

STS Term Master Checklist

SUNRISE SPV 94 S.R.L.



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

28 March 2022



Analyst: Daniele Vella | Contacts:  daniele.vella@pcsmarket.org /  +33 6 15 37 86 95

This is the STS Term Master Checklist for STS Term Verifications.

This STS Term Master Checklist must be read together with the PCS Procedures Manual and the PCS Term Evidentiary Standards Manual. This document is based upon the materials received by PCS as at the date of this document. Any references in this document are to the prospectus unless otherwise stated.

PCS comments in this STS Term Master Checklist are based on PCS' interpretation of the STS Regulation (the "Regulation") informed by (a) the text of the Regulation itself, (b) the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") and (c) any relevant national competent authorities interpretation of the STS criteria to the extent known to PCS.

It is important that the reader of this checklist reviews and understands the disclaimer referred to on the following page. Note that all comments on the disclaimer relate to both Provisional STS Term Checklist for STS Term Verifications and the Final STS Term Checklist for STS Term Verifications.

28 March 2022



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Prime Collateralised Securities (PCS) STS Verification

Individual(s) undertaking the assessment	Daniele Vella
Date of Verification	28 March 2022
The transaction to be verified (the “Transaction”)	Sunrise SPV 94 S.r.l.
Issuer	Sunrise SPV 94 S.r.l.
Originator	AGOS Ducato S.p.A.
Joint Arrangers	Crédit Agricole Corporate and Investment Bank Banca Akros SpA Gruppo Banco BPM
Transaction Legal Counsel	Allen & Overy - Legance
Rating Agencies	DBRS and Fitch
Stock Exchange	Luxembourg Stock Exchange
Closing Date	28 March 2022

PCS confirms that all checklist points have been verified as detailed in the associated comment box in the checklist below.

A summary of the checklist points by article is set out in the table of contents on the next page together with a reference to the respective article contents. To examine a specific article from the list below, please click on the article description to be taken directly to the relevant section of the checklist.

Within the checklist, the relevant legislative text is set out in blue introductory boxes with specific criteria for our verification listed underneath. For the full legislative text please refer back to the blue boxes.

The checklist contains links to relevant EBA guidelines set out in the back of this document.

Article	Summary of article contents	Checklist Points	
Article 20 – Simplicity			
20(1)	True sale	1, 2	✓
20(2)	Severe clawback (part a)	2a	✓
20(3)	Severe clawback (part b)	2b	✓
20(4)	True sale with intermediate steps	3	✓
20(5)	Assignment perfection	4	✓
20(6)	Encumbrances to enforceability of true sale	5	✓
20(7)	Eligibility criteria, active portfolio management, and exposure transferred after closing	6 - 8	✓
20(8)	Homogeneity, enforceability, full recourse, periodic payment streams, no transferable securities	9 - 14	✓
20(9)	No securitisation positions	15	✓
20(10)	Origination, underwriting standards, unverified residential loans, assessment of creditworthiness, originator expertise	16 - 21	✓
20(11)	No undue delay after selection, no exposures in default or to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk	22 - 30	✓
20(12)	At least one payment made	31	✓
20(13)	No predominant dependence on the sale of asset	32	✓
Article 21 – Standardisation			
21(1)	Risk retention	33	✓
21(2)	Appropriate mitigation of interest-rate and currency risks and disclosure, no further derivatives and hedging derivatives according to common standards	34 - 39	✓
21(3)	Referenced interest payments	40	✓
21(4)	Requirements in the event of enforcement or delivery of acceleration notice: no cash trap, sequential amortisation, no reversal, no automatic liquidation	41 - 44	✓
21(5)	Non-sequential priority of payments	45	✓
21(6)	Early amortisation provisions/triggers for termination of revolving period	46 - 50	✓
21(7)	Duties, responsibilities, and replacement of transaction parties	51 - 53	✓
21(8)	Expertise of the servicer	54, 55	✓
21(9)	Remedies and actions by servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report	56 - 61	✓
21(10)	Resolution of investor conflicts and fiduciary party responsibilities and duties	62, 63	✓
Articles 22 and 7 – Transparency			
22(1)	Historical asset data	64 - 66	✓
22(2)	AUP/asset verification	67, 68	✓
22(3)	Liability cashflow model	69, 70	✓
22(4)	Environmental performance of asset	71	✓
22(5)	Responsibility for article 7, information disclosure before pricing and 15 days after closing	72 - 75	✓
7(1)	Transparency requirements: underlying loan data, documentation, priority of payments, transaction summary, STS notification, investor report, inside information, significant event report, simultaneous, without delay	76 - 101	✓
7(2)	Transparency requirements: securitisation repository, designation of responsible entity,	102, 103	✓

1	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.1. 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>		
STS criteria		SEE RELATED EBA GUIDELINES
<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>		
Verified?		Yes
PCS Comment		
<p>In this transaction, the rights, title and interests to the assets are assigned and transferred without recourse (<i>pro soluto</i>) by an Italian authorised financial intermediary to an Italian SSPE.</p> <p>See Section “COMPLIANCE WITH EU STS REQUIREMENTS” §(a)</p> <p><<(a) for the purpose of compliance with article 20, paragraph 1, of the EU Securitisation Regulation, pursuant to the Master Transfer Agreement, the Originator (i) has assigned and transferred without recourse (<i>pro soluto</i>) to the Issuer, which has purchased, in accordance with the combined provisions of articles 1 and 4 of the Securitisation Law and the provisions of Law 52, all of its right, title and interest in and to the Initial Portfolio and (ii) may assign and transfer without recourse (<i>pro soluto</i>) to the Issuer, which shall purchase, in accordance with the combined provisions of article 1 and 4 of the Securitisation Law and the provisions of Law 52, all of its right, title and interest in and to each Subsequent Portfolio. (...)>>.</p> <p>PCS has been provided with and has reviewed a draft of the Italian law legal opinion provided by the transaction counsel. Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation and claw-back risks are made in the Legal Opinion.</p> <p>“True sale” is not a legal concept but a rating agency creation.</p> <p>The essence of a “true sale” is that the property in the securitised assets has legally moved from the originator(s)/seller to the SSPE in such a way that the SSPE’s ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator(s)/seller. In a “true sale” the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller’s creditor out of the proceeds of the securitised assets. Following a “true sale” there is no legal device by which the assets can automatically revert to the originator/seller’s ownership. Such automatic reversion is associated with security interests and anathema to a “true sale”.</p> <p>This is clearly stated in the wording of the Regulation (20.1). The expression “transfer to the same effect” indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.</p> <p>The issue of “true sale” is separate from the issue of “clawback”. “Clawback” refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a “true sale” has taken place.</p> <p>All European jurisdictions, to PCS’ knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from “defrauding” its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.</p> <p>The Regulation (20.1) therefore does not require STS “true sales” to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to “severe clawback”. The Regulation does not define “severe clawback” but gives an example (20.2) where a clawback may occur.</p> <p>The Regulation (20.3) also explicitly excludes from the definition of “severe clawback” the traditional European basis for such devices which all come under the general category of “preferences”.</p> <p>PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis.</p> <p>Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.</p> <p>Based on the above considerations, PCS believes that transfers from a jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:</p>		

<ul style="list-style-type: none"> • Clawback requires an unfair preference “defrauding” creditors; • Clawback puts the burden of proof on the insolvency officer or creditors – in other words it cannot be automatic nor require the purchaser to prove their innocence. <p>Since “severe clawback” is a jurisdictional concept, in analysing this issue PCS will therefore first seek to determine the Originator’s jurisdiction for the purposes of insolvency law. This would be its centre of main interest (“COMI”) or its “home member state”.</p> <p>The second step would be to determine whether the relevant COMI and/or “home member state” contains severe claw back provisions in its insolvency legislation.</p> <p>Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.</p> <p>The Originator is incorporated in Italy and it is authorised as a financial intermediary to operate in Italy, as confirmed through a search with the Bank of Italy’s website that PCS has separately made.</p> <p>In the Prospectus it is also stated that <<As at the date of this Prospectus, Agos’ share capital is 61% owned by CACF, and 39% owned by Banco BPM.>> (see “THE ORIGINATOR AND THE SERVICER”), and <<As a finance company, Agos is subject to monitoring by Italy’s bank regulator. Agos’ business activities are also overseen on a consolidated basis within CACF by the French banking authorities.>>. We note that CACF is “Crédit Agricole Consumer Finance”.</p> <p>Therefore, its COMI and its home member state are the Republic of Italy, which does not contemplate severe clawback provisions for securitisation transactions. In an insolvency /resolution procedure involving CACF, it may not be excluded that French insolvency laws become applicable. In any case, should French laws be deemed applicable to an insolvency procedure affecting Agos, PCS believes that French laws would not apply to a possible claw back action aimed at the recovery of Agos’ assets. In this respect, we also note the statement in §(b) of “COMPLIANCE WITH STS REGULATION”, where it is stated:</p> <p><i><<(b) for the purpose of compliance with articles 20, paragraph 2, and 20, paragraph 3, of the EU Securitisation Regulation, the Originator would be subject to Italian insolvency laws that do not contain severe claw back provisions. Indeed, under the Senior Notes Subscription Agreement, the Originator has represented that it is a joint stock company authorized to operate as a financial intermediary (intermediario finanziario) pursuant to Article 106 of the Banking Act and its “centre of main interests” (as that term is used in article 3(1) of the Regulation (EU) no. 848/2015 of 20 May 2015 on insolvency proceedings) is located within the territory of the Republic of Italy. In addition, although as at the date of this Prospectus 61 per cent. of the share capital of Agos is owned by Crédit Agricole Consumer Finance (CACF), in case of insolvency of CACF the French laws would not per se apply to a possible claw back action aimed at the recovery of Agos’ assets on the basis that Agos would be subject to insolvency proceedings only to the extent that it is found to be insolvent;>>.</i></p> <p>Italian insolvency laws provide for clawback in relation to acts made in the suspect period, provided that also other circumstances occur, such as undue preference or transactions at an undervalue, and may require the insolvency officer to prove that case. Therefore, and as generally outlined in the Italian legal opinion and more specifically in the Prospectus, section “2. RISKS RELATING TO THE UNDERLYING ASSETS” – “Assignment of Receivables and payments made to the Issuer upon disposal of the Receivables may be subject to claw-back upon certain conditions being met”, the transfer of the Receivables is not, in our view, subject to “severe clawback”.</p>

2	STS criteria	SEE RELATED EBA GUIDELINES
	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.	
	Verified?	Yes
	PCS Comment	
	COMI and home member state of the Originator is Italy (see point 1 above).	
	<i><<the Italian insolvency laws do not contain severe clawback provisions within the meaning of articles 20, paragraph 2, and 20, paragraph 3, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria>>. See statements in §(a) and (b) of section “COMPLIANCE WITH EU STS REQUIREMENTS”.</i>	

2a	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.2. 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>		
STS criteria		SEE RELATED EBA GUIDELINES
Verified?		Yes
PCS Comment		
<p>Neither provision applies. See statements in §(a) and (b) of section "COMPLIANCE WITH EU STS REQUIREMENTS", in particular, that</p> <p><i><<the Italian insolvency laws do not contain severe clawback provisions within the meaning of articles 20, paragraph 2, and 20, paragraph 3, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria>>.</i></p> <p>Clawback of the sales of the Receivables does not constitute severe clawback risks because in all cases of claw back, in addition to the "suspect period", Italian law provides that other circumstances have to be met to allow claw back. These are, as the case may be, the purchase at undervalue and the awareness of the insolvency of the seller.</p> <p>See also the RISK FACTORS section headed "2. RISKS RELATING TO THE UNDERLYING ASSETS – Assignment of Receivables and payments made to the Issuer upon disposal of the Receivables may be subject to claw-back upon certain conditions being met", where it is stated that:</p> <p><i><<The Issuer is subject to the risk that the assignment of the Receivables made by the Originator to the Issuer pursuant to the Master Transfer Agreement may be clawed-back (revocato) in case of insolvency of the Originator.</i></p> <p><i>Indeed, assignments of receivables made under the Securitisation Law are subject to claw-back (revocatoria fallimentare) (i) pursuant to article 67, paragraph 1, of the Bankruptcy Law, if the adjudication of bankruptcy of the relevant originator is made within 6 (six) months from the purchase of the relevant portfolio of receivables, provided that the value of the receivables exceeds the sale price of the receivables for more than 25 (twenty-five) per cent. and the issuer is not able to demonstrate that it was not aware of the insolvency of such originator, or (ii) pursuant to article 67, paragraph 2, of the Bankruptcy Law, if the adjudication of bankruptcy of the relevant originator is made within 3 (three) months from the purchase of the relevant portfolio of receivables, and the Insolvency Receiver of such originator is able to demonstrate that the issuer was aware of the insolvency of the originator.</i></p> <p><i>In order to mitigate such risk, according to the Master Transfer Agreement, the Originator has provided the Issuer in respect of the Initial Portfolio, with the following certificates: (i) a certificate of good standing (certificato di vigenza) issued by the competent Chamber of Commerce (Camera di Commercio) with non-insolvency statement (con dicitura di non insolvenza), and (ii) a solvency certificate issued by an authorised officer of the Originator, stating that the Originator is not subject to any insolvency proceeding. In addition, under the Master Transfer Agreement, the Originator has undertaken to provide the Issuer, in respect of each Subsequent Portfolio, with the following certificates: (i) a certificate of good standing (certificato di vigenza) issued by the competent Chamber of Commerce (Camera di Commercio) with non-insolvency statement (con dicitura di non insolvenza), and (ii) a solvency certificate issued by an authorised officer of the Originator, stating that the Originator is not subject to any insolvency proceeding.>>.</i></p>		

2b	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.3. 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 case of fraudulent transfers, unfair prejudice to creditors or of transfers intended to improperly favour particular creditors over others, shall not constitute severe clawback provisions.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
Verified?		Yes
PCS Comment		

See comments to points above. Italy does not have severe clawback provisions for securitisation transactions.

3	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.4. 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.	
	STS criteria	SEE RELATED EBA GUIDELINES
	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.	
	Verified?	Yes
	PCS Comment	
	<p>This requirement does not apply to this transaction since the Receivables have been exclusively originated by Agos as lender.</p> <p>See statement in “COMPLIANCE WITH EU STS REQUIREMENTS”, paragraph (i), that <<each of the Receivables derives from duly executed <u>Consumer Loan Agreements which have been granted by Agos in its ordinary course of business</u>>>.</p> <p>This requirement is also met with respect of the Subsequent Portfolios. In particular, the Eligibility Criterion §(iii) requires that <<the Receivables derive from Consumer Loan Agreements <u>directly entered into by Agos</u>>>.</p> <p>The Eligibility Criteria apply also to Subsequent Portfolios: see section “TRANSACTION DOCUMENTS - Sale of Subsequent Portfolios”, which contains the following statement:</p> <p><<(…) The purchase by the Issuer of such Subsequent Receivables shall be subject to the satisfaction of the relevant Subsequent Portfolio Purchase Conditions (...)</p> <p>The Subsequent Portfolio Purchase Conditions include the following conditions:</p> <p>(i) the Servicer has confirmed the compliance of the relevant Subsequent Portfolio with the Eligibility Criteria and the Concentration Limits;>>.</p>	

4	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.5. 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 affect such perfection shall, at least include the following events:	
	<p>(a) severe deterioration in the seller credit quality standing;</p> <p>(b) insolvency of the seller; and</p> <p>(c) unremedied breaches of contractual obligations by the seller, including the seller’s default.</p>	
	STS criteria	SEE RELATED EBA GUIDELINES

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, at least include the following events:

- (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.

Verified?

Yes

PCS Comment

Article 20.5 does not apply as the transfer is perfected.

Criterion 4 requires two steps:

- To determine whether the transfer of the assets is by means of an unperfected assignment; and
- If it is, whether the transaction contains the requisite triggers.

See §(d) in "COMPLIANCE WITH EU STS REQUIREMENTS"

<<(d) with respect to article 20, paragraph 5, of the EU Securitisation Regulation, the transfer of the Receivables included in the Initial Portfolio has been rendered enforceable against any third party creditors of the Originator (including any insolvency receiver of the same) through (i) the publication of a notice of transfer in the Official Gazette (...), and (ii) the registration of the transfer in the companies' register of Milan Monza Brianza Lodi (...), while the transfer of the Receivables included in each Subsequent Portfolio will be rendered enforceable against any third party creditors of the Originator (including any insolvency receiver of the same) through the payment of the relevant Initial Purchase Price to be paid by the Issuer to the Originator with formalities granting the date certain at law (data certa) pursuant to the combined provisions of articles 1 and 4 of the Securitisation Law and the applicable articles of Law 52 (for further details, see the section headed "Description of the Master Transfer Agreement"); therefore, the requirements of article 20, paragraph 5, of the EU Securitisation Regulation are not applicable;>>.

See also "SELECTED ASPECTS OF ITALIAN LAW RELEVANT TO THE TRANSACTION – The Assignment" where it is stated that:

<<Pursuant to article 4 of the Securitisation Law, which makes reference to the provisions of article 5, paragraphs 1, 1-bis and 2 of Law 52, as from the date of publication of the notice of transfer of the Initial Portfolio in the Official Gazette (the "Initial Portfolio Transfer Notice"), or with respect to the Receivables comprised in each Subsequent Portfolios, the date on which the Initial Purchase Price for the relevant Receivables has been paid (or will have been paid), in whole or in part, to the Originator in accordance with the terms of the Master Transfer Agreement and the relevant transfer agreement entered into pursuant to article 4 of the Master Transfer Agreement (the "Payment"), provided that the Payment has (or will have) a date certain at law (data certa), the assignment of the relevant Receivables from the Originator to the Issuer will become enforceable (opponibile) against:

(i) any prior assignees of the Receivables, who have not perfected their assignment by way of (A) notifying the relevant Debtors or (B) making the relevant Debtors acknowledge the assignment by an acceptance bearing a date certain at law (data certa) or in any other way permitted by applicable law, in each case prior to the date of publication of the Initial Portfolio Transfer Notice or, with respect to the Subsequent Portfolios, the date of the Payment;

(ii) a receiver in the insolvency of the Originator, to the extent that such state of insolvency has been declared after the date of publication of the Initial Portfolio Transfer Notice or, with respect to the Subsequent Portfolios, the date of the Payment; and

(iii) any creditors of the Originator who have not commenced enforcement by means of obtaining an attachment order (pignoramento) in respect of the relevant Receivable prior to the date of publication of the Initial Portfolio Transfer Notice or, with respect to the Subsequent Portfolios, the date of the Payment,

without the need to follow the ordinary rules under article 1265 of the Italian Civil Code as to making the assignment effective against third parties.>>.

PCS has reached sufficient comfort that pursuant to Italian law, a direct individual notification to the obligors of the assignment of the Receivables to the Issuer is not necessary in order to perfect the transfer of the legal title to such Receivables from the Originator to the Issuer.

In this respect, see the extensive explanation contained in "SELECTED ASPECTS OF ITALIAN LAW RELEVANT TO THE TRANSACTION – The Assignment".

Although the transfer is not notified to the borrowers, the Italian legal opinion and Prospectus confirm that such notification is not required to fully perfect the transfer of ownership in the Receivables to the SSPE. In particular, although an individual notification to each Borrower is required to comply with Italian regulatory requirements, the failure to provide it would not affect the validity and effectiveness between the Originator and the Issuer of the transfers of any Receivable under the Master Transfer Agreement, nor their enforceability against any third party.

Accordingly, this transaction does not operate by way of an unperfected assignment and the issue of triggers does not arise.

