplating the purchase of an STS securitisation in fulfilling their internal compliance diligence on the CRR, an originator can mandate PCS to complete a CRR Assessment
- The CRR Assessment is the independent verification of the additional four criteria required to achieve a lower capital requirement

PCS has provided more than 180 CRR assessments since 2019



PCS⁺

True Sale
STS
Assessments

Why request a LCR Assessment?

LCR Assessment

What is an LCR Assessment?

- For a securitisation to count towards a bank's Liquidity Coverage Ratio (LCR), the Capital Requirement Regulation (CRR) requires that:
 - the securitisation be STS and
 - an additional eight criteria be met
- To assist bank investors contemplating the purchase of an STS securitisation in fulfilling their internal compliance diligence on the eligibility for an LCR pool, an originator can mandate PCS to complete an LCR Assessment
- The LCR Assessment is the independent verification of the additional eight criteria required for that securitisation to count towards the bank's LCR

PCS has provided more than 140 LCR assessments since 2019



PCS

On Balance Sheet Assessment

Why request an Synthetic STS Verification?

Synthetic STS Verification

What is a Synthetic STS Verification?

- Under the amended Regulation (EU) 2021/557 which came into force in April 2021, synthetic securitisations (also called “on-balance-sheet securitisations”) may now be STS. This allows originators to allocate a lower capital amount to the retained senior tranche under the CRR
- To be included in this class, these synthetic securitisations need to meet nearly all the STS criteria as well as an additional 40-60 criteria
- STS synthetic securitisations must be notified to ESMA in the same way as STS true sale securitisations and may benefit from the same verification process by authorised third party verification agents
- PCS has been authorised by the French AMF to verify synthetic securitisations
- PCS has been mandated in 10 jurisdictions
- PCS verified or is verifying more than 20 Synthetic STS securitisations



PCS

Fees

How much does it cost?

SERVICE		EU		UK	
		UPFRONT FEE AMOUNT	DEFERRED FEE AMOUNT (ANNUAL)	UPFRONT FEE AMOUNT	DEFERRED FEE AMOUNT (ANNUAL)
STS True Sale Verification	Term Transaction (including Master Trust Transactions)	€16,000	€ 6,000	£ 14,000	£ 5,000
	Small Term Transactions	€10,000	€ 5,000	£ 8,000	£ 4,000
	Continuous Issuance Programs	€16,000	€ 6,000	£ 14,000	£ 5,000
ABCP STS Verification	Sponsor Led ABCP Transaction	€9,500	€ 6,000	£ 8,000	£ 5,000
	Seller Led ABPC Transaction	€9,500	€ 6,000	£ 8,000	£ 5,000
	Small ABCP Transaction	€6,000	€ 6,000	£ 5,000	£ 5,000
CRR Assessment		€1,500	-	£ 1,500	-
LCR Assessment		€1,500	-	£ 1,500	-
Synthetic STS Verification		€20,000	€ 6,000	N/A	-

For complete Terms and Conditions consult our website
Duration of annual payments for Synthetic STS Verification - Original WAL of Senior Tranche



Thank you for your attention

follow us on 