

# **STS Term Master Checklist**

## **Auto ABS French Leases 2021**



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

28<sup>th</sup> June 2021

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

**This STS Term 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.**

**28<sup>th</sup> June 2021**

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## Prime Collateralised Securities (PCS) STS Verification

<b>Individual(s) undertaking the assessment</b>	Fazel Ahmed
<b>Date of Assessment /Version</b>	28 June 2021
<b>The transaction to be assessed (the “Transaction”)</b>	<b>Auto ABS French Leases 2021</b>
<b>Issuer</b>	Auto ABS French Leases 2021
<b>Originator</b>	Compagnie Générale de Crédit aux Particuliers - CREDIPAR
<b>Arranger</b>	Société Générale
<b>Lead Manager(s)</b>	Banco Santander, S.A, Société Générale and ING Bank N.V.
<b>Transaction Legal Counsel</b>	Hogan Lovells (Paris) LLP
<b>Rating Agencies</b>	DBRS, Moody's and S&P
<b>Stock Exchange</b>	Euronext Paris
<b>Closing Date</b>	28 June 2021

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

1	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Under a master purchase agreement dated the Signing Date (the “Master Purchase Agreement”) and made between the Management Company and Crédipar (the “Seller”), the Management Company, acting for and on behalf of the Issuer, has agreed to purchase, and the Seller has agreed to sell and assign an initial pool of Series of Receivables (the “Initial Receivables”) deriving from auto lease contracts entered into between Crédipar and the Debtors (the “Auto Lease Contracts”).</p> <p>Assignment of the Initial Receivables on the Closing Date</p> <p>Pursuant to the terms of the Master Purchase Agreement, the Seller has agreed to assign to the Issuer and, subject to the fulfilment of conditions precedent, the Issuer has agreed to purchase from the Seller, in accordance with the provisions of Articles L. 214-169 and D. 214-227 of the French Monetary and Financial Code, an initial pool of non-adversely selected Series of Receivables on the Closing Date which satisfy the Eligibility Criteria on the First Selection Date.</p> <p>The Initial Receivables have been selected on the First Selection Date. It is a condition precedent to such assignment that the Initial Receivables comply with each relevant Global Portfolio Limit on the First Selection Date.</p> <p>Assignment of Additional Receivables on each Subsequent Purchase Date</p> <p>Pursuant to the terms of the Master Purchase Agreement, the Seller may assign to the Issuer, on each Subsequent Purchase Date during the Revolving Period, Additional Receivables non-adversely selected and which satisfy the Eligibility Criteria on the corresponding Selection Date.</p> <p>It is a condition precedent to such assignment on such Subsequent Purchase Date that (i) each relevant Global Portfolio Limit is complied with on the Selection Date corresponding to such Subsequent Purchase Date (after taking into account the Additional Receivables offered to be purchased on that Subsequent Purchase Date and excluding any Reassigned Receivables to be reassigned to the Seller on the Payment Date immediately following such Subsequent Purchase Date) and (ii) the Available Purchase Amount is sufficient to pay the Principal Component Purchase Price of the Additional Receivables (including the substituted Purchased Receivables to the extent their Principal Component Purchase Price has not been set off with any Non-Conformity Rescission Amounts (if any)) on such Payment Date in accordance with the Principal Priority of Payments.</p> <p>See section, GLOSSARY OF TERMS</p> <p>“Series of Receivables” means, with respect to any Car, the Lease Receivables and the Alternative Receivables, which are due or may become due and payable to the Seller in relation to that Car, including any Ancillary Rights attached thereto.</p> <p>“Lease Receivables” means the Rental Payment Receivables due by the relevant Debtor under an Auto Lease Contract and as the case may be, the Residual Value Purchase Option Receivable due by the relevant Debtor, PCD Car Dealer or any other third party, as applicable.</p> <p>See also section, RISK FACTORS, 4.21 Insolvency of Seller</p> <p>See section, SELECTED ASPECTS OF FRENCH LAW</p>	

Notification of the assignment of the Purchased Receivables to the Obligors  
No initial notification of assignment of Purchased Receivables

The Master Purchase Agreement provides that the transfer of the Purchased Receivables will be effected through an assignment of these rights by the Seller to the Issuer pursuant to Article L.214-169 V of the French Monetary and Financial Code. The assignment of the Purchased Receivables by the Seller to the Issuer will not initially be notified to the Obligors.

Pursuant to Article L. 214-169 V 2° of the French Monetary and Financial Code “the assignment of receivables shall take effect between the parties (i.e. the assignor and the fund in its capacity as transferee) and shall be enforceable vis-à-vis third parties as of the date specified in the deed of transfer (acte de cession de créances), irrespective of the origination date, the maturity date or the due date of such receivables with no further formalities regardless of the law governing the transferred receivables and the law of the domicile of the assigned debtors.”

Pursuant to Article L. 214-169 V 3° of the French Monetary and Financial Code “the delivery (remise) of the deed of transfer (acte de cession de créances) shall, as a matter of French law, entail the automatic (de plein droit) transfer of any Ancillary Rights (including any security interest, guarantees and other ancillary rights) attached to each receivable and the enforceability (opposabilité) of such transfer vis-à-vis third parties, without any further formalities (sans qu’il soit besoin d’autre formalité).”

Pursuant to Article L. 214-169 V 4° of the French Monetary and Financial Code “the assignment of the receivables and of their ancillary rights shall remain valid (la cession conserve ses effets après le jugement d’ouverture) notwithstanding that the seller is in a state of cessation of payments (cessation des paiements) on the relevant purchase date (au moment de cette cession) and notwithstanding the opening of any proceeding governed by Book VI of the French Commercial Code (dispositions du Livre VI du Code de Commerce) or any equivalent proceeding governed by any foreign law (procédure équivalente sur le fondement d’un droit étranger) against the seller after such purchase (postérieurement à cette cession).”

Therefore legal title to the Purchased Receivables and the Ancillary Rights will be validly transferred from the Seller to the Issuer from the time of delivery of the relevant Transfer Document without notification being required. No perfection of title is required by Article L. 214-169 V of the French Monetary and Financial Code to perfect the Issuer’s legal title to the Purchased Receivables.

*PCS has been provided with a legal opinion by Hogan Lovells (Paris) LLP, a reputable law firm in France.*

*“True sale” is not a legal concept but a rating agency creation. The essence of a “true sale” is that the property in the securitised assets has legally moved from the originator/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/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”.*

*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.*

*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.*

*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.*

*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.*

*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”.*

*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.*

*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.*

*Based on the above considerations, PCS believes that transfers from jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:*

- *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 or “COMI”.</p> <p>The second step would be to determine whether the relevant COMI 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><b><i>In the case of the Transaction, title to the assets is transferred by a Transfer Document. The legal opinion from Hogan Lovells (Paris LLP) confirms that this assignment meets the definition of “true sale” outlined above. In the case of the Seller and Originator with its business in financing and leasing auto loans and leases in France, the COMI is France. French insolvency law provides for clawback in the cases of preferences and transactions at an undervalue and require the insolvency officer to prove that case. Therefore, and as confirmed by the Opinions, the transfer is not, in our opinion, subject to “severe clawback”.</i></b></p>	
2	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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	
	<p>See section, SELECTED ASPECTS OF FRENCH LAW</p> <p>Notification of the assignment of the Purchased Receivables to the Obligors No initial notification of assignment of Purchased Receivables</p> <p>The Master Purchase Agreement provides that the transfer of the Purchased Receivables will be effected through an assignment of these rights by the Seller to the Issuer pursuant to Article L.214-169 V of the French Monetary and Financial Code. The assignment of the Purchased Receivables by the Seller to the Issuer will not initially be notified to the Obligors.</p> <p>Pursuant to Article L. 214-169 V 4° of the French Monetary and Financial Code “the assignment of the receivables and of their ancillary rights shall remain valid (la cession conserve ses effets après le jugement d’ouverture) notwithstanding that the seller is in a state of cessation of payments (cessation des paiements) on the relevant purchase date (au moment de cette cession) and notwithstanding the opening of any proceeding governed by Book VI of the French Commercial Code (dispositions du Livre VI du Code de Commerce) or any equivalent proceeding governed by any foreign law (procédure équivalente sur le fondement d’un droit étranger) against the seller after such purchase (postérieurement à cette cession).”</p>	



2a	Legislative text – Article 20 - Requirements relating to simplicity		<a href="#">GO TO TABLE OF CONTENTS</a>
	20.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions: (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; (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.		
	STS criteria		<a href="#">SEE RELATED EBA GUIDELINES</a>
	Verified?	Yes	
	PCS Comment		
France is not subject to severe clawback provisions. See the comments in criterion 1 and 2 above.			

2b	Legislative text – Article 20 - Requirements relating to simplicity		<a href="#">GO TO TABLE OF CONTENTS</a>
	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.		
	STS criteria		<a href="#">SEE RELATED EBA GUIDELINES</a>
	Verified?	Yes	
	PCS Comment		
	See comment in criterion 1 above.		

3	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Pursuant to the terms of the Master Purchase Agreement, the Seller shall represent and warrant to the Management Company, in respect of each Series of Receivables assigned to the Issuer on any Purchase Date, that:</p> <p>(a) each Purchased Receivable arising from an Auto Lease Contract complied with the Receivables Eligibility Criteria on the relevant Selection Date;</p> <p>(b) each Auto Lease Contract relating to the Purchased Receivables complied with the Contracts Eligibility Criteria on the relevant Selection Date;</p> <p>(c) (i) it has applied to each Purchased Receivable the same sound and well-defined criteria for credit granting which it applies to non-securitised Receivables; to that end, the same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits have been applied; and</p> <p>Contracts Eligibility Criteria</p> <p>On each Selection Date, each Auto Lease Contract corresponding to a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(a) the relevant Auto Lease Contract which is a Consumer Auto Lease Contract was entered into between the Seller and a Private Debtor in accordance with the applicable provisions of the French Consumer Code and all other applicable legal and regulatory provisions (including in relation to data protection);</p> <p>(b) the relevant Auto Lease Contract which is a Professional Auto Lease Contract was entered into between the Seller and a Commercial Debtor pursuant to the applicable provisions of the French Monetary and Financial Code and all other applicable legal and regulatory provisions;</p> <p>(j) the relevant Auto Lease Contract was entered into by the Seller pursuant to its normal procedures and within the scope of its ordinary credit activity with respect to accepting and providing lease financing to its customers, pursuant to underwriting standards that are no less stringent than those that the Seller applies at the time of origination to similar Receivables that are not securitised;</p> <p>Receivables Eligibility Criteria</p> <p>On each Selection Date, each Lease Receivable included in a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(c) the Seller had full title to the Receivable immediately prior to its assignment and the Receivable is not subject to, either in whole or in part, any assignment, delegation or pledge, attachment, claim, set-off, restrictions or prohibition on assignment or encumbrance of whatever type or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect;</p> <p><b>PCS due diligence confirmed that some of the receivables were the object of previous securitisations and of warehouse transactions, but the Receivables, when sold to the Issuer will be free of any rights against third parties as confirmed in the Receivables Eligibility Criteria (c).</b></p>	

4	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>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> <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>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:</p> <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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SELECTED ASPECTS OF FRENCH LAW</p> <p>Notification of the assignment of the Purchased Receivables to the Obligors</p> <p>No initial notification of assignment of Purchased Receivables</p> <p>The Master Purchase Agreement provides that the transfer of the Purchased Receivables will be effected through an assignment of these rights by the Seller to the Issuer pursuant to Article L.214-169 V of the French Monetary and Financial Code. The assignment of the Purchased Receivables by the Seller to the Issuer will not initially be notified to the Obligors.</p> <p>Pursuant to Article L. 214-169 V 2° of the French Monetary and Financial Code “the assignment of receivables shall take effect between the parties (i.e. the assignor and the fund in its capacity as transferee) and shall be enforceable vis-à-vis third parties as of the date specified in the deed of transfer (acte de cession de créances), irrespective of the origination date, the maturity date or the due date of such receivables with no further formalities regardless of the law governing the transferred receivables and the law of the domicile of the assigned debtors.”</p> <p>Pursuant to Article L. 214-169 V 3° of the French Monetary and Financial Code “the delivery (remise) of the deed of transfer (acte de cession de créances) shall, as a matter of French law, entail the automatic (de plein droit) transfer of any Ancillary Rights (including any security interest, guarantees and other ancillary rights) attached to each receivable and the enforceability (opposabilité) of such transfer vis-à-vis third parties, without any further formalities (sans qu'il soit besoin d'autre formalité).”</p> <p>Pursuant to Article L. 214-169 V 4° of the French Monetary and Financial Code “the assignment of the receivables and of their ancillary rights shall remain valid (la cession conserve ses effets après le jugement d'ouverture) notwithstanding that the seller is in a state of cessation of payments (cessation des paiements) on the relevant purchase date (au moment de cette cession) and notwithstanding the opening of any proceeding governed by Book VI of the French Commercial Code (dispositions du Livre VI du Code de Commerce) or any equivalent proceeding governed by any foreign law (procédure équivalente sur le fondement d'un droit étranger) against the seller after such purchase (postérieurement à cette cession).”</p>	

Therefore legal title to the Purchased Receivables and the Ancillary Rights will be validly transferred from the Seller to the Issuer from the time of delivery of the relevant Transfer Document without notification being required. No perfection of title is required by Article L. 214-169 V of the French Monetary and Financial Code to perfect the Issuer's legal title to the Purchased Receivables.

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.