5	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.6. 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.	
	STS criteria	SEE RELATED EBA GUIDELINES
	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.	
	Verified?	Yes
	PCS Comment	
	<p>See section “COMPLIANCE WITH EU STS REQUIREMENTS”, § (e), which states: <<(e) for the purpose of compliance with article 20, paragraph 6, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that, as at the relevant Purchase Date, each Receivable is fully and unconditionally owned and available directly to Agos and, to the best of the Agos’ knowledge, is not subject to any lien (pignoramento), seizure (sequestro) or other charge in favour of any third party (except any charge arising from the applicable mandatory law) or other charge in favour of any third party (including any company belonging to Agos’ group) or otherwise in a condition that can be foreseen to adversely affect the enforceability of the transfer of Receivables under the Master Transfer Agreement and is freely transferable to the Issuer (for further details, see the sections headed “The Portfolios - Other features of the Portfolios” and “Description of the Warranty and Indemnity Agreement”);>>.</p> <p>See also §(xxi) under “Description of the Warranty and Indemnity Agreement”, in which the Originator has represented and warranted that:</p> <p><<(xxi) Each Receivable is fully and unconditionally owned by and available directly to Agos and is not subject to any lien (pignoramento), seizure (sequestro) or other charge in favour of any third party (including any company belonging to Agos’ group) or otherwise in a condition that can be foreseen to adversely affect the enforceability of the transfer of Receivables under the Master Transfer Agreement, also pursuant to article 20(6) of the EU Securitisation Regulation, and is freely transferable to the Issuer. Pursuant to the Consumer Loan Agreements, the transfer of the Receivables is not conditional upon the granting of any consent by the relevant Debtors. Agos holds direct, sole and unencumbered legal title to (I) each of the Initial Receivables and the Subsequent Receivables (other than the Extinguished Receivables) and (II) any other right, title and interest (other than those provided for under (I) above) deriving from each Consumer Loan, and has not assigned (also by way of security), participated, transferred or otherwise disposed of any of the Initial Receivables and the Subsequent Receivables (other than the Extinguished Receivables) or otherwise created or allowed the creation or constitution of any lien or charge in favour of any third party.>>.</p>	

6	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, 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. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.	
	STS criteria	SEE RELATED EBA GUIDELINES

6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....	
Verified?	Yes
<p>PCS Comment</p> <p>The Glossary of Terms defines “Eligibility Criteria” as: <<Eligibility Criteria means the criteria applicable to the Initial Portfolio and each Subsequent Portfolio, as set out in schedule 1 of the Master Transfer Agreement.>>.</p> <p>In Section “THE PORTFOLIOS – Eligibility Criteria” it is stated that <<The Receivables have been selected on the basis of the Eligibility Criteria set out in the Master Transfer Agreement.>></p> <p>In respect of the Subsequent Portfolios, see “Description of the Master Transfer Agreement” - “Sale of Subsequent Portfolios”, where it is stated: <<The Originator may exercise the Sale Option to sell Subsequent Receivables to the Issuer by sending a Purchase Notice to the Issuer and the Securitisation Administrator, with copy to the Servicer, together with the Summary Report, containing the details in relation to the relevant Receivables. The purchase by the Issuer of such Subsequent Receivables shall be subject to the satisfaction of the relevant Subsequent Portfolio Purchase Conditions, which shall be confirmed by the Servicer in a confirmation notice to be sent on the relevant Confirmation Date to the Issuer, the Originator, the Securitisation Administrator and the Representative of the Noteholders, pursuant to article 4.(e) of the Master Transfer Agreement. Pursuant to the Master Transfer Agreement, the Sale Option may be exercised on a monthly basis.</p> <p><u>The Subsequent Portfolio Purchase Conditions include the following conditions:</u></p> <p>(i) the Servicer has confirmed the compliance of the relevant Subsequent Portfolio with the Eligibility Criteria and the Concentration Limits;</p> <p>(ii) the Securitisation Administrator and the Calculation Agent have received from the Servicer each Servicer’s Report concerning the previous Reference Periods;</p> <p>(iii) Agos has provided to the Issuer (i) a certificate of good standing (certificate di vigenza) issued by the competent Chamber of Commerce (Camera di Commercio) not more than five Business Days before the relevant Purchase Notice Date, confirming that it is not involved in any relevant insolvency or restructuring proceedings; and (ii) a solvency certificate signed by a duly authorised director (amministratore) or other senior officer or authorised signatory, dated not before than 1 Business Day before the relevant Notice Purchase Date. (...)>>.</p> <p>The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.</p> <p>PCS has read the Eligibility Criteria in the Prospectus. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</p>	
7	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>7. 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>
Verified?	Yes
<p>PCS Comment</p> <p>See paragraph (f) of Section “COMPLIANCE WITH EU STS REQUIREMENTS”, where it is stated that: <<(f) for the purpose of compliance with article 20, paragraph 7, the disposal of Receivables is permitted only in the following circumstances: (A) from the Originator to the Issuer, in the context of the transfer of Subsequent Portfolios during the Purchase Period, (B) from the Issuer to the Originator, in case of any misrepresentation of the Originator pursuant to the terms and conditions of the Warranty and Indemnity Agreement,</p>	

	<p><u>(C) from the Issuer to the Originator, in the context of the repurchase of the Portfolios in case of exercise of a Purchase Option or in the context of the repurchase of individual Receivables in case of exercise of the Partial Purchase Option (provided that (i) the Partial Purchase Option shall not be exercised by the Originator for speculative purposes aimed at achieving a better performance for the Securitisation; (ii) in case of the Defaulted Receivables, such option may be exercised by Agos only to the extent that the repurchase is aimed at facilitating the recovery and liquidation process with respect to those Defaulted Receivables, (iii) in case of individual Receivables other than the Defaulted Receivables, such option may be exercised by Agos in extraordinary circumstances only and in any case without prejudice to the interests of the Noteholders, and (iv) in any event the Receivables subject to repurchase shall have, as at the relevant repurchase date, a total Principal Amount Outstanding not exceeding Euro 67,000,000, in relation to the Partial Purchase Option provided for by Article 17(a) of the Master Transfer Agreement, and not exceeding Euro 67,000,000, in relation to the Partial Purchase Option provided for by Article 17(g) of the Master Transfer Agreement).</u></p> <p>(D) from the Issuer (or the Representative of the Noteholders on its behalf) to third parties in the context of the disposal of the Portfolios following the delivery of a Trigger Notice, a Redemption for Taxation Notice or a Regulatory Event Notice (provided that in each case the Originator shall have respectively a call-option right or a pre-emption right in accordance with the provisions of the Master Transfer Agreement or the Intercreditor Agreement, as the case may be), and</p> <p>(E) from the Issuer (or the Servicer on its behalf) to third parties in the context of the sale of individual Defaulted Receivables pursuant to the terms of the Servicing Agreement.</p> <p><u>Therefore, none of the Transaction Documents provide for (i) a portfolio management which makes the performance of the Securitisation dependent both on the performance of the Receivables and on the performance of the portfolio management of the Securitisation, thereby preventing any investor in the Notes from modelling the credit risk of the Receivables without considering the portfolio management strategy of the Servicer; or (ii) a portfolio management which is performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit. In addition, the exposures that may be transferred to the Issuer after the Issue Date shall meet the Eligibility Criteria applied to the initial underlying exposures included in the Initial Portfolio (...)>>.</u></p> <p>See also the “Description of the Master Transfer Agreement” contained in the Section “TRANSACTION DOCUMENTS”, subsection “Partial purchase option”, and in the particular the provisions regulating the purchase price for the repurchased Receivables:</p> <p><<(i) the purchase price of any Receivable which is not a Defaulted Receivable or a Delinquent Receivable is equal to the sum of (a) all the Principal Components still due on the related repurchase date (including those due but not paid) in respect of the repurchased Receivables, and (b) the Interest Components and the Expense Components accrued up to the Cut-Off Date immediately following the date of exercise of the repurchase option referred to in this Clause and not paid (including those due but not paid) at that date; the purchase price of any Defaulted Receivable or Delinquent Receivable shall be equal to its market value, as determined by a third party independent arbitrator jointly appointed by the Parties, provided that such third party arbitrator shall in any case be independent from Agos and from any other party which provides services within the Securitisation;>>.</p> <p>Indeed, the EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion is deemed met.</p> <p>If a transaction should contain a repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.</p> <p>PCS has reviewed all the repurchase devices set out in the Prospectus and these are acceptable within the context of the EBA final guidelines and its principles.</p>	
8	STS criteria	SEE RELATED EBA GUIDELINES
	8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.	
	Verified?	Yes
	PCS Comment <p>The transaction is revolving and the Eligibility Criteria, as set out in “THE PORTFOLIOS”, shall apply to the Initial Portfolio and to each Subsequent Portfolio, at the relevant Valuation Date.</p> <p>See also the statement in “THE PORTFOLIOS - Eligibility Criteria”, that:</p> <p><<The Receivables have been selected on the basis of the Eligibility Criteria set out in the Master Transfer Agreement. (See the section headed “Transaction Documents – Description of the Master Transfer Agreement)”. The Initial Receivables met, as at the First Valuation Date, and the Subsequent Receivables will meet, as at the Valuation Date immediately preceding the relevant Purchase Date, the following Eligibility Criteria: (...) >>.</p>	

See also point 6 above.

9	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>		
Verified?		Yes
PCS Comment		
<p>See section headed “<i>THE PORTFOLIOS – Other features of the Portfolios</i>” where it is represented that <<10. As at the relevant Valuation Date and as at the relevant Purchase Date, the Initial Receivables are, and the Subsequent Receivables will be, homogeneous in terms of asset type taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit-risk and prepayment characteristics, pursuant to article 20, paragraph 8, of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, given that:</p> <p>(i) all Receivables have been or will be, as the case may be, originated by Agos based on similar loan disbursement policies which apply similar approaches to the assessment of credit risk associated with the underlying exposures;</p> <p>(ii) all Receivables have been or will be, as the case may be, serviced by Agos according to similar servicing procedures;</p> <p>(iii) all Receivables fall or will fall, as the case may be, within the same asset category of the relevant Regulatory Technical Standards named “credit facilities to individuals for personal, family or household consumption purposes”; and</p> <p>(iv) although no specific homogeneity factor is required to be met, as at the relevant Valuation Date all Debtors are (or will be, as the case may be) resident in the Republic of Italy.>>.</p> <p>The definition of “homogeneity” in the Regulation is the subject of a Regulatory Technical Standard (“RTS”). Being set out in an RTS, rather than a guideline or recommendation issued by the EBA, the definition of “homogeneity” is legally binding on all regulatory authorities.</p> <p>In interpreting the expression, PCS has based itself on the text of the Regulation, its knowledge of the intent of the legislators – including, crucially, the legislators’ belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisations and the RTS adopted by the European Commission.</p> <p>Based on the above, it seems clear to PCS that the Regulation would not seek to exclude from the STS category securitisations that have performed extremely well and are universally considered “homogenous” by market participants. This does not exonerate any transaction from being analysed against this criterion but does set the background for such analysis.</p> <p><i>In the Transaction, the loans were underwritten on a similar basis, they are being serviced by Agos according to similar servicing procedures, they are a single asset class – consumer loans – and, based on the EBA’s suggested approach, the loans are all originated in the same jurisdiction.</i></p> <p><i>PCS also takes great comfort from the fact that transactions containing pools with similar characteristics have always been considered to be “homogenous” by a wide consensus of market participants.</i></p>		
10	STS criteria	SEE RELATED EBA GUIDELINES
<p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p>		
Verified?		Yes

	<p>PCS Comment</p> <p>See §(g) in the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”:</p> <p><<(g) (...) In addition, under the Warranty and Indemnity Agreement the Originator has represented and warranted that (i) each of the Receivables derives from duly executed Consumer Loan Agreements; (ii) each Consumer Loan Agreement and each other agreement, deed or document relating thereto is valid and constitutes binding and enforceable obligations, with full recourse to the Debtors; (...) >>.</p> <p>See also §(i) where it is stated: <<(i) (...) under the Warranty and Indemnity Agreement the Originator has represented and warranted that (i) <u>each of the Receivables derives from duly executed Consumer Loan Agreements</u> which have been granted by Agos in its ordinary course of business,>>.</p> <p>See also “Description of the Warranty and Indemnity Agreement”, where it is stated that:</p> <p><<In particular, the Originator has represented and warranted, inter alia, as follows:</p> <p>(i) <u>Each of the Receivables derives from duly executed Consumer Loan Agreements. Each Consumer Loan Agreement and each other agreement, deed or document relating thereto is valid and constitutes binding and enforceable obligations, with full recourse to the Debtors, pursuant to article 20, paragraph 8, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.>>.</u></p>	
11	<p>STS criteria</p> <p>11. With full recourse to debtors and, where applicable, guarantors.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See provisions quoted in comments to point 10 above.</p> <p>See also the definition of Debtor being <<any individual or any other obligor or co-obligor which is under the obligation to pay a Receivable comprised in the Portfolios (including any third party guarantor).>>.</p>	<p>SEE RELATED EBA GUIDELINES</p>
12	<p>Legislative text – Article 20 - Requirements relating to simplicity</p> <p>20.8. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p> <p>STS criteria</p> <p>12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See section headed “COMPLIANCE WITH EU STS REQUIREMENTS” sub §(g) and §(k), where it is stated that:</p> <p><<(g) (...) Finally, pursuant to the Eligibility Criteria set out in the Master Transfer Agreement and in accordance with the Warranty and Indemnity Agreement, <u>the Consumer Loans will be repayable in instalments pursuant to the relevant Amortising Plan (...)>>.</u></p>	<p>GO TO TABLE OF CONTENTS</p> <p>SEE RELATED EBA GUIDELINES</p>

	<p><<(k) for the purpose of compliance with article 20, paragraph 12, of the EU Securitisation Regulation, pursuant to the Eligibility Criteria set out in the Master Transfer Agreement, the Receivables arise from Consumer Loans in respect of which at least the first and the second instalments of the relevant amortization plan have become due and have been paid by the relevant Debtor as at the relevant Valuation Date (for further details, see the section headed “The Portfolios - Eligibility Criteria”);>>.</p> <p>See also point 13 below and the quoted R&Ws contained therein.</p> <p>See also section headed “THE PORTFOLIOS – Eligibility Criteria” sub §(vi): <<(vi) the relevant Consumer Loan Agreements do not provide for either Balloon Loans nor loans providing for a final maxi Installment the amount of which is higher than the others Installments of the relevant Amortising Plan;>>. Balloon Loans (which are excluded from the Portfolios) are defined as: <<“Balloon Loans” means the loans granted by entering into the relevant Consumer Loan Agreements, pursuant to which the final Instalment is higher than the preceeding Instalments of the relevant Amortisation Plan; such loans also provide that the Debtor may, at the maturity date of the final Instalment, exchange the financed assets pursuant to the relevant Consumer Loan Agreement, by entering into a new and different Consumer Loan Agreement.>>.</p>	
13	STS criteria	SEE RELATED EBA GUIDELINES
	<p>13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>	
	Verified?	Yes
	PCS Comment	
	<p>See section headed “COMPLIANCE WITH EU STS REQUIREMENTS” sub §(l), where it is stated that <<(l) for the purpose of compliance with article 20, paragraph 13, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement, the Originator has represented and warranted that each Consumer Loan Agreement provides for an Amortising Plan with 10 (ten), 11 (eleven) or 12 (twelve) Instalments in each calendar year. In addition, the Originator has represented and warranted that there are no Receivables that depend on the sale of assets to repay their outstanding principal balance at contract maturity, since the Loans are not secured over any specified assets; therefore, the repayment of the Notes has not been structured to depend predominantly on the sale of any asset>>.</p> <p>See also section headed “Description of the Warranty and Indemnity Agreement”, representations sub §(xii) to (xv):</p> <p><<(xii) Each Consumer Loan Agreement provides for an Amortising Plan with 10 (ten), 11 (eleven) or 12 (twelve) Instalments in each calendar year having also a different amount.</p> <p>(xiii) Each Consumer Loan Agreement, other than the Variable Interest Rate Consumer Loan Agreements, provides for a French scheme amortising plan (piano di ammortamento alla francese).</p> <p>(xiv) Each reference period within the Amortising Plan provided for by the Variable Interest Rate Consumer Loan Agreements is structured as a French scheme amortising plan (piano di ammortamento alla francese).</p> <p>(xv) The relevant Consumer Loan Agreements do not provide for Balloon Loans.>>.</p> <p>See also the definitions of Instalment, Interest Component and Principal Component, as set out below:</p> <p><<“Instalment” means any instalment due pursuant to any Consumer Loan Agreements, in accordance with the relevant Amortising Plan and including the Principal Component, the Interest Component and Expenses Component.>>.</p> <p><<“Interest Component” means, with reference to each Receivable, the interest component of each Instalment which is due pursuant to the relevant Consumer Loan Agreement from (and including) the Financial Effective Date with reference to the Initial Receivables and from (and including) the relevant Valuation Date with reference to the Subsequent Receivables.>></p> <p><<“Principal Component” means, with reference to each Receivable, the principal component of each Instalment (including the fees for the opening of the file due by the Debtor during the life of the Consumer Loan and the Insurance Premium) which is due pursuant to the relevant Consumer Loan Agreement from (and including) the Financial Effective Date with reference to the Initial Receivables and from (and including) the relevant Valuation Date with reference to the Subsequent Receivables.>></p> <p>From the analysis of the provisions /statements above, PCS is satisfied that the Consumer Loan Agreements have a predetermined amortisation plan that is not linked to the value (or the subsequent re-sale) of a specific asset and, therefore, this requirement is satisfied.</p>	

14	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.8. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.		
STS criteria		SEE RELATED EBA GUIDELINES
14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.		
Verified?		Yes
PCS Comment		
See section headed “COMPLIANCE WITH EU STS REQUIREMENTS” sub §(g), where it is stated that: <<(g) (...) (iii) as at the relevant Valuation Date and as at the relevant Purchase Date, the Initial Portfolio does not, and the Subsequent Portfolio will not, comprise any transferable securities, as defined in point (44) of article 4(1) of Directive 2014/65/EU>>.		

15	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.9. The underlying exposures shall not include any securitisation position.		
STS criteria		SEE RELATED EBA GUIDELINES
15. The underlying exposures shall not include any securitisation position.		
Verified?		Yes
PCS Comment		
See section headed “COMPLIANCE WITH EU STS REQUIREMENTS” sub §(h), where it is stated that: <<(h) for the purpose of compliance with article 20, paragraph 9, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that, as at the relevant Valuation Date and as at the relevant Purchase Date, the Initial Portfolio does not, and the Subsequent Portfolio will not, comprise any securitisation positions>>. See also the Eligibility Criteria, as set out in the section “THE PORTFOLIOS”.		

