

# **STS Term Verification Checklist**

## **BPCE CONSUMER LOANS FCT 2022**



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

21 July 2022



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

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

**This STS Term Verification Checklist must be read together with the PCS Procedures Manual and the PCS Term Evidentiary Standards Manual. This document is based upon the draft 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 Verification Checklist are based on PCS' interpretation of the STS Regulation (the "Regulation") informed by (a) the text of the Regulation itself, (b) the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") and (c) any relevant national competent authorities interpretation of the STS criteria to the extent known to PCS.**

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

**21 July 2022**



## STS Disclaimer

Neither an STS Verification, nor a CRR Assessment, nor an LCR Assessment is a recommendation to buy, sell or hold securities. None are investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and none are a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC).

PCS EU is authorised by the French *Autorité des Marchés Financiers* as a third-party verifying STS compliance pursuant to article 28 of Regulation (EU) 2017/2402 (the “**STS Regulation**”).

Neither CRR Assessments or LCR Assessments are endorsed or regulated by any regulatory and/or supervisory authority nor, other than as set out above, are the PCS Association or either of its subsidiaries, PCS UK and PCS EU, regulated by any regulator and/or supervisory authority including the Belgian Financial Services and Markets Authority, the United Kingdom Financial Conduct Authority, the French *Autorité des Marchés Financiers* or the European Securities and Markets Authority.

By assessing the STS or CRR status of any securities or financing, neither the PCS Association nor PCS UK nor PCS EU express any views about the creditworthiness of these securities or financings or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities or financings.

Equally, by completing (either positively or negatively) any STS or CRR status assessment of certain instruments, no statement of any kind is made as to the value or price of these instruments or the appropriateness of the interest rate they carry (if any).

In the provision of any STS Verification or CRR Assessment or LCR Assessment, PCS has based its decision on information provided directly and indirectly by the originator or sponsor of the relevant securitisation. Specifically, it has relied on statements made in the relevant prospectus or deal sheet, documentation and/or in certificates provided by, or on behalf of, the originator or sponsor in accordance with PCS' published procedures for the relevant PCS verification or assessment. You should make yourself familiar with these procedures to understand fully how any PCS service is completed. These can be found in the PCS website [www.pcsmarket.org](http://www.pcsmarket.org) (the “**PCS Website**”). Neither the PCS Association nor PCS UK nor PCS EU undertake their own direct verification of the underlying facts stated in the prospectus, deal sheet, documentation or certificates for the relevant instruments and the completion of any STS Verification or CRR Assessment or LCR Assessment is not a confirmation or implication that the information provided to it by or on behalf of the originator or sponsor is accurate or complete.

The PCS entities take reasonable measures to ensure the quality and accuracy of the information on the PCS Website. However, neither the PCS Association nor PCS UK nor PCS EU can be held liable in any way for the inaccuracy or incompleteness of any information that is available on or through the PCS Website. In addition, neither the PCS Association nor PCS UK nor PCS EU can in any way be held liable or responsible for the content of any other website linked to the PCS Website.

To understand the meaning and limitations of any STS Verification you must read the General Disclaimer that appears on the PCS Website.

When entering any of the “Transaction” sections of the PCS Website, you will be asked to declare that you are allowed to do so under the legislation of your country. The circulation and distribution of information regarding securitisation instruments (including securities) that is available on the PCS Website may be restricted in certain jurisdictions. Persons receiving any information or documents with respect to or in connection with instruments (including securities) available on the PCS Website are required to inform themselves of and to observe all applicable restrictions.

## Prime Collateralised Securities (PCS)

### STS Verification

Individual(s) undertaking the assessment	Daniele Vella
Date of Verification	21 July 2022
<b>The transaction to be verified (the “Transaction”)</b>	<b>BPCE CONSUMER LOANS FCT 2022</b>
Issuer	BPCE CONSUMER LOANS FCT 2022
Originators /Sellers	A number of “ <i>Banques Populaires</i> ” and “ <i>Caisses d’Epargne</i> ” (see list in Section “ <b>The Sellers</b> ”)
Senior Lead Manager and Sponsor	BPCE
Joint Lead Managers	Natixis and UniCredit Bank AG
Transaction Legal Counsel	Orrick Herrington & Sutcliffe (Europe) LLP
Rating Agencies	DBRS and Moody’s
Stock Exchange	Paris Stock Exchange (Euronext Paris)
Closing Date	21 July 2022