***Although the transfer is not notified to the borrowers, the legal opinion confirms that such notification is not required to fully perfect the transfer of ownership in the auto lease receivables to the Issuer. Accordingly, this transaction does not operate by way of an unperfected assignment and the issue of triggers does not arise***

5	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section: SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Pursuant to the terms of the Master Purchase Agreement, the Seller shall represent and warrant to the Management Company, in respect of each Series of Receivables assigned to the Issuer on any Purchase Date, that:</p> <p>(a) each Purchased Receivable arising from an Auto Lease Contract complied with the Receivables Eligibility Criteria on the relevant Selection Date;</p> <p>(b) each Auto Lease Contract relating to the Purchased Receivables complied with the Contracts Eligibility Criteria on the relevant Selection Date;</p> <p>Receivables Eligibility Criteria</p> <p>On each Selection Date, each Lease Receivable included in a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(c) the Seller had full title to the Receivable immediately prior to its assignment and the Receivable is not subject to, either in whole or in part, any assignment, delegation or pledge, attachment, claim, set-off, restrictions or prohibition on assignment or encumbrance of whatever type or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect;</p>	

6	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>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.</p>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties, Contracts Eligibility Criteria, Receivables Eligibility Criteria and the Global Portfolio Limits</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><b><i>PCS has read the eligibility criteria in the Issuer Regulations/Master Purchase Agreement. As they are mandatory, they meet the “predetermined” requirement. As they are in the Issuer Regulations and the Master Purchase Agreement, they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement</i></b></p>	
7	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES, The Master Purchase Agreement, Remedies in case of non-conformity</p> <p>See section , LIQUIDATION AND DISSOLUTION OF THE ISSUER, Final Transfer and Sale of all Purchased Receivables upon the occurrence of an Issuer Liquidation Event</p> <p>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 will be met.</p> <p>If the 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><b><i>PCS notes that that the transaction does not allow for “active portfolio management”.</i></b></p>	
8	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>

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>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties, Contracts Eligibility Criteria, Receivables Eligibility Criteria and the Global Portfolio Limits</p> <p>This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.</p> <p>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. 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> <p><b><i>PCS has identified the existence of such a covenant.</i></b></p>	

9	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Pursuant to the terms of the Master Purchase Agreement, the Seller shall represent and warrant to the Management Company, in respect of each Series of Receivables assigned to the Issuer on any Purchase Date, that:</p> <p>(d)as at the relevant Selection Date, for the purposes of Article 20(8) of the Securitisation Regulation and the Commission Delegated Regulation (EU) 2019/1851 of 28 May 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation, the Purchased Receivables:</p> <p>(i) have all been underwritten according to similar underwriting standards;</p> <p>(ii) are all serviced according to similar servicing procedures;</p> <p>(iii) all fall within the same asset type for the purposes of the Securitisation Regulation, being auto loans and leases; and</p> <p>(iv) all arise from Auto Lease Contracts that have been entered into with a Debtor that is resident (if the Debtor is a Private Debtor) or is registered and has its COMI (if the Debtor is a Commercial Debtor) in metropolitan France,</p> <p><i>The definition of “homogeneity” in the Regulation is also 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” will be legally binding on all regulatory authorities. Such RTS has been formally adopted by the European Commission on 28 May 2019.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>Turning, for guidance, to the RTS adopted by the European Commission, in principle, four elements require examination: (a) “similar underwriting standards”, (b) “similar servicing standards”, (c) “same asset class” and (d) “relevant risk factors”. Consumer loans are though considered sufficiently homogeneous and do not need to meet also a specific homogeneity factor.</i></p> <p><i>Following the guiding principles of the EBA, we note that “similar underwriting standards” must mean something like the same type of underwriting approach, looking at the same types of data points to calculate the same type of credit risk. It cannot mean “exactly the same underwriting criteria”, since this would make it impossible for any securitisation ever to have a “homogenous” pool.</i></p> <p><b><i>In the Transaction, the auto leases were underwritten on a similar basis, they are being serviced by Credipar on the same platform, they are a single asset class – auto loans and leases – and, based on the EBA’s suggested approach, the auto loans and leases are all originated in the same jurisdiction.</i></b></p>	



	<b><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></b>	
10	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	10. The underlying exposures shall contain obligations that are contractually binding and enforceable.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Pursuant to the terms of the Master Purchase Agreement, the Seller shall represent and warrant to the Management Company, in respect of each Series of Receivables assigned to the Issuer on any Purchase Date, that:</p> <p>(a) each Purchased Receivable arising from an Auto Lease Contract complied with the Receivables Eligibility Criteria on the relevant Selection Date;</p> <p>(b) each Auto Lease Contract relating to the Purchased Receivables complied with the Contracts Eligibility Criteria on the relevant Selection Date;</p> <p>Contracts Eligibility Criteria</p> <p>On each Selection Date, each Auto Lease Contract corresponding to a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(c) the relevant Auto Lease Contract constitutes the valid, binding and enforceable contractual obligations of the Debtor and of the Seller, with full recourse to the Debtor (except that enforceability or recourse may be limited by (i) bankruptcy or insolvency of the lessee, or other laws relating to insolvency, over-indebtedness (surendettement) or enforcements of general applicability affecting the enforcement rights of creditors generally, or (ii) the existence of unfair contract terms (clauses abusives) as defined by Articles L. 212-1 et seq. of the French Consumer Code in the Auto Lease Contract (provided that such unfair contract terms would not (A) affect the right of the Issuer to purchase the Receivables or (B) deprive the Issuer of its rights to receive principal and to receive interest as provided for under the Receivables)) with defined payment streams relating to rental, principal, interest, or related to any other right to receive income from assets warranting such payments;</p>	
11	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	11. With full recourse to debtors and, where applicable, guarantors.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See 10 above.	

12	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See the GLOSSARY OF TERMS</p> <p>Definition of "Scheduled Payment"</p> <p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Contracts Eligibility Criteria</p> <p>On each Selection Date, each Auto Lease Contract corresponding to a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(c) the relevant Auto Lease Contract constitutes the valid, binding and enforceable contractual obligations of the Debtor and of the Seller, with full recourse to the Debtor (except that enforceability or recourse may be limited by (i) bankruptcy or insolvency of the lessee, or other laws relating to insolvency, over-indebtedness (surendettement) or enforcements of general applicability affecting the enforcement rights of creditors generally, or (ii) the existence of unfair contract terms (clauses abusives) as defined by Articles L. 212-1 et seq. of the French Consumer Code in the Auto Lease Contract (provided that such unfair contract terms would not (A) affect the right of the Issuer to purchase the Receivables or (B) deprive the Issuer of its rights to receive principal and to receive interest as provided for under the Receivables)) with defined payment streams relating to rental, principal, interest, or related to any other right to receive income from assets warranting such payments;</p> <p>(g) the relevant Auto Lease Contract requires the payment of Rental Payment Receivables on a monthly basis and the amount of the Rental Payment Receivables has been determined using an implicit fixed interest rate;</p> <p>(i) the relevant Auto Lease Contract includes an option for the Debtor to purchase the relevant Car (a) at the end of such Auto Lease Contract and (b) prior to the term of such Auto Lease Contract where the relevant Debtor may be replaced by a third party purchaser in the exercise of its option to purchase the Car during the course of the relevant Auto Lease Contract or at the maturity of that Auto Lease Contract (it being provided that such substitution is made with the approval of the Seller if that Auto Lease Contract is a Professional Auto Lease Contract and without the approval of the Seller if that Auto Lease Contract is a Consumer Auto Lease Contract);</p> <p>(z) when the Residual Value Purchase Option Price at the end of the Auto Lease Contract is less than or equal to 25% of the Car's total purchase price (tax included) or the Auto Lease Contract relates to a "Peugeot Perspective" product, either:</p> <p>(i) the Debtor has entered into an additional buy-back agreement with a PCD Car Dealer according to which the (1) PCD Car Dealer is obliged, if so directed by the Debtor, to purchase the Car from the Seller at maturity of that Auto Lease Contract for an amount equal to the related Residual Value Purchase Option Receivable in the event the Debtor does not exercise its residual Value Purchase Option under the Auto Lease Contract; and (2) Crédipar has requested such PCD Car Dealer to provide it with a copy of the aforementioned buy-back agreement;</p>	

(ii) the Seller has entered into an additional buy-back agreement with a PCD Car Dealer according to which the PCD Car Dealer is obliged to purchase the Car from the Seller at maturity of that Auto Lease Contract for an amount equal to the related Residual Value Purchase Option Receivable in the event the Debtor does not exercise its residual Value Purchase Option under the Auto Lease Contract;

(ff) in respect of the relevant Auto Lease Contract, the amount of each Purchase Option is never lower than the Outstanding Balance of the relevant Receivable at the date such Purchase Option is exercisable;

#### Reassignment of Receivables

#### Issuer's Reassignment Option

Pursuant to the terms of the Master Purchase Agreement, for so long as the Seller is not Insolvent, including for the purposes of complying with the provisions of Article 20(13) of the Securitisation Regulation, the Management Company (on behalf of the Issuer) shall offer to the Seller to repurchase and the Seller irrevocably undertakes to repurchase from the Issuer on the contemplated Reassignment Date, any Performing Reassignment Option Receivable in relation to which the Management Company has not issued a Revocation Notice (as defined below).

The Management Company may, if it reasonably considers that the Seller will be unable to pay the repurchase price of such receivables, send by no later than on the last day of any Collection Period, a notice (a "Revocation Notice") by email to the Seller, to inform that it will no longer offer the Seller to repurchase any Performing Reassignment Option Receivable

The Purchased Receivables to be reassigned by the Issuer will be identified in the Monthly Servicer Report relating to the Collection Period during which they became Performing Reassignment Option Receivables.

The Reassignment Amount of each Performing Reassignment Option Receivable will be:

(a) determined by the Seller and notified by the Seller to the Management Company, provided that the Reassignment Price shall be determined as at the second Determination Date following the date on which such Purchased Receivable to be reassigned by the Issuer became a Performing Reassignment Option Receivable and accordingly, as from (but excluding) such Determination Date, the Servicer will no longer be required to credit the Collections relating to such Performing Reassignment Option Receivable to the Specially Dedicated Account;

(b) in respect of the Reassignment Price, set out by the Servicer in the Monthly Servicer Report delivered on the second Information Date following the Collection Period during which such Purchased Receivable to be reassigned by the Issuer became a Performing Reassignment Option Receivable; and

(c) paid and discharged in full by the Seller to the Issuer on the Settlement Date immediately preceding the Reassignment Date.

See section GLOSSARY OF TERMS

"Performing Reassignment Option Receivable" means (a) a Performing Receivable in relation to an Auto Lease Contract for which (i) a Debtor notifies the Seller of its intention to exercise its Purchase Option or its Residual Value Purchase Option whether directly or through a third party such as a PCD Car Dealer and/or (ii) a Debtor notifies the Seller that it does not intend to exercise its Residual Value Purchase Option and a PCD Car Dealer purchases the Car for an amount equal to the Residual Value Purchase Option Price, as per a commitment given either to the Lessee or the Lessor (as the case may be) and/or (iii) a Debtor notifies the Seller that it does not intend to exercise its Residual Value Purchase Option and as such will return the Car to the Seller or (b) a Performing Receivable in relation to an Auto Lease Contract which is early terminated following the occurrence of a total loss (sinistre total) or theft (vol) in respect of the Car.

"Residual Value Purchase Option" means, with respect to any Car:

(a) the right granted to each Debtor (or any third party which has been substituted to the rights of such Debtor) to purchase such Car at the end of the term of the relevant Auto Lease Contract;

(b) the right granted to, or as the case may be the commitment from, the relevant PCD Car Dealer to purchase such Car at the end of the term of the relevant Auto Lease Contract upon the Debtor's decision not to exercise its purchase option.

"Reassignment Amount" means, in relation to any Reassigned Receivable on the relevant Reassignment Date:

(a) the corresponding Reassignment Price, plus

(b) an amount equal to the total of all additional, specific, reasonable and justified costs and expenses incurred by the Issuer in relation to such Reassigned Receivable and for which the Issuer has requested, in writing, the payment provided that such expenses shall not include the administrative costs borne by the Issuer in connection with its holding of such Reassigned Receivable.

	<p>"Outstanding Balance" means, in respect of each Performing Receivable and the relevant Auto Lease Contracts:</p> <p>(a) on the Purchase Date of that Series of Receivables, an amount equal to the present value of all Scheduled Payments using as discount rate the Implicit Interest Rate, as at the immediately preceding Lease Receivable Due Date, or</p> <p>(b) on any date following the Purchase Date of that Series of Receivables, an amount equal to (i) the Outstanding Balance of such Series of Receivables as at such Purchase Date (as determined pursuant to paragraph (a) above) less (ii) the aggregate of all Amortisation Principal Components (excluding VAT) which have become due in respect of such Auto Lease Contract since that Purchase Date.</p> <p>In respect of Defaulted Receivables, the Outstanding Balance is equal to zero</p>						
13	<p><b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a></p>						
	<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> <table border="1"> <tr> <td data-bbox="210 639 1151 671"><b>Verified?</b></td><td data-bbox="1151 639 2119 671"><b>Yes</b></td></tr> <tr> <td colspan="2" data-bbox="210 671 2119 703"><b>PCS Comment</b></td></tr> <tr> <td colspan="2" data-bbox="210 703 2119 777">See criterion 12 above.</td></tr> </table>	<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>		See criterion 12 above.	
<b>Verified?</b>	<b>Yes</b>						
<b>PCS Comment</b>							
See criterion 12 above.							

14	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Receivables Eligibility Criteria</p> <p>(i) the Receivable is not a transferable security as defined in point (44) of Article 4(1) of Directive 2014/65/EU, and</p>	

15	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.9. The underlying exposures shall not include any securitisation position.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	15. The underlying exposures shall not include any securitisation position.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Receivables Eligibility Criteria</p> <p>(h) the Receivable is not a securitisation position within the meaning of the Securitisation Regulation;</p>	

16	Legislative text – Article 20 - Requirements relating to simplicity		<a href="#">GO TO TABLE OF CONTENTS</a>
	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		<a href="#">SEE RELATED EBA GUIDELINES</a>
	16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.		
	Verified?	Yes	
	PCS Comment		
See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES			
The Master Purchase Agreement			
Receivables Warranties			
Contracts Eligibility Criteria			
(j) the relevant Auto Lease Contract was entered into by the Seller pursuant to its normal procedures and within the scope of its ordinary credit activity with respect to accepting and providing lease financing to its customers, pursuant to underwriting standards that are no less stringent than those that the Seller applies at the time of origination to similar Receivables that are not securitised;			
17	STS criteria		<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.		
	Verified?	Yes	
	PCS Comment		
	See criterion 16 above.		