16	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.10. The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.		
STS criteria		SEE RELATED EBA GUIDELINES
16. The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business.		
Verified?		Yes

PCS Comment	
<p>See the section headed "COMPLIANCE WITH EU STS REQUIREMENTS", sub (i) the statement that <<(i) for the purpose of compliance with article 20, paragraph 10, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that (i) each of the Receivables derives from duly executed Consumer Loan Agreements which have been granted by Agos in its ordinary course of business (...)>>.</p> <p>See also section headed "Description of the Warranty and Indemnity Agreement", where, sub (xxxix) it is represented as follows:</p> <p><<(xxxix) Each of the Receivables derives from duly executed Consumer Loan Agreements which <u>have been granted by Agos in its ordinary course of business</u>. Agos has expertise in originating exposures of a similar nature to those assigned under the Securitisation, pursuant to article 20(10) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria. The Consumer Loans have been granted in accordance with the loan disbursement policy applicable from time to time that is no less stringent than the loan disbursement policy applied by Agos at the time of origination to similar exposures that are not assigned under the Securitisation, pursuant to article 20(10) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria. Agos has assessed the Debtors' creditworthiness in compliance with the requirements set out in article 8 of Directive 2008/48/EC.>>.</p>	
17	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See the section headed "COMPLIANCE WITH EU STS REQUIREMENTS", sub (i) the statement that <<(i) for the purpose of compliance with article 20, paragraph 10, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that (i) each of the Receivables derives from duly executed Consumer Loan Agreements which have been granted by Agos in its ordinary course of business, (ii) Agos has expertise in originating exposures of a similar nature to those assigned under the Securitisation from the date of its incorporation; (iii) the Consumer Loans have been granted in accordance with the loan disbursement policy applicable from time to time that is no less stringent than the loan disbursement policy applied by Agos at the time of origination to similar exposures that are not assigned under the Securitisation; and (iv) Agos has assessed the Debtors' creditworthiness in compliance with the requirements set out in article 8 of Directive 2008/48/EC. (...)>>.</p> <p>See also section headed "Description of the Warranty and Indemnity Agreement", where, sub (xxxix) it is represented as follows:</p> <p><<(xxxix) (...) <u>The Consumer Loans have been granted in accordance with the loan disbursement policy applicable from time to time that is no less stringent than the loan disbursement policy applied by Agos at the time of origination to similar exposures that are not assigned under the Securitisation, pursuant to article 20(10) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria. (...)</u>>>.</p>
18	<p>Legislative text – Article 20 - Requirements relating to simplicity GO TO TABLE OF CONTENTS</p> <p>20.10. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.</p> <p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.</p> <p>Verified? Yes</p> <p>PCS Comment</p>

<p>See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub § (aa) for the statements on compliance with transparency requirements, which include the obligation to make available to potential investors the underlying documentation before pricing, through the website of European DataWarehouse, and sub §(i) the statement that <<(i) for the purpose of compliance with article 20, paragraph 10, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that (...) In addition, under the Warranty and Indemnity Agreement Agos has undertaken to promptly inform the Calculation Agent of any material changes occurred after the Issue Date in the loan disbursement policy from time to time applicable in respect of the Receivables to be included in any Subsequent Portfolio, providing an explanation of any such change and an assessment of any impact it may have on the new Loans, in order for the Calculation Agent to include such information in the Inside Information and Significant Event Report to be sent to the Reporting Entity so that this latter is able to make available the Inside Information and Significant Event Report without delay to potential investors in the Notes, pursuant to article 20, paragraph 10, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria (for further details, see the sections headed “The Portfolios - Other features of the Portfolios” and “Description of the Warranty and Indemnity Agreement”).>>.</p> <p>See also section headed “Description of the Warranty and Indemnity Agreement”, where it is represented as follows:</p> <p><<Pursuant to the Warranty and Indemnity Agreement, the Originator, inter alia, has undertaken to promptly inform the Calculation Agent of any material changes occurred after the Issue Date in the loan disbursement policy from time to time applicable in respect of the Receivables to be included in any Subsequent Portfolio, providing an explanation of any such change and an assessment of any impact it may have on the new Loans, in order for the Calculation Agent to include such information in the Inside Information and Significant Event Report to be sent to the Reporting Entity so that this latter is able to make available the Inside Information and Significant Event Report without delay to the investors in the Notes and potential investors in the Notes pursuant to article 20(10) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.>>.</p>

19	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.10. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p>		
Verified?		Yes
PCS Comment		
<p>This requirement does not apply to consumer loans.</p> <p>See in this respect the representation on homogeneity contained in the section headed “Description of the Warranty and Indemnity Agreement”, §(xxxiii)(C) that:</p> <p><<(C) all Receivables fall or will fall, as the case may be, within the same asset category of the relevant Regulatory Technical Standards named “credit facilities to individuals for personal, family or household consumption purposes”; (...) >>.</p>		

20	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.10. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.</p>		
STS criteria		SEE RELATED EBA GUIDELINES

20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.	
Verified?	Yes
PCS Comment	
See the section headed "COMPLIANCE WITH EU STS REQUIREMENTS", sub §(i) the statement that <<(i) for the purpose of compliance with article 20, paragraph 10, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that (i) each of the Receivables derives from duly executed Consumer Loan Agreements which have been granted by Agos in its ordinary course of business, (ii) Agos has expertise in originating exposures of a similar nature to those assigned under the Securitisation from the date of its incorporation; (iii) the Consumer Loans have been granted in accordance with the loan disbursement policy applicable from time to time that is no less stringent than the loan disbursement policy applied by Agos at the time of origination to similar exposures that are not assigned under the Securitisation; and (iv) Agos has assessed the Debtors' creditworthiness in compliance with the requirements set out in article 8 of Directive 2008/48/EC. (...)>>.	

21	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.10. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.		
STS criteria		SEE RELATED EBA GUIDELINES
21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.		
Verified?	Yes	
PCS Comment		
See section "THE ORIGINATOR AND THE SERVICER":		
<<Agos Ducato S.p.A. (hereinafter "Agos") is a joint-stock company incorporated under the laws of Italy, with registered office at viale Fulvio Testi 280, 20126 Milan, Italy registered with the companies' register in Milan under registration number 08570720154, authorized pursuant to article 106 of the Banking Act.>>.		
Ownership structure includes two banks, and Agos is also authorised as a financial intermediary itself and has been operating in the Italian market since more than two decades. It is therefore deemed to have the relevant origination expertise.		
See also the section headed "COMPLIANCE WITH EU STS REQUIREMENTS", sub § (i) the statement that <<(i) for the purpose of compliance with article 20, paragraph 10, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that (i) each of the Receivables derives from duly executed Consumer Loan Agreements which have been granted by Agos in its ordinary course of business, (ii) Agos has expertise in originating exposures of a similar nature to those assigned under the Securitisation from the date of its incorporation; (iii) the Consumer Loans have been granted in accordance with the loan disbursement policy applicable from time to time that is no less stringent than the loan disbursement policy applied by Agos at the time of origination to similar exposures that are not assigned under the Securitisation; and (iv) Agos has assessed the Debtors' creditworthiness in compliance with the requirements set out in article 8 of Directive 2008/48/EC. (...)>>.		

22	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
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20.11. 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 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:	
STS criteria	
22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...	
Verified?	Yes
PCS Comment	
<p>See the following definitions:</p> <p>“Cut-Off Date” means 11:59 p.m. (Milan time) of the last day of each calendar month, provided that the first Cut-Off Date is the First Valuation Date.</p> <p>“First Valuation Date” means 31 January 2022, at 23:59 (Milan time).</p> <p>“Valuation Date” means:</p> <ul style="list-style-type: none"> (i) in relation to the Initial Portfolio, the First Valuation Date; or (ii) in relation to each Subsequent Portfolio, the Cut-Off Date immediately preceding a Purchase Date (which in any case shall not fall more than 30 Business Days before the relevant Purchase Date). <p>“First Purchase Date” means date on which the Master Transfer Agreement has been executed.</p> <p>“Optional Purchase Date” means, during the Purchase Period, the date on which the condition precedent provided for under article 4(e) of the Master Transfer Agreement has been satisfied.</p> <p>PCS' view is that any period of up to three and a half months or less between pool cut date and closing will meet the requirements of the criterion. This is in line with market standards.</p> <p><i>The Prospectus sets out the relevant dates of (i) the initial pool cut (see definition of First Valuation Date) and (ii) the relevant transfer (see First Purchase Date, being 7 March 2022) and these are less than two months apart. This clearly meets the requirement.</i></p>	
23	STS criteria SEE RELATED EBA GUIDELINES 23. 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...
Verified?	Yes
PCS Comment	
<p>See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(j) in which it is stated:</p> <p><i><<(j) for the purpose of compliance with article 20, paragraph 11, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement the Originator has represented and warranted that, as at the relevant Valuation Date and as at the relevant Purchase Date, <u>the Initial Portfolio does not, and each Subsequent Portfolio will not, include Receivables qualified as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/2013</u> or as exposures to a credit-impaired debtor or guarantor, who, to the best of Agos' knowledge: (i) 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 of the underlying exposures to the Issuer; (ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by Agos which have not been assigned under the Securitisation (for further details, see the sections headed “The Portfolios - Other features of the Portfolios” and “Description of the Warranty and Indemnity Agreement”);>>.</i></p>	

24	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.11. 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 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> <ul style="list-style-type: none"> (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 (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>(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 be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:		
Verified?		Yes
PCS Comment		
See the R&W mentioned under point 23 above.		

25	STS criteria	
25.(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.		
Verified?		Yes
PCS Comment		
See the R&W mentioned under point 23 above.		
26	STS criteria	
26. 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:		
Verified?		Yes
PCS Comment		

	See the R&W mentioned under point 23 above.	
27	STS criteria	
	27. (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	
	Verified?	Yes
	PCS Comment	
	See the R&W mentioned under point 23 above. PCS notes that the statement of absence of exposures to a credit-impaired debtor or guarantor, that have undergone a debt-restructuring process in the latest three years prior to the assignment to the SPV is not qualified by any exception. This requirement is, therefore, satisfied.	
28	STS criteria	
	28. (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;	
	Verified?	Yes
	PCS Comment	
	See point 27 above.	
29	STS criteria	
	29. (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;	
	Verified?	Yes
	PCS Comment	
	See the R&W mentioned under point 23 above.	
30	STS criteria	
	30. (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.	
	Verified?	Yes
	PCS Comment	
	See the R&W mentioned under point 23 above.	

31	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.12. 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>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>31. 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>		
Verified?		Yes
PCS Comment		
<p>See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(k) in which it is stated that:</p> <p><i><<(k) for the purpose of compliance with article 20, paragraph 12, of the EU Securitisation Regulation, pursuant to the Eligibility Criteria set out in the Master Transfer Agreement, the Receivables arise from Consumer Loans in respect of which at least the first and the second instalments of the relevant amortization plan have become due and have been paid by the relevant Debtor as at the relevant Valuation Date (for further details, see the section headed “The Portfolios - Eligibility Criteria”);>>.</i></p>		

32	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.13. 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>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>32. 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>		
Verified?		Yes
PCS Comment		
<p>See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(l) in which it is stated that:</p> <p><i><<(l) for the purpose of compliance with article 20, paragraph 13, of the EU Securitisation Regulation, under the Warranty and Indemnity Agreement, the Originator has represented and warranted that each Consumer Loan Agreement provides for an Amortising Plan with 10 (ten), 11 (eleven) or 12 (twelve) Instalments in each calendar year. In addition, the Originator has represented and warranted that there are no Receivables that depend on the sale of assets to repay their outstanding principal balance at contract maturity, since the Loans are not secured over any specified assets; therefore, the repayment of the Notes has not been structured to depend predominantly on the sale of any asset (for further details, see the sections headed “The Portfolios - Other features of the Portfolios” and “Description of the Warranty and Indemnity Agreement”);>>.</i></p> <p>PCS also notices that the underlying exposures are amortising loans.</p> <p>See also point 13 above.</p>		

33	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.		
STS criteria		SEE RELATED EBA GUIDELINES
33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.		
Verified?		Yes
PCS Comment		
See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(m) in which it is stated that: <<(m) for the purpose of compliance with article 21, paragraph 1, of the EU Securitisation Regulation, under the Subscription Agreements the Originator has undertaken to retain, on an on-going basis, a material net economic interest of not less than 5 (five) per cent. in the Securitisation, in accordance with option (a) of article 6, paragraph 3, of the EU Securitisation Regulation and the applicable Regulatory Technical Standards (for further details, see the sections headed “Description of the Senior Notes Subscription Agreement” and “Regulatory disclosure and retention undertaking”);>>.		
34	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.2. The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.		
STS criteria		SEE RELATED EBA GUIDELINES
34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.		
Verified?		Yes
PCS Comment		
See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(n) in which it is stated that: <<(n) for the purpose of compliance with article 21, paragraph 2, of the EU Securitisation Regulation, (i) under the Warranty and Indemnity Agreement, the Originator has represented and warranted that the Receivables included in the Initial Portfolio have, and the Receivables included in each Subsequent Portfolio will have, a fixed interest rate pursuant to the relevant Consumer Loan Agreement; and (ii) the rate of interest applicable to the Notes will be a fixed rate pursuant to Condition 5.2 (Rates of Interest). (...)>>.		
35	STS criteria	SEE RELATED EBA GUIDELINES
35. Currency risks arising from the securitisation shall be appropriately mitigated.		
Verified?		Yes
PCS Comment		
See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(n) in which it is stated that: <<(n) (...) Finally, there is no currency risk since (i) under the Warranty and Indemnity Agreement, the Originator has represented and warranted that the Receivables arise from Consumer Loan Agreements which are denominated in Euro, and (ii) pursuant to the Conditions, the Notes are denominated in Euro (for further details, see the sections headed “Description of the Warranty and Indemnity Agreement”, “Transaction Overview” and “Terms and Conditions of the Notes”);>>.		

	See also the definition of “Basic Terms Modification” in Article 2 of the Rules, which includes <<(e) <u>a change of the currency of payment of the relevant Class of Notes or of the date or priority of redemption of the relevant Class of Notes;</u> >>.	
36	STS criteria	SEE RELATED EBA GUIDELINES
	36. Any measures taken to that effect shall be disclosed.	
	Verified?	Yes
	PCS Comment	
	No measure is taken, since both the Notes and the assets bear fixed interest rate and are both denominated in EUR. See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(n) and point 34 above.	
37	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
	21.2. Except for the purpose of hedging currency risk or interest rate 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.	
	STS criteria	SEE RELATED EBA GUIDELINES
	37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...	
	Verified?	Yes
	PCS Comment	
	See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(n) where it is stated that <<(.) (ii) under the Conditions, the Issuer has undertaken that, for so long as any amount remains outstanding in respect of the Notes, it shall not enter into derivative contracts save as expressly permitted by article 21, paragraph 2, of the EU Securitisation Regulation (...)>>. See also the definition of Eligible Investments, where it is specified that <<(.) It is understood that <u>the Eligible Investments shall not include (i) the Notes or other notes issued in the context of transactions related to the Securitisation or other securitisation transactions nor (ii) credit-linked notes, swaps or other derivatives instruments or synthetic securities.</u> >>.	
38	STS criteria	SEE RELATED EBA GUIDELINES
	38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	
	Verified?	Yes
	PCS Comment	
	See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(n) where it is stated that <<(.) In addition, (i) under the Warranty and Indemnity Agreement, the Originator has represented and warranted that, as at the relevant Valuation Date and as at the relevant Purchase Date, the Initial Portfolio does not, and the Subsequent Portfolio will not, comprise any derivatives, (...)>>. See also the “Eligibility Criteria” set out in the section “THE PORTFOLIOS” <<(iii) the Receivables derive from Consumer Loan Agreements directly entered into by Agos;>>.	

	See also point 37 above.	
39	STS criteria	SEE RELATED EBA GUIDELINES
	39. Those derivatives shall be underwritten and documented according to common standards in international finance.	
	Verified?	Yes
	PCS Comment	
No derivatives have been underwritten. See points 34-36 above		

40	Legislative text – Article 21 - Requirements relating to standardisation		GO TO TABLE OF CONTENTS
	21.3. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.		
	STS criteria		SEE RELATED EBA GUIDELINES
	40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.		
	Verified?		Yes
	PCS Comment		
As for <u>assets</u> :			
<ul style="list-style-type: none"> Interest payable by Borrowers on the Loans is calculated on the basis of a <u>fixed rate of interest</u> (see the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub § (o) where it is stated that <<(o) for the purpose of compliance with article 21, paragraph 3, of the EU Securitisation Regulation, (i) under the Warranty and Indemnity Agreement, the Originator has represented and warranted that, the Receivables included in the Initial Portfolio have, and the Receivables included in each Subsequent Portfolio will have, a fixed interest rate pursuant to the relevant Consumer Loan Agreement; (...)>>. 			
As for <u>liabilities</u> :			
<ul style="list-style-type: none"> the Senior Notes, the Mezzanine Notes and the Junior Notes have a <u>fixed</u> rate of interest. See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(o) where it is stated that <<(o) (...) (ii) therefore, also with reference to the Notes any interest payments do not reference complex formulae or derivatives; >> The excess spread is taken out through a deferred purchase price mechanism (see last items of the PoP). 			
Based on the above, PCS is prepared to verify this requirement.			

41	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.4. Where an enforcement or an acceleration notice has been delivered:</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 amount is trapped in order 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>(b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p>(d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>41. Where an enforcement or an acceleration notice has been delivered:</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 amount is trapped in order 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>		
Verified?		Yes
PCS Comment		
<p>See the “Post-Acceleration Priority of Payments” set out in Condition 5.2.</p> <p>PCS notes that in a Post-Acceleration scenario, no amount of cash shall be trapped in the Issuer beyond what is necessary to ensure the payment of “Expenses”.</p> <p>Expenses are defined as <<(a) any and all outstanding fees, costs, expenses, Taxes and other liabilities to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation and to fulfil obligations to third parties (other than the Other Issuer Creditors) incurred in the course of the Issuer’s business in relation to the Securitisation; and (b) any and all outstanding fees, costs, expenses and Taxes required to be paid in connection with the listing, deposit or ratings of the Notes, or any notice to be given to the Noteholders or the other parties to any Transaction Document.>>.</p> <p>PCS is satisfied that these Expenses are therefore only amounts necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors, or upon liquidation of the Issuer, the final expenses for liquidation.</p>		
42	STS criteria	SEE RELATED EBA GUIDELINES
<p>42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p>		
Verified?		Yes
PCS Comment		
<p>We note that the “Post-Acceleration Priority of Payments”, applicable in a post enforcement scenario, contemplates only sequential payments (see items from sixth onwards).</p> <p><i>On this basis PCS is prepared to verify this requirement.</i></p>		
43	STS criteria	
<p>43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p>		

	Verified?	Yes
	PCS Comment	
	See point 42 above.	
44	STS criteria	SEE RELATED EBA GUIDELINES
	44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	
	Verified?	Yes
	PCS Comment	
	<p>See the section headed “COMPLIANCE WITH EU STS REQUIREMENTS”, sub §(p)(iii) where it is stated that << (...) (iii) the Issuer (or the Representative of the Noteholders on its behalf) may (with the consent of an Extraordinary Resolution of the Most Senior Class of Noteholders) or shall – as the case may be in accordance with the Conditions – (if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders) dispose of the Portfolios (in full or in part), subject to the terms and conditions of the Intercreditor Agreement, it being understood that <u>no provisions shall require the automatic liquidation of the Portfolios</u> (for further details, see Condition 5.2 (Post-Acceleration Priority of Payments) and Condition 11 (Trigger Events and Early Termination Events));>>.</p> <p>See also “TRANSACTION OVERVIEW” – Trigger Events, last paragraph, where it is stated that: <<(…) following the service of a Trigger Notice and in accordance with the Intercreditor Agreement, the Issuer shall, if so requested by the Representative of the Noteholders, dispose of the Portfolios if certain conditions are satisfied. However, no provisions in the Conditions require the automatic liquidation of the Portfolios pursuant to article 21, paragraph 4, letter d of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.>>.</p>	

45	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
	21.5. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	
	STS criteria	SEE RELATED EBA GUIDELINES
	45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	
	Verified?	Yes
	PCS Comment	
	<p>The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment.</p> <p>This is not the case in this transaction since payments in respect of the Notes are made sequentially both in a pre and post acceleration scenario (see Conditions 5.1 and 5.2 in “TERMS AND CONDITIONS OF THE NOTES”).</p> <p>Therefore, the above requirement is satisfied.</p>	

46	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
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<p>21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p> <p>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p> <p>(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</p> <p>(d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</p>	
STS criteria	SEE RELATED EBA GUIDELINES
<p>46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p>	
Verified?	Yes
PCS Comment	
<p>This provision applies to transactions with a revolving period. This transaction contemplates a revolving period and such period would terminate upon the service of an Early Termination Notice, as set out in Condition 11 (<i>Trigger Events and Early Termination Events</i>).</p> <p>In particular, see the statement in "TRANSACTION OVERVIEW" – "Early Termination Events":</p> <p><<Upon service of an Early Termination Notice no more purchases of Receivables shall take place under the Master Transfer Agreement and, where the Early Termination Event consists of the delivery of a Trigger Notice, the Notes shall become repayable in accordance with Condition 5.2.>>.</p>	