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

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

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

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

Article	Summary of article contents	Checklist Points	
<b>Article 20 – Simplicity</b>			
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	✓
<b>Article 21 – Standardisation</b>			
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	✓
<b>Articles 22 and 7 – Transparency</b>			
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>
<p>20.1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.</p>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See “Assignment of the Consumer Loan Receivables and Ancillary Rights” in the Section “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS – I. PURCHASE OF THE CONSUMER LOAN RECEIVABLES” pursuant to which:</p> <p>&lt;&lt;The assignment of the Consumer Loan Receivables subject to any Consumer Loan Receivables Purchase Offer shall take effect between the Issuer and the relevant Seller and be enforceable against third parties (for the avoidance of doubt, including, without limitation, the Borrowers) at the date affixed by the Management Company on the relevant Transfer Document upon its delivery by the Seller (or the Transaction Agent, acting on behalf of such Seller), irrespective of the date on which the said Consumer Loan Receivables came into existence or their maturity or due date, without any further formalities being required, and irrespective of the law governing the said Consumer Loan Receivables or the debtor’s place of residence (quelle que soit la date de naissance, d’échéance ou d’exigibilité des créances, sans qu’il soit besoin d’autre formalité, et ce quelle que soit la loi applicable aux créances et la loi du pays de résidence des débiteurs) in accordance with the provisions of articles L. 214-169 and D. 214-227 of the French Monetary and Financial Code. (...)&gt;&gt;.</p> <p>Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation risks is made in the Legal Opinion.</p> <p>PCS has been provided with and reviewed a draft of the French law legal opinion issued by Orrick Herrington &amp; Sutcliffe (Europe) LLP.</p> <p>“True sale” is not a legal concept but a rating agency creation.</p> <p>The essence of a “true sale” is that the property in the securitised assets has legally moved from the originator(s)/seller to the SSPE in such a way that the SSPE’s ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator(s)/seller. In a “true sale” the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller’s creditor out of the proceeds of the securitised assets. Following a “true sale” there is no legal device by which the assets can automatically revert to the originator/seller’s ownership. Such automatic reversion is associated with security interests and anathema to a “true sale”.</p> <p>This is clearly stated in the wording of the Regulation (20.1). The expression “transfer to the same effect” indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.</p> <p>The legal opinion from Orrick Herrington &amp; Sutcliffe (Europe) LLP confirmed that the assignment from the Sellers to the Issuer meets the definition of “true sale” outlined above and also contains the assessments required by the EBA Guidelines, including a specific assessment and comfort on the re-characterisation risk.</p> <p>The issue of “true sale” is separate from the issue of “clawback”. “Clawback” refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale - even in cases where a “true sale” has taken place.</p> <p>All European jurisdictions, to PCS’ knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from “defrauding” its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.</p> <p>The Regulation (20.1) therefore does not require STS “true sales” to be fully clawback-proof, since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to “severe clawback”. The Regulation does not define “severe clawback” but gives an example (20.2) where a clawback may occur.</p> <p>The Regulation (20.3) also explicitly excludes from the definition of “severe clawback” the traditional European basis for such devices which all come under the general category of “preferences”.</p>		

	<p>PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis.</p> <p>Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.</p> <p>Based on the above considerations, PCS believes that transfers from a jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:</p> <ul style="list-style-type: none"> <li>• Clawback requires an unfair preference “defrauding” creditors;</li> <li>• 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.</li> </ul> <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 (“<b>COMI</b>”) or its “<b>home member state</b>”.</p> <p>The second step would be to determine whether the relevant COMI and/or “home member state” contains severe claw back provisions in its insolvency legislation.</p> <p>Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.</p> <p>In the case of the Transaction, the Originators are incorporated in France and licensed as credit institutions by the French <i>Autorité de Contrôle Prudentiel et de Résolution</i> and title to the assets is transferred by means of assignments governed by French law to a French <i>Fonds Commun de Titrisation</i>.</p> <p>As outlined in the Prospectus and in the French legal opinion, in the case of a transfer which is made to a French <i>Fonds Commun de Titrisation</i> and governed by the specific mode of transfer provided for by French securitisation law, such law specifically excludes the application of the French law clawback provision providing that certain contracts entered into during the hardening period may be nullified if the counterparty of the insolvent entity was aware of its state of insolvency. The potential application of the clawback provision providing for the nullity of unbalanced contractual arrangements entered into during the hardening period is not excluded, but its purpose is to protect creditors from unfair preferences. Therefore, the transfer is not, in our view, subject to “severe clawback”, and is a “true sale”.</p>	
2	<p><b>STS criteria</b></p>	<p><a href="#">SEE RELATED EBA GUIDELINES</a></p>
	<p>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.</p>	
	<p><b>Verified?</b></p>	<p><b>Yes</b></p>
	<p><b>PCS Comment</b></p> <p>Each of the Sellers is incorporated and authorised as a credit institution in France (see section “DESCRIPTION OF THE RELEVANT ENTITIES - The Sellers” of the Prospectus) and in case of insolvency of any of them, French law would be applicable to the relevant insolvency actions.</p> <p>In the Republic of France, no severe claw-back provisions apply to assignments of receivables made in the context of securitisation transactions.</p>	