18	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Representations, warranties and undertakings of the Seller</p> <p>Other covenants</p> <p>The Seller undertakes, as long as there remains any Purchased Receivable outstanding:</p> <p>(p) Underwriting Procedures and Servicing Procedures:</p> <p>(i) to comply with its underwriting Procedures and Servicing procedures as annexed to the Master Purchase Agreement with respect to each Debtor, Auto Lease Contract, Purchased Receivable and Ancillary Right as if interests in such Purchased Receivables would not be sold and assigned and had not been sold and assigned thereunder;</p> <p>(ii) not to materially amend the underwriting Procedures and Servicing procedures without prior written notice delivered to the Management Company and the Servicer; and when amending such underwriting and management procedures, it shall always act as a reasonable and prudent lessor;</p> <p>(iii) to inform the Rating Agencies and the Management Company (which shall in turn inform without undue delay the Noteholders and any potential investors of the same) of any material changes made to the underwriting Procedures and Servicing procedures.</p> <p>The EBA Guidelines make clear that the part of the criterion referring to changes from prior underwriting is a future event criterion. It applies changes in underwriting criteria that occur post-closing. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. 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>	

19	Legislative text – Article 20 - Requirements relating to simplicity		<a href="#">GO TO TABLE OF CONTENTS</a>
	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.		
	STS criteria		<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.		
	Verified?	Yes	
	PCS Comment		
Not applicable.			



20	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
<b>PCS Comment</b>		
<p>See section, Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>(c) (i) it has applied to each Purchased Receivable the same sound and well-defined criteria for credit granting which it applies to non-securitised Receivables; to that end, the same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits have been applied; and</p> <p>(ii) it has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Debtor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Debtor meeting his obligations under the relevant Auto Lease Contract; and</p> <p>(d) as at the relevant Selection Date, for the purposes of Article 20(8) of the Securitisation Regulation and the Commission Delegated Regulation (EU) 2019/1851 of 28 May 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation, the Purchased Receivables:</p> <p>(i) have all been underwritten according to similar underwriting standards;</p> <p>(ii) are all serviced according to similar servicing procedures;</p> <p>(iii) all fall within the same asset type for the purposes of the Securitisation Regulation, being auto loans and leases; and</p> <p>(iv) all arise from Auto Lease Contracts that have been entered into with a Debtor that is resident (if the Debtor is a Private Debtor) or is registered and has its COMI (if the Debtor is a Commercial Debtor) in metropolitan France,</p> <p>(such representations, being the "Receivables Warranties").</p> <p>Contracts Eligibility Criteria</p> <p>On each Selection Date, each Auto Lease Contract corresponding to a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(a) the relevant Auto Lease Contract which is a Consumer Auto Lease Contract was entered into between the Seller and a Private Debtor in accordance with the applicable provisions of the French Consumer Code and all other applicable legal and regulatory provisions (including in relation to data protection);</p> <p>(b) the relevant Auto Lease Contract which is a Professional Auto Lease Contract was entered into between the Seller and a Commercial Debtor pursuant to the applicable provisions of the French Monetary and Financial Code and all other applicable legal and regulatory provisions;</p> <p>See also the section, Underwriting Procedures and Servicing Procedures in the prospectus and the Master Purchase Agreement , Schedule 8</p>		

21	Legislative text – Article 20 - Requirements relating to simplicity		<a href="#">GO TO TABLE OF CONTENTS</a>
	20.10. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.		
	STS criteria		<a href="#">SEE RELATED EBA GUIDELINES</a>
	21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.		
	Verified?		Yes
	PCS Comment		
	See the Master Purchase Agreement SCHEDULE 5 Representations, warranties, undertakings and covenants of the Seller Part A – Representations, warranties and undertakings of the Seller (l) Expertise: the Seller has been originating exposures of a similar nature as the Receivables for not less than five (5) years.		

22	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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:	
	<b>STS criteria</b>	
	22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, The Master Purchase Agreement</p> <p>Sub section Procedure for the assignment of the Initial Receivables</p> <p>Procedure for the assignment of Additional Receivables</p> <p>See section, GLOSSARY OF TERMS</p> <p>"First Selection Date" means 15 June 2021.</p> <p>"Closing Date" means 28 June 2021, on which the Issuer shall issue the Notes and the Residual Units and shall purchase the Initial Receivables.</p> <p>"Purchase Date" means the Closing Date or any Subsequent Purchase Date, as applicable.</p> <p>"Selection Date" means the First Selection Date or any Subsequent Purchase Date, as applicable</p> <p>"Subsequent Purchase Date" means, with respect to any Additional Receivables, any date on which the Seller assigns to the Issuer Additional Receivables, under and subject to the terms of the Master Purchase Agreement. Any Subsequent Purchase Date shall fall at the latest nine (9) Business Days after each Determination Date during the Revolving Period and no earlier than two (2) Business Days after each Information Date.</p> <p><b>PCS has assumed that any period of 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.</b></p>	
23	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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...	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Receivables Eligibility Criteria</p> <p>On each Selection Date, each Lease Receivable included in a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria</p>	

	<p>(e) as at the relevant Selection Date, the Receivable is neither a Delinquent Receivable, nor a Defaulted Receivable, nor a written-off Receivable, nor a Receivable related to a Defaulted Auto Lease Contract and more generally, is not doubtful (douteuse), subject to litigation (litigieuse) or frozen (immobilisée), nor in default within the meaning of Article 178(1) of CRR;</p> <p>Contracts Eligibility Criteria</p> <p>(x) no amount is overdue in respect of the relevant Auto Lease Contract as at the relevant Selection Date;</p>
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24	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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"> <li>(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</li> <li>(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;</li> </ul> <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>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Receivables Eligibility Criteria</p> <p>On each Selection Date, each Lease Receivable included in a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(g) to the best of the Seller's knowledge, the Receivable as at the relevant Selection Date is not owed or guaranteed by a credit-impaired obligor, which is an obligor that either:</p> <ul style="list-style-type: none"> <li>(i) is Insolvent; and/or</li> <li>(ii) has been subject to a measure adopted by a French court in accordance with Article 1343-5 of the French Civil Code (or, before 1 October 2016, Article 1244-1 of the French Civil Code), or had a court granting his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment due to any of such creditors, within the time period starting three (3) years prior to the date of execution of the relevant Auto Lease Contract, or has undergone a debt restructuring process with regard to his non-performing exposures within three years prior to the relevant Purchase Date; and/or</li> <li>(ii) was, at the time of origination of the Receivable, registered in the Banque de France's Fichier des incidents de remboursement des crédits aux particuliers or the Fichier central des chèques; and/or</li> <li>(iii) 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 receivables held by the Seller and which are not assigned to the Issuer,</li> </ul> <p>it being agreed that (A) the Seller will not necessarily have been made aware of the occurrence of the events listed in paragraphs (i) and (ii) above, (B) the Seller's information is limited to the period elapsed since the date the Seller first entered into an agreement with the lessee, which may be shorter than three (3) years preceding the date of execution of the relevant Auto Lease Contract, and</p>	

	<p>(C) the Banque de France's Fichier des incidents de remboursement des crédits aux particuliers and the Fichier central des chèques do not record historical information on the credit profile of any natural person to the extent that the circumstances that would have justified the inclusion of such person in such files have disappeared;</p> <p>Although the text of the STS Regulation is quite vague, the EBA guidelines on defining “credit impaired” debtors are very helpful.</p> <p>For PCS, the key points of the EBA guidelines on this issue are:</p> <p>a. first that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be “credit impaired”. So that it is not necessary to reflect at what the term “credit impaired” could mean above and beyond those three items.</p> <p>b. Secondly, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a “credit impaired” debtor is the example of a failure to pay that can “reasonably be ignored” for the purposes of credit assessment.</p> <p>Therefore, the criterion, to be met, does not require the elimination from the pool of all debtors with any negative entry in a credit registry but only those whose entries it would not be reasonable to ignore for the purposes of credit assessments.</p> <p>Absent any further clarification from the EBA or a national competent authority regarding what it is reasonable to ignore, a judgement would still be necessary in cases where the originator does include in the pool some debtors with some negative entries in a credit registry.</p> <p>In making this judgement, PCS takes comfort from 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 securitisation. It is clear to PCS that the “credit impaired” prohibition is driven by the desire of legislators to exclude from the STS category deals generally coming under the definition of “sub-prime”. Therefore, it is unreasonable to refuse STS status to a transaction considered by universal consensus to be a “prime/plain vanilla” transaction with no “sub-prime” aspects. Indeed, this approach seems to be the rationale behind the EBA Guidelines on this matter.</p> <p>To determine whether this requirement is met, PCS has discussed this matter with the originator and uses its knowledge of the market and market stakeholders as well as the explicit statements made in the issuer regulations and transaction documentation.</p> <p>c. Thirdly, the EBA Guidelines on guaranteed obligations make it clear that the criterion is met so long as either the debtor or the guarantor are not “credit impaired”.</p>															
25	<table><tr><td colspan="2"><b>STS criteria</b></td></tr><tr><td colspan="2">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.</td></tr><tr><td><b>Verified?</b></td><td><b>Yes</b></td></tr><tr><td colspan="2"><b>PCS Comment</b></td></tr><tr><td colspan="2">See criterion 24 above.</td></tr></table>	<b>STS criteria</b>		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.		<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>		See criterion 24 above.						
<b>STS criteria</b>																
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.																
<b>Verified?</b>	<b>Yes</b>															
<b>PCS Comment</b>																
See criterion 24 above.																
26	<table><tr><td colspan="2"><b>STS criteria</b></td><td><a href="#">SEE RELATED EBA GUIDELINES</a></td></tr><tr><td colspan="3">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:</td></tr><tr><td><b>Verified?</b></td><td colspan="2"><b>Yes</b></td></tr><tr><td colspan="3"><b>PCS Comment</b></td></tr><tr><td colspan="3">See criterion 24 above.</td></tr></table>	<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>	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:			<b>Verified?</b>	<b>Yes</b>		<b>PCS Comment</b>			See criterion 24 above.		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>														
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:																
<b>Verified?</b>	<b>Yes</b>															
<b>PCS Comment</b>																
See criterion 24 above.																

27	<b>STS criteria</b>	
	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	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See criterion 24 above.	
28	<b>STS criteria</b>	
	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;	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See criterion 24 above.	
29	<b>STS criteria</b>	
	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;	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See criterion 24 above.	
30	<b>STS criteria</b>	
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See criterion 24 above.	

31	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p><i>Contracts Eligibility Criteria</i></p> <p>(w) at least one Rental Payment Receivable has been paid in full by the relevant Debtor such that the Outstanding Balance of the relevant Auto Lease Contract is lower than its original initial amount;</p>	

  

32	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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. 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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>Reassignment of Receivables</p> <p><i>Issuer's Reassignment Option</i></p> <p>Pursuant to the terms of the Master Purchase Agreement, for so long as the Seller is not Insolvent, including for the purposes of complying with the provisions of Article 20(13) of the Securitisation Regulation, the Management Company (on behalf of the Issuer) shall offer to the Seller to repurchase and the Seller irrevocably undertakes to repurchase from the Issuer on the contemplated Reassignment Date, any Performing Reassignment Option Receivable in relation to which the Management Company has not issued a Revocation Notice (as defined below).</p> <p>The Management Company may, if it reasonably considers that the Seller will be unable to pay the repurchase price of such receivables, send by no later than on the last day of any Collection Period, a notice (a "Revocation Notice") by email to the Seller, to inform that it will no longer offer the Seller to repurchase any Performing Reassignment Option Receivable</p>	



The Purchased Receivables to be reassigned by the Issuer will be identified in the Monthly Servicer Report relating to the Collection Period during which they became Performing Reassignment Option Receivables.

The Reassignment Amount of each Performing Reassignment Option Receivable will be:

- (a) determined by the Seller and notified by the Seller to the Management Company, provided that the Reassignment Price shall be determined as at the second Determination Date following the date on which such Purchased Receivable to be reassigned by the Issuer became a Performing Reassignment Option Receivable and accordingly, as from (but excluding) such Determination Date, the Servicer will no longer be required to credit the Collections relating to such Performing Reassignment Option Receivable to the Specially Dedicated Account;
- (b) in respect of the Reassignment Price, set out by the Servicer in the Monthly Servicer Report delivered on the second Information Date following the Collection Period during which such Purchased Receivable to be reassigned by the Issuer became a Performing Reassignment Option Receivable; and
- (c) paid and discharged in full by the Seller to the Issuer on the Settlement Date immediately preceding the Reassignment Date.

See section GLOSSARY OF TERMS

"Performing Reassignment Option Receivable" means (a) a Performing Receivable in relation to an Auto Lease Contract for which (i) a Debtor notifies the Seller of its intention to exercise its Purchase Option or its Residual Value Purchase Option whether directly or through a third party such as a PCD Car Dealer and/or (ii) a Debtor notifies the Seller that it does not intend to exercise its Residual Value Purchase Option and a PCD Car Dealer purchases the Car for an amount equal to the Residual Value Purchase Option Price, as per a commitment given either to the Lessee or the Lessor (as the case may be) and/or (iii) a Debtor notifies the Seller that it does not intend to exercise its Residual Value Purchase Option and as such will return the Car to the Seller or (b) a Performing Receivable in relation to an Auto Lease Contract which is early terminated following the occurrence of a total loss (sinistre total) or theft (vol) in respect of the Car.