47	STS criteria	SEE RELATED EBA GUIDELINES
<p>47. (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p>		
Verified?		Yes
PCS Comment		
<p>The occurrence of any of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p> <p><<(i) on any Calculation Date, the <u>Delinquent Ratio</u> exceeds the <u>Delinquent Relevant Threshold</u>; or>>; and</p> <p><<(k) on 2 (two) consecutive Calculation Dates, the <u>Default Ratio</u> exceeds the <u>Default Relevant Threshold</u>; (...)>>.</p>		
48	STS criteria	SEE RELATED EBA GUIDELINES
<p>48. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>		
Verified?		Yes
PCS Comment		
<p>The occurrence of any of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p>		

<p><<(d) <u>Agos or any third party Servicer is declared insolvent</u> or becomes subject to bankruptcy proceedings; a liquidator or administrative receiver is appointed or a resolution is passed for such appointment; a resolution is passed by Agos or by the relevant third party Servicer for the commencement of any of such proceedings or the whole or any substantial part of Agos's assets are subject to enforcement proceedings; or</p> <p>(e) <u>Agos or any third party Servicer carries out any action for the purpose of rescheduling its own debts, in full or with respect to a material portion thereof, or postponing the maturity dates thereof, enters into any extrajudicial arrangement with all or a material portion of its creditors (including any arrangement for the assignment of its assets in favour of its creditors), files any petition for the suspension of its payments or any court grants a moratorium for the fulfilment of its debts or the enforcement of the security securing its debts and the Representative of the Noteholders, in its justified opinion, deems that any of the above events has or may have a material adverse effect on Agos's or third party Servicer's financial conditions; or</u></p> <p>(f) <u>a resolution is passed for the winding up, liquidation or dissolution of Agos or any third party Servicer, except a winding up for the purposes of or pursuant to an amalgamation or reconstruction not related to the events specified under paragraphs (d) and (e) above;</u>>>.</p>							
49	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>49. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #ffffcc;">Verified?</td> <td style="background-color: #c6e0b4; text-align: center;">Yes</td> </tr> <tr> <td colspan="2" style="background-color: #ffffcc;">PCS Comment</td> </tr> <tr> <td colspan="2" style="background-color: #ffffcc;"> <p>The occurrence of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p> <p><<(l) <u>on any Calculation Date, the total balance of the General Account (taking into account also the payment to be effected for the purchase of the Subsequent Portfolio at the immediately succeeding Payment Date) is higher than 15% of the Principal Amount Outstanding of the Receivables included in the Initial Portfolio as of the First Valuation Date;</u>>>.</p> <p>See also the statement in "COMPLIANCE WITH EU STS REQUIREMENTS", §(r)(vii).</p> </td> </tr> </table>	Verified?	Yes	PCS Comment		<p>The occurrence of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p> <p><<(l) <u>on any Calculation Date, the total balance of the General Account (taking into account also the payment to be effected for the purchase of the Subsequent Portfolio at the immediately succeeding Payment Date) is higher than 15% of the Principal Amount Outstanding of the Receivables included in the Initial Portfolio as of the First Valuation Date;</u>>>.</p> <p>See also the statement in "COMPLIANCE WITH EU STS REQUIREMENTS", §(r)(vii).</p>	
Verified?	Yes						
PCS Comment							
<p>The occurrence of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p> <p><<(l) <u>on any Calculation Date, the total balance of the General Account (taking into account also the payment to be effected for the purchase of the Subsequent Portfolio at the immediately succeeding Payment Date) is higher than 15% of the Principal Amount Outstanding of the Receivables included in the Initial Portfolio as of the First Valuation Date;</u>>>.</p> <p>See also the statement in "COMPLIANCE WITH EU STS REQUIREMENTS", §(r)(vii).</p>							
50	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>50. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #ffffcc;">Verified?</td> <td style="background-color: #c6e0b4; text-align: center;">Yes</td> </tr> <tr> <td colspan="2" style="background-color: #ffffcc;">PCS Comment</td> </tr> <tr> <td colspan="2" style="background-color: #ffffcc;"> <p>The occurrence of any of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p> <p><<(l) <u>on any Calculation Date, the total balance of the General Account (taking into account also the payment to be effected for the purchase of the Subsequent Portfolio at the immediately succeeding Payment Date) is higher than 15% of the Principal Amount Outstanding of the Receivables included in the Initial Portfolio as of the First Valuation Date;</u>>>; and</p> <p><<(m) <u>Agos has not exercised the Sale Option for 3 (three) consecutive Optional Purchase Dates, unless such event occurred for reasons related to the Covid-19 health emergency.</u>>>.</p> </td> </tr> </table>	Verified?	Yes	PCS Comment		<p>The occurrence of any of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p> <p><<(l) <u>on any Calculation Date, the total balance of the General Account (taking into account also the payment to be effected for the purchase of the Subsequent Portfolio at the immediately succeeding Payment Date) is higher than 15% of the Principal Amount Outstanding of the Receivables included in the Initial Portfolio as of the First Valuation Date;</u>>>; and</p> <p><<(m) <u>Agos has not exercised the Sale Option for 3 (three) consecutive Optional Purchase Dates, unless such event occurred for reasons related to the Covid-19 health emergency.</u>>>.</p>	
Verified?	Yes						
PCS Comment							
<p>The occurrence of any of the following events will constitute an Early Termination Event (see Condition 11) and definition of Early Termination Event:</p> <p><<(l) <u>on any Calculation Date, the total balance of the General Account (taking into account also the payment to be effected for the purchase of the Subsequent Portfolio at the immediately succeeding Payment Date) is higher than 15% of the Principal Amount Outstanding of the Receivables included in the Initial Portfolio as of the First Valuation Date;</u>>>; and</p> <p><<(m) <u>Agos has not exercised the Sale Option for 3 (three) consecutive Optional Purchase Dates, unless such event occurred for reasons related to the Covid-19 health emergency.</u>>>.</p>							
51	<p>Legislative text – Article 21 - Requirements relating to standardisation GO TO TABLE OF CONTENTS</p> <p>21.7. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of 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 by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p> <p>(c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.</p>	
STS criteria	SEE RELATED EBA GUIDELINES
<p>51. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>	
Verified?	Yes
PCS Comment	
<p>For the <u>Servicer</u>, see section “<i>Description of the Servicing Agreement</i>”, where it is stated that:</p> <p><<<i>Pursuant to the terms of the Servicing Agreement, the Servicer shall be responsible for, inter alia, the following activities:</i></p> <p>(a) <i>management, administration and collection of the Receivables and issuance of the relating receipts;</i></p> <p>(b) <i>with regards to any Defaulted Receivable, any activity related thereto, including the enforcement of the relevant securities, the negotiation of any settlement agreement, the bringing of legal proceedings or the appearing in pending legal proceedings or, as the case may be, the commencement of insolvency proceedings, exercising the utmost diligence in administering and recovering the Defaulted Receivables, in compliance with the provisions of the Servicing Agreement; and</i></p> <p>(c) <i>taking all necessary action to safeguard the Issuer’s claims, including all actions to maintain the security and for the continuation of the Financed Insurance Policies and the Agos Insurance Policies.>>.</i></p> <p>For the <u>Representative of the Noteholders</u> (that performs fiduciary activities on behalf of the Noteholders and other issuer creditors) see the “<i>Rules of the Organisation of the Noteholders</i>”, Article 26 (<i>Duties and Powers of the Representative of the Noteholders</i>).</p> <p>See also the description of the Intercreditor Agreement contained in “<i>Description of the Intercreditor Agreement</i>” and, in particular, the following duty of the Representative of the Noteholders:</p> <p><<<i>(...) following the service of a Triqger Notice, the Representative of the Noteholders shall be entitled, inter alia, to instruct (acting upon instructions of an Extraordinary Resolution of the holders of the Most Senior Class of Notes) the Issuer to dispose, in whole or in part, the Portfolios, provided that, inter alia, a reputable financial institution chosen by the Representative of the Noteholders, has given a written confirmation that the proposed sale price is fair. (...) >>.</i></p> <p>For the other ancillary service providers, see sections “<i>Description of the Cash Allocation, Management and Payments Agreement</i>”, “<i>Description of the Corporate Services Agreement</i>” and “<i>Description of the Stichting Corporate Services Agreement</i>”.</p>	
52	<p>STS criteria</p> <p>SEE RELATED EBA GUIDELINES</p>
<p>52. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	
Verified?	Yes
PCS Comment	
<p>See “<i>Description of the Servicing Agreement</i>”, which contains a summary of the servicing continuity provisions contained in the Servicing Agreement:</p> <p><<<i>Under the Servicing Agreement, the Issuer may at any time appoint, with the cooperation of the Back-up Servicer Facilitator, a back-up servicer having the requirements provided for in article 11.5 of the Servicing Agreement (including, inter alia, expertise in servicing exposures of a similar nature to those securitised and well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures in compliance with article 21, paragraph 8, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria) and who undertakes to succeed</i></p>	

<p><i>the Servicer upon termination of the mandate conferred to this latter pursuant to article 11 of the Servicing Agreement or in case the Servicer has duly exercised its withdrawal right pursuant to article 23(b) of the Servicing Agreement (the "Back-up Servicer").</i></p> <p><i>Any Substitute Servicer and Back-up Servicer must comply with certain features set forth in the Servicing Agreement. In particular, <u>any Substitute Servicer and Back-up Servicer shall, inter alia, have expertise in servicing exposures of a similar nature to those securitised for and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures, in accordance with article 21(8) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria. (...)>></u></i></p> <p>Substitute Servicer is defined as follows:</p> <p><i><<"Substitute Servicer" means the new entity which shall be appointed by the Issuer in order to replace the Servicer in case of removal or withdrawal of the Servicer pursuant to article 11 or article 23(b), respectively, of the Servicing Agreement.>></i></p>			
53	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>53. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Verified?</td> <td style="text-align: center;">Yes</td> </tr> </table> <p>PCS Comment</p> <p>As for the <u>Hedging Counterparty</u>, see "RISK FACTORS - Interest rate risk arising from the mismatch between the interest rate applicable on the Loans and the Senior Notes may affect the ability of the Issuer to meet its payment obligations under the Senior Notes in case of termination of the Hedging Agreement"</p> <p><i><<(…) Under the Intercreditor Agreement, the Issuer has covenanted with the Representative of the Noteholders that, in the event of early termination of the Hedging Agreement, including any termination upon failure by the Hedging Counterparty to perform its obligations, it will use reasonable commercial endeavours to find, in consultation with the Originator, a suitably rated replacement hedging counterparty who is willing to enter into a replacement hedging agreement substantially on the same terms as the Hedging Agreement. However, no assurance can be given that the Issuer will be able to enter into a replacement hedging agreement with a suitably rated entity that will provide the Issuer with the same level of protection as the Hedging Agreement.>></i></p> <p>No <u>liquidity providers</u> are contemplated for this transaction and therefore no continuity provisions are necessary in this respect.</p> <p>As for the <u>account bank</u>, see the statement in "COMPLIANCE WITH EU STS REQUIREMENTS", §(s):</p> <p><i><<(…) the Cash Allocation, Management and Payments Agreement and the Intercreditor Agreement contain provisions aimed at ensuring the replacement of the Account Bank and the Hedging Counterparty, respectively, in case of its default, insolvency or other specified events (...)>></i></p> <p>See also the section "Description of the Cash Allocation, Management and Payments Agreement", where the continuity provisions in respect of the Account Bank are summarised.</p> <p>In particular it is stated that:</p> <p><i><<(…) The Issuer may (with the prior written approval of the Representative of the Noteholders and by giving prior written notice to the Rating Agencies and the Joint Arrangers) revoke the appointment of any Agent by giving not less than 30 days' notice to that effect to such Agent, provided that such revocation shall not take effect until a successor has been duly appointed. Any costs and expenses to be paid in case of revocation by the Issuer of the appointment of any Agent shall be borne by Agos. (...)</i></p> <p><i><u>The Issuer (with the prior written approval of the Representative of the Noteholders) may appoint a successor agent or additional agents substantially on the same terms and conditions of the Cash Allocation, Management and Payments Agreement. The newly appointed Account Bank shall have the Minimum Rating. If a successor has not been duly appointed, the relevant Agent may itself, following such consultation with the Issuer as it is practicable, with the prior written approval of the Representative of the Noteholders and by giving a previous written notice to the Rating Agencies, appoint as its successor any reputable and duly authorised institution.>></u></i></p>	Verified?	Yes
Verified?	Yes		

54	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
STS criteria		SEE RELATED EBA GUIDELINES
54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised		
Verified?		Yes
PCS Comment		
<p>The Originator is an authorised, regulated and supervised financial intermediary in Italy. See section “THE ORIGINATOR AND THE SERVICER” – where it is stated:</p> <p><<Agos Ducato S.p.A. (hereinafter “Agos”) is a joint-stock company incorporated under the laws of Italy, (...), authorized pursuant to article 106 of the Banking Act.>>. As a finance company, Agos is subject to monitoring by Italy’s bank regulator. Agos’ business activities are also overseen on a consolidated basis within CACF by the French banking authorities.>>.</p> <p>See also §(t) of “COMPLIANCE WITH EU STS REQUIREMENTS”, where it is stated that</p> <p><<(t) for the purpose of compliance with article 21, paragraph 8, of the EU Securitisation Regulation, under the Servicing Agreement, the Servicer has represented and warranted that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement. In addition, the Servicer has represented and warranted it has expertise in servicing exposures of a similar nature to those securitised for more than 5 (five) years and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures. In addition, pursuant to the Servicing Agreement, the Back-up Servicer and any Substitute Servicer shall have expertise in servicing exposures of a similar nature to those securitised and well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures. In addition, Agos is authorised and regulated for capital and prudential purposes by the Bank of Italy and enrolled in the register of the financial intermediaries (albo degli intermediari finanziari) held by the Bank of Italy pursuant to article 106 of the Banking Act. Accordingly, as of the date of this Prospectus, Agos complies with the prudential and capital requirements established by the Bank of Italy with respect to such financial intermediaries. Agos has originated and serviced auto-loans for more than five years, being exposures similar to the Consumer Loans (for further details, see the section headed “Description of the Servicing Agreement”);>>.</p> <p>It is noted that pursuant to the Servicing Agreement (see clause 11.5(a) and 11.5(e)), the Substitute Servicer has to be able to make R&Ws substantially similar to those made by the Servicer, and that the Servicer has represented having satisfied the required five-year-experience.</p>		

55	STS criteria	SEE RELATED EBA GUIDELINES
55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
Verified?		Yes
PCS Comment		
<p>See also §(t) of “COMPLIANCE WITH EU STS REQUIREMENTS”, where it is stated that</p> <p><<(t) for the purpose of compliance with article 21, paragraph 8, of the EU Securitisation Regulation, under the Servicing Agreement, the Servicer has represented and warranted that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement. In addition, the Servicer has represented and warranted it has expertise in servicing exposures of a similar nature to those securitised for more than 5 (five) years and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures. In addition, pursuant to the Servicing Agreement, the Back-up Servicer and any Substitute Servicer shall have expertise in servicing exposures of a similar nature to those securitised and well-documented and adequate policies, procedures and riskmanagement controls relating to the servicing of exposures. In addition, Agos is authorised and regulated for capital and prudential purposes by the Bank of Italy and enrolled in the register of the financial intermediaries (albo degli intermediari finanziari) held by the Bank of Italy pursuant to article 106 of the Banking Act. Accordingly, as of the date of this Prospectus, Agos complies with the prudential and capital requirements established by the Bank of Italy with respect to such financial intermediaries.</p>		

<p>Agos has originated and serviced auto-loans for more than five years, being exposures similar to the Consumer Loans (for further details, see the section headed “Description of the Servicing Agreement”); >>.</p> <p>See section “THE PROCEDURES”.</p> <p>The EBA Guidelines specify that the relevant servicer should be considered to have the requisite elements of the criterion if it is “an entity that is subject to prudential and capital regulation and supervision in the Union”.</p> <p>This requirement is certainly met by Agos, as confirmed in the statements contained in the sections mentioned in point 54 and above.</p>

56	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.9. 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.		
STS criteria		SEE RELATED EBA GUIDELINES
56. The transaction documentation shall set out in clear and consistent terms definitions		
Verified?		Yes
PCS Comment		
<p>See §(u) of “COMPLIANCE WITH EU STS REQUIREMENTS”, where it is stated that:</p> <p><<(u) for the purpose of compliance with article 21, paragraph 9, of the EU Securitisation Regulation, the Master Transfer Agreement, the Servicing Agreement and the Collection Policy attached thereto 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 (for further details, see the sections headed “Description of the Master Transfer Agreement”, “Description of the Servicing Agreement” and “The Procedures”). (...)>>.</p> <p>PCS notices that the collection policies are contained in Annex A to the Servicing Agreement “PROCEDURE DI RISCOSSIONE - (COLLECTION POLICY)”, and are also described in the section “THE PROCEDURES” of the Prospectus.</p> <p>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</p>		
57	STS criteria	SEE RELATED EBA GUIDELINES
57. The transaction documentation shall set out in clear and consistent terms, 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.		
Verified?		Yes
PCS Comment		
<p>See point 56 above.</p> <p>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</p>		

58	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.9. 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>		
STS criteria		
<p>58. The transaction documentation shall clearly specify the priorities of payment,</p>		
Verified?		Yes
PCS Comment		
<p>See “<i>Priorities of Payments</i>” in Condition 5 of the “TERMS AND CONDITIONS OF THE NOTES”. PCS has reviewed the relevant documents and is satisfied that this requirement is met.</p>		
59	STS criteria	
<p>59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.</p>		
Verified?		Yes
PCS Comment		
<p>See Condition 11 (TRIGGER EVENTS AND EARLY TERMINATION EVENTS) setting out the Trigger Events that trigger changes in the PoP to be applied. See also point 45 above. PCS has reviewed the relevant documents and is satisfied that this requirement is met.</p>		
60	STS criteria	
<p>60. The transaction documentation shall clearly specify the obligation to report such events.</p>		
Verified?		Yes
PCS Comment		
<p>See §(u) of “COMPLIANCE WITH EU STS REQUIREMENTS”, where it is stated that:</p> <p><i><<(u) (...) In addition, the Transaction Documents clearly specify the Priorities of Payments, the events which trigger changes in such Priorities of Payments as well as the obligation to report such events, and any change in the Priority of Payments which will materially adversely affect the repayment of the Notes. Pursuant to the Cash Allocation, Management and Payments Agreement and the Intercreditor Agreement, (i) the Calculation Agent has undertaken to prepare, on or prior to each Investor Report Date, the SR Investor Report setting out certain information with respect to the Notes (including, inter alia, the events which trigger changes in the Priorities of Payments), in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards, and (ii) subject to receipt of the SR Investor Report from the Calculation Agent, the Reporting Entity has undertaken to make it available to the investors in the Notes through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) or any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation (for further details, see the sections headed “Terms and Conditions of the Notes”, “Description of the Intercreditor Agreement” and “Description of the Cash Allocation, Management and Payments Agreement”);>></i></p> <p>This is a future event. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</p>		

PCS notes the existence of such covenant in the Prospectus.

61	STS criteria	
	61. 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.	
	Verified?	Yes
	PCS Comment	
See point 60 above.		
This is a future event. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS notices that there is a covenant on the part of the originator to comply in the future with this requirement.		