2a	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>20.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:</p> <p>(a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;</p> <p>(b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
<p>Neither provision applies.</p> <p>In the Republic of France, no severe claw-back provisions apply to assignments of receivables made in the context of securitisation transactions.</p>		

2b	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>20.3. For the purpose of paragraph 1, clawback provisions in national insolvency laws that allow the liquidator or a court to invalidate the sale of underlying exposures in case of fraudulent transfers, unfair prejudice to creditors or of transfers intended to improperly favour particular creditors over others, shall not constitute severe clawback provisions.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
<p>See comments to points above.</p>		

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



See also “Consumer Loan Receivable Eligibility Criteria” where it is required that each of the Home Loans is originated as follows: <<(xii) such Consumer Loan Receivable has been disbursed in full by the relevant Seller (or, if different, the originator being any other entity of the BPCE Group which has transferred the Consumer Loan Receivable to such Seller through merger) to the relevant Borrower and any initial grace period (période de franchise) thereunder has expired; (...)>>.

It is also noted the following statement contained in Section “Other Representations and Warranties of the Sellers relating to the Consumer Loan Receivables”:

<<(d) **Mergers:** in relation to any Consumer Loan Receivable originated by any other entity of the BPCE Group and which has been transferred to the relevant Seller through merger: (i) such merger was implemented either between two or more caisses d’épargne et de prévoyance regulated by articles L. 512-87 et seq. of the French Monetary and Financial Code or between two or more banques populaires regulated by articles L. 512-2 et seq. of the French Monetary and Financial Code, thus between two or more entities of the BPCE Group applying the Credit Guidelines and Servicing Procedures and in each case geographically close; (ii) accordingly, prior to such merger, such Consumer Loan Receivable had been originated pursuant to the Credit Guidelines and had been managed in accordance with the Servicing Procedures; and (iii) to the best of its knowledge, there is no pending litigation the effects of which could adversely affect the possibility for the transferor to transfer fully, definitively, irrevocably and without the possibility of revocation or nullity, such Consumer Loan Receivable to the relevant Seller through such merger;>>.

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>
<p><b>PCS Comment</b></p> <p>Article 20.5 does not apply as the transfer is perfected.</p> <p>See “Assignment of the Consumer Loan Receivables and Ancillary Rights” in the Section “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS – I. PURCHASE OF THE CONSUMER LOAN RECEIVABLES” pursuant to which &lt;&lt;The assignment of the Consumer Loan Receivables subject to any Consumer Loan Receivables Purchase Offer shall take effect between the Issuer and the relevant Seller and be enforceable against third parties (for the avoidance of doubt, including, without limitation, the Borrowers) at the date affixed by the Management Company on the relevant Transfer Document upon its delivery by the Seller (or the Transaction Agent, acting on behalf of such Seller), irrespective of the date on which the said Consumer Loan Receivables came into existence or their maturity or due date, without any further formalities being required, and irrespective of the law governing the said Consumer Loan Receivables or the debtor’s place of residence (quelle que soit la date de naissance, d’échéance ou d’exigibilité des créances, sans qu’il soit besoin d’autre formalité, et ce quelle que soit la loi applicable aux créances et la loi du pays de résidence des débiteurs) in accordance with the provisions of articles L. 214-169 and D. 214-227 of the French Monetary and Financial Code.&gt;&gt;.</p> <p>Criterion 4 requires two steps:</p> <ul style="list-style-type: none"> <li>- To determine whether the transfer of the assets is by means of an unperfected assignment; and</li> </ul>		

- If it is, whether the transaction contains the requisite triggers.