"Residual Value Purchase Option" means, with respect to any Car:

- (a) the right granted to each Debtor (or any third party which has been substituted to the rights of such Debtor) to purchase such Car at the end of the term of the relevant Auto Lease Contract;
- (b) the right granted to, or as the case may be the commitment from, the relevant PCD Car Dealer to purchase such Car at the end of the term of the relevant Auto Lease Contract upon the Debtor's decision not to exercise its purchase option.

"Reassignment Amount" means, in relation to any Reassigned Receivable on the relevant Reassignment Date:

- (a) the corresponding Reassignment Price, plus
- (b) an amount equal to the total of all additional, specific, reasonable and justified costs and expenses incurred by the Issuer in relation to such Reassigned Receivable and for which the Issuer has requested, in writing, the payment provided that such expenses shall not include the administrative costs borne by the Issuer in connection with its holding of such Reassigned Receivable.

"Outstanding Balance" means, in respect of each Performing Receivable and the relevant Auto Lease Contracts:

- (a) on the Purchase Date of that Series of Receivables, an amount equal to the present value of all Scheduled Payments using as discount rate the Implicit Interest Rate, as at the immediately preceding Lease Receivable Due Date, or
- (b) on any date following the Purchase Date of that Series of Receivables, an amount equal to (i) the Outstanding Balance of such Series of Receivables as at such Purchase Date (as determined pursuant to paragraph (a) above) less (ii) the aggregate of all Amortisation Principal Components (excluding VAT) which have become due in respect of such Auto Lease Contract since that Purchase Date.

In respect of Defaulted Receivables, the Outstanding Balance is equal to zero

**Accordingly, none of the assets in the pool display any predominant reliance on the sale of the assets.**

21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	
<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	
<b>Verified?</b>	<b>Yes</b>
<b>PCS Comment</b>	
<p>See section, SECURITISATION REGULATION COMPLIANCE</p> <p>Retention Requirements under the Securitisation Regulation</p> <p>Pursuant to the Class A Notes Subscription Agreement, the Seller, as “originator” for the purposes of Article 6(1) of the Securitisation Regulation, has undertaken that, for so long as any Rated Note remains outstanding, it will (i) retain on an ongoing basis a material net economic interest in the securitisation of not less than five (5) per cent., (ii) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of the Securitisation Regulation by confirming in the Investor Reports the risk retention of the Seller as contemplated by Article 6(1) of the Securitisation Regulation, (iii) not change the manner in which it retains such material net economic interest, except to the extent permitted by the Securitisation Regulation and (iv) not sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to its retained material net economic interest, except to the extent permitted by the Securitisation Regulation.</p> <p>The Seller will retain on an ongoing basis a material net economic interest of not less than five (5) per cent. in the securitisation through the retention of the Class C Notes, as required by paragraph (d) of Article 6(3) of the Securitisation Regulation.</p>	

34	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See the section,</p> <p>2.4 Interest rate risk</p> <p>A holder of Class A Notes is particularly exposed to the risk of fluctuating interest rate levels and uncertain interest income. The Purchase Price for the Purchased Receivables bears an implicit interest component which is a fixed rate. However, the Issuer will pay interest on the Class A Notes issued in connection with its acquisition of such Purchased Receivables based on the Applicable Reference Rate (which is the EURIBOR Reference Rate as long as no Base Rate Modification is made further to the occurrence of a Benchmark Event). The Issuer will hedge this interest rate risk by entering into the Swap Agreement with the Swap Counterparty.</p> <p>See THE SWAP AGREEMENT</p> <p>Overview of the Swap Agreement</p> <p>On the Signing Date, the Management Company, acting for and on behalf of the Issuer, will enter into a swap agreement with respect to the Class A Notes (the “Swap Agreement”) with Banco Santander, S.A. (the “Swap Counterparty”). Under the Swap Agreement, the Issuer will hedge its interest rate exposure resulting from the implicit fixed interest rate to be received under the Purchased Receivables and floating rate interest obligations under the Class A Notes.</p> <p>Fixed amounts</p> <p>Under the Swap Agreement, on each Payment Date, the Issuer shall pay to the Swap Counterparty the Swap Fixed Amount, calculated by reference to the relevant Swap Notional Amount. In relation to the Class A Notes, the Swap Fixed Rate is agreed between the Issuer and the Swap Counterparty on or before the Closing Date and defined and disclosed under the Swap Confirmation forming part of the Swap Agreement.</p> <p>Floating amounts</p> <p>Under the Swap Agreement, on each Payment Date, the Swap Counterparty shall pay the Issuer the Swap Floating Amount, calculated by reference to the relevant Swap Notional Amount. Subject to any Swap Rate Modification as described below, the Swap Floating Amount is calculated by reference to the EURIBOR Reference Rate that applies in respect of the Class A Notes, as determined under Condition 6(c) (Interest provisions) of the Class A Notes.</p> <p>Under the Swap Agreement, if the Applicable Reference Rate of the Class A Notes is changed from the EURIBOR Reference Rate to an Alternative Base Rate following a Base Rate Modification in respect of the Class A Notes under Condition 12(c) (Additional right of modification without Noteholders' consent in relation to EURIBOR discontinuation or cessation) of the Class A Notes, the Issuer will request the Swap Counterparty to consent (such consent not to be unreasonably withheld) to a corresponding Swap Rate Modification for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Class A Notes following such Base Rate Modification.</p> <p>Currency hedging is irrelevant as all assets and liabilities are denominated in Euros</p>	

35	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	35. Currency risks arising from the securitisation shall be appropriately mitigated.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Not applicable</p> <p>Assets:</p> <p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Receivables Eligibility Criteria</p> <p>On each Selection Date, each Lease Receivable included in a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(d) the Receivable is, as at the relevant Selection Date, denominated in euro and payable in euro and in France;</p> <p>Liabilities: See Cover page, Class A Notes are denominated in Euros and pay 1-month Euribor plus margin.</p> <p>The Class B and C Notes are denominated in Euros and pay a fixed rate of interest.</p>	
36	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	36. Any measures taken to that effect shall be disclosed.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, THE SWAP AGREEMENT.</p> <p>See the section,</p> <p>2.4 Interest rate risk</p>	

37	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>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.</p> <p>Those derivatives shall be underwritten and documented according to common standards in international finance.</p>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, THE ISSUER</p> <p>Restrictions on Activities</p> <p>The Issuer will observe certain restrictions on its activities.</p> <p>Pursuant to the Issuer Regulations the Issuer shall not:</p> <p>(i) enter into any derivative agreement (including credit default swap) other than the Hedge Documents;</p>	
38	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>38. ...Shall ensure that the pool of underlying exposures does not include derivatives.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See the section, Master Purchase Agreement, Receivables Warranties , Contracts Eligibility Criteria and Receivables Eligibility Criteria.</p> <p>See also criterion 14 above.</p>	
39	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>39. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, GLOSSARY OF TERMS</p> <p>"Swap Agreement" means the 2002 ISDA Master Agreement, the schedule thereto, and the Credit Support Annex or other credit support documents related thereto and the Swap Confirmation, each dated the Signing Date, between the Management Company and the Swap Counterparty (or such replacement swap agreement as the Issuer may enter into in accordance with the Transaction Documents).</p>	

40	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Assets:</p> <p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>The Master Purchase Agreement</p> <p>Receivables Warranties</p> <p>Contracts Eligibility Criteria</p> <p>On each Selection Date, each Auto Lease Contract corresponding to a Series of Receivables to be sold and assigned to the Issuer will comply with the following Eligibility Criteria:</p> <p>(g) the relevant Auto Lease Contract requires the payment of Rental Payment Receivables on a monthly basis and the amount of the Rental Payment Receivables has been determined using an implicit fixed interest rate;</p> <p>Liabilities:</p> <p>see TERMS AND CONDITIONS OF THE RATED NOTES</p> <p>Condition 6 (c) Interest provisions</p> <p>(i) Rate of interest:</p> <p>For each Interest Period:</p> <p>(1) the interest rate applicable to the Class A Notes shall be the Applicable Reference Rate plus the Relevant Margin subject to a floor at 0.00 per cent. per annum (the “Class A Notes Interest Rate”);</p> <p>(2) the interest rate applicable to the Class B Notes shall be 0.70 per cent. per annum (the “Class B Notes Interest Rate”).</p> <p>See GLOSSARY OF TERMS</p> <p>“Class C Notes Interest Rate” means, with respect to the Class C Notes, an annual interest rate equal to 1 per cent. per annum. “Applicable Reference Rate” means:</p> <p>(a) as of the Closing Date and until the last Payment Date before a Base Rate Modification is made further to the occurrence of a Benchmark Event, the EURIBOR Reference Rate; and</p> <p>(b) as of the first Payment Date after a Base Rate Modification is made further to the occurrence of a Benchmark Event, the Alternative Base Rate as may be adjusted taking into account the Adjustment Spread.</p> <p>“EURIBOR Reference Rate” means EURIBOR for one (1) month.</p>	

41	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<p><b>PCS Comment</b></p> <p>See section, SOURCES OF FUNDS TO PAY THE RATED NOTES, CASHFLOWS, CALCULATIONS, DISTRIBUTIONS AND PRIORITY OF PAYMENTS</p> <p>Application of available funds and Priority of Payments</p> <p>Application of Available Distribution Amount during the Accelerated Amortisation Period</p> <p>On each Payment Date during the Accelerated Amortisation Period, the Management Company, acting for and on behalf of the Issuer, shall give the instructions to the Account Bank for the application of the available amounts standing to the credit of the General Collection Account (taking into account, on the first Payment Date during the Accelerated Amortisation Period, the amounts forming part of the former Interest Ledger and the former Principal Ledger and after all monies standing to the credit of the General Reserve Account (if any) (excluding any interest and income accrued on Authorised Investments) have been transferred to the General Collection Account) towards the Accelerated Priority of Payments on each Payment Date.</p> <p><b><i>There is no cash trapping.</i></b></p>	
42	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<p><b>PCS Comment</b></p> <p>See section, SOURCES OF FUNDS TO PAY THE RATED NOTES, CASHFLOWS, CALCULATIONS, DISTRIBUTIONS AND PRIORITY OF PAYMENTS</p> <p>Priority of Payments</p> <p>Priority of Payments during the Accelerated Amortisation Period</p> <p><b><i>Distributions are made sequentially.</i></b></p>	
43	<b>STS criteria</b>	

	43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	
	Verified?	Yes
	PCS Comment	
	<p>See section, SOURCES OF FUNDS TO PAY THE RATED NOTES, CASHFLOWS, CALCULATIONS, DISTRIBUTIONS AND PRIORITY OF PAYMENTS</p> <p>Priority of Payments</p> <p><b><i>Repayment is not reversed in both Priority of Payments during the Revolving Period and the Amortisation Period and the Accelerated Amortisation Period</i></b></p>	
44	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	
	Verified?	Yes
	PCS Comment	
	<p>See Risk Factors</p> <p>3. RISK FACTORS RELATING TO THE PURCHASED RECEIVABLES</p> <p>3.18 Market value of the Purchased Receivables</p> <p>No provision of the Transaction Documents shall require automatic liquidation of the Purchased Receivables at market value.</p>	



45	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Not applicable as transaction is sequential pay. The Notes will amortise sequentially.</p> <p>See also section, SOURCES OF FUNDS TO PAY THE RATED NOTES, CASHFLOWS, CALCULATIONS, DISTRIBUTIONS AND PRIORITY OF PAYMENTS</p> <p>Priority of Payments</p> <p>The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment.</p> <p><b><i>The Transaction does not have such non-sequential priorities and so no examination of triggers is required.</i></b></p>	

46	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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> <ul style="list-style-type: none"> <li>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</li> <li>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</li> <li>(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</li> <li>(d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</li> </ul>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section GLOSSARY OF TERMS</p> <p>"Revolving Period" means the period beginning on the Closing Date and ending on the earlier of:</p> <ul style="list-style-type: none"> <li>(a) the Scheduled Revolving Period End Date (included);</li> <li>(b) the date (excluded) on which an Amortisation Event occurs;</li> <li>(c) the date (excluded) on which an Accelerated Amortisation Event occurs;</li> <li>(d) the date (excluded) on which the Management Company issues an Issuer Liquidation Notice.</li> </ul> <p>See section, OPERATION OF ISSUER</p> <p>Revolving Period</p> <p>Amortisation Event</p> <p>The occurrence of any of the following events during the Revolving Period shall constitute an "Amortisation Event":</p> <ul style="list-style-type: none"> <li>(a) a Purchase Shortfall occurs;</li> <li>(b) a Seller Event of Default occurs;</li> <li>(c) a Servicer Termination Event occurs;</li> <li>(d) the Average Delinquency Ratio exceeds 4.5%;</li> <li>(e) any debit to the Class C Principal Deficiency Sub-Ledger remains after application of the Interest Priority of Payment (provided that such event will be deemed to have occurred on the corresponding Calculation Date);</li> <li>(f) the credit rating of the Swap Counterparty (i) is below the Swap Counterparty Required Ratings and (ii) such Swap Counterparty is not replaced or guaranteed by a third party with the Swap Counterparty Required Ratings in accordance with the provisions of the Swap Agreement or otherwise fails to post any Swap Collateral in accordance the provisions of the Swap Agreement; or</li> <li>(g) the Cumulative Gross Loss Ratio exceeds 2%</li> </ul>	