62	Legislative text – Article 21 - Requirements relating to standardisation		GO TO TABLE OF CONTENTS
	21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
	STS criteria		SEE RELATED EBA GUIDELINES
	62. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders		
	Verified?	Yes	
	PCS Comment		
	<p>See “<i>Rules of the Organisation of the Noteholders</i>” included as an Exhibit 1 to the Terms and Conditions of the Notes, both included in the Prospectus.</p> <p>Although the wording of the Regulation as to what constitutes the “facilitation of timely resolution of conflicts” is quite vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion. In this respect, the following five requirements need to be contemplated by the relevant transaction documents. The Rules of the Organisation of the Noteholders contain the required provisions:</p> <p>(a) <i>the method for calling meetings; as for method: Article 6 (Convening the Meeting).</i></p> <p>(b) <i>the maximum timeframe for setting up a meeting: Article 7 (Notices) and Article 10 (Adjournment for lack of quorum).</i></p> <p>(c) <i>the required quorum: Article 9 (Quorum and voting).</i></p> <p>(d) <i>the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision: Article 10 (Adjournment for lack of quorum). See also definition of “Relevant Fraction”.</i></p> <p>(e) <i>where applicable, a location for the meetings which should be in the EU: Article 7 (Notices) and Article 10 (Adjournment for lack of quorum).</i></p> <p>PCS has reviewed the underlying documents to ascertain that all the five requirements above are indeed present.</p>		

63	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
STS criteria		SEE RELATED EBA GUIDELINES
63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
Verified?		Yes
PCS Comment		
<p>See point 51 above:</p> <p>For the <u>Representative of the Noteholders</u> (that performs fiduciary activities on behalf of the noteholders and other issuer creditors) see the “<i>Rules of the Organisation of the Noteholders</i>”, Article 26 (<i>Duties and Powers of the Representative of the Noteholders</i>).</p> <p>See also the description of the Intercreditor Agreement contained in <i>Description of the Intercreditor Agreement</i>” and, in particular, the two following duties of the Representative of the Noteholders:</p> <p><<(…) <i>The Intercreditor Agreement furthermore provides that, following the service of a Trigger Notice, the Representative of the Noteholders shall be entitled, inter alia, to instruct (acting upon instructions of an Extraordinary Resolution of the holders of the Most Senior Class of Notes) the Issuer to dispose, in whole or in part, the Portfolios, provided that, inter alia, a reputable financial institution chosen by the Representative of the Noteholders, has given a written confirmation that the proposed sale price is fair. (...)>>.</i></p>		
64	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
22.1. 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. Those data shall cover a period no shorter than five years.		
STS criteria		SEE RELATED EBA GUIDELINES
64. 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,		
Verified?		Yes
PCS Comment		
<p>Representations of compliance with this provisions are contained in §(w) of “COMPLIANCE WITH EU STS REQUIREMENTS”, in the section containing a “Description of the Intercreditor Agreement” and in the section headed “GENERAL INFORMATION”, subsection 7.</p> <p>See also the statement in “THE PORTFOLIOS - Historical Performance Data”.</p> <p>Documents containing such data have also been provided to PCS.</p>		
65	STS criteria	SEE RELATED EBA GUIDELINES
65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.		
Verified?		Yes
PCS Comment		

	See statements in this respect contained in the sections mentioned in point 64 above.
66	STS criteria SEE RELATED EBA GUIDELINES
	66. Those data shall cover a period no shorter than five years.
	Verified? Yes
	PCS Comment
	See statements in this respect contained in the sections mentioned in point 64 above.

67	Legislative text – Article 22 - Requirements relating to transparency GO TO TABLE OF CONTENTS
	22.2. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.
	STS criteria SEE RELATED EBA GUIDELINES
	67. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,
	Verified? Yes
	PCS Comment
	See statement in §(x) of “COMPLIANCE WITH EU STS REQUIREMENTS”: <<(x) for the purposes of compliance with article 22, paragraph 2, of the EU Securitisation Regulation, an external verification (including verification that the data disclosed in this Prospectus in respect of the Receivables is accurate) has been made in respect of the Initial Portfolio prior to the Issue Date by an appropriate and independent party and no significant adverse findings have been found. The verification has confirmed: (i) that the data disclosed in this Prospectus in respect of the Receivables are accurate; (ii) the accuracy of the information provided in the documentation and in the IT systems, in respect of each selected position of the sample of the Initial Portfolio – with confidence levels and error rates in line with the EBA Guidelines on STS Criteria; and (iii) that the data of the Receivables included in the Initial Portfolio contained in the loan-by-loan data tape prepared by Agos are compliant with the Eligibility Criteria that are able to be tested prior to the Issue Date, (for further details, see the section headed “The Portfolios”);>>. See also Section “THE PORTFOLIOS”, last paragraph headed “Pool Audit”: <<Pool Audit - Pursuant to article 22, paragraph 2, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, an external verification (including verification that the data disclosed in this Prospectus in respect of the Receivables is accurate) has been made in respect of the Initial Portfolio prior to the Issue Date by an appropriate and independent party and no significant adverse findings have been found. The verification has confirmed: (i) that the data disclosed in this Prospectus in respect of the Receivables are accurate;

	<p>(ii) the accuracy of the information provided in the documentation and in the IT systems, in respect of each selected position of the sample of the Initial Portfolio – with confidence levels and error rates in line with the EBA Guidelines on STS Criteria; and</p> <p>(iii) that the data of the Receivables included in the Initial Portfolio contained in the loan-by-loan data tape prepared by Agos are compliant with the Eligibility Criteria that are able to be tested prior to the Issue Date.>>.</p> <p>PCS has reviewed the results of the auditor verification exercise, including the analysis of the “agreed upon procedures” (AUP) commonly known as a “pool audit”.</p> <p>PCS notices that this was done by an appropriate and independent party.</p>	
68	STS criteria	SEE RELATED EBA GUIDELINES
	68. Including verification that the data disclosed in respect of the underlying exposures is accurate.	
	Verified?	Yes
	PCS Comment	
	See statements in this respect contained in the sections mentioned in point 67 above.	
69	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	22.3. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors 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, and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.	
	STS criteria	SEE RELATED EBA GUIDELINES
	69. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors 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.	
	Verified?	Yes
	PCS Comment	
	See statement in §(y) of “COMPLIANCE WITH EU STS REQUIREMENTS”:	
	<<(y) for the purposes of compliance with article 22, paragraph 3, of the EU Securitisation Regulation, under the Intercreditor Agreement Agos has confirmed that before pricing it has been, as initial holder of a portion of the Senior Notes, the Mezzanine Notes and the Junior Notes, in possession of, and has made available to potential investors in the Notes, a liability cash flow model (through Bloomberg/Index) which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer. In addition, pursuant to the Intercreditor Agreement Agos has undertaken to make available to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request, through the Securitisation Repository, a liability cash flow model (through Bloomberg/Index) (to be updated during the course of the Securitisation) which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer (for further details, see the section headed “Description of the Intercreditor Agreement”); (...)>>.	
70	STS criteria	SEE RELATED EBA GUIDELINES

70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.	
Verified?	Yes
PCS Comment	
See statement in §(y) of “COMPLIANCE WITH EU STS REQUIREMENTS” as quoted in point 69 above.	

71	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>22.4. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1). By way of derogation from the first subparagraph, originators may, from 1 June 2021, decide to publish the available information related to the principal adverse impacts of the assets financed by underlying exposures on sustainability factors</p> <p>22.6 By 10 July 2021, the ESAs shall develop, through the Joint Committee of the European Supervisory Authorities, draft regulatory technical standards in accordance with Articles 10 to 14 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 on the content, methodologies and presentation of information referred to in the second subparagraph of paragraph 4 of this Article, in respect of the sustainability indicators in relation to adverse impacts on the climate and other environmental, social and governance-related adverse impacts.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>71. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1). By way of derogation from the first subparagraph, originators may, from 1 June 2021, decide to publish the available information related to the principal adverse impacts of the assets financed by underlying exposures on sustainability factors.</p>		
Verified?	Yes	
PCS Comment		
<p>The Consumer Loan Agreement out of which the Receivables arise include, in addition to consumer loans of other typology, a Pool of New Vehicle Loans and Used Vehicles Loans. It is therefore necessary to verify compliance with this requirement in relation to the loans that, although consumer loans, are also car loans. In this respect, PCS noticed the statement in §(z) of “COMPLIANCE WITH EU STS REQUIREMENTS”:</p> <p><i><<(z) for the purposes of compliance with article 22, paragraph 4, of the EU Securitisation Regulation, pursuant to the Servicing Agreement and the Intercreditor Agreement, the Servicer has undertaken to prepare the Loan by Loan Report setting out information relating to each Loan in respect of the immediately preceding Reference Period (including, inter alia, the information related to the environmental performance of the Vehicles, if available), in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards, and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available such report to the holders of a Securitisation position, the competent Authority pursuant to article 29 of the EU Securitisation Regulation and, upon request, to any potential investors by no later 1 month after the relevant Payment Date through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) or any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation (for further details, see the sections headed “Description of the Servicing Agreement” and “Description of the Intercreditor Agreement”);>>.</i></p> <p>As to the impacts on sustainability factors, PCS was informed that, for the time being, no specific publication is envisaged.</p>		

72	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
STS criteria		
72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.		
Verified?		Yes
PCS Comment		
<p>See the statement in §(aa) of "COMPLIANCE WITH EU STS REQUIREMENTS":</p> <p><<(aa) <i>for the purposes of compliance with article 22, paragraph 5, of the EU Securitisation Regulation, under the Intercreditor Agreement, the parties thereto have acknowledged that the Originator shall be responsible for compliance with article 7 of the EU Securitisation Regulation. (...)>>.</i></p>		

73	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
STS criteria		
73. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.		
Verified?		Yes
PCS Comment		
See the statement in §(aa) of "COMPLIANCE WITH EU STS REQUIREMENTS".		
74	STS criteria	
74. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.		
Verified?		Yes
PCS Comment		
See the statement in §(aa) of "COMPLIANCE WITH EU STS REQUIREMENTS"		

75	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
22.5. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
STS criteria		
75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
Verified?		Yes
PCS Comment		
<p>See "Description of the Intercreditor Agreement", where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p><<As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows: (...) and (iii) the Issuer shall deliver to the Reporting Entity (A) a copy of the final Prospectus, the other final Transaction Documents and the final STS Notification in a timely manner in order for the Reporting Entity to <u>make available such documents to the holders of a Securitisation position, the competent authorities pursuant to Article 29 of the EU Securitisation Regulation and, upon request, to any potential investors in the Notes by no later than 15 (fifteen) days after the Issue Date, and (B) any other document or information that may be required to be disclosed to the holders of a Securitisation position, the competent authorities pursuant to Article 29 of the EU Securitisation Regulation and, upon request, to any potential investors in the Notes pursuant to the EU Securitisation Regulation and the applicable Regulatory Technical Standards in a timely manner (to the extent not already provided by other parties), in each case in accordance with the requirements provided by the EU Securitisation Regulation and the applicable Regulatory Technical Standards.>>.</u></p>		
76	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>		
STS criteria		
<p>76. 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,</p>		
Verified?		Yes
PCS Comment		
<p>See "Description of the Intercreditor Agreement", where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p><<As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows: (i) the Servicer shall prepare the Loan by Loan Report setting out information relating to each Consumer Loan as at the end of the immediately preceding Reference Period (including, inter alia, the information related to the environmental performance of the Vehicles, if available), in compliance with Article 7, paragraph 1, letter (a) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, and to deliver such report to the Reporting Entity in a timely manner in order for the Reporting Entity to make available, through the Securitisation Repository, the Loan by Loan Report (simultaneously with the SR Investor Report and</p>		

the Inside Information and Significant Event Report to be made available on the same date) to the holders of a Securitisation position, the competent authorities pursuant to article 29 of the EU Securitisation Regulation and, upon request, to any potential investors by no later than one month after each Payment Date; (...)>>.

The provisions regulating the Loan by Loan Report are contained in the Servicing Agreement, clause 8(d).

77	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>(b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <ul style="list-style-type: none"> (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions; (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust; (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; (iv) the servicing, back-up servicing, administration and cash management agreements; (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; (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements; 		
STS criteria		
<p>77. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <ul style="list-style-type: none"> (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions; 		
Verified?		Yes
PCS Comment		
<p>See also §9 of “GENERAL INFORMATION”, where it is stated that:</p> <p><<9. So long as any of the Notes remains outstanding, copies of the following documents may be inspected on the Securitisation Repository:</p> <ul style="list-style-type: none"> a. this Prospectus; b. Master Transfer Agreement; c. Warranty and Indemnity Agreement; d. Servicing Agreement; e. Intercreditor Agreement; f. Corporate Services Agreement; g. Stichting Corporate Services Agreement; h. Quotaholders’ Agreement; i. Cash Allocation, Management and Payments Agreement; j. Subscription Agreement; 		

	<p>k. the Terms and Conditions of the Notes;</p> <p>l. each annual financial statements to be prepared by the Issuer in respect of each financial year;</p> <p>m. Issuer's by laws and deed of incorporation; and</p> <p>n. any other information and document made available or to be made available on the Securitisation Repository pursuant to the section headed "Regulatory Disclosure and Retention Undertaking".</p> <p>The documents listed under paragraphs (a) to (k) (included) above constitute all the underlying documents that are essential for understanding the Securitisation and include, but not limited to, each of the documents referred to in point (b) of article 7, paragraph 1, of the EU Securitisation Regulation.>>.</p>
78	<p>STS criteria</p> <p>78. (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See the reference to the Master Transfer Agreement contained in §9 of "GENERAL INFORMATION", quoted in point 77 above.</p>
79	<p>STS criteria</p> <p>79. (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>Verified? Yes</p> <p>PCS Comment</p> <p>See §9 of "GENERAL INFORMATION", quoted in point 77 above.</p> <p>No derivatives nor collateralisation arrangements are entered into in the context of this Transaction.</p>
80	<p>STS criteria</p> <p>80. (iv) the servicing, back-up servicing, administration and cash management agreements;</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See the reference to the Servicing Agreement and the Cash Allocation, Management and Payments Agreement contained in §9 of "GENERAL INFORMATION", quoted in point 77 above.</p>
81	<p>STS criteria</p> <p>81. (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>Verified? Yes</p> <p>PCS Comment</p>

	See the reference to the <u>Intercreditor Agreement</u> , the <u>Cash Allocation, Management and Payments Agreement</u> and the <u>Terms and Conditions of the Notes</u> contained in §9 of “GENERAL INFORMATION”, quoted in point 77 above.
82	STS criteria
	82. (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;
	Verified? Yes
	PCS Comment
	See the reference to the <u>Intercreditor Agreement</u> contained in §9 of “GENERAL INFORMATION”, quoted in point 77 above. No derivatives, subordinated loan agreements, start-up loan agreements and liquidity facility agreements are entered into in the context of this Transaction.

83	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	7.1. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	
	STS criteria	
	83. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	
	Verified?	Yes
	PCS Comment	
	See “TERMS AND CONDITIONS OF THE NOTES” – Condition 5 (<i>PRIORITIES OF PAYMENTS</i>).	

84	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	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: (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: (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; (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;	
	STS criteria	
	84. (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:	

	(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;
	Verified? Yes
	PCS Comment The Prospectus is made in compliance with the Prospectus Regulation. This requirement and those in points 85, 86 and 87 are therefore not applicable.
85	STS criteria
	85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
	Verified? Yes
	PCS Comment See point 84 above.
86	STS criteria
	86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
	Verified? Yes
	PCS Comment See point 84 above.
87	STS criteria
	87. (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;
	Verified? Yes
	PCS Comment See point 84 above.

88	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	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: (d) in the case of STS securitisations, the STS notification referred to in Article 27;	
	STS criteria	

88. (d) in the case of STS securitisations, the STS notification referred to in Article 27;	
Verified?	Yes
PCS Comment	
<p>See the following statement in “LEGAL AND REGULATORY RISKS” - “The STS designation impacts on regulatory treatment of the Notes”:</p> <p><<The Securitisation is intended to qualify as a simple, transparent and standardised (STS) securitisation within the meaning of article 18 of the EU Securitisation Regulation. Consequently, the Securitisation meets, as at the date of this Prospectus, the requirements of articles 19 to 22 of the EU Securitisation Regulation (the EU STS Requirements) and will, prior to the Issue Date, <u>be notified by the Originator to be included in the list published by ESMA referred to in article 27, paragraph 5, of the EU Securitisation Regulation (the STS Notification)</u>. Pursuant to article 27, paragraph 2, of the EU Securitisation Regulation, the STS Notification includes an explanation by the Originator of how each of the STS criteria set out in articles 19 to 22 has been complied with in the Securitisation. The STS Notification is available for download on the ESMA’s website (being, as at the date of this Prospectus, https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_stsre) (the ESMA STS Register).>>.</p> <p>As confirmed in Section “COMPLIANCE WITH EU STS REQUIREMENTS - First Contact Point”, the Originator will be the first contact point for investors and competent authorities pursuant to and for the purposes of article 27, paragraph 1, third sub-paragraph, of the EU Securitisation Regulation.</p>	

89	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p> <ul style="list-style-type: none"> (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; (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. 		
STS criteria		
89. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:		
Verified?	Yes	
PCS Comment		
<p>See “TRANSACTION OVERVIEW”, “Investor Report” and §8 of “GENERAL INFORMATION”, where it is stated that <<Under the Cash Allocation, Management and Payments Agreement, the Calculation Agent has undertaken to prepare, on each date falling on the 10th Business Day following a Payment Date, the SR Investor Report setting out certain information with respect to the Notes (including, inter alia, the events which trigger changes in the Priorities of Payments), in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards (...)>>.</p> <p>See also the definition of SR Investor Report:</p> <p><<“SR Investor Report” means the report prepared by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement, setting out the information under letter (e) of article 7, paragraph 1, of the EU Securitisation Regulation, in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards.>>.</p>		

90	STS criteria	
	90. (i) all materially relevant data on the credit quality and performance of underlying exposures;	
	Verified?	Yes
	PCS Comment	
	See point 89 above.	
91	STS criteria	
	91. (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties,	
	Verified?	Yes
	PCS Comment	
	See point 89 above.	
92	STS criteria	
	92. (ii)...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;	
	Verified?	Yes
	PCS Comment	
	See point 89 above.	
93	STS criteria	
	93. (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.	
	Verified?	Yes
	PCS Comment	
	See point 89 above.	