PCS has reached sufficient comfort that pursuant to French law, the notification to the obligors of the assignment of the receivables to the relevant SPV is not necessary in order to perfect the transfer of the legal title to such receivables from the seller to the SPV. Such notification, indeed, is necessary to make the assignment of the receivables enforceable against the relevant debtors and will be made only following the occurrence of certain events.

**Although the transfer is not notified to the Borrowers, the French legal opinion and Prospectus confirm that such notification is not required to fully perfect the transfer of ownership in the Receivables, since no further formalities are required in addition to the delivery of the Transfer Document (Acte de Cession de Créances), in accordance with the Consumer Loan Receivables Purchase and Servicing Agreement.**

**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 the R&amp;W of each Seller in the Consumer Loan Receivables Purchase and Servicing Agreement, as described in “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS – I. PURCHASE OF THE CONSUMER LOAN RECEIVABLES” that</p> <p><b>&lt;&lt;Consumer Loan Receivables Warranties</b></p> <p><i>Pursuant to the Consumer Loan Receivables Purchase and Servicing Agreement, each Seller represents and warrants on each Purchase Date (and it is determining condition (condition essentielle et déterminante) of the purchase of each Consumer Loan Receivable by the Issuer) in respect of any Consumer Loan Receivable which is to be assigned by that Seller to the Issuer on such date that (the Consumer Loan Receivables Warranties): (...)</i></p> <p><b>(c) Ownership of the Purchased Consumer Loan Receivables:</b> <i>the relevant Seller has full title to the Consumer Loan Receivable and the related Ancillary Rights immediately prior to their assignment and the status and enforceability of neither the Purchased Consumer Loan Receivable nor the related Ancillary Rights are subject to, either in whole or in part, any assignment, delegation or pledge, attachment, warranty claims, set-off or encumbrance of whatever type, in particular any rights of third parties, or otherwise in a condition, that can be foreseen to adversely affect the enforceability of the assignment of the Consumer Loan Receivable or any related Ancillary Right to the Issuer; (...)</i></p> <p><b>(i) Consumer Loan Agreements:</b> <i>each Consumer Loan Agreement: (...)</i></p> <p><i>(vi) does not require the relevant Borrower’s consent to be obtained before an assignment of the relevant Consumer Loan Receivable to the Issuer can occur; (...)&gt;&gt;.</i></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 "OVERVIEW OF THE TRANSACTION - Consumer Loan Receivable Eligibility Criteria", which contains the list of the eligibility criteria used to select the portfolio.</p> <p>See also "Consumer Loan Receivables Warranties" where it is represented that:</p> <p><i>&lt;&lt;(a) Eligibility Criteria: each Consumer Loan Receivable offered for purchase on any Purchase Date by the relevant Seller to the Issuer under the Consumer Loan Receivables Purchase and Servicing Agreement meets the Consumer Loan Receivable Eligibility Criteria, as of the relevant Selection Date immediately preceding such Purchase Date or as, the case may be, the relevant date specified therein;&gt;&gt;</i></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>PCS has read the Consumer Loan Receivable Eligibility Criteria in the Prospectus.</b></p> <p><b>As they are mandatory, they meet the "predetermined" requirement.</b></p> <p><b>As they are in the Prospectus and in Schedule 2 (CONSUMER LOAN RECEIVABLES ELIGIBILITY CRITERIA) of the Consumer Loans Purchase and Servicing Agreement, they meet the "documented" requirement.</b></p> <p><b>PCS has also concluded that they allow determination in each case, and so meet the "clear" requirement.</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 "OVERVIEW OF THE TRANSACTION - Re-transfers", and "DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - I. PURCHASE OF THE CONSUMER LOAN RECEIVABLES - Repurchase of the Purchased Consumer Loan Receivables".</p> <p>In particular it is stated that <i>&lt;&lt;(…) For the avoidance of doubt, re-transfers of Purchased Consumer Loan Receivables by the Issuer shall only occur in the circumstances pre-defined above or in case of liquidation of the Issuer, and in any such case of re-transfer, the Management Company shall not carry out any active management of the portfolio of Purchased Consumer Loan Receivables on a discretionary basis (meaning, (a) a management that would make the performance of the securitisation dependent both on the performance of the Purchased Consumer Loan Receivables and on the performance of the portfolio management of the securitisation or (b) a management performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit). &gt;&gt;</i>.</p>		