47	<div> <div>STS criteria</div> <div>SEE RELATED EBA GUIDELINES</div> </div> <div>47. (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</div> <div> <div>Verified?</div> <div>Yes</div> </div> <div> <div>PCS Comment</div> <div> <p>see criterion 46 above.</p> <p>See section, OPERATION OF ISSUER</p> <p>Revolving Period</p> <p>Amortisation Event</p> <p>The occurrence of any of the following events during the Revolving Period shall constitute an "Amortisation Event":</p> <p>(d) the Average Delinquency Ratio exceeds 4.5%;</p> <p>(g) the Cumulative Gross Loss Ratio exceeds 2% .</p> </div> </div>
48	<div> <div>STS criteria</div> <div>SEE RELATED EBA GUIDELINES</div> </div> <div>48. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</div> <div> <div>Verified?</div> <div>Yes</div> </div> <div> <div>PCS Comment</div> <div> <p>see criterion 46 above.</p> <p>See section, OPERATION OF ISSUER</p> <p>Revolving Period</p> <p>Amortisation Event</p> <p>The occurrence of any of the following events during the Revolving Period shall constitute an "Amortisation Event":</p> <p>(b) a Seller Event of Default occurs;</p> <p>(c) a Servicer Termination Event occurs;</p> <p>"Seller Event of Default" means the occurrence of any of the following events:</p> <p>(a) the Seller becomes Insolvent;</p> <p>(b) in respect of the breach of a monetary obligation pursuant to any Transaction Document to which it is a party, the Seller has not remedied such breach in a satisfactory manner within five (5) Business Days after notification in writing to the Seller by the Management Company;</p> </div> </div>

	<p>(c) any breach by the Seller of any of its obligations (other than a payment obligation), representations, warranties or undertakings made or given by the Seller in any Transaction Documents to which it is a party (other than the Receivables Warranties) or any such representation, warranty or undertaking (other than the Receivables Warranties) ceases to be accurate or is false or incorrect (when made or repeated) or has been breached and, where such false or incorrect representation or warranty or breached undertaking can be corrected or remedied by the Seller, is not corrected or remedied by the Seller within:</p> <p>(i) twenty(20) Business Days; or</p> <p>(ii) sixty (60) calendar days if the breach is due to force majeure or technical reasons,</p> <p>after the earlier of (1) the date on which it is aware of such misrepresentation or such breach and (2) receipt of notification in writing to the Seller by the Management Company to remedy such false or incorrect representation or warranty or breached non-monetary obligation or undertaking and such misrepresentation or such breach is, in the opinion of the Management Company, of a kind which may result in the ratings of the Rated Notes being placed on "negative outlook" or as the case may be on "rating watch negative" or on "review for possible downgrade" or a withdrawal or downgrade of their current rating.</p> <p>"Servicer Termination Event" means the occurrence of any of the following events:</p> <p>(a) the Servicer becomes Insolvent;</p> <p>(b) in respect of the breach of a monetary obligation pursuant to any Transaction Document to which it is a party, the Servicer has not remedied such breach in a satisfactory manner within five (5) Business Days after notification in writing to the Servicer by the Management Company;</p> <p>(c) the Servicer fails to deliver the Monthly Servicer Report on the fifth (5th) Business Day before a Payment Date and such failure is not remedied before the fifth (5th) Business Day falling before the immediately following Payment Date; or</p> <p>(d) any breach by the Servicer of any of its obligations (other than a payment obligation), representations, warranties or undertakings made or given by the Servicer in any Transaction Documents to which it is a party or any such representation, warranty or undertaking ceases to be accurate or is false or incorrect (when made or repeated) or has been breached and, where such false or incorrect representation or warranty or breached undertaking can be corrected or remedied by the Servicer, is not corrected or remedied by the Seller within:</p> <p>(i) twenty (20) Business Days; or</p> <p>(ii) sixty (60) calendar days if the breach is due to force majeure or technical reasons,</p> <p>after the earlier of (1) the date on which it is aware of such misrepresentation or such breach and (2) receipt of notification in writing to the Servicer by the Management Company to remedy such false or incorrect representation or warranty or breached non-monetary obligation or undertaking and such misrepresentation or such breach is, in the opinion of the Management Company, of a kind which may result in the ratings of the Rated Notes being placed on "negative outlook" or as the case may be on "rating watch negative" or on "review for possible downgrade" or a withdrawal or downgrade of their current rating..</p>		
49	<b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a>		
	49. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);		
	<table border="1"> <tr> <td data-bbox="208 1069 1153 1123"><b>Verified?</b></td><td data-bbox="1153 1069 2114 1123"><b>Yes</b></td></tr> </table>	<b>Verified?</b>	<b>Yes</b>
<b>Verified?</b>	<b>Yes</b>		
	<b>PCS Comment</b>		
	<p>see 46 above.</p> <p>See section, OPERATION OF ISSUER</p> <p>Revolving Period</p> <p>Amortisation Event</p>		

	<p>The occurrence of any of the following events during the Revolving Period shall constitute an "Amortisation Event":</p> <p>(a) a Purchase Shortfall occurs;</p> <p>(e) any debit to the Class C Principal Deficiency Sub-Ledger remains after application of the Interest Priority of Payment (provided that such event will be deemed to have occurred on the corresponding Calculation Date);</p> <p>See section, GLOSSARY OF TERMS</p> <p>"Purchase Shortfall" means, on any Calculation Date, an event which occurs when on three (3) successive Purchase Dates, the aggregate Outstanding Balance of the Performing Receivables (after taking into account the Additional Receivables offered to be purchased on such Purchase Date and excluding any Reassigned Receivables to be reassigned to or repurchased by the Seller on the Payment Date immediately following such Purchase Date is less than or equal to 90 per cent. of the aggregate of the Initial Principal Amount of the Notes. The Purchase Shortfall will be then deemed to have occurred on the Calculation Date falling on the calendar month immediately following such third Purchase Date.</p>
50	<p><b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a></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>
	<p><b>Verified?</b> <b>Yes</b></p>
	<p><b>PCS Comment</b></p>
	<p>see criterion 49 above.</p>

51	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>For Servicer: SERVICING OF THE PURCHASED RECEIVABLES-The Master Servicing Agreement.</p> <p>For Management Company: THE TRANSACTION PARTIES, The Management Company, Duties of the Management Company.</p> <p>For Custodian: THE TRANSACTION PARTIES, Custodian, Duties of the Custodian.</p> <p>For Data Protection Agency: The Transaction Parties, –The Data Protection Agent. Data Protection Agreement</p> <p>For Statutory Auditor: The Transaction Parties, The Statutory Auditor to the Issuer.</p>	
52	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See SERVICING OF THE PURCHASED RECEIVABLES – The Master Servicing Agreement:</p> <p>Servicer Termination Events</p> <p>Crédipar in its capacity as Servicer has undertaken not to request the termination of the Master Servicing Agreement, so that the administration, recovery and collection of the Receivables will be carried out and continued by the Servicer until the Issuer Liquidation Date.</p> <p>The Management Company may terminate the appointment of the Servicer following the occurrence of any of the following events, each of which constitutes a "Servicer Termination Event":</p> <p>Within thirty (30) calendar days of the occurrence of a Servicer Termination Event, the Management Company shall appoint a substitute servicer (the "Substitute Servicer"). The termination of the appointment of the Servicer will become effective as soon as the Substitute Servicer being appointed has effectively started to carry out its duties.</p> <p>The application of the above provisions shall be subject the following conditions precedent:</p> <p>(i) the substitution is made in accordance with the legislative and regulatory conditions applicable at the time of such substitution (in particular any data protection regulations);</p> <p>(ii) the Substitute Servicer takes over and is able to perform all the obligations, rights and prerogatives of the initial servicer in respect of the servicing, recovery and Collections of the Purchased Receivables;</p>	

	<p>(iii) the Rating Agencies have received prior notice of such substitution; and</p> <p>(iv) the substitution, in the reasonable opinion of the Management Company, is in the interests of the Noteholders.</p> <p>See RISK FACTORS</p> <p>4.12 Substitution of the Servicer</p>						
53	<p><b>STS criteria</b></p> <p><a href="#">SEE RELATED EBA GUIDELINES</a></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"> <tr> <td><b>Verified?</b></td><td><b>Yes</b></td></tr> <tr> <td colspan="2"><b>PCS Comment</b></td></tr> <tr> <td colspan="2"> <p>For Issuer Accounts:</p> <p>see the DESCRIPTION OF THE ISSUER ACCOUNTS</p> <p>Issuer Account Bank:</p> <p>Downgrading of the credit rating of the Account Bank</p> <p>Pursuant to the Account Bank Agreement if at any time the Account Bank ceases to be an Eligible Counterparty, the Management Company shall within sixty (60) calendar days (unless the Management Company can find an irrevocable and unconditional guarantor which is an Eligible Counterparty), terminate the appointment of the Account Bank and appoint a new Account Bank that is an Eligible Counterparty.</p> <p>See GLOSSARY OF TERMS</p> <p>"Eligible Counterparty" means any entity with:</p> <p>(a) a Critical Obligations Rating of at least A(high) or a long-term unsecured, unguaranteed and unsubordinated debt obligations which are rated at least A from DBRS or if the relevant entity has no rating from DBRS, at least a DBRS Equivalent Rating of A; and</p> <p>(b) a long-term issuer credit rating of at least A from S&amp;P.</p> <p>See section, THE SWAP AGREEMENT</p> <p>Termination of the interest rate hedge</p> <p>Upon early termination of the Swap Agreement, endeavours will be made by the Management Company on behalf of the Issuer to execute a replacement swap agreement with an acceptable counterparty having the Swap Counterparty Required Ratings.</p> </td></tr> </table>	<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>		<p>For Issuer Accounts:</p> <p>see the DESCRIPTION OF THE ISSUER ACCOUNTS</p> <p>Issuer Account Bank:</p> <p>Downgrading of the credit rating of the Account Bank</p> <p>Pursuant to the Account Bank Agreement if at any time the Account Bank ceases to be an Eligible Counterparty, the Management Company shall within sixty (60) calendar days (unless the Management Company can find an irrevocable and unconditional guarantor which is an Eligible Counterparty), terminate the appointment of the Account Bank and appoint a new Account Bank that is an Eligible Counterparty.</p> <p>See GLOSSARY OF TERMS</p> <p>"Eligible Counterparty" means any entity with:</p> <p>(a) a Critical Obligations Rating of at least A(high) or a long-term unsecured, unguaranteed and unsubordinated debt obligations which are rated at least A from DBRS or if the relevant entity has no rating from DBRS, at least a DBRS Equivalent Rating of A; and</p> <p>(b) a long-term issuer credit rating of at least A from S&amp;P.</p> <p>See section, THE SWAP AGREEMENT</p> <p>Termination of the interest rate hedge</p> <p>Upon early termination of the Swap Agreement, endeavours will be made by the Management Company on behalf of the Issuer to execute a replacement swap agreement with an acceptable counterparty having the Swap Counterparty Required Ratings.</p>	
<b>Verified?</b>	<b>Yes</b>						
<b>PCS Comment</b>							
<p>For Issuer Accounts:</p> <p>see the DESCRIPTION OF THE ISSUER ACCOUNTS</p> <p>Issuer Account Bank:</p> <p>Downgrading of the credit rating of the Account Bank</p> <p>Pursuant to the Account Bank Agreement if at any time the Account Bank ceases to be an Eligible Counterparty, the Management Company shall within sixty (60) calendar days (unless the Management Company can find an irrevocable and unconditional guarantor which is an Eligible Counterparty), terminate the appointment of the Account Bank and appoint a new Account Bank that is an Eligible Counterparty.</p> <p>See GLOSSARY OF TERMS</p> <p>"Eligible Counterparty" means any entity with:</p> <p>(a) a Critical Obligations Rating of at least A(high) or a long-term unsecured, unguaranteed and unsubordinated debt obligations which are rated at least A from DBRS or if the relevant entity has no rating from DBRS, at least a DBRS Equivalent Rating of A; and</p> <p>(b) a long-term issuer credit rating of at least A from S&amp;P.</p> <p>See section, THE SWAP AGREEMENT</p> <p>Termination of the interest rate hedge</p> <p>Upon early termination of the Swap Agreement, endeavours will be made by the Management Company on behalf of the Issuer to execute a replacement swap agreement with an acceptable counterparty having the Swap Counterparty Required Ratings.</p>							

54	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See the Master Servicer Agreement</p> <p>Schedule 2</p> <p>Part A</p> <p>Representations, warranties and undertakings of the Servicer</p> <p>(g) Expertise: it has been servicing receivables of a similar nature as the Receivables for not less than five (5) years</p> <p><b><i>The EBA Guidelines provide that an entity that has serviced similar assets for at least five years will be deemed to meet the expertise criterion.</i></b></p> <p><b><i>CIFD has serviced residential mortgages for longer than five years as represented in the Servicing Agreement.</i></b></p>	
55	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See the section, THE SELLER.</p> <p>The Seller</p> <p>General</p> <p>The Seller is Crédi-par.</p> <p>Crédi-par is duly incorporated as a société anonyme under the laws of France and is duly authorised as a credit institution (établissement de crédit) with the status of a bank (banque) by the ACPR. The registered office of the Seller is located at 2-10 Boulevard de l'Europe, 78300 Poissy, France. Crédi-par is registered with the Trade and Companies Registry of Versailles under number 317 425 981.</p> <p><b>PCS has also reviewed due diligence materials satisfying this point.</b></p>	



56	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	56. The transaction documentation shall set out in clear and consistent terms definitions	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>see section, SERVICING OF THE PURCHASED RECEIVABLES</p> <p>Master Servicing Agreement</p> <p>Duties of the Servicer</p> <p>Servicing Procedures</p> <p>The Servicer has undertaken to the Management Company that it will devote to the performance of its obligations under the Master Servicing Agreement at least the same amount of time and attention and overall diligence that it would normally exercise for the administration, recovery and collection of its own assets similar to the Purchased Receivables and with the due care that would be exercised by a prudent and informed manager.</p> <p>The Servicer has undertaken under the Master Servicing Agreement to strictly comply with the Servicing Procedures. The Servicer may amend or replace the Servicing Procedures at any time in accordance with the Master Servicing Agreement, provided that the Management Company and the Rating Agencies are informed of any substantial amendments to or substitution of the Servicing Procedures and such amendments or substitution do not result in the downgrade of the credit ratings of the Rated Notes. The Servicer has covenanted that when amending the Servicing Procedures, it shall act in a commercially prudent and reasonable manner.</p> <p>See GLOSSARY OF TERMS</p> <p>“Servicing Procedures” means the administration and servicing procedures of Crédipar for receivables of a similar nature to the Purchased Receivables, as supplemented by the procedures which have been defined between the Management Company and the Servicer pursuant to the Master Servicing Agreement and which must be applied by the Servicer for the administration, recovery and collection of any Purchased Receivable, as may be amended from time to time, which set out, inter alia, 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.</p> <p>See also the Master Servicing Agreement, Schedule 1, Servicing Procedures</p> <p><b><i>The relevant documents satisfy that the criterion is met.</i></b></p>	
57	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See criterion 56 above.	