94	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>(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>		
STS criteria		
<p>94. (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>		
Verified?		Yes
PCS Comment		
<p>See "GENERAL INFORMATION", §7 where it is stated:</p> <p><i><<As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows: (...) (ii) the Calculation Agent has undertaken to (A) (...), and (B) prepare the Inside Information and Significant Event Report, setting out the information under letter f) and letter g) of article 7, paragraph 1 of the EU Securitisation Regulation, in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards, and deliver such report to the Reporting Entity in a timely manner in order for the Reporting Entity to make available, through the Securitisation Repository, the Inside Information and Significant Event Report to the holders of a Securitisation position, the competent authorities pursuant to article 29 of the EU Securitisation Regulation and, upon request, to any potential investors without undue delay upon the occurrence of the relevant event and, in any case, by no later than one month after each Payment Date (...); and (...)>>.</i></p> <p>See also the definition of "Inside Information and Significant Event Report":</p> <p><i><<"Inside Information and Significant Event Report" means the report prepared by the Calculation Agent pursuant the Cash Allocation, Management and Payments Agreement setting out the information under letters f) and g) of article 7, paragraph 1, of the EU Securitisation Regulation (including, inter alia, any material change of the Priority of Payments and of the loan disbursement policies relating to the Receivables to be included in any Subsequent Portfolio and the occurrence of any Trigger Event or Early Termination Event), in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards.>>.</i></p>		
95	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>(g) where point (f) does not apply, any significant event such as:</p> <ul style="list-style-type: none"> (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; (ii) a change in the structural features that can materially impact the performance of the securitisation; (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation; (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; (v) any material amendment to transaction documents. 		
STS criteria		
<p>95. (g) where point (f) does not apply, any significant event such as:</p> <p>(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>		

	Verified?	Yes
	PCS Comment	
	See point 94 and the references to the "letter g) of article 7, paragraph 1" in the statements mentioned thereunder. See also the definition of "Inside Information and Significant Event Report": <<" Inside Information and Significant Event Report " means the report prepared by the Calculation Agent pursuant the Cash Allocation, Management and Payments Agreement setting out the information under letters f) and g) of article 7, paragraph 1, of the EU Securitisation Regulation (including, inter alia, any material change of the Priority of Payments and of the loan disbursement policies relating to the Receivables to be included in any Subsequent Portfolio and the occurrence of any Trigger Event or Early Termination Event), in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards.>>.	
96	STS criteria	
	96. (ii) a change in the structural features that can materially impact the performance of the securitisation;	
	Verified?	Yes
	PCS Comment	
	See points 94 and 95 above.	
97	STS criteria	
	97. (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;	
	Verified?	Yes
	PCS Comment	
	See points 94 and 95 above.	
98	STS criteria	
	98. (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;	
	Verified?	Yes
	PCS Comment	
	See points 94 and 95 above.	
99	STS criteria	
	99. (v) any material amendment to transaction documents.	
	Verified?	Yes
	PCS Comment	

See points 94 and 95 above.

100	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
7.1. 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 (...ABCP provisions)		
STS criteria		
100. 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 (...ABCP provisions)		
Verified?		Yes
PCS Comment		
References to simultaneity of the relevant reports are contained both in the description of the Loan by Loan Report and of the SR Investor Report contained in Section “TRANSACTION OVERVIEW”.		

101	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
7.1. 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 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. 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. 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.		
STS criteria		
101. 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		
Verified?		Yes
PCS Comment		
See “Description of the Servicing Agreement”, where it is stated that: <<(…) The Servicer has also undertaken to make available to the Calculation Agent any information which it has become aware of under letter f) and g) of article 7, paragraph 1, of the EU Securitisation Regulation which is necessary in order to allow the Calculation Agent to (a) prepare the Inside Information and Significant Event Report and (b) deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available such report, through the Securitisation Repository, to the holders of a Securitisation position, the competent authorities pursuant to article 29 of the EU Securitisation Regulation and, upon request, to any potential investors by no later than one month after each Payment Date and, in any case, without delay, upon the occurrence of the relevant event (...)>>.		

	Although the wording used in the above statement is not fully clear on the exact timing of expected delivery of such report, PCS due diligence confirmed that the Originator's intention is to conform to ESMA indications and provide an Inside Information and Significant Event Report without delay upon the occurrence of the relevant event (the ad hoc report), and an additional quarterly report, to be issued simultaneously with the SR Investor Report and the Loan by Loan Report. On this basis, this requirement is deemed satisfied.
102	<p>Legislative text – Article 22 - Requirements relating to transparency GO TO TABLE OF CONTENTS</p> <p>7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1. The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository. Or 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>STS criteria</p> <p>102. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1. 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>Verified? Yes</p> <p>PCS Comment</p> <p>See the following statement in "Description of the Intercreditor Agreement": <i><<Under the Intercreditor Agreement, each of the Issuer and the Originator has agreed that Agos is designated as Reporting Entity, pursuant to and for the purposes of article 7, paragraph 2, of the EU Securitisation Regulation and it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first sub-paragraph of article 7(1) of the EU Securitisation Regulation and article 22 of the EU Securitisation Regulation by making available, through the Securitisation Repository, the relevant information. In addition, each of the Issuer and the Originator has agreed that Agos is designated as first contact point for investors and competent authorities pursuant to the third sub-paragraph of article 27, paragraph 1, of the EU Securitisation Regulation.>>.</i> See also §(8) of GENERAL INFORMATION.</p>
103	<p>Legislative text – Article 22 - Requirements relating to transparency GO TO TABLE OF CONTENTS</p> <p>7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (c), (e), (f) and (g) of the first subparagraph of paragraph 1. 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>STS criteria</p> <p>103. 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>Verified? Yes</p> <p>PCS Comment</p> <p>See statement quoted in point 102 above. The designated entity is Agos, acting as Reporting Entity. On the date of the Prospectus, the Securitisation Repository is European DataWarehouse (see definition of Securitisation Repository).</p>

Definitions:

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

“**COMI**”: centre 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 apply.

“**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 for a deal where no prospectus needs to be drawn up, the deal sheet envisaged by article 7.1(c) of the STS Regulation.

“**Prospectus Regulation**”: Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

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

EBA Final non-ABCP STS Guidelines:

1,	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
2	EBA Final non-ABCP STS Guidelines – statements on background and rationale	
<p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>16. The criterion specified in Article 20(1) aims to ensure that the underlying exposures are beyond the reach of, and are effectively ring-fenced and segregated from, the seller, its creditors and its liquidators, including in the event of the seller's insolvency, enabling an effective recourse to the ultimate claims for the underlying exposures.</p> <p>22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;</p> <p>(b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>True sale, assignment or transfer with the same legal effect</p> <p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p> <p>(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;</p> <p>(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;</p> <p>(c) assessment of clawback risks and re-characterisation risks</p> <p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p> <p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p>		

2a	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>17. The criterion in Article 20(2) is designed to ensure the enforceability of the transfer of legal title in the event of the seller's insolvency. More specifically, if the underlying exposures sold to the SSPE could be reclaimed for the sole reason that their transfer was effected within a certain period before the seller's insolvency, or if the SSPE could prevent the reclaim only by proving that it was unaware of the seller's insolvency at the time of transfer, such clauses would expose investors to a high risk that the underlying exposures would not effectively back their contractual claims. For this reason, Article 20(2) specifies that such clauses constitute severe clawback provisions, which may not be contained in STS securitisation.</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p><i>True sale, assignment or transfer with the same legal effect</i></p> <p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p> <ul style="list-style-type: none"> (a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale; (b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework; (c) assessment of clawback risks and re-characterisation risks. <p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p> <p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p>		

2b	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>18. Whereas, pursuant to Article 20(2), contractual terms and conditions attached to the transfer of title that expose investors to a high risk that the securitised assets will be reclaimed in the event of the seller's insolvency should not be permissible in STS securitisations, such prohibition should not include the statutory provisions granting the right to a liquidator or a court to invalidate the transfer of title with the aim of preventing or combating fraud, as referred to in Article 20(3).</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p><i>True sale, assignment or transfer with the same legal effect</i></p> <p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p> <p>(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;</p> <p>(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;</p> <p>(c) assessment of clawback risks and re-characterisation risks.</p> <p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p> <p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p>		

3	<p>Article 20 - Requirements relating to simplicity</p> <p>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></p> <p>19. Article 20(4) specifies that, where the transfer of title occurs not directly between the seller and the SSPE but through one or more intermediary steps involving further parties, the requirements relating to the true sale, assignment or other transfer with the same legal effect, apply at each step.</p> <p>EBA Final non-ABCP STS Guidelines</p> <p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>True sale, assignment or transfer with the same legal effect</p> <p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p> <p>(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;</p> <p>(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;</p> <p>(c) assessment of clawback risks and re-characterisation risks.</p> <p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p> <p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p>	<p>BACK TO CHECKLIST</p>
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4	<p>Article 20 - Requirements relating to simplicity</p> <p>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></p> <p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>20. The objective of the criterion in Article 20(5) is to minimise legal risks related to unperfected transfers in the context of an assignment of the underlying exposures, by specifying a minimum set of events subsequent to closing that should trigger the perfection of the transfer of the underlying exposures.</p> <p>22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;</p> <p>(b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.</p> <p>EBA Final non-ABCP STS Guidelines</p> <p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>Severe deterioration in the seller credit quality standing</p> <p>13. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the transaction documentation should identify, with regard to the trigger of 'severe deterioration in the seller credit quality standing', credit quality thresholds that are objectively observable and related to the financial health of the seller.</p> <p>Insolvency of the seller</p> <p>14. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the trigger of 'insolvency of the seller' should refer, at least, to events of legal insolvency as defined in national legal frameworks.</p>	<p>BACK TO CHECKLIST</p>
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5	<i>Article 20 - Requirements relating to simplicity</i>	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>21. The objective of the criterion in Article 20(6), which requires the seller to provide the representations and warranties confirming to the seller's best knowledge that the transferred exposures are neither encumbered nor otherwise in a condition that could potentially adversely affect the enforceability of the transfer of title, is to ensure that the underlying exposures are not only beyond the reach not only of the seller but equally of its creditors, and to allocate the commercial risk of the encumbrance of the underlying exposures to the seller.</p>		
EBA Final non-ABCP STS Guidelines		

6	<i>Article 20 - Requirements relating to simplicity</i>	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<p>23. The objective of this criterion in Article 20(7) is to ensure that the selection and transfer of the underlying exposures in the securitisation is done in a manner which facilitates in a clear and consistent fashion the identification of which exposures are selected for/transferred into the securitisation, and to enable the investors to assess the credit risk of the asset pool prior to their investment decisions.</p>		
EBA Final non-ABCP STS Guidelines		
4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<i>Clear eligibility criteria</i>		
<p>17. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, the criteria should be understood to be 'clear' where compliance with them is possible to be determined by a court or tribunal, as a matter of law or fact or both.</p>		

7	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p>24. Consistently with this objective, the active portfolio management of the exposures in the securitisation should be prohibited, given that it adds a layer of complexity and increases the agency risk arising in the securitisation by making the securitisation's performance dependent on both the performance of the underlying exposures and the performance of the management of the transaction. The payments of STS securitisations should depend exclusively on the performance of the underlying exposures.</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p>Active portfolio management</p> <p>15. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, active portfolio management should be understood as portfolio management to which either of the following applies:</p> <p>(a) the portfolio management makes the performance of the securitisation dependent both on the performance of the underlying exposures and on the performance of the portfolio management of the securitisation, thereby preventing the investor from modelling the credit risk of the underlying exposures without considering the portfolio management strategy of the portfolio manager;</p> <p>(b) the portfolio management is performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit.</p> <p>16. The techniques of portfolio management that should not be considered active portfolio management include:</p> <p>(a) substitution or repurchase of underlying exposures due to the breach of representations or warranties;</p> <p>(b) substitution or repurchase of the underlying exposures that are subject to regulatory dispute or investigation to facilitate the resolution of the dispute or the end of the investigation;</p> <p>(c) replenishment of underlying exposures by adding underlying exposures as substitutes for amortised or defaulted exposures during the revolving period;</p> <p>(d) acquisition of new underlying exposures during the 'ramp up' period to line up the value of the underlying exposures with the value of the securitisation obligation(e) repurchase of underlying exposures in the context of the exercise of clean-up call options, in accordance with Article 244(3)(g) of Regulation (EU) 2017/2401;</p> <p>(f) repurchase of defaulted exposures to facilitate the recovery and liquidation process with respect to those exposures;</p> <p>(g) repurchase of underlying exposures under the repurchase obligation in accordance with Article 20(13) of Regulation (EU) 2017/2402.</p>		

8	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p>25. Revolving periods and other structural mechanisms resulting in the inclusion of exposures in the securitisation after the closing of the transaction may introduce the risk that exposures of lesser quality can be transferred into the pool. For this reason, it should be ensured that any exposure transferred into the securitisation after the closing meets the eligibility criteria, which are no less strict than those used to structure the initial pool of the securitisation.</p> <p>26. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) the purpose of the requirement on the portfolio management, and the provision of examples of techniques which should not be regarded as active portfolio management: this criterion should be considered without prejudice to the existing requirements with respect to the similarity of the underwriting standards in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in a securitisation be underwritten according to similar underwriting standards;</p> <p>(b) interpretation of the term ‘clear’ eligibility criteria;</p> <p>(c) clarification with respect to the eligibility criteria that need to be met with respect to the exposures transferred to the SSPE after the closing.</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p><i>Eligibility criteria to be met for exposures transferred to the SSPE after the closing of the transaction</i></p> <p>18. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, ‘meeting the eligibility criteria applied to the initial underlying exposures’ should be understood to mean eligibility criteria that comply with either of the following:</p> <p>(a) with regard to normal securitisations, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the closing of the transaction;</p> <p>(b) with regard to securitisations that issue multiple series of securities including master trusts, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the most recent issuance, with the results that the eligibility criteria may vary from closing to closing, with the agreement of securitisation parties and in accordance with the transaction documentation.</p> <p>19. Eligibility criteria to be applied to the underlying exposures in accordance with paragraph 18 should be specified in the transaction documentation and should refer to eligibility criteria applied at exposure level.</p>		
9	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p>27. The criterion on the homogeneity as specified in the first subparagraph of Article 20(8) has been further clarified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402.</p>		
EBA Final non-ABCP STS Guidelines		

10,	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
11	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p>28. The objective of the criterion specified in the third sentence in the first subparagraph and in the second subparagraph of Article 20(8) is to ensure that the underlying exposures contain valid and binding obligations of the debtor/guarantor, including rights to payments or to any other income from assets supporting such payments that result in a periodic and well-defined stream of payments to the investors.</p> <p>30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to:</p> <p>(a) interpretation of the term 'contractually binding and enforceable obligations';</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p><i>Contractually binding and enforceable obligations</i></p> <p>20. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, 'obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors' should be understood to refer to all obligations contained in the contractual specification of the underlying exposures that are relevant to investors because they affect any obligations by the debtor and, where applicable, the guarantor to make payments or provide security.</p>		

12,	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
13	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p>30 (b) a non-exhaustive list of examples of exposures types that should be considered to have defined periodic payment streams. The individual examples are without prejudice to applicable requirements, such as the requirement with respect to the defaulted exposures in accordance with Article 20(11) of Regulation (EU) 2017/2402 and the requirement with respect to the residual value in accordance with Article 20(13) of that regulation.</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p><i>Exposures with periodic payment streams</i></p> <p>21. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, exposures with defined periodic payment streams should include:</p> <p>(a) exposures payable in a single instalment in the case of revolving securitisation, as referred to in Article 20(12) of Regulation (EU) 2017/2402;</p> <p>(b) exposures related to credit card facilities;</p> <p>(c) exposures with instalments consisting of interest and where the principal is repaid at the maturity, including interest-only mortgages;</p> <p>(d) exposures with instalments consisting of interest and repayment of a portion of the principal, where either of the following conditions is met:</p> <p>(i) the remaining principal is repaid at the maturity;</p> <p>(ii) the repayment of the principal is dependent on the sale of assets securing the exposure, in accordance with Article 20(13) of Regulation (EU) 2017/2402 and paragraphs 47 to 49;</p> <p>(e) exposures with temporary payment holidays as contractually agreed between the debtor and the lender.</p>		

14	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))	
29. The objective of the criterion specified in the third subparagraph is that the underlying exposures do not include transferable securities, as they may add to the complexity of the transaction and of the risk and due diligence analysis to be carried out by the investor.	
EBA Final non-ABCP STS Guidelines	

15	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
No resecuritisation (Article 20(9))	
31. The objective of this criterion is to prohibit resecuritisation subject to derogations for certain cases or for resecuritisation as specified in Regulation (EU) 2017/2402. This is a lesson learnt from the financial crisis, when resecuritisations were structured into highly leveraged structures in which notes of lower credit quality could be re-packaged and credit enhanced, resulting in transactions whereby small changes in the credit performance of the underlying assets had severe impacts on the credit quality of the resecuritisation bonds. The modelling of the credit risk arising in these bonds proved very difficult, also due to high levels of correlations arising in the resulting structures.	
32. The criterion is deemed sufficiently clear and does not require any further clarification.	
EBA Final non-ABCP STS Guidelines	

16	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Underwriting standards (Article 20(10))	
33. The objective of the criterion specified in the first subparagraph of Article 20(10) is to prevent cherry picking and to ensure that the exposures that are to be securitised do not belong to exposure types that are outside the ordinary business of the originator, i.e. types of exposures in which the originator or original lender may have less expertise and/or interest at stake. This criterion is focused on disclosure of changes to the underwriting standards and aims to help the investors assess the underwriting standards pursuant to which the exposures transferred into securitisation have been originated.	
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<p>Underwriting standards (Article 20(10))</p> <p>37. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term ‘similar exposures’, with reference to requirements specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;</p> <p>(b) the term ‘no less stringent underwriting standards’: independently of the guidance provided in these guidelines, it is understood that, in the spirit of restricting the ‘originate-to-distribute’ model of underwriting, where similar exposures exist on the originator’s balance sheet, the underwriting standards that have been applied to the securitised exposures should also have been applied to similar exposures that have not been securitised, i.e. the underwriting standards should have been applied not solely to securitised exposures;</p>		
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<p>4.4 Underwriting standards, originator’s expertise (Article 20(10))</p> <p><i>No less stringent underwriting standards</i></p> <p>23. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the underwriting standards applied to securitised exposures should be compared to the underwriting standards applied to similar exposures at the time of origination of the securitised exposures.</p> <p>24. Compliance with this requirement should not require either the originator or the original lender to hold similar exposures on its balance sheet at the time of the selection of the securitised exposures or at the exact time of their securitisation, nor should it require that similar exposures were actually originated at the time of origination of the securitised exposures.</p>		

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<p>Underwriting standards (Article 20(10))</p> <p>37 (c) clarification of the requirement to disclose material changes from prior underwriting standards to potential investors without undue delay: the guidance clarifies that this requirement should be forward-looking only, referring to material changes to the underwriting standards after the closing of the securitisation. The guidance clarifies the interactions with the requirement for similarity of the underwriting standards set out in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in securitisation be underwritten according to similar underwriting standards;</p>		
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<p>4.4 Underwriting standards, originator's expertise (Article 20(10))</p> <p><i>Disclosure of material changes from prior underwriting standards</i></p> <p>25. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, material changes to the underwriting standards that are required to be fully disclosed should be understood to be those material changes to the underwriting standards that are applied to the exposures that are transferred to, or assigned by, the SSPE after the closing of the securitisation in the context of portfolio management as referred to in paragraphs 15 and 16.</p> <p>26. Changes to such underwriting standards should be deemed material where they refer to either of the following types of changes to the underwriting standards:</p> <p>(a) changes which affect the requirement of the similarity of the underwriting standards further specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;</p> <p>(b) changes which materially affect the overall credit risk or expected average performance of the portfolio of underlying exposures without resulting in substantially different approaches to the assessment of the credit risk associated with the underlying exposures.</p> <p>27. The disclosure of all changes to underwriting standards should include an explanation of the purpose of such changes.</p> <p>28. With regard to trade receivables that are not originated in the form of a loan, reference to underwriting standards in Article 20(10) should be understood to refer to credit standards applied by the seller to short-term credit generally of the type giving rise to the securitised exposures and proposed to its customers in relation to the sales of its products and services.</p>		

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<p>Underwriting standards (Article 20(10))</p> <p>34. The objective of the criterion specified in the second subparagraph of Article 20(10) is to prohibit the securitisation of self-certified mortgages for STS purposes, given the moral hazard that is inherent in granting such types of loans.</p> <p>37 (d) the scope of the criterion with respect to the specific types of residential loans as referred to in the second subparagraph of Article 20(10) and to the nature of the information that should be captured by this criterion;</p>		
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<p>4.4 Underwriting standards, originator’s expertise (Article 20(10))</p> <p>Residential loans</p> <p>29. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the pool of underlying exposures should not include residential loans that were both marketed and underwritten on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender.</p> <p>30. Residential loans that were underwritten but were not marketed on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender, or become aware after the loan was underwritten, are not captured by this requirement.</p> <p>31. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the ‘information’ provided should be considered to be only relevant information. The relevance of the information should be based on whether the information is a relevant underwriting metric, such as information considered relevant for assessing the creditworthiness of a borrower, for assessing access to collateral and for reducing the risk of fraud.</p> <p>32. Relevant information for general non-income-generating residential mortgages should normally be considered to constitute income, and relevant information for income-generating residential mortgages should normally be considered to constitute rental income. Information that is not useful as an underwriting metric, such as mobile phone numbers, should not be considered relevant information.</p>		