	It is also noted that pursuant to Clause 10.1 ( <i>Option to re-transfer or re-purchase certain Purchased Consumer Loan Receivables</i> ) of the Consumer Loan Receivables Purchase and Servicing Agreement and Clause 40 ( <i>Repurchase of the Purchased Consumer Loan Receivables</i> ) of the Issuer Regulations, which provide that although the transaction contemplates the option (but not the obligation) for the Sellers to repurchase certain Purchased Consumer Loan Receivables which raise management and/or operational issues for such Seller or the corresponding Servicer, such option shall only occur under certain specified conditions and not as a form of active management of the portfolio.	
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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>This is a revolving transaction and the exposures transferred after the Issue Date shall meet the eligibility criteria.</p> <p>See Clause 2.1 of the Consumer Loan Receivables Purchase and Servicing Agreement:</p> <p>&lt;&lt;2.1 Each Seller shall, on the First Purchase Date, and may, on any Subsequent Purchase Date, sell, and the Issuer agrees to purchase, in accordance with, and subject to, the provisions of the French Monetary and Financial Code and the terms and conditions specified in this Agreement, Consumer Loan Receivables and their Ancillary Rights arising under Consumer Loan Agreements.</p> <p>2.2 The Consumer Loan Receivables offered for sale by each Seller to the Issuer <u>shall satisfy the Consumer Loan Receivables Eligibility Criteria set out in Schedule 3 as of the Selection Date immediately preceding the Purchase Date on which such Consumer Loan Receivables are contemplated to be transferred or, as the case may be, the relevant date specified therein.</u>&gt;&gt;.</p> <p>See also “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - 1. PURCHASE OF THE CONSUMER LOAN RECEIVABLES - Consumer Loan Receivables Warranties” where it is stated that:</p> <p>&lt;&lt;Pursuant to the Consumer Loan Receivables Purchase and Servicing Agreement, each Seller represents and warrants on each Purchase Date (and it is determining condition (condition essentielle et déterminante) of the purchase of each Consumer Loan Receivable by the Issuer) in respect of any Consumer Loan Receivable which is to be assigned by that Seller to the Issuer on such date that (the Consumer Loan Receivables Warranties):</p> <p>(a) <b>Eligibility Criteria:</b> each Consumer Loan Receivable offered for purchase on any Purchase Date by the relevant Seller to the Issuer under the Consumer Loan Receivables Purchase and Servicing Agreement meets the Consumer Loan Receivable Eligibility Criteria, as of the relevant Selection Date immediately preceding such Purchase Date or as, the case may be, the relevant date specified therein.&gt;&gt;.</p>	

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

	<p>See "DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - 1. PURCHASE OF THE CONSUMER LOAN RECEIVABLES - Other Representations and Warranties of the Sellers relating to the Consumer Loan Receivables" where it is stated that:</p> <p>&lt;&lt;Under the Consumer Loan Receivables Purchase and Servicing Agreement, each Seller will also represent and warrant on each Purchase Date that: (...)</p> <p>(e) Homogeneity of the Purchased Consumer Loan Receivables: the portfolio of Purchased Consumer Loan Receivables transferred to the Issuer on each Purchase Date satisfies the homogeneous conditions of Article 1(a), (b) and (c) of 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 Homogeneity Commission Delegated Regulation). The Consumer Loan Receivables (i) <u>have been underwritten according to similar underwriting standards</u> which apply similar approaches to the assessment of credit risk associated with the Consumer Loan Receivables (as described in the Consumer Loan Receivables Purchase and Servicing Agreement) and without prejudice to article 9(1) of the EU Securitisation Regulation, (ii) <u>are serviced according to similar servicing procedures with respect to monitoring, collection and administration of Consumer Loan Receivables (as described in the Consumer Loan Receivables Purchase and Servicing Agreement)</u> and (iii) <u>fall within the same asset category, being that of "credit facilities provided to individuals for personal, family or household consumption purposes".&gt;&gt;.</u></p>	
10	<p><b>STS criteria</b></p> <p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See "DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - I. PURCHASE OF THE CONSUMER LOAN RECEIVABLES - Consumer Loan Receivables Warranties", §(i)(iii). In particular it is represented as follows:</p> <p>&lt;&lt;Pursuant to the Consumer Loan Receivables Purchase and Servicing Agreement, each Seller represents and warrants on each Purchase Date (and it is determining condition (condition essentielle et déterminante) of the purchase of each Consumer Loan Receivable by the Issuer) in respect of any Consumer Loan Receivable which is to be assigned by that Seller to the Issuer on such date that (the Consumer Loan Receivables Warranties): (...)</p> <p>(i) <u>Consumer Loan Agreements: each Consumer Loan Agreement:</u> (...)</p> <p>(iii) <u>for the purpose of article 20(8) of the EU Securitisation Regulation, constitutes the legal, valid, binding and enforceable contractual obligations of the relevant Borrower, with full recourse to the relevant Borrower (except that enforceability may be limited by (i) bankruptcy or insolvency of the Borrower or other laws relating to over-indebtedness (surendettement) or enforcement 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 Consumer Loan Agreement (provided they would not (A) affect the right of the Issuer to purchase the Consumer Loan Receivable as contemplated under the Consumer Loan Receivables Purchase and Servicing Agreement or (B) deprive the Issuer of its rights to receive principal and to receive interest as provided for under the Consumer Loan Receivable);&gt;&gt;.</u></p>	<p><a href="#">SEE RELATED EBA GUIDELINES</a></p>
11	<p><b>STS criteria</b></p> <p>11. With full recourse to debtors and, where applicable, guarantors.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See point 10 above. Additionally, the Consumer Loan Receivable Eligibility Criteria require that:</p>	<p><a href="#">SEE RELATED EBA GUIDELINES</a></p>