58	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	
	58. The transaction documentation shall clearly specify the priorities of payment,	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section -: SOURCES OF FUNDS TO PAY THE RATED NOTES, CASHFLOWS, CALCULATIONS, DISTRIBUTIONS AND PRIORITY OF PAYMENTS</p> <p>Allocation of the Available Collections on the Specially Dedicated Account</p> <p>Pursuant to the terms of the Issuer Regulations the Management Company shall:</p> <p>(a) calculate the Available Collections for each Collection Period on the basis of the information provided to it by the Servicer in the Monthly Servicer Report; and</p> <p>(b) give the appropriate instructions for the allocations and payments with respect to the Issuer on each Settlement Date and each Payment Date, as applicable, during the Revolving Period, the Amortisation Period or the Accelerated Amortisation Period.</p> <p>Priority of Payments</p> <p>The Management Company, acting for and on behalf of the Issuer, shall ensure that all payments will be made by the Issuer in a due and timely manner in accordance with the relevant Priority of Payments.</p> <p>Priority of Payments during the Revolving Period and the Amortisation Period</p> <p>Priority of Payments during the Accelerated Amortisation Period</p> <p>The Prospectus cites the Issuer Regulations.</p> <p><b>PCS has reviewed the underlying document to satisfy itself that this criterion is met</b></p>	
59	<b>STS criteria</b>	
	59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See: SOURCES OF FUNDS TO PAY THE RATED NOTES, CASHFLOWS, CALCULATIONS, DISTRIBUTIONS AND PRIORITY OF PAYMENTS</p> <p>Priority of Payments</p> <p>The Management Company, acting for and on behalf of the Issuer, shall ensure that all payments will be made by the Issuer in a due and timely manner in accordance with the relevant Priority of Payments.</p> <p>Priority of Payments during the Revolving Period and the Amortisation Period</p> <p>During the Revolving Period and the Amortisation Period and prior to the occurrence of an Accelerated Amortisation Event, the Management Company will on behalf of the Issuer apply:</p>	

The prospectus cites the Issuer Regulations

Priority of Payments during the Accelerated Amortisation Period

On any Payment Date during the Accelerated Amortisation Period, the Management Company will apply the Available Distribution Amount in the following order of priority:

"Revolving Period" means the period beginning on the Closing Date and ending on the earlier of:

- (a) the Scheduled Revolving Period End Date (included);
- (b) the date (excluded) on which an Amortisation Event occurs;
- (c) the date (excluded) on which an Accelerated Amortisation Event occurs;
- (d) the date (excluded) on which the Management Company issues an Issuer Liquidation Notice.

See OPERATION OF THE ISSUER

Amortisation Period

General

During the Amortisation Period, the Issuer shall not be entitled to purchase Additional Receivables and shall repay the Notes in accordance with the Principal Priority of Payments applicable during the Amortisation Period.

Duration of the Amortisation Period

The amortisation period (the "Amortisation Period") is the period beginning, subject to no Accelerated Amortisation Event having occurred during the Revolving Period or to the absence of issuance of an Issuer Liquidation Notice by the Management Company, on the earlier of:

- (a) the day (included) immediately following the Scheduled Revolving Period End Date;
- (b) the date (included) on which an Amortisation Event occurs,

and ending on the earlier of:

- (a) the date (excluded) on which an Accelerated Amortisation Event occurs;
- (b) the date (included) on which the Principal Outstanding Amount of the Notes of all Classes is equal to zero;
- (c) the date (excluded) on which the Management Company issues an Issuer Liquidation Notice; and
- (d) the Final Maturity Date (included).

Amortisation Event

The occurrence of any of the following events during the Revolving Period shall constitute an "Amortisation Event":

- (a) a Purchase Shortfall occurs;
- (b) a Seller Event of Default occurs;c
- (c) a Servicer Termination Event occurs;
- (d) the Average Delinquency Ratio exceeds 4.5%;

	<p>(e) any debit to the Class C Principal Deficiency Sub-Ledger remains after application of the Interest Priority of Payment (provided that such event will be deemed to have occurred on the corresponding Calculation Date);</p> <p>(f) the credit rating of the Swap Counterparty (i) is below the Swap Counterparty Required Ratings and (ii) such Swap Counterparty is not replaced or guaranteed by a third party with the Swap Counterparty Required Ratings in accordance with the provisions of the Swap Agreement or otherwise fails post any Swap Collateral collateral in accordance the provisions of the Swap Agreement; or</p> <p>(g) the Cumulative Gross Loss Ratio exceeds 2% .</p> <p>Accelerated Amortisation Period</p> <p>General</p> <p>Upon the occurrence of an Accelerated Amortisation Event, the Revolving Period or, as the case may be, the Amortisation Period, will automatically terminate and the Accelerated Amortisation Period will commence.</p> <p>Accelerated Amortisation Event</p> <p>An "Accelerated Amortisation Event" shall occur when the Issuer defaults in the payment of any interest on the Most Senior Class of Notes when the same becomes due and payable and such default continues for a period of five (5) Notes Business Days</p> <p><b><i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</i></b></p>		
60	STS criteria		
	60. The transaction documentation shall clearly specify the obligation to report such events.		
	<table border="1"> <tr> <td data-bbox="210 826 1153 853">Verified?</td><td data-bbox="1153 826 2119 853">Yes</td></tr> </table>	Verified?	Yes
Verified?	Yes		
	PCS Comment		
	<p>See Terms and Conditions of the Notes (10) which states:</p> <p>10. ACCELERATED AMORTISATION</p> <p>If an Accelerated Amortisation Event occurs or the Management Company issues an Issuer Liquidation Notice, the Revolving Period or the Amortisation Period, as the case may be, shall automatically terminate and the Accelerated Amortisation Period shall irrevocably start. All Rated Notes will become due and payable and will be redeemed by the Issuer in accordance with the Accelerated Priority of Payments.</p> <p>The occurrence of an Accelerated Amortisation Event shall be reported to the Noteholders without undue delay in accordance with Condition 13 (Notice to the Noteholders).</p> <p>The Prospectus also cites the Issuer Regulations.</p> <p>See also section, SECURITISATION REGULATION COMPLIANCE</p> <p>Investor Report</p> <p>In accordance with Article 7(1)(e) of the Securitisation Regulation, simultaneously with the publication of the Underlying Exposures Report, the Reporting Entity shall make available the Investor Report to the Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors, which shall contain:</p> <p>(b) updated information in relation to the occurrence of any of the rating triggers and non-rating triggers including the occurrence of:</p>		

	<p>(i) an Amortisation Event which shall terminate the Revolving Period and shall trigger the commencement of the Amortisation Period;</p> <p>(ii) an Accelerated Amortisation Event which shall terminate the Revolving Period or the Amortisation Period, as applicable, and shall trigger the commencement of the Accelerated Amortisation Period and the allocation of the Available Distribution Amount in accordance with the Accelerated Priority of Payments;</p> <p>(c) updated information in relation to the occurrence of an Issuer Liquidation Event;</p> <p><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b></p>	
61	<b>STS criteria</b>	
	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.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See Terms and Conditions of the Rated Notes 11 (c)(D)(v) which states:</p> <p>(v) Notice to Noteholders</p> <p>Any amendment to the Priority of Payments following an Extraordinary Resolution passed at a General Meeting or a Written Resolution which will materially adversely affect the repayment of the Rated Notes shall be reported to the Noteholders and investors without undue delay in accordance with Condition 13 (Notice to the Noteholders).</p> <p><b>PCS has indeed identified the existence of such a covenant as set out in the Terms and Conditions of the Notes.</b></p>	

62	Legislative text – Article 21 - Requirements relating to standardisation	<a href="#">GO TO TABLE OF CONTENTS</a>
	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	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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><i>The EBA requirements are met:</i></p> <p>(a) <i>method of convening meeting –Conditions of the Notes, 11</i></p> <p>(b) <i>maximum time –Conditions of the Notes 11(b) General Meetings of the Noteholders of each Class Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 13 (Notice to the Noteholders):</i></p> <p>(a) <i>at least thirty (30) clear days (and no more than sixty (60) clear days) (exclusive of the day on which the notice is given and of the day of the meeting) prior to the date of an initial General Meeting (exclusive of the day on which the notice is given and of the day of the meeting).</i></p> <p>(b) <i>at least ten (10) clear days (exclusive of the day on which the notice is given and of the day of the meeting), in case of a second convocation, prior to the date of the reconvened General Meeting if adjourned through want of quorum (and no more than twenty (20) clear days in the case of an initial adjournment of a meeting at which an Extraordinary Resolution is to be proposed).</i></p> <p>(c) <i>quorum – Terms and Conditions of the Notes 11</i></p> <p>(d) <i>Minimum threshold of votes –Terms and Conditions of the Notes 11- required majority</i></p> <p>(e) <i>location –Condition of the Notes, 11 France</i></p> <p><i>Although the wording of the Regulation as to what constitutes the “facilitation of timely resolution of conflicts” is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.</i></p> <p>(a) <i>the method for calling meetings; as for method:</i></p> <p>(b) <i>the maximum timeframe for setting up a meeting:</i></p> <p>(c) <i>the required quorum:</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: extraordinary:</i></p> <p>(e) <i>where applicable, a location for the meetings which should be in the EU:</i></p>	
63	Legislative text – Article 21 - Requirements relating to standardisation	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	

	<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
	63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
	<b>Verified?</b>		<b>Yes</b>
	<b>PCS Comment</b>		
	THE TRANSACTION PARTIES – Management Company Duties of the Management Company THE TRANSACTION PARTIES – Custodian		

64	<b>Legislative text – Article 22 - Requirements relating to transparency</b>		<a href="#">GO TO TABLE OF CONTENTS</a>
	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.		
	<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
	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,		
	<b>Verified?</b>	Yes	
65	<b>PCS Comment</b>		
	See section, HISTORICAL INFORMATION DATA		
	<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
	65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.		
	<b>Verified?</b>	Yes	
66	<b>PCS Comment</b>		
	See 64 above. HISTORICAL INFORMATION DATA Historical performance data presented hereafter is relative to the entire portfolio of auto leases granted by the Seller to individuals (Consumer Auto Lease Contracts) and professionals (Professional Auto Lease Contracts) in order to finance the purchase of New Cars for the periods and as at the dates stated therein. The tables below were prepared by the Seller based on its internal records.		
	<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
	66. Those data shall cover a period no shorter than five years.		
	<b>Verified?</b>	Yes	
	<b>PCS Comment</b>		
	See criterion 64 above.		



67	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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,	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See STATISTICAL INFORMATION RELATING TO THE PORTFOLIO OF RECEIVABLES</p> <p>Article 22(2) of the Securitisation Regulation requires that: "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." On 12 December 2018 the European Banking Authority issued guidance on the STS criteria for non-ABCP securitisation stating that, for the purposes of Article 22(2) of the Securitisation Regulation, confirmation that this verification has occurred should be included in the offering circular or in the transaction documentation and that the confirmation that the verification has occurred should indicate which parameters have been subject to the verification and the criteria that have been applied for determining the representative sample. Accordingly, an independent third party has performed agreed-upon procedures on a statistical sample randomly selected out of Crédipar's eligible auto lease receivables (in existence on March 2021) for the Securitisation Transaction. The size of the sample has been determined on the basis of a confidence level of 95% and a maximum error rate of 1% The procedures tested certain Eligibility Criteria as well as the consistency of data as recorded in the systems of Crédipar with the data as provided for in the underlying Auto Lease Contracts. The portfolio agreed-upon procedures include the review of 32 lease characteristics, which include but were not limited to the contract identification number, the usage type, the payment frequency, the original term, the Residual Value Purchase Option Price, the rental instalments, the Outstanding Balance, the Implicit Interest Rate, the vehicle model and the engine type. This independent third party has also performed agreed-upon procedures in order to re-calculate the stratification tables disclosed in this section and to verify eligibility criteria that are able to be tested. The third party undertaking the review has reported the factual findings to the parties to the engagement letter. Crédipar has reviewed the reports of such independent third party and has not identified any adverse findings following such verification exercise. The third party undertaking the review only accepts a duty of care to the parties to the engagement letters governing the performance of the agreed-upon procedures and to the fullest extent permitted by law shall have no responsibility to anyone else in respect of the work it has performed or the reports it has produced save where terms are expressly agreed.</p> <p>Crédipar has caused the verification required under Article 22(2) of the Securitisation Regulation to be carried out by an appropriate and independent third party, including verification that the stratification tables in respect of the receivables set out in this section are accurate.</p> <p><b>PCS has reviewed the "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS can confirm that this was done by an auditing firm of international repute</b></p>	
68	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	68. Including verification that the data disclosed in respect of the underlying exposures is accurate.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See criterion 67 above.	

