

PCS

Setting the Standard for Securitisation

PCS – who we are





PCS

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



Our Mission

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

PCS

Who are we?

Strong Team of Securitisation Experts

- We are a team of experts with an average experience of more than 27 years in securitisation markets
- We are based in 7 cities across Europe and have offices in London and Paris
- Our team members are fluent in several European languages including English, French, German, Italian, Dutch, Spanish, Greek & Polish

Outreach Team



Ian Bell
CEO
ian.bell@pcsmarket.org



Rob Koning
Issuer Liaison
rob.koning@pcsmarket.org



Harry Noutsos
Issuer Liaison
harry.noutsos@pcsmarket.org



Anna Woźniakowska
Issuer Liaison
rob.koning@pcsmarket.org



Lauren Sheppard
Co-Head of Events
lauren.sheppard@pcsmarket.org



Charlotte Lyon-Brown
Co-Head of Events
charlotte.lyon-brown@pcsmarket.org

Analytical Team



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



Fazel Ahmed
Analyst
fazel.ahmed@pcsmarket.org



Robert Leach
Analyst
robert.leach@pcsmarket.org



Martina Spaeth
Analyst
martina.spaeth@pcsmarket.org



Daniele Vella
Analyst
daniele.vella@pcsmarket.org

PCS

Members & Permanent Observers

PCS Members

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

PCS Permanent Observers

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

PCS

actively
supports
European
securitisation

How does PCS
support the
market?

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

Since the introduction of STS in 2019, we have been mandated more than 600 STS verifications across Europe covering a wide range of deal types and asset classes in every jurisdiction from which an STS notification has been done.

PCS

has an active
role in European
securitisation
markets

How does PCS
contribute?

- Responding to consultations
- Publications
- Newsletters
- White Papers
- Webinars and seminars
- Criteria Papers
- Active dialogue & advocacy with policy makers
- Active dialogue with prudential and market regulators
- Hosting annual symposia in 13 countries across Europe
- Online education via the [Great Library](#) and [Youtube](#)

STS

Third-Party Verification Agent

What do third- party verification agents do?

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

STS

Third-Party Verification Agent

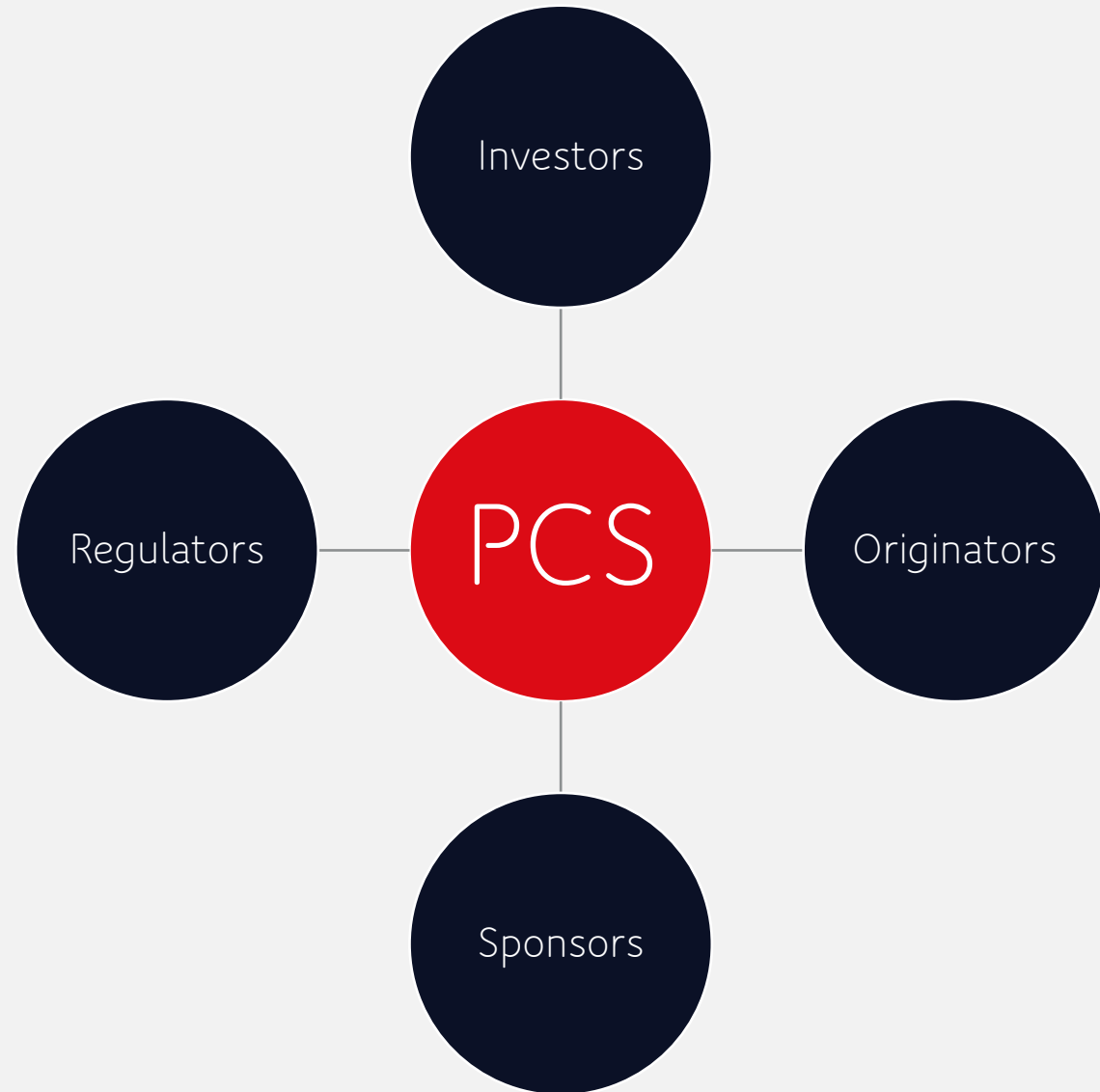
How are third-
party verification
agents
regulated?