<p>&lt;&lt;(ii) in respect of any Consumer Loan Agreement entered into by several co-borrowers, these co-borrowers were, at the time such Consumer Loan Agreement has been executed, jointly and severally liable (co-débiteurs solidaires) for the full payment of the corresponding Consumer Loan Receivable;&gt;&gt;.</p> <p>See also the Consumer Loan Receivable Eligibility Criteria §(c)(xv) confirming the absence of guarantors:</p> <p>&lt;&lt;(xv) such Consumer Loan Receivable is not secured by a personal guarantee (caution personnelle) nor by a joint and several guarantee (cautionnement solidaire) granted by CASDEN or other guarantors;&gt;&gt;.</p>
---

<b>12</b>	<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>		Yes
<b>PCS Comment</b>		
See §(xi) of “Consumer Loan Receivable Eligibility Criteria”:		
<<(xi) such Consumer Loan Receivable has a defined periodic payment stream within the meaning of article 20(8) of the EU Securitisation Regulation as it gives rise to the payment of a constant monthly instalment consisting of principal and interest and, as applicable, fees and insurance premium (subject to any initial grace period (période de franchise) at inception as the case may be);>>.		
<b>13</b>	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
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.		
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
See point 12 above.		

<b>14</b>	<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>	
See §(xviii) of “Consumer Loan Receivable Eligibility Criteria”: <<(xviii) for the purpose of compliance with articles 20(8), 20(9) and 21(2) of the EU Securitisation Regulation, <u>no Consumer Loan Receivable shall include transferable securities</u> , as defined in point (44) of Article 4(1) of Directive 2014/65/EU nor any securitisation position nor any derivatives.>>.	

<b>15</b>	<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>		<b>Yes</b>
<b>PCS Comment</b>		
See §(xviii) of “Consumer Loan Receivable Eligibility Criteria”: <<(xviii) for the purpose of compliance with articles 20(8), 20(9) and 21(2) of the Securitisation Regulation, <u>no Consumer Loan Receivable shall include transferable securities</u> , as defined in point (44) of Article 4(1) of Directive 2014/65/EU nor <u>any securitisation position</u> nor any derivatives.>>.		

<b>16</b>	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<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.		
<b>STS criteria</b>		<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.		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
See “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - I. PURCHASE OF THE CONSUMER LOAN RECEIVABLES - Consumer Loan Receivables Warranties”, §(h). In particular, it is represented as follows: <<(h) <b>Lending procedures:</b> in compliance with article 20(10) of the EU Securitisation Regulation, prior to the date on which the Consumer Loan Receivable had been made available to the Borrower, all lending criteria and preconditions as applied by the relevant originator of the Consumer Loan Receivable in the ordinary course of its business pursuant to the Credit Guidelines were satisfied and the lending procedures applied to the Consumer Loan Receivable were not less stringent than the lending procedures applied to its consumer loans which are not securitised;>>.		

<b>17</b>	<b>STS criteria</b>	<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.	
<b>Verified?</b>	<b>Yes</b>
<b>PCS Comment</b>	
See the R&W quoted in comments to point 16 above.	