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<p>Underwriting standards (Article 20(10))</p> <p>35. The objective of the criterion specified in the third subparagraph of Article 20(10) is to ensure that the assessment of the borrower’s creditworthiness is based on robust processes. It is expected that the application of this article will be limited in practice, given that the STS is limited to originators based in the EU, and the criterion is understood to cover only exposures originated by the EU originators to borrowers in non-EU countries.</p> <p>37. (e) clarification of the criterion with respect to the assessment of a borrower’s creditworthiness based on equivalent requirements in third countries;</p>		
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Underwriting standards (Article 20(10))		
<p>36. The objective of the criterion specified in the fourth subparagraph of Article 20(10) is for the originator or original lender to have an established performance history of credit claims or receivables similar to those being securitised, and for an appropriately long period of time.</p>		
<p>37. (f) identification of criteria on which the expertise of the originator or the original lender should be determined:</p>		
<p>(i) when assessing if the originator or the original lender has the required expertise, some general principles should be set out against which the expertise should be assessed. The general principles have been designed to allow a robust qualitative assessment of the expertise. One of these principles is the regulatory authorisation: this is to allow for more flexibility in such qualitative assessments of the expertise if the originator or the original lender is a prudentially regulated institution which holds regulatory authorisations or permissions that are relevant with respect to origination of similar exposures. The regulatory authorisation in itself should, however, not be a guarantee that the originator or original lender has the required expertise;</p>		
<p>(ii) irrespective of such general principles, specific criteria should be developed, based on specifying a minimum period for an entity to perform the business of originating similar exposures, compliance with which would enable the entity to be considered to have a sufficient expertise. Such expertise should be assessed at the group level, so that possible restructuring at the entity level would not automatically lead to non-compliance with the expertise criterion. It is not the intention of such specific criteria to form an impediment to the entry of new participants to the market. Such entities should also be eligible for compliance with the expertise criterion, as long as their management body and senior staff with managerial responsibility for origination of similar exposures, have sufficient experience over a minimum specified period.</p>		
<p>38. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>		
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4.4 Underwriting standards, originator's expertise (Article 20(10))		
Similar exposures		
<p>22. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, exposures should be considered to be similar when one of the following conditions is met:</p>		
<p>(a) the exposures belong to one of the following asset categories referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402:</p>		
<p>(i) residential loans secured with one or several mortgages on residential immovable property, or residential loans fully guaranteed by an eligible protection provider among those referred to in Article 20(1) of Regulation (EU) No 575/2013 qualifying for credit quality step 2 or above as set out in Part Three, Title II, Chapter 2 of that regulation;</p>		
<p>(ii) commercial loans secured with one or several mortgages on commercial immovable property or other commercial premises;</p>		
<p>(iii) credit facilities provided to individuals for personal, family or household consumption purposes;</p>		
<p>(iv) auto loans and leases;</p>		
<p>(v) credit card receivables;</p>		
<p>(vi) trade receivables;</p>		
<p>(b) the exposures fall under the asset category of credit facilities provided to micro-, small-, medium-sized and other types of enterprises and corporates including loans and leases, as referred to in Article 2(d) of the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, as underlying exposures of a certain type of obligor;</p>		
<p>(c) where they do not belong to any of the asset categories referred to in points (a) and (b) of this paragraph and as referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous for the purposes of Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, the underlying exposures share similar characteristics with respect to the type of obligor, ranking of security rights, type of immovable property and/or jurisdiction.</p>		
<p><i>Criteria for determining the expertise of the originator or original lender</i></p>		
<p>34. For the purposes of determining whether an originator or original lender has expertise in originating exposures of a similar nature to those securitised in accordance with Article 20(10) of Regulation (EU) 2017/2402, both of the following should apply:</p>		

(a) the members of the management body of the originator or original lender and the senior staff, other than the members of the management body, responsible for managing the originating of exposures of a similar nature to those securitised should have adequate knowledge and skills in the origination of exposures of a similar nature to those securitised;

(b) any of the following principles on the quality of the expertise should be taken into account:

(i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;

(ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;

(iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of originating the exposures should be appropriate;

(iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to origination of exposures of a similar nature to those securitised.

35. An originator or original lender should be deemed to have the required expertise when either of the following applies:

(a) the business of the entity, or of the consolidated group to which the entity belongs for accounting or prudential purposes, has included the originating of exposures similar to those securitised, for at least five years;

(b) where the requirement referred to in point (a) is not met, the originator or original lender should be deemed to have the required expertise where they comply with both of the following:

(i) at least two of the members of the management body have relevant professional experience in the origination of exposures similar to those securitised, at a personal level, of at least five years;

(ii) senior staff, other than members of the management body, who are responsible for managing the entity's originating of exposures similar to those securitised, have relevant professional experience in the origination of exposures of a similar nature to those securitised, at a personal level, of at least five years.

36. For the purposes of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.

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<p>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>39. The objective of the criterion in Article 20(11) is to ensure that STS securitisations are not characterised by underlying exposures whose credit risk has already been affected by certain negative events such as disputes with credit-impaired debtors or guarantors, debt restructuring processes or default events as identified by the EU prudential regulation. Risk analysis and due diligence assessments by investors become more complex whenever the securitisation includes exposures subject to certain ongoing negative credit risk developments. For the same reasons, STS securitisations should not include underlying exposures to credit-impaired debtors or guarantors that have an adverse credit history. In addition, significant risk of default normally rises as rating grades or other scores are assigned that indicate highly speculative credit quality and high likelihood of default, i.e. the possibility that the debtor or guarantor is not able to meet its obligations becomes a real possibility. Such exposures to credit-impaired debtors or guarantors should therefore also not be eligible for STS purposes.</p> <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) Interpretation of the term ‘exposures in default’: given the differences in interpretation of the term ‘default’, the interpretation of this criterion should refer to additional guidance on this term provided in the existing delegated regulations and guidelines developed by the EBA, while taking into account the limitation of scope of that additional guidance to certain types of institutions;</p>		
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<p>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>Exposures in default</p> <p>37. For the purposes of the first subparagraph of Article 20(11) of Regulation (EU) 2017/2402, the exposures in default should be interpreted in the meaning of Article 178(1) of Regulation (EU) 575/2013, as further specified by the Delegated Regulation on the materiality threshold for credit obligations past due developed in accordance with Article 178 of that Regulation, and by the EBA Guidelines on the application of the definition of default developed in accordance with Article 178(7) of that regulation.</p> <p>38. Where an originator or original lender is not an institution and is therefore not subject to Regulation (EU) 575/2013, the originator or original lender should comply with the guidance provided in the previous paragraph to the extent that such application is not deemed to be unduly burdensome. In that case, the originator or original lender should apply the established processes and the information obtained from debtors on origination of the exposures, information obtained from the originator in the course of its servicing of the exposures or in the course of its risk management procedure or information notified to the originator by a third party.</p>		

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<p>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>39. The objective of the criterion in Article 20(11) is to ensure that STS securitisations are not characterised by underlying exposures whose credit risk has already been affected by certain negative events such as disputes with credit-impaired debtors or guarantors, debt-restructuring processes or default events as identified by the EU prudential regulation. Risk analysis and due diligence assessments by investors become more complex whenever the securitisation includes exposures subject to certain ongoing negative credit risk developments. For the same reasons, STS securitisations should not include underlying exposures to credit-impaired debtors or guarantors that have an adverse credit history. In addition, significant risk of default normally rises as rating grades or other scores are assigned that indicate highly speculative credit quality and high likelihood of default, i.e. the possibility that the debtor or guarantor is not able to meet its obligations becomes a real possibility. Such exposures to credit-impaired debtors or guarantors should therefore also not be eligible for STS purposes.</p> <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(b) Interpretation of the term ‘exposures to a credit-impaired debtor or guarantor’: the interpretation should also take into account the interpretation provided in recital 26 of Regulation (EU) 2017/2402, according to which the circumstances specified in points (a) to (c) of Article 24(9) of that regulation are understood as specific situations of credit-impairedness to which exposures in the STS securitisation may not be exposed. Consequently, other possible circumstances of credit-impairedness that are not captured in points (a) to (c) should be outside the scope of this requirement. Moreover, taking into account the role of the guarantor as a risk bearer, it should be clarified that the requirement to exclude ‘exposures to a credit-impaired debtor or guarantor’ is not meant to exclude (i) exposures to a credit-impaired debtor when it has a guarantor that is not credit impaired; or (ii) exposures to a non-credit-impaired debtor when there is a credit-impaired guarantor;</p> <p>(c) Interpretation of the term ‘to the best knowledge of’: the interpretation should follow the wording of recital 26 of Regulation (EU) 2017/2402, according to which an originator or original lender is not required to take all legally possible steps to determine the debtor’s credit status but is only required to take those steps that the originator/original lender usually takes within its activities in terms of origination, servicing, risk management and use of information that is received from third parties. This should not require the originator or original lender to check publicly available information, or to check entries in at least one credit registry where an originator or original lender does not conduct such checks within its regular activities in terms of origination, servicing, risk management and use of information received from third parties, but rather relies, for example, on other information that may include credit assessments provided by third parties. Such clarification is important because corporates that are not subject to EU financial sector regulation and that are acting as sellers with respect to STS securitisation may not always check entries in credit registries and, in line with the best knowledge standard, should not be obliged to perform additional checks at origination of any exposure for the purposes of later fulfilling this criterion in terms of any credit-impaired debtors or guarantors;</p>		
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<p>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>Exposures to a credit-impaired debtor or guarantor</p> <p>39. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the circumstances specified in points (a) to (c) of that paragraph should be understood as definitions of credit-impairedness. Other possible circumstances of credit-impairedness that are not captured in points (a) to (c) should be considered to be excluded from this requirement.</p> <p>40. The prohibition of the selection and transfer to SSPE of underlying exposures ‘to a credit-impaired debtor or guarantor’ as referred to in Article 20(11) of Regulation (EU) 2017/2402 should be understood as the requirement that, at the time of selection, there should be a recourse for the full securitised exposure amount to at least one non-credit-impaired party, irrespective of whether that party is a debtor or a guarantor. Therefore, the underlying exposures should not include either of the following:</p> <p>(a) exposures to a credit-impaired debtor, when there is no guarantor for the full securitised exposure amount;</p> <p>(b) exposures to a credit-impaired debtor who has a credit-impaired guarantor.</p> <p>To the best of the originator’s or original lender’s knowledge</p> <p>41. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the ‘best knowledge’ standard should be considered to be fulfilled on the basis of information obtained only from any of the following combinations of sources and circumstances:</p> <p>(a) debtors on origination of the exposures;</p> <p>(b) the originator in the course of its servicing of the exposures or in the course of its risk management procedures;</p> <p>(c) notifications to the originator by a third party;</p> <p>(d) publicly available information or information on any entries in one or more credit registries of persons with adverse credit history at the time of origination of an underlying exposure, only to the extent that this information had already been taken into account in the context of (a), (b) and (c), and in accordance with the applicable regulatory and supervisory requirements, including with respect</p>		

to sound credit granting criteria as specified in Article 9 of Regulation (EU) 2017/2402. This is with the exception of trade receivables that are not originated in the form of a loan, with respect to which credit-granting criteria do not need to be met.

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No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:		
(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;		
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4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
<i>Exposures to credit-impaired debtors or guarantors that have undergone a debt-restructuring process</i>		
42. For the purposes of Article 20(11)(a) of Regulation (EU) 2017/2402, the requirement to exclude exposures to credit-impaired debtors or guarantors who have undergone a debt-restructuring process with regard to their non-performing exposures should be understood to refer to both the restructured exposures of the respective debtor or guarantor and those of its exposures that were not themselves subject to restructuring. For the purposes of this Article, restructured exposures which meet the conditions of points (i) and (ii) of that Article should not result in a debtor or guarantor becoming designated as credit-impaired.		

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<p>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;</p>		
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<p>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>Credit registry</p> <p>43. The requirement referred to in Article 20(11)(b) of Regulation (EU) 2017/2402 should be limited to exposures to debtors or guarantors to which both of the following requirements apply at the time of origination of the underlying exposure:</p> <p>(a) the debtor or guarantor is explicitly flagged in a credit registry as an entity with adverse credit history due to negative status or negative information stored in the credit registry;</p> <p>(b) the debtor or guarantor is on the credit registry for reasons that are relevant to the purposes of the credit risk assessment.</p>		

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<p>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(e) Interpretation of the term 'significantly higher risk of contractually agreed payments not being made for comparable exposures': the term should be interpreted with a similar meaning to the requirement aiming to prevent adverse selection of assets referred to in Article 6(2) of Regulation (EU) 2017/2402, and further specified in the Article 16(2) of the Delegated Regulation specifying in greater detail the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/24027, given that in both cases the requirement (i) aims to prevent adverse selection of underlying exposures and (ii) relates to the comparison of the credit quality of exposures transferred to the SSPE and comparable exposures that remain on the originator's balance sheet. To facilitate the interpretation, a list is given of examples of how to achieve compliance with the requirement.</p>		
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<p>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>Risk of contractually agreed payments not being made being significantly higher than for comparable exposures</p> <p>44. For the purposes of Article 20(11)(c) of Regulation (EU) 2017/2402, the exposures should not be considered to have a 'credit assessment of 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' when the following conditions apply:</p> <p>(a) the most relevant factors determining the expected performance of the underlying exposures are similar;</p> <p>(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.</p> <p>45. The requirement in the previous paragraph should be considered to have been met where either of the following applies:</p> <p>(a) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or classified to the similar effect under the relevant accounting principles;</p> <p>(b) the underlying exposures do not include exposures whose credit quality, based on credit ratings or other credit quality thresholds, significantly differs from the credit quality of comparable exposures that the originator originates in the course of its standard lending operations and credit risk strategy.</p>		
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<p>At least one payment made (Article 20(12))</p> <p>41. STS securitisations should minimise the extent to which investors are required to analyse and assess fraud and operational risk. At least one payment should therefore be made by each underlying borrower at the time of transfer, since this reduces the likelihood of the loan being subject to fraud or operational issues, unless in the case of revolving securitisations in which the distribution of securitised exposures is subject to constant changes because the securitisation relates to exposures payable in a single instalment or with an initial legal maturity of an exposure of below one year.</p> <p>42. To facilitate consistent interpretation of this criterion, its scope and the types of payments referred to therein should be further clarified.</p>		
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<p>4.6 At least one payment made (Article 20(12))</p> <p>Scope of the criterion</p> <p>46. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, further advances in terms of an exposure to a certain borrower should not be deemed to trigger a new 'at least one payment' requirement with respect to such an exposure.</p> <p>At least one payment</p> <p>47. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, the payment referred to in the requirement according to which 'at least one payment' should have been made at the time of transfer should be a rental, principal or interest payment or any other kind of payment.</p>		

32	<p>Article 20 - Requirements relating to simplicity</p> <p>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></p> <p>No predominant dependence on the sale of assets (Article 20(13))</p> <p>43. Dependence of the repayment of the holders of the securitisation positions on the sale of assets securing the underlying exposures increases the liquidity risks, market risks and maturity transformation risks to which the securitisation is exposed. It also makes the credit risk of the securitisation more difficult for investors to model and assess.</p> <p>44. The objective of this criterion is to ensure that the repayment of the principal balance of exposures at the contract maturity – and therefore repayment of the holders of the securitisation positions – is not intended to be predominantly reliant on the sale of assets securing the underlying exposures, unless the value of the assets is guaranteed or fully mitigated by a repurchase obligation.</p> <p>45. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term ‘predominant dependence’ on the sale of assets securing the underlying exposures should be further interpreted:</p> <p>(i) when assessing whether the repayment of the holders of the securitisation positions is or is not predominantly dependent on the sale of assets, the following three aspects should be taken into account: (i) the principal balance at contract maturity of underlying exposures that depend on the sale of assets securing those underlying exposures to repay the balance; (ii) the distribution of maturities of such exposures across the life of the transaction, which aims to reduce the risk of correlated defaults due to idiosyncratic shocks; and (iii) the granularity of the pool of exposures, which aims to promote sufficient distribution in sale dates and other characteristics that may affect the sale of the underlying exposures.</p> <p>(i) no types of securitisations should be excluded ex ante from the compliance with this criterion and from the STS securitisation as long as they meet all the requirements specified in the guidance. For example, this criterion does not aim to exclude leasing transactions and interest-only residential mortgages from STS securitisation, provided they comply with the guidance provided and all other applicable STS requirements. However, it is expected that commercial real estate transactions, or securitisations where the assets are commodities (e.g. oil, grain, gold), or bonds whose maturity dates fall after the maturity date of the securitisation, would not meet these requirements, as in all these cases it is expected that the repayment is predominantly reliant on the sale of the assets, that other possible ways to repay the securitisation positions are substantially limited, and that the granularity of the portfolio is low.</p> <p>46. With respect to the exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402, it should be ensured that the entity providing the guarantee or the repurchase obligation of the assets securing the underlying exposures is not an empty-shell or defaulted entity, so that it has sufficient loss absorbency to exercise the guarantee of the repurchase of the assets.</p>	<p>BACK TO CHECKLIST</p>
	<p>EBA Final non-ABCP STS Guidelines</p> <p>4.7 No Predominant dependence on the sale of assets</p> <p><i>Predominant dependence on the sale of assets</i></p> <p>48. For the purposes of Article 20(13) of Regulation (EU) 2017/2402, transactions where all of the following conditions apply, at the time of origination of the securitisation in cases of amortising securitisation or during the revolving period in cases of revolving securitisation, should be considered not predominantly dependent on the sale of assets securing the underlying exposures, and therefore allowed:</p> <p>(a) the contractually agreed outstanding principal balance, at contract maturity of the underlying exposures that depend on the sale of the assets securing those underlying exposures to repay the principal balance, corresponds to no more than 50% of the total initial exposure value of all securitisation positions of the securitisation;</p> <p>(b) the maturities of the underlying exposures referred to in point (a) are not subject to material concentrations and are sufficiently distributed across the life of the transaction;</p> <p>(c) the aggregate exposure value of all the underlying exposures referred to in point (a) to a single obligor does not exceed 2% of the aggregate exposure value of all underlying exposures in the securitisation.</p> <p>49. Where there are no underlying exposures in the securitisation that depend on the sale of assets to repay their outstanding principal balance at contract maturity, the requirements in paragraph 48 should not apply.</p> <p><i>Exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402</i></p> <p>50. The exemption referred to in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402 with regard to the repayment of holders of securitisation positions whose underlying exposures are secured by assets, the value of which is guaranteed or fully mitigated by a repurchase obligation of either the assets securing the underlying exposures or of the underlying exposures themselves by another third party or parties, the seller or the third parties should meet both of the following conditions:</p> <p>(a) they are not insolvent;</p> <p>(b) there is no reason to believe that the entity would not be able to meet its obligations under the guarantee or the repurchase obligation.</p>	

33	BACK TO CHECKLIST
Article 21 - Requirements relating to standardisation	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Risk retention (Article 21(1))	
<p>47. The main objective of the risk retention criterion is to ensure an alignment between the originators'/sponsors'/original lenders' and investors' interests, and to avoid application of the originate-to-distribute model in securitisation.</p> <p>48. The content of the criterion is deemed sufficiently clear that no further guidance in addition to that provided by the Delegated Regulation further specifying the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/2402 is considered necessary.</p>	
EBA Final non-ABCP STS Guidelines	