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

STS

Third-Party
Verification
Agent

Who does it
help?



STS

Third-Party Verification Agent

Who does it
help and how?

Originators & Sponsors

As an expert verification

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

As a mitigant to the threat of sanctions

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

Investors

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

Regulators

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

PCS

Setting the Standard for Securitisation

PCS – our services



PCS Services

What do we
offer?

We offer the following Verifications and Assessments:

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



PCS

Third-Party Verification Agent

Why use PCS?

- We have verified more than 800 transactions including more than 570 STS transactions
- We have extensive experience of the STS criteria grounded in our constant interaction with regulators and market participants
- Our experience across countries and asset classes allows originators to join in the market and regulatory consensus around STS
- There are 103 criteria in true sale and between 145 and 160 in synthetics. We go through every one of them on every deal
- There is no de minimis rule. Failure to meet even one criterion will make a transaction ineligible
- We prepare a detailed checklist covering each criterion and make it available before pricing

PCS is authorised by



PCS

Third-Party Verification Agent

Why use PCS?

We have verified transactions for the following deal types

Private/Public

ABCP/Non-ABCP

Warehouses

On-balance sheet lending

Risk Transfer (Article 270)

Synthetic securitisations



PCS

Third-Party Verification Agent

Why use PCS?

We have verified transactions for the following asset types

Auto Leases

Auto Loans

BTL Loans

Consumer Loans

Corporate Loans

Credit Cards

Equipment Leases

Fleet Leases

RMBS

Salary Loans

SME Loans

Shipping Loans

Trade Receivables

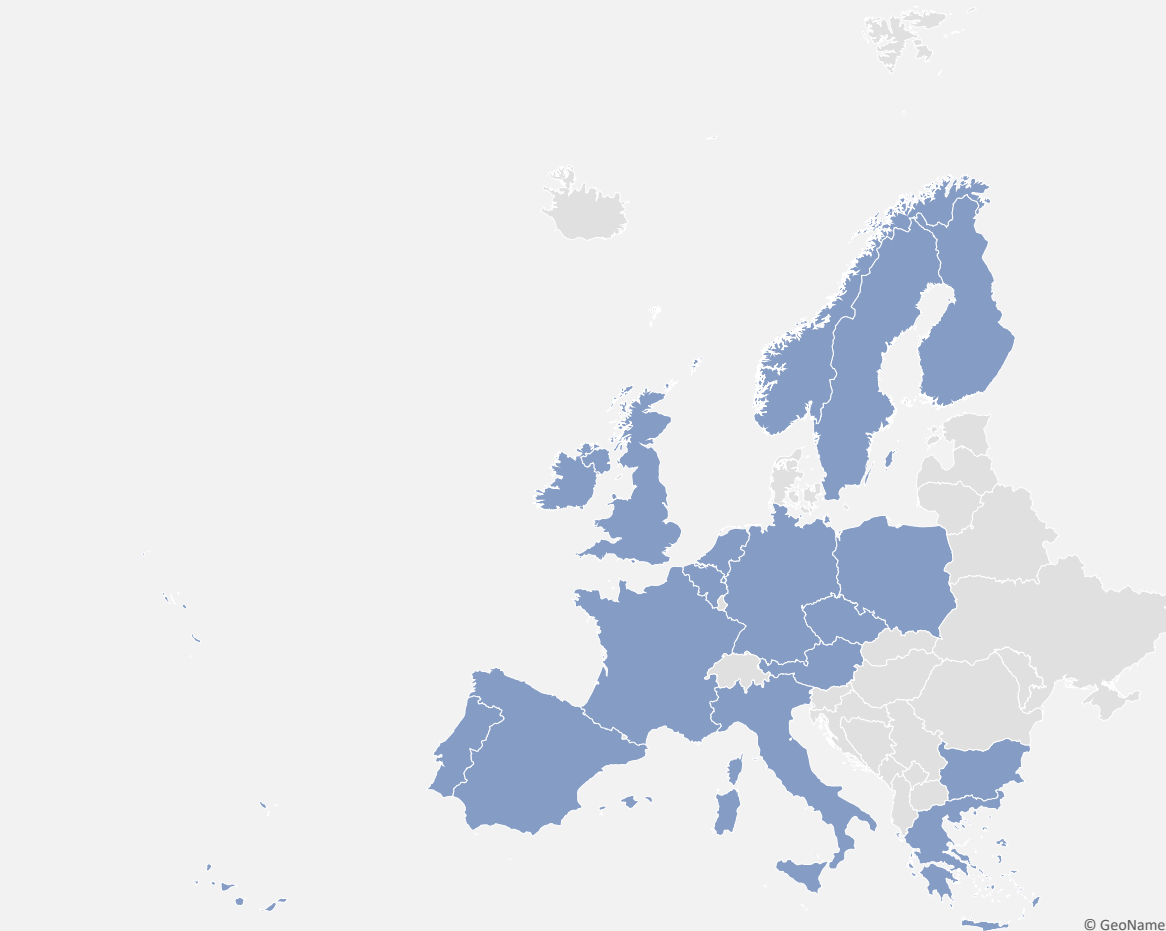


PCS

Third-Party Verification Agent

Why use PCS?

We have verified STS transactions across Europe



● Jurisdictions where PCS has verified STS transactions – correct as of Dec 2024

Powered by Bing
© GeoNames, Microsoft, Open Places, OpenStreetMap, TomTom



PCS

Verification & Assessment

How PCS assures analytical integrity?