<b>18</b>	<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>		
See the covenant contained in §(i)(Credit Guidelines) of Schedule 13 (COVENANTS OF EACH SELLER) of the Consumer Loan Receivables Purchase and Servicing Agreement: <i>&lt;&lt;Credit Guidelines: (i) to comply with its Credit Guidelines with respect to each Borrower, Consumer Loan Agreement, Purchased Consumer Loan Receivable and Ancillary Right as if interests in such Purchased Consumer Loan Receivables would not be sold and assigned and had not been sold and assigned hereunder; (ii) not to materially amend the Credit Guidelines without a prior written notice to the Rating Agencies and the Management Company (provided that the Management Company shall, in turn, notify the Class A Noteholders of the same); (iii) to provide the Management Company with any explanation accounting for any material amendment to the Credit Guidelines (provided that the Management Company shall, in turn, make available through the Securitisation Repository the information about such modification and the related explanation received on a monthly basis and within one (1) month of each Payment falling (provided that such information shall be reported prior to such date, if necessary to make sure that such information is reported without undue delay)).&gt;&gt;.</i> The following risk factor is also noted (see “2.2 Reliance on the Credit Guidelines applied by the Sellers”): <i>&lt;&lt;Although article 20(10) of the EU Securitisation Regulation requires that the Sellers fully disclose to investors the Credit Guidelines pursuant to which the Consumer Loan Receivables are originated and any material changes thereto without undue delay, the Sellers retain the right to revise their Credit Guidelines from time to time.</i> <i>Evolving Credit Guidelines may lead to a change in the characteristics of the portfolio of Purchased Consumer Loan Receivables between the Issue Date and the end of the Revolving Period. These differences could result in faster or slower repayments or greater losses on the Class A Notes.</i> <i>In order to mitigate these risks, the Consumer Loan Receivable Eligibility Criteria (including the Eligible Borrower criteria) and the Portfolio Conditions aim at limiting the changes of the overall characteristics of the portfolio of Purchased Consumer Loan Receivables during the Revolving Period (see Section “THE UNDERLYING ASSETS” of this Prospectus). Additionally, for the purposes of article 20(8) of the EU Securitisation Regulation which requires the Transaction to be backed by a pool of underlying exposures that are homogeneous, each Seller represents and warrants on each Purchase Date, and it is a condition precedent to the purchase of Additional Consumer Loan Receivables on such Purchase Date, that the portfolio of Purchased Consumer Loan Receivables transferred to the Issuer on such Purchase Date satisfies the homogeneity conditions of Article 1(a), (b) and (c) of 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 and in particular that the Consumer Loan Receivables transferred to the Issuer on such Purchase Date have been underwritten according to similar underwriting standards which apply similar approaches to the assessment of credit risk associated with the Consumer Loan Receivables and without prejudice to article 9(1) of the EU Securitisation Regulation.&gt;&gt;.</i>		



<b>19</b>	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>20.10. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>The underlying assets are consumer loans. This requirement does not apply.</p>		

<b>20</b>	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>20.10. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>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.</p>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. As a general principle, European Directives, in contrast to Regulations, do not have direct and immediate effect but must be implemented into national law, in each member state.</p> <p>Therefore, if the assets concerned, as in the case of the Transaction, are consumer loans, the relevant provision is Article 8 of Directive 2008/48/EC</p> <p>The next step is to determine which French law transcribed this Directive into local law. In this respect, PCS has been informed that Directive 2008/48/EC has been transposed into French law by means of several implementing provisions regulating the “<i>crédit à la consommation</i>” at different times, including in the French consumer code.</p> <p>The Sellers have provided a representation that this requirement is satisfied: see §(c) in Section “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - 1. PURCHASE OF THE CONSUMER LOAN RECEIVABLES - Other Representations and Warranties of the Sellers relating to the Consumer Loan Receivables” where it is stated that:</p> <p>&lt;&lt;(c) <i>Credit-granting criteria: in compliance with articles 9(1) and 20(10) of the EU Securitisation Regulation:</i></p> <p><i>(i) it has applied to the Consumer Loan Receivables to be transferred by it to the Issuer the same sound and well-defined criteria for credit-granting which it applies to non-securitised Consumer Loan Receivables. To that end, the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Consumer Loan Receivables has been applied;</i></p> <p><i>(ii) such Seller 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 obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting his obligations under the Consumer Loan Agreement; and</i></p> <p><i>(iii) as French licensed credit institutions, such Seller has applied the requirements set out in Article 8 of Directive 2008/48/EC when assessing the credit worthiness of the relevant Borrower;</i>&gt;&gt;.</p>		