69	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Information available prior to the pricing of the Rated Notes in accordance with Article 7(1) and Article 22 of the Securitisation Regulation</p> <p>Prior to the pricing of the Rated Notes, the Seller has undertaken to make available (i) the draft STS notification to potential investors in accordance with Article 7(1)(d) and Article 22(5) of the Securitisation Regulation), (ii) the Static and Dynamic Historical Data to potential investors in accordance with Article 22(1) of the Securitisation Regulation, and (iii) the Liability Cash Flow Model to potential investors (and after pricing upon their request)in accordance with Article 22(3) of the Securitisation Regulation and (iv) necessary information for the production of an Underlying Exposures Report by the Management Company with a selection of Receivables which are representative of the portfolio that will sold to the Issuer on the Closing Date) to potential investors upon their request in accordance with Article 22(5) of the Securitisation.</p> <p>See section, GLOSSARY OF TERMS</p> <p>“Liability Cash Flow Model” means, pursuant to Article 22(3) of the Securitisation Regulation, the liability cash flow model which precisely represents the contractual relationship between the Purchased Receivables and the payments flowing between the Seller, the other relevant Transaction Parties and the Issuer.</p> <p>To verify this criterion, PCS will require to see the model. It will then require a statement by the originator that the model was circulated as required by the criterion.</p> <p>PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.</p> <p><b><i>Having seen the model, read a statement in the Prospectus that the model will be made available in accordance with the requirements of the criteria, and assessed the firm responsible for the model, PCS is prepared to verify this criterion.</i></b></p>	
70	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Information after pricing of the Rated Notes in accordance with Article 7(1) and Article 22 of the Securitisation Regulation</p> <p>Liability Cash Flow Model</p>	

In accordance with Article 22(3) of the Securitisation Regulation, the Seller has undertaken to make the Liability Cash Flow Model available to the Noteholders on an ongoing basis and to potential investors upon request.

Though technically covering the period between pricing and close and on an ongoing basis, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.

Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.

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.

***PCS notes the existence of such covenant.***

71	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<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).</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Information and Disclosure Requirements in accordance with the Securitisation Regulation</p> <p>Information available prior to the pricing of the Rated Notes in accordance with Article 7(1) and Article 22 of the Securitisation Regulation</p> <p>Prior to the pricing of the Rated Notes, the Seller has undertaken to make available (i) the draft STS notification to potential investors in accordance with Article 7(1)(d) and Article 22(5) of the Securitisation Regulation), (ii) the Static and Dynamic Historical Data to potential investors in accordance with Article 22(1) of the Securitisation Regulation, and (iii) the Liability Cash Flow Model to potential investors (and after pricing upon their request) in accordance with Article 22(3) of the Securitisation Regulation and (iv) necessary information for the production of an Underlying Exposures Report by the Management Company with a selection of Receivables which are representative of the portfolio that will sold to the Issuer on the Closing Date) to potential investors upon their request in accordance with Article 22(5) of the Securitisation.</p> <p>Prior to the pricing of the Rated Notes, the Management Company has undertaken to make available to potential investors and to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation, on the EDW Website , (i) the draft version of the documents listed in item 18 of the section "General Information" below in accordance with Article 7(1)(b) and Article 22(5) of the Securitisation Regulation and (ii) the Underlying Exposures Report with a selection of Receivables which are representative of the portfolio that will be sold to the Issuer on the Closing Date to potential investors upon their request in accordance with Article 22(5) of the Securitisation Regulation.</p> <p>Underlying Exposures Report</p> <p>In accordance with Article 7(1)(a) of the Securitisation Regulation, at least quarterly and no later than one (1) month after the relevant Payment Date, the Reporting Entity shall make available the Underlying Exposures Report to the Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors.</p> <p>In accordance with Article 22(4) of the Securitisation Regulation, the Seller shall provide the Reporting Entity with any available information related to the environmental performance of the Cars to be published in the Underlying Exposures Report.</p> <p>See section, SALE AND PURCHASE OF THE SERIES OF RECEIVABLES</p> <p>Representations, warranties and undertakings of the Seller</p> <p>Other covenants</p> <p>(z) Securitisation Regulation information undertakings:</p> <p>(iii) until the earlier of the date on which all the Rated Notes have been redeemed in full and the Final Maturity Date, in accordance with Article 22(4) of the Securitisation Regulation, to provide the Reporting Entity with any available information related to the environmental performance of the Cars to be published in the Underlying Exposures Report.</p>	

	<p>"Underlying Exposures Report" means, pursuant to Article 7(1)(a) of the Securitisation Regulation, the monthly lease by lease report prepared by the Reporting Entity with respect to the Purchased Receivables using the form of the relevant Annex(es) specified in Article 2(1) of the Disclosure RTS applicable to the Issuer, the Seller and the Series of Receivables.</p>
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72	<p>Legislative text – <i>Article 22 - Requirements relating to transparency</i></p> <p><a href="#">GO TO TABLE OF CONTENTS</a></p> <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> <p>STS criteria</p> <p>72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>Information and Disclosure Requirements in accordance with the Securitisation Regulation</p> <p>Responsibility and delegation</p> <p>In accordance with Article 22(5) of the Securitisation Regulation and pursuant to the terms of the Master Purchase Agreement, the Seller shall be responsible for the information provided in accordance with Article 7 (Transparency requirements for originators, sponsors and SSPEs) of the Securitisation Regulation</p>
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73	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>	
	<b>STS criteria</b>	
	<p>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.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Information available prior to the pricing of the Rated Notes in accordance with Article 7(1) and Article 22 of the Securitisation Regulation</p> <p>Prior to the pricing of the Rated Notes, the Seller has undertaken to make available (i) the draft STS notification to potential investors in accordance with Article 7(1)(d) and Article 22(5) of the Securitisation Regulation, (ii) the Static and Dynamic Historical Data to potential investors in accordance with Article 22(1) of the Securitisation Regulation, and (iii) the Liability Cash Flow Model to potential investors (and after pricing upon their request) in accordance with Article 22(3) of the Securitisation Regulation and (iv) necessary information for the production of an Underlying Exposures Report by the Management Company with a selection of Receivables which are representative of the portfolio that will sold to the Issuer on the Closing Date) to potential investors upon their request in accordance with Article 22(5) of the Securitisation.</p> <p>Prior to the pricing of the Rated Notes, the Management Company has undertaken to make available to potential investors and to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation, on the EDW Website (i) the draft version of the documents listed in item 18 of the section "General Information" below in accordance with Article 7(1)(b) and Article 22(5) of the Securitisation Regulation and (ii) the Underlying Exposures Report with a selection of Receivables which are representative of the portfolio that will be sold to the Issuer on the Closing Date to potential investors upon their request in accordance with Article 22(5) of the Securitisation Regulation.</p> <p>See section, GLOSSARY OF TERMS</p> <p>"Underlying Exposures Report" means, pursuant to Article 7(1)(a) of the Securitisation Regulation, the monthly lease by lease report prepared by the Reporting Entity with respect to the Purchased Receivables using the form of the relevant Annex(es) specified in Article 2(1) of the Disclosure RTS applicable to the Issuer, the Seller and the Series of Receivables.</p>	
74	<b>STS criteria</b>	
	<p>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.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation</p> <p>Information available prior to the pricing of the Rated Notes in accordance with Article 7(1) and Article 22 of the Securitisation Regulation</p> <p>Prior to the pricing of the Rated Notes, the Seller has undertaken to make available (i) the draft STS notification to potential investors in accordance with Article 7(1)(d) and Article 22(5) of the Securitisation Regulation, (ii) the Static and Dynamic Historical Data to potential investors in accordance with Article 22(1) of the Securitisation Regulation, and (iii) the Liability Cash Flow Model to potential investors (and after pricing upon their request) in accordance with Article 22(3) of the Securitisation Regulation and (iv) necessary information for the production of an Underlying Exposures Report by the Management Company with a selection of Receivables which are representative of the portfolio that will sold to the Issuer on the Closing Date) to potential investors upon their request in accordance with Article 22(5) of the Securitisation.</p>	

	<p>Prior to the pricing of the Rated Notes, the Management Company has undertaken to make available to potential investors and to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation, on the EDW Website , (i) the draft version of the documents listed in item 18 of the section "General Information" below in accordance with Article 7(1)(b) and Article 22(5) of the Securitisation Regulation and (ii) the Underlying Exposures Report with a selection of Receivables which are representative of the portfolio that will be sold to the Issuer on the Closing Date to potential investors upon their request in accordance with Article 22(5) of the Securitisation Regulation.</p>
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75	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	22.5. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.	
	<b>STS criteria</b>	
	75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Availability of certain documents</p> <p>For the purpose of Article 22(5) and Article 7(1)(b) of the Securitisation Regulation, certain documents shall be made available to investors, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors, at the latest fifteen days after the Closing Date, (i) for so long as no Securitisation Repository is registered in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, on the EDW Website, and (ii) if a Securitisation Repository is registered with ESMA in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, by means of such Securitisation Repository, as set out in item 18 of the section “General Information” below.</p> <p><b>PCS notes the existence of such covenant.</b></p>	

76	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>	
	<b>STS criteria</b>	
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Information available after pricing of the Rated Notes in accordance with Article 7(1) and Article 22 of the Securitisation Regulation</p> <p>Underlying Exposures Report</p> <p>In accordance with Article 7(1)(a) of the Securitisation Regulation, at least quarterly and no later than one (1) month after the relevant Payment Date, the Reporting Entity shall make available the Underlying Exposures Report to the Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors.</p>	



	<b>PCS notes the existence of a covenant.</b>
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<b>77</b>	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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"> <li>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</li> <li>(ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</li> <li>(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;</li> <li>(iv) the servicing, back-up servicing, administration and cash management agreements;</li> <li>(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;</li> <li>(vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;</li> </ul>	
	<b>STS criteria</b>	
	<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> <p>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Availability of certain documents</p> <p>For the purpose of Article 22(5) and Article 7(1)(b) of the Securitisation Regulation, certain documents shall be made available to investors, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors, at the latest fifteen days after the Closing Date, (i) for so long as no Securitisation Repository is registered in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, on the EDW Website, and (ii) if a Securitisation Repository is registered with ESMA in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, by means of such Securitisation Repository, as set out in item 18 of the section "General Information" below.</p> <p>See General Information 18</p>	
<b>78</b>	<b>STS criteria</b>	
	<p>78. (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See criterion 77 above.</p>	

79	<b>STS criteria</b>
	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;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> See criterion 77 above.
80	<b>STS criteria</b>
	80. (iv) the servicing, back-up servicing, administration and cash management agreements;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> See criterion 77 above.
81	<b>STS criteria</b>
	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;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> See criterion 77 above.
82	<b>STS criteria</b>
	82. (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> See criterion 77 above.

83	Legislative text – <i>Article 22 - Requirements relating to transparency</i>		<a href="#">GO TO TABLE OF CONTENTS</a>
	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 criterion 77 above. Refer to the Issuer Regulations as cited in the Prospectus for Priority of Payments.		

84	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>(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:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</li> <li>(iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</li> <li>(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;</li> </ul>	
	<b>STS criteria</b>	
	<p>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:</p> <p>(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;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Not applicable.</p>	
	<b>STS criteria</b>	
	<p>85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Not applicable.</p>	
	<b>STS criteria</b>	
	<p>86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>Not applicable.</p>	
	<b>STS criteria</b>	
	<p>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;</p>	

	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	Not applicable.	

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		
	See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation		
	STS statement		
	Pursuant to Article 18 (Use of the designation 'simple, transparent and standardised securitisation') of the Securitisation Regulation, a number of requirements must be met if an originator and an SSPE (as defined in the Securitisation Regulation) wish to use the designation 'STS' or 'simple, transparent and standardised' for securitisation transactions initiated by them.		
	The Seller, as originator, will submit an STS notification to ESMA in accordance with Article 27 (STS notification requirements) of the Securitisation Regulation on the Closing Date, pursuant to which compliance with the requirements of Articles 19 to 22 of the Securitisation Regulation will be notified with the intention that the Securitisation Transaction is included in the list administered by ESMA within the meaning of Article 27(5) of the Securitisation Regulation. The STS notification will be available for download on the website of ESMA		

89	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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"> <li>(i) all materially relevant data on the credit quality and performance of underlying exposures;</li> <li>(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;</li> <li>(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.</li> </ul>	
	<b>STS criteria</b>	
	<p>89. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Investor Report</p> <p>In accordance with Article 7(1)(e) of the Securitisation Regulation, simultaneously with the publication of the Underlying Exposures Report, the Reporting Entity shall make available the Investor Report to the Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors, which shall contain:</p> <ul style="list-style-type: none"> <li>(a) all materially relevant data on the credit quality and performance of the Purchased Receivables;</li> <li>(b) updated information in relation to the occurrence of any of the rating triggers and non-rating triggers including the occurrence of: <ul style="list-style-type: none"> <li>(i) an Amortisation Event which shall terminate the Revolving Period and shall trigger the commencement of the Amortisation Period;</li> <li>(ii) an Accelerated Amortisation Event which shall terminate the Revolving Period or the Amortisation Period, as applicable, and shall trigger the commencement of the Accelerated Amortisation Period and the allocation of the Available Distribution Amount in accordance with the Accelerated Priority of Payments;</li> </ul> </li> <li>(c) updated information in relation to the occurrence of an Issuer Liquidation Event;</li> <li>(d) updated information in relation to the Principal Deficiency Ledger (including each sub-ledger per each Class of Notes);</li> <li>(e) updated calculations of the Cumulative Gross Loss Ratio;</li> <li>(f) information on the then current ratings of: <ul style="list-style-type: none"> <li>(i) the Account Bank;</li> <li>(ii) the Specially Dedicated Account Bank;</li> <li>(iii) the Swap Counterparty;</li> </ul> </li> <li>(g) the replacement of any of the Transaction Parties; and</li> <li>(h) information about the risk retained by the Seller, including information as to which of the approaches provided for in Article 6(3) of the Securitisation Regulation has been applied, in accordance with Article 6 (Risk retention) of the Securitisation Regulation.</li> </ul>	

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

94	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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>	
	<b>STS criteria</b>	
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Inside Information Report</p> <p>In accordance with Article 7(1)(f) of the Securitisation Regulation, the Reporting Entity shall make available, without delay, to the Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors, any inside information relating to the securitisation established pursuant to the Transaction Documents that the Seller or the Issuer is obliged to make public in accordance with Article 17 (Public disclosure of inside information) of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation, , in the form of the Inside Information Report.</p>	



95	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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"> <li>(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;</li> <li>(ii) a change in the structural features that can materially impact the performance of the securitisation;</li> <li>(iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;</li> <li>(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;</li> <li>(v) any material amendment to transaction documents.</li> </ul>	
	<b>STS criteria</b>	
	<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>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.</p> <p>Significant Event Report</p> <p>In accordance with Article 7(1)(g) of the Securitisation Regulation, the Reporting Entity shall make available, without delay, to Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors, any. Significant Securitisation Event in the form of the Significant Event Report</p>	
	<b>96 STS criteria</b>	
	<p>96. (ii) a change in the structural features that can materially impact the performance of the securitisation;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See criterion 95 above.</p>	
	<b>97 STS criteria</b>	
	<p>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;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See criterion 95 above.</p>	
	<b>98 STS criteria</b>	

	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 criterion 95 above.	
99	STS criteria	
	99. (v) any material amendment to transaction documents.	
	Verified?	Yes
	PCS Comment	
	See criterion 95 above.	