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

This ensures that the analysis performed by our team is

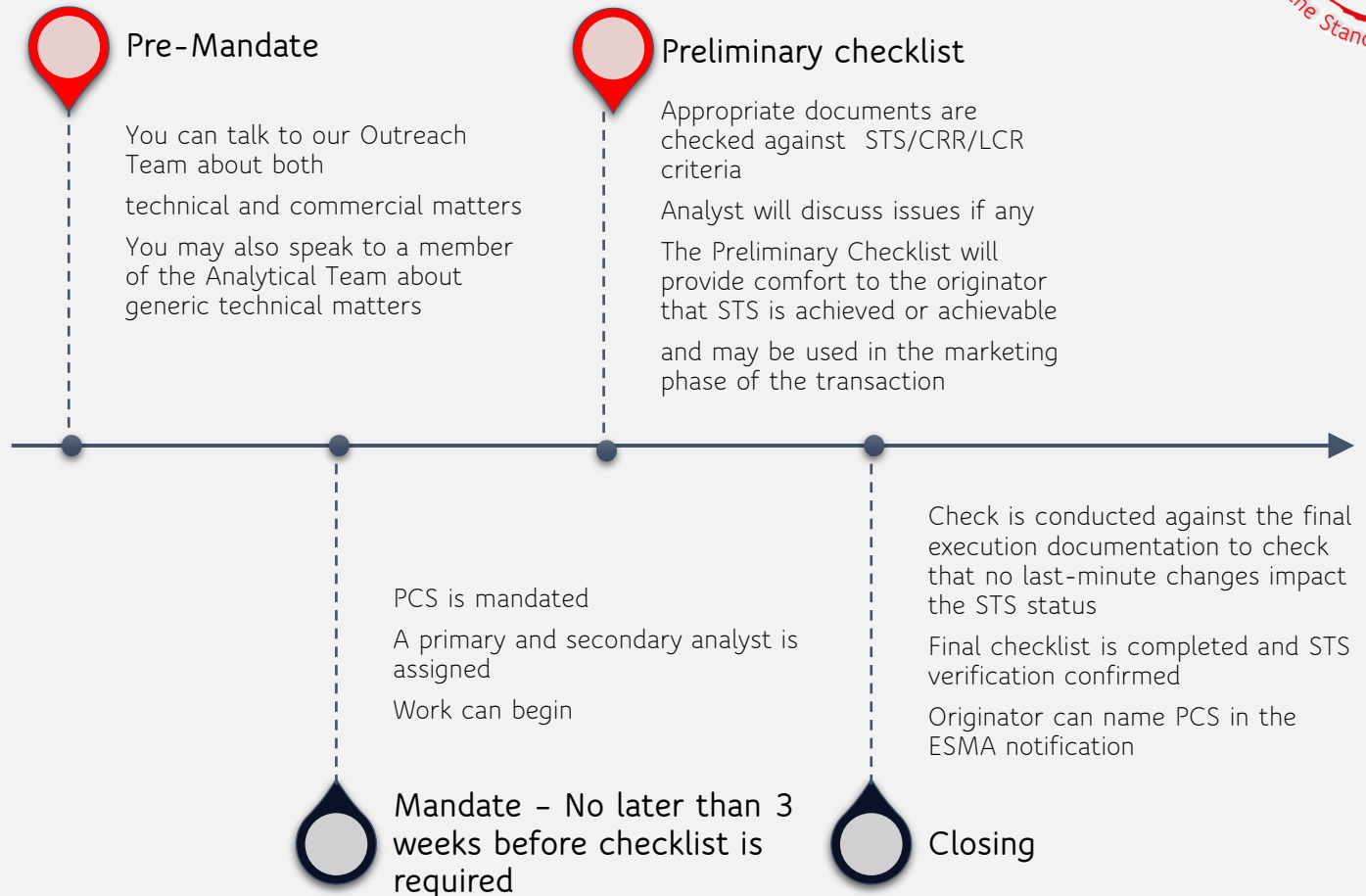
- Impartial
- Not affected by conflicts of interest or commercial considerations
- In conformity with the requirements of the Regulation



PCS

Verification & Assessment Process

When should you engage PCS?



PCS⁺ True Sale STS Assessments

Why request a
CRR
assessment?

CRR Assessment

What is a CRR Assessment?

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

PCS has provided more than 450 CRR assessments since 2019



PCS

Third-Party Verification Agent

Why request a LCR assessment?

LCR Assessment

What is an LCR Assessment?

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

PCS has provided more than 250 LCR assessments since 2019



PCS

Third-Party Verification Agent

Why request a Synthetic STS Verification?

Synthetic STS Verification

What is a Synthetic STS Verification?

- Under the amended Regulation (EU) 2021/557 which came into force in April 2021, synthetic securitisations (also called “on-balance-sheet securitisations”) may now be STS. This allows originators to allocate a lower capital amount to the retained senior tranche under the CRR
- To be included in this class, these synthetic securitisations need to meet nearly all the STS criteria as well as an additional 40-60 criteria
- STS synthetic securitisations must be notified to ESMA in the same way as STS true sale securitisations and may benefit from the same verification process by authorised third party verification agents
- PCS has been authorised by the French AMF to verify synthetic securitisations
- PCS has been mandated in 15 jurisdictions
- PCS verified or is verifying more than 60 Synthetic STS securitisations





Thank you for your attention

follow us on 