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Article 21 - Requirements relating to standardisation	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Appropriate mitigation of interest-rate and currency risks (Article 21(2))	
<p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p>	
EBA Final non-ABCP STS Guidelines	
5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))	
Appropriate mitigation of interest-rate and currency risks	
<p>51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered 'appropriately mitigated', it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.</p> <p>52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:</p> <p>(a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;</p> <p>(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;</p> <p>(c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.</p>	

	53. Where the mitigation of interest-rate and currency risks referred to in Article 21(2) of Regulation (EU) 2017/2402 is carried out not through derivatives but by other risk-mitigating measures, those measures should be designed to be sufficiently robust. When such risk-mitigating measures are used to mitigate multiple risks at the same time, the disclosure required by Article 21(2) of Regulation (EU) 2017/2402 should include an explanation of how the measures hedge the interest-rate risks and currency risks on one hand, and other risks on the other hand.
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35	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
<p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term ‘common standards in international finance’.</p>		
EBA Final non-ABCP STS Guidelines		
5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
Appropriate mitigation of interest-rate and currency risks		
<p>51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered ‘appropriately mitigated’, it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.</p> <p>52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:</p> <p>(a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;</p> <p>(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;</p> <p>(c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.</p> <p>53. Where the mitigation of interest-rate and currency risks referred to in Article 21(2) of Regulation (EU) 2017/2402 is carried out not through derivatives but by other risk-mitigating measures, those measures should be designed to be sufficiently robust. When such risk-mitigating measures are used to mitigate multiple risks at the same time, the disclosure required by Article 21(2) of Regulation (EU) 2017/2402 should include an explanation of how the measures hedge the interest-rate risks and currency risks on one hand, and other risks on the other hand.</p> <p>54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed.</p>		

36	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <ul style="list-style-type: none"> (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks; (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion; (c) clarification of the term 'common standards in international finance'. 		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed.</p>		

37,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
38	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term ‘common standards in international finance’.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>Derivatives</p> <p>55. For the purpose of Article 21(2) of Regulation (EU) 2017/2402, exposures in the pool of underlying exposures that merely contain a derivative component exclusively serving the purpose of directly hedging the interest-rate or currency risk of the respective underlying exposure itself, which are not themselves derivatives, should not be understood to be prohibited.</p>		

39	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>Common standards in international finance</p> <p>56. For the purposes of Article 21(2) of Regulation (EU) 2017/2402, common standards in international finance should include ISDA or similar established national documentation standards.</p>		

40	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Referenced interest payments (Article 21(3))</p> <p>53. The objective of this criterion is to prevent securitisations from making reference to interest rates that cannot be observed in the commonly accepted market practice. The credit risk and cash flow analysis that investors must be able to carry out should not involve atypical, complex or complicated rates or variables that cannot be modelled on the basis of market experience and practice.</p> <p>54. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the scope of the criterion (by specifying the common types and examples of interest rates captured by this criterion);</p> <p>(b) the term ‘complex formulae or derivatives’.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.2 Referenced interest payments (Article 21(3))</p> <p>Referenced rates</p> <p>57. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, interest rates that should be considered to be an adequate reference basis for referenced interest payments should include all of the following:</p> <p>(a) interbank rates including the Libor, Euribor and other recognised benchmarks;</p> <p>(b) rates set by monetary policy authorities, including FED funds rates and central banks’ discount rates;</p> <p>(c) sectoral rates reflective of a lender’s cost of funds, including standard variable rates and internal interest rates that directly reflect the market costs of funding of a bank or a subset of institutions, to the extent that sufficient data are provided to investors to allow them to assess the relation of the sectoral rates to other market rates.</p> <p>Complex formulae or derivatives</p> <p>58. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, a formula should be considered to be complex when it meets the definition of an exotic instrument by the Global Association of Risk Professionals (GARP), which is a financial asset or instrument with features that make it more complex than simpler, plain vanilla, products. A complex formula or derivative should not be deemed to exist in the case of the mere use of interest-rate caps or floors.</p>		

41	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</p> <p>55. The objective of this criterion is to prevent investors from being subjected to unexpected repayment profiles and to provide appropriate legal comfort regarding their enforceability, for instances where an enforcement or an acceleration notice has been delivered.</p> <p>56. STS securitisations should be such that the required investor's risk analysis and due diligence do not have to factor in complex structures of the payment priority that are difficult to model, nor should the investor be exposed to complex changes in such structures throughout the life of the transaction. Therefore, it should be ensured that junior noteholders do not have inappropriate payment preference over senior noteholders that are due and payable.</p> <p>57. In addition, taking into account that market risk on the underlying collateral constitutes an element of complexity in the risk and due diligence analysis to be carried out by investors, the objective is also to ensure that the performance of STS securitisations does not rely, due to contractual triggers, on the automatic liquidation at market price of the underlying collateral.</p> <p>58. To facilitate consistent interpretation of this criterion, the scope and operational functioning of conditions specified under letters (a), (b) and (d) of Article 21(4) should be specified further.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</p> <p><i>Exceptional circumstances</i></p> <p>59. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, a list of 'exceptional circumstances' should, to the extent possible, be included in the transaction documentation.</p> <p>60. Given the nature of 'exceptional circumstances' and in order to allow some flexibility with respect to potential unusual circumstances requiring that cash be trapped in the SSPE in the best interests of investors, where a list of 'exceptional circumstances' is included in the transaction documentation in accordance with paragraph 59, such a list should be non-exhaustive.</p> <p><i>Amount trapped in the SSPE in the best interests of investors</i></p> <p>61. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, the amount of cash to be considered as trapped in the SSPE should be that agreed by the trustee or other representative of the investors who is legally required to act in the best interests of the investors, or by the investors in accordance with the voting provisions set out in the transaction documentation.</p> <p>62. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, it should be permissible to trap the cash in the SSPE in the form of a reserve fund for future use, as long as the use of the reserve fund is exclusively limited to the purposes set out in Article 21(4)(a) of Regulation (EU) 2017/2402 or to orderly repayment to the investors.</p>		

42	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</p> <p>55. The objective of this criterion is to prevent investors from being subjected to unexpected repayment profiles and to provide appropriate legal comfort regarding their enforceability, for instances where an enforcement or an acceleration notice has been delivered.</p> <p>56. STS securitisations should be such that the required investor's risk analysis and due diligence do not have to factor in complex structures of the payment priority that are difficult to model, nor should the investor be exposed to complex changes in such structures throughout the life of the transaction. Therefore, it should be ensured that junior noteholders do not have inappropriate payment preference over senior noteholders that are due and payable.</p> <p>57. In addition, taking into account that market risk on the underlying collateral constitutes an element of complexity in the risk and due diligence analysis to be carried out by investors, the objective is also to ensure that the performance of STS securitisations does not rely, due to contractual triggers, on the automatic liquidation at market price of the underlying collateral.</p> <p>58. To facilitate consistent interpretation of this criterion, the scope and operational functioning of conditions specified under letters (a), (b) and (d) of Article 21(4) should be specified further.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</p> <p>Repayment</p> <p>63. The requirements in Article 21(4)(b) of Regulation (EU) 2017/2402 should be understood as covering only the repayment of the principal, without covering the repayment of interest.</p> <p>64. For the purposes of Article 21(4)(b) of Regulation (EU) 2017/2402, non-sequential payments of principal in a situation where an enforcement or an acceleration notice has been delivered should be prohibited. Where there is no enforcement or acceleration event, principal receipts could be allowed for replenishment purposes pursuant to Article 20(12) of that Regulation.</p>		

44	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
EBA Final non-ABCP STS Guidelines		
<p>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</p> <p>Liquidation of the underlying exposures at market value</p> <p>65. For the purposes of Article 21(4)(d) of Regulation (EU) 2017/2402, the investors' decision to liquidate the underlying exposures at market value should not be considered to constitute an automatic liquidation of the underlying exposures at market value.</p>		

45	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Non-sequential priority of payments (Article 21(5))		
<p>59. The objective of this criterion is to ensure that non-sequential (pro rata) amortisation should be used only in conjunction with clearly specified contractual triggers that determine the switch of the amortisation scheme to a sequential priority, safeguarding the transaction from the possibility that credit enhancement is too quickly amortised as the credit quality of the transaction deteriorates, thereby exposing senior investors to a decreasing amount of credit enhancement.</p>		
<p>60. To facilitate consistent interpretation of this criterion, a non-exhaustive list of examples of performance-related triggers that may be included is provided in the guidance.</p>		
EBA Final non-ABCP STS Guidelines		
5.4 Non-sequential priority of payments (Article 21(5))		
Performance-related triggers		
<p>66. For the purposes of Article 21(5) of Regulation (EU) 2017/2402, the triggers related to the deterioration in the credit quality of the underlying exposures may include the following:</p>		
<p>(a) with regard to underlying exposures for which a regulatory expected loss (EL) can be determined in accordance with Regulation (EU) 575/2013 or other relevant EU regulation, cumulative losses that are higher than a certain percentage of the regulatory one-year EL on the underlying exposures and the weighted average life of the transaction;</p>		
<p>(b) cumulative non-matured defaults that are higher than a certain percentage of the sum of the outstanding nominal amount of tranche held by the investors and the tranches that are subordinated to them;</p>		
<p>(c) the weighted average credit quality in the portfolio decreasing below a given pre-specified level or the concentration of exposures in high credit risk (probability of default) buckets increasing above a pre-specified level.</p>		

46,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
47,	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
48,	Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))	
49,	61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.	
50	62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.	
EBA Final non-ABCP STS Guidelines		
5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))		
<i>Insolvency-related event with regard to the servicer</i>		
67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:		
(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;		
(b) it should trigger the termination of the revolving period.		

51,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
52,	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
53	Transaction Documentation (Article 21(7))	
63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.		
64. This criterion is considered sufficiently clear and no further guidance is considered necessary.		
EBA Final non-ABCP STS Guidelines		

54	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Expertise of the Servicer (Article 21(8))		
<p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p>		
<p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p>		
<p>(a) criteria for determining the expertise of the servicer;</p>		
<p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p>		
<p>67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>		
EBA Final non-ABCP STS Guidelines		
5.8 Expertise of the servicer (Article 21(8))		
<i>Criteria for determining the expertise of the servicer</i>		
<p>68. For the purposes of determining whether a servicer has expertise in servicing exposures of a similar nature to those securitised in accordance with Article 21(8) of Regulation (EU) 2017/2402, both of the following should apply:</p>		
<p>(a) the members of the management body of the servicer and the senior staff, other than members of the management body, responsible for servicing exposures of a similar nature to those securitised should have adequate knowledge and skills in the servicing of exposures similar to those securitised;</p>		
<p>(b) any of the following principles on the quality of the expertise should be taken into account in the determination of the expertise:</p>		
<p>(i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;</p>		
<p>(ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;</p>		
<p>(iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of servicing the exposures should be appropriate;</p>		
<p>(iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to the servicing of similar exposures to those securitised.</p>		
<p>69. A servicer should be deemed to have the required expertise where either of the following applies:</p>		
<p>(a) the business of the entity, or of the consolidated group, to which the entity belongs, for accounting or prudential purposes, has included the servicing of exposures of a similar nature to those securitised, for at least five years;</p>		
<p>(b) where the requirement referred to in point (a) is not met, the servicer should be deemed to have the required expertise where they comply with both of the following:</p>		
<p>(i) at least two of the members of its management body have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at personal level, of at least five years;</p>		
<p>(ii) senior staff, other than members of the management body, who are responsible for managing the entity's servicing of exposures of a similar nature to those securitised, have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at a personal level, of at least five years;</p>		
<p>(iii) the servicing function of the entity is backed by the back-up servicer compliant with point (a).</p>		
<p>70. For the purpose of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.</p>		
<p><i>Exposures of similar nature</i></p>		
<p>71. For the purposes of Article 21(8) of Regulation (EU) 2017/2402, interpretation of the term 'exposures of similar nature' should follow the interpretation provided in paragraph 23 above.</p>		

55	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Expertise of the Servicer (Article 21(8))</p> <p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p> <p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) criteria for determining the expertise of the servicer;</p> <p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p> <p>67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>		
EBA Final non-ABCP STS Guidelines		
<p>Expertise of the Servicer (Article 21(8))</p> <p><i>Well-documented and adequate policies, procedures and risk management controls</i></p> <p>72. For the purposes of Article 21(8) of Regulation (EU) 2017/2402, the servicer should be considered to have well documented and adequate policies, procedures and risk management controls relating to servicing of exposures' where either of the following conditions is met:</p> <p>(a) The servicer is an entity that is subject to prudential and capital regulation and supervision in the Union and such regulatory authorisations or permissions are deemed relevant to the servicing;</p> <p>(b) The servicer is an entity that is not subject to prudential and capital regulation and supervision in the Union, and a proof of existence of well-documented and adequate policies and risk management controls is provided that also includes a proof of adherence to good market practices and reporting capabilities. The proof should be substantiated by an appropriate third-party review, such as by a credit rating agency or external auditor.</p>		

56,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
57	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Remedies and actions related to delinquency and default of debtor (Article 21(9))</p> <p>68. Investors should be in a position to know, when they receive the transaction documentation, what procedures and remedies are planned in the event that adverse credit events affect the underlying exposures of the securitisation. Transparency of remedies and procedures, in this respect, allows investors to model the credit risk of the underlying exposures with less uncertainty. In addition, clear, timely and transparent information on the characteristics of the waterfall determining the payment priorities is necessary for the investor to correctly price the securitisation position.</p> <p>69. To facilitate consistent interpretation of this criterion, the terms ‘in clear and consistent terms’ and ‘clearly specify’ should be further clarified.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.7 Remedies and actions related to delinquency and default of debtor (Article 21(9))</p> <p><i>Clear and consistent terms</i></p> <p>For the purposes of Article 21(9) of Regulation (EU) 2017/2402, to ‘set out clear and consistent terms’ and to ‘clearly specify’ should be understood as requiring that the same precise terms are used throughout the transaction documentation in order to facilitate the work of investors.</p>		

62,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
63	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Resolution of conflicts between different classes of investors</p> <p>70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.</p> <p>71. To facilitate consistent interpretation of this criterion, the term ‘clear provisions that facilitate the timely resolution of conflicts between different classes of investors’ should be further interpreted.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.8 Resolution of conflicts between different classes of investors (Article 20(10))</p> <p><i>Clear provisions facilitating the timely resolution of conflicts between different classes of investors</i></p> <p>73. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, provisions of the transaction documentation that ‘facilitate the timely resolution of conflicts between different classes of investors’, should include provisions with respect to all of the following:</p> <ul style="list-style-type: none"> (a) the method for calling meetings or arranging conference calls; (b) the maximum timeframe for setting up a meeting or conference call; (c) the required quorum; (d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision; (e) where applicable, a location for the meetings which should be in the Union. <p>74. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, where mandatory statutory provisions exist in the applicable jurisdiction that set out how conflicts between investors have to be resolved, the transaction documentation may refer to these provisions.</p>		

64,	Article 22 - Requirements relating to transparency	BACK TO CHECKLIST
65,	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
66	Data on historical default and loss performance (Article 22(1))	
	<p>72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.</p>	
	<p>73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p>	
	<p>(a) its application to external data; (b) the term ‘substantially similar exposures’.</p>	
	EBA Final non-ABCP STS Guidelines	
	6.1 Data on historical default and loss performance (Article 22(1))	
	Data	
	<p>75. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, where the seller cannot provide data in line with the data requirements contained therein, external data that are publicly available or are provided by a third party, such as a rating agency or another market participant, may be used, provided that all of the other requirements of that article are met.</p>	
	Substantially similar exposures	
	<p>76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term ‘substantially similar exposures’ should be understood as referring to exposures for which both of the following conditions are met:</p>	
	<p>(a) the most relevant factors determining the expected performance of the underlying exposures are similar; (b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.</p>	
	<p>77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.</p>	

67,	Article 22 - Requirements relating to transparency	BACK TO CHECKLIST
68	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Verification of a sample of the underlying exposures (Article 22(2))</p> <p>74. The objective of the criterion is to provide a level of assurance that the data on and reporting of the underlying credit claims or receivables is accurate and that the underlying exposures meet the eligibility criteria, by ensuring checks on the data to be disclosed to the investors by an external entity not affected by a potential conflict of interest within the transaction.</p> <p>75. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <ul style="list-style-type: none"> (a) requirements on the sample of the underlying exposures subject to external verification; (b) requirements on the party executing the verification; (c) scope of the verification; (d) requirement on the confirmation of the verification. 		
EBA Final non-ABCP STS Guidelines		
<p>6.2 Verification of a sample of the underlying exposures (Article 22(2))</p> <p>Sample of the underlying exposures subject to external verification</p> <p>78. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the underlying exposures that should be subject to verification prior to the issuance should be a representative sample of the provisional portfolio from which the securitised pool is extracted and which is in a reasonably final form before issuance.</p> <p>Party executing the verification</p> <p>79. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, an appropriate and independent party should be deemed to be a party that meets both of the following conditions:</p> <ul style="list-style-type: none"> (a) it has the experience and capability to carry out the verification; (b) it is none of the following: <ul style="list-style-type: none"> (i) a credit rating agency; (ii) a third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402; (iii) an entity affiliated to the originator. <p>Scope of the verification</p> <p>80. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the verification to be carried out based on the representative sample, applying a confidence level of at least 95%, should include both of the following:</p> <ul style="list-style-type: none"> (a) verification of the compliance of the underlying exposures in the provisional portfolio with the eligibility criteria that are able to be tested prior to issuance; (b) verification of the fact that the data disclosed to investors in any formal offering document in respect of the underlying exposures is accurate. <p>Confirmation of the verification</p> <p>81. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, confirmation that this verification has occurred and that no significant adverse findings have been found should be disclosed.</p>		

69,	Article 22 - Requirements relating to transparency	BACK TO CHECKLIST
70	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Liability cashflow model (Article 22(3))</p> <p>76. The objective of this criterion is to assist investors in their ability to appropriately model the cash flow waterfall of the securitisation on the liability side of the SSPE.</p> <p>77. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) interpretation of the term ‘precise’ representation of the contractual relationships;</p> <p>(b) implications when the model is provided by third parties.</p>		
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<p>Liability cash flow model (Article 22(3))</p> <p>Precise representation of the contractual relationship</p> <p>82. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, the representation of the contractual relationships between the underlying exposures and the payments flowing among the originator, sponsor, investors, other parties and the SSPE should be considered to have been done ‘precisely’ where it is done accurately and with an amount of detail sufficient to allow investors to model payment obligations of the SSPE and to price the securitisation accordingly. This may include algorithms that permit investors to model a range of different scenarios that will affect cash flows, such as different prepayment or default rates.</p> <p>Third parties</p> <p>83. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, where the liability cash flow model is developed by third parties, the originator or sponsor should remain responsible for making the information available to potential investors.</p>		

71	Article 22 - Requirements relating to transparency	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Environmental performance of assets (Article 22(4))</p> <p>78. It should be clarified that this is a requirement of disclosure about the energy efficiency of the assets when this information is available to the originator, sponsor or SSPE, rather than a requirement for a minimum energy efficiency of the assets.</p> <p>79. To facilitate consistent interpretation of this criterion, the term ‘available information related to the environmental performance’ should be further clarified.</p>		
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<p>Environmental performance of assets (Article 22(4))</p> <p>Available information related to the environmental performance</p> <p>84. This requirement should be applicable only if the information on the energy performance certificates for the assets financed by the underlying exposures is available to the originator, sponsor or the SSPE and captured in its internal database or IT systems. Where information is available only for a proportion of the underlying exposures, the requirement should apply only in respect of the proportion of the underlying exposures for which information is available.</p>		