100	Legislative text – Article 22 - Requirements relating to transparency		<a href="#">GO TO TABLE OF CONTENTS</a>
	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		
	See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation.		
	Underlying Exposures Report		
In accordance with Article 7(1)(a) of the Securitisation Regulation, at least quarterly and no later than one (1) month after the relevant Payment Date, the Reporting Entity shall make available the Underlying Exposures Report to the Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors.			
Investor Report			
In accordance with Article 7(1)(e) of the Securitisation Regulation, simultaneously with the publication of the Underlying Exposures Report, the Reporting Entity shall make available the Investor Report to the Noteholders, to the competent authorities referred to in Article 29 (Designation of competent authorities) of the Securitisation Regulation and, upon request, to potential investors, which shall contain:			

101	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>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</p> <p>When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.</p> <p>In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.</p> <p>Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.</p>	
	<b>STS criteria</b>	
	<p>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</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See criteria 94 and 95 above.</p>	

102	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<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.</p> <p>The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p> <p>Or</p> <p>Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> <li>(a) includes a well-functioning data quality control system;</li> <li>(b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website;</li> <li>(c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk;</li> <li>(d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and</li> <li>(e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation.</li> </ul>	
	<p><b>STS criteria</b></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.</p> <p>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>Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> <li>(a) includes a well-functioning data quality control system;</li> <li>(b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website;</li> <li>(c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk;</li> <li>(d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and</li> <li>(e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation</li> </ul>	
	<b>Verified?</b>	<b>Yes</b>
	<p><b>PCS Comment</b></p> <p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation</p> <p>For the purpose of compliance with Article 7(2) of the Securitisation Regulation, the Seller (as originator) and the Management Company of the Issuer (as SSPE) have, in accordance with Article 7(2) of the Securitisation Regulation, designated amongst themselves the Issuer, represented by the Management Company as the Reporting Entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of Article 7(1) of the Securitisation Regulation.</p> <p>If a Securitisation Repository is registered with ESMA in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, the Reporting Entity shall make the information required under the Securitisation Regulation available by means of such Securitisation Repository.</p> <p>For so long as no Securitisation Repository is registered in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, the Reporting Entity shall make the information required under the Securitisation Regulation available via the EDW Website, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation.</p>	

103	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<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.</p> <p>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>		
<b>STS criteria</b>		
<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>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section, Information and Disclosure Requirements in accordance with the Securitisation Regulation</p> <p>For the purpose of compliance with Article 7(2) of the Securitisation Regulation, the Seller (as originator) and the Management Company of the Issuer (as SSPE) have, in accordance with Article 7(2) of the Securitisation Regulation, designated amongst themselves the Issuer, represented by the Management Company as the Reporting Entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of Article 7(1) of the Securitisation Regulation.</p> <p>If a Securitisation Repository is registered with ESMA in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, the Reporting Entity shall make the information required under the Securitisation Regulation available by means of such Securitisation Repository.</p> <p>For so long as no Securitisation Repository is registered in accordance with Article 10 (Registration of a securitisation repository) of the Securitisation Regulation, the Reporting Entity shall make the information required under the Securitisation Regulation available via the EDW Website, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation.</p> <p>In accordance with Article 7(2) of the Securitisation Regulation and pursuant to the terms of the Master Purchase Agreement, the Seller shall delegate to the Reporting Entity the release of the reports and information prepared in accordance with Article 7(1) of the Securitisation Regulation.</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,	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
2	<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>	
	<p><b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b></p> <p><b>True sale, assignment or transfer with the same legal effect</b></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	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<b><i>True sale, assignment or transfer with the same legal effect</i></b>	
	<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>	



2b	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<b><i>True sale, assignment or transfer with the same legal effect</i></b>	
	<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	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<b><i>True sale, assignment or transfer with the same legal effect</i></b>	
	<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>	

  

4	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<b><i>Severe deterioration in the seller credit quality standing</i></b>	
	<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>	
	<b><i>Insolvency of the seller</i></b>	
	<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>	

5	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	

6	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>	
	<b>Clear eligibility criteria</b>	
	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.	

7	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>	
	<b>Active portfolio management</b>	
	<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	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<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	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	

10,	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
11	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p><b><i>Contractually binding and enforceable obligations</i></b></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,	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
13	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p><b><i>Exposures with periodic payment streams</i></b></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	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>	
	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.	
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15	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>No resecuritisation (Article 20(9))</b>	
	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.	
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16	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	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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17	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	37. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:	
	(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;	
	(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;	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.4 Underwriting standards, originator’s expertise (Article 20(10))</b>	
	<b><i>No less stringent underwriting standards</i></b>	
	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.	
	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.	



18	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.4 Underwriting standards, originator's expertise (Article 20(10))</b>	
	<b><i>Disclosure of material changes from prior underwriting standards</i></b>	
	<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>	

19	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	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.	
	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;	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.4 Underwriting standards, originator's expertise (Article 20(10))</b>	
	<b>Residential loans</b>	
	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.	
	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.	
	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.	
	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.	

20	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	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.	
	37. (e) clarification of the criterion with respect to the assessment of a borrower's creditworthiness based on equivalent requirements in third countries;	
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21	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.4 Underwriting standards, originator's expertise (Article 20(10))</b>	
	<b>Similar exposures</b>	
	<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 201(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.

23	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
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	<p><b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b></p> <p><b>Exposures in default</b></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>	

24	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
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	<b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	<b><i>Exposures to a credit-impaired debtor or guarantor</i></b>	
	<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>	
	<b><i>To the best of the originator’s or original lender’s knowledge</i></b>	
	<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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26	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
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	<b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b></p> <p><b><i>Exposures to credit-impaired debtors or guarantors that have undergone a debt-restructuring process</i></b></p> <p>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.</p>	

29	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
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	<p><b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b></p> <p><b><i>Credit registry</i></b></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>	



30	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>	
	<b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:	
	(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) 2017/2402, 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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	<b>Risk of contractually agreed payments not being made being significantly higher than for comparable exposures</b>	
	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:	
	(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.	
	45. The requirement in the previous paragraph should be considered to have been met where either of the following applies:	
	(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;	
	(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.	

31	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>	
	<b>At least one payment made (Article 20(12))</b>	
	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.	
	42. To facilitate consistent interpretation of this criterion, its scope and the types of payments referred to therein should be further clarified.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.6 At least one payment made (Article 20(12))</b>	
	<b>Scope of the criterion</b>	
	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.	
	<b>At least one payment</b>	
	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.	

32	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>	
	<p><b>No predominant dependence on the sale of assets (Article 20(13))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.7 No Predominant dependence on the sale of assets</b></p> <p><b><i>Predominant dependence on the sale of assets</i></b></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><b><i>Exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402</i></b></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	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Risk retention (Article 21(1))</b>	
	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.	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	

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	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b>	
	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.	
	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.	
	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.	
	52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:	
	(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'.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b>	
	<b>Appropriate mitigation of interest-rate and currency risks</b>	
	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.	
	52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:	
	(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;	
	(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;	
	(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.	

	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	<p><b>Article 21 - Requirements relating to standardisation</b></p> <p><b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b></p> <p><b>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></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> <p><b>EBA Final non-ABCP STS Guidelines</b></p> <p><b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></p> <p><b>Appropriate mitigation of interest-rate and currency risks</b></p> <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>	<a href="#">BACK TO CHECKLIST</a>
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36	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></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,	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
38	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></p> <p><b>Derivatives</b></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	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b></p> <p><b>Common standards in international finance</b></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	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Referenced interest payments (Article 21(3))</b>	
	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.	
	54. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:	
	(a) the scope of the criterion (by specifying the common types and examples of interest rates captured by this criterion);	
	(b) the term 'complex formulae or derivatives'.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.2 Referenced interest payments (Article 21(3))</b>	
	<b><i>Referenced rates</i></b>	
	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:	
	(a) interbank rates including the Libor, Euribor and other recognised benchmarks;	
	(b) rates set by monetary policy authorities, including FED funds rates and central banks' discount rates;	
	(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.	
	<b><i>Complex formulae or derivatives</i></b>	
	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.	



41	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b></p> <p><b><i>Exceptional circumstances</i></b></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><b><i>Amount trapped in the SSPE in the best interests of investors</i></b></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	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</b> <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>	
	<b>EBA Final non-ABCP STS Guidelines</b> <b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b> <b>Repayment</b> <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	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>EBA Final non-ABCP STS Guidelines</b> <b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b> <b>Liquidation of the underlying exposures at market value</b> <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	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Non-sequential priority of payments (Article 21(5))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.4 Non-sequential priority of payments (Article 21(5))</b>	
	<b>Performance-related triggers</b>	
	<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, 47, 48, 49, 50	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>	
	<p>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.</p> <p>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.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	

<b>5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>		
<b><i>Insolvency-related event with regard to the servicer</i></b>		
<p>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:</p> <p>(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;</p> <p>(b) it should trigger the termination of the revolving period.</p>		

51, 52, 53	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Transaction Documentation (Article 21(7))</b>	
	<p>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.</p> <p>64. This criterion is considered sufficiently clear and no further guidance is considered necessary.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	

54	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Expertise of the Servicer (Article 21(8))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>5.8 Expertise of the servicer (Article 21(8))</b></p> <p><b><i>Criteria for determining the expertise of the servicer</i></b></p> <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	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Expertise of the Servicer (Article 21(8))</b></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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>Expertise of the Servicer (Article 21(8))</b></p> <p><b><i>Well-documented and adequate policies, procedures and risk management controls</i></b></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,	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
57	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Remedies and actions related to delinquency and default of debtor (Article 21(9))</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.7 Remedies and actions related to delinquency and default of debtor (Article 21(9))</b>	
	<b><i>Clear and consistent terms</i></b>	
	<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,	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
63	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Resolution of conflicts between different classes of investors</b>	
	<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>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.8 Resolution of conflicts between different classes of investors (Article 20(10))</b>	
	<b><i>Clear provisions facilitating the timely resolution of conflicts between different classes of investors</i></b>	
	<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"> <li>(a) the method for calling meetings or arranging conference calls;</li> <li>(b) the maximum timeframe for setting up a meeting or conference call;</li> <li>(c) the required quorum;</li> <li>(d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision;</li> <li>(e) where applicable, a location for the meetings which should be in the Union.</li> </ul> <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,	<b>Article 22 - Requirements relating to transparency</b>	<a href="#">BACK TO CHECKLIST</a>
65,	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
66	<p><b>Data on historical default and loss performance (Article 22(1))</b></p> <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;</p> <p>(b) the term 'substantially similar exposures'.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>6.1 Data on historical default and loss performance (Article 22(1))</b></p> <p><b>Data</b></p> <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> <p><b>Substantially similar exposures</b></p> <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;</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>77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.</p>	



67, 68	<b>Article 22 - Requirements relating to transparency</b> <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	<a href="#">BACK TO CHECKLIST</a>
	<p><b>Verification of a sample of the underlying exposures (Article 22(2))</b></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"> <li>(a) requirements on the sample of the underlying exposures subject to external verification;</li> <li>(b) requirements on the party executing the verification;</li> <li>(c) scope of the verification;</li> <li>(d) requirement on the confirmation of the verification.</li> </ul>	
	<p><b>EBA Final non-ABCP STS Guidelines</b></p> <p><b>6.2 Verification of a sample of the underlying exposures (Article 22(2))</b></p> <p><b><i>Sample of the underlying exposures subject to external verification</i></b></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><b><i>Party executing the verification</i></b></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"> <li>(a) it has the experience and capability to carry out the verification;</li> <li>(b) it is none of the following: <ul style="list-style-type: none"> <li>(i) a credit rating agency;</li> <li>(ii) a third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402;</li> <li>(iii) an entity affiliated to the originator.</li> </ul> </li> </ul> <p><b><i>Scope of the verification</i></b></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"> <li>(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;</li> <li>(b) verification of the fact that the data disclosed to investors in any formal offering document in respect of the underlying exposures is accurate.</li> </ul> <p><b><i>Confirmation of the verification</i></b></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, 70	<b>Article 22 - Requirements relating to transparency</b> <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	<a href="#">BACK TO CHECKLIST</a>
	<b>Liability cashflow model (Article 22(3))</b> 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. 77. To facilitate consistent interpretation of this criterion, the following aspects should be clarified: (a) interpretation of the term ‘precise’ representation of the contractual relationships; (b) implications when the model is provided by third parties.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>Liability cash flow model (Article 22(3))</b> <b>Precise representation of the contractual relationship</b> 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. <b>Third parties</b> 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.	
71	<b>Article 22 - Requirements relating to transparency</b> <b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	<a href="#">BACK TO CHECKLIST</a>
	<b>Environmental performance of assets (Article 22(4))</b> 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. 79. To facilitate consistent interpretation of this criterion, the term ‘available information related to the environmental performance’ should be further clarified.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>Environmental performance of assets (Article 22(4))</b> <b>Available information related to the environmental performance</b> 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.	