21	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<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.		
<b>STS criteria</b>		<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.		
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
<p>The Sellers have provided a representation that this requirement is satisfied: see §(c) in Section “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - 1. PURCHASE OF THE CONSUMER LOAN RECEIVABLES - Other Representations and Warranties of the Sellers relating to the Consumer Loan Receivables” where it is stated that:</p> <p><i>&lt;&lt;(b) Professional expertise: in compliance with article 20(10) of the EU Securitisation Regulation, its business or the business of the consolidated group to which it belongs for accounting or prudential purposes has included the origination of <u>receivables of a similar nature as the Consumer Loan Receivables</u> transferred by it to the Issuer, for at least five (5) years prior to the Issuer Establishment Date, where the expression “of a similar nature” refers to any credit facilities provided to individuals for personal, family or household consumption purposes;&gt;&gt;.</i></p>		

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>		Yes
<b>PCS Comment</b>		
<p>See in Glossary of Defined Terms the definition of Initial Selection Date, being close of business of 13 July 2022.</p> <p>See also in Glossary of Defined Terms the definition of “First Purchase Date”, which coincides with the “Issuer Establishment Date”, being on or about 21 July 2022.</p> <p>As for Subsequent Portfolios, the relevant definitions are those of Subsequent Selection Date and Subsequent Purchase Date.</p> <p>See also paragraph 2 of section “Description of certain Transaction Documents – I Purchase of the Consumer Loan Receivables – Procedure” of the Prospectus:</p> <p><i>&lt;&lt;The time necessary between the relevant Selection Date and the relevant Purchase Date has been determined based the technical constraints of the Sellers’ IT systems, without any undue delay;&gt;&gt;.</i></p> <p>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.</p> <p>The Prospectus sets out the relevant dates of the pool cuts (see definitions above) and the transfers, and these are less than few days apart. No undue delay, therefore, occurred or is expected to occur between selection and transfer, and this clearly satisfies the requirement.</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>	
See §(x) of "Consumer Loan Receivable Eligibility Criteria": <<(x) such Consumer Loan Receivable is not considered by the relevant Seller as being a defaulted receivable within the meaning of Article 178(1) of Regulation (EU) No 575/2013 (the "CRR") as further specified by the Delegated Regulation on the materiality threshold for credit obligations past due developed in accordance with Article 178 of the CRR and by the EBA Guidelines on the application of the definition of default developed in accordance with Article 178(7) of the CRR;>>.	

<b>24</b>	<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: (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: (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; (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 (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.		
<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>		
See the following "Consumer Loan Receivable Eligibility Criteria": <<(b) in respect of the relevant Borrower: (i) <u>the Main Borrower is an Eligible Borrower</u> ,>>.		
The definition of Eligible Borrower comprises the following requirement: <<"Eligible Borrower" refers to someone who complies with items (a) to (h) below as of the Selection Date immediately preceding such Purchase Date or, as the case may be, the relevant date specified below: (...)		

*(h) it is not a credit-impaired obligor, where a credit-impaired obligor is any obligor that, to the best of the Seller's knowledge:*

*(i) (1) has been declared insolvent (meaning for the purpose of this Consumer Loan Receivable Eligibility Criteria, being subject to a judicial liquidation proceedings (procédure de rétablissement personnel), pursuant to the provisions of Title IV of Livre VII of the French Consumer Code (or, before the 1st of July 2016, Titre III of Livre III of the French Consumer Code), to any insolvency proceeding pursuant to the provisions of articles L. 620-1 et seq. of the French Commercial Code or to a review by a jurisdiction pursuant to article 1343-5 of the French Civil Code (or, before the 1st of October 2016, article 1244-1 of the French Civil Code) before a court), or (2) had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment, in relation to each of items (1) and (2), within three (3) years prior to the date of origination of the relevant Consumer Loan Receivable, or (3) has undergone a debt restructuring process with regard to his non-performing exposures within three (3) years prior to the relevant Purchase Date;*

*(ii) was registered, at the time of origination, on an official registry of persons with adverse credit history (meaning for the purpose of this Consumer Loan Receivable Eligibility Criteria being registered in the Banque de France's FICP ("Fichier National des Incidents de remboursement des Crédits aux Particuliers") register); or*

*(iii) has on the Selection Date a credit assessment by an ECAI 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 relevant Seller which are not securitised,*

*within the meaning of article 20(11) of the EU Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto,*

*it being specified for the interpretation of the above that:*

*(A) the relevant Seller will not necessarily have been made aware of the occurrence of the events listed in (i) having occurred and the Seller's information may be limited to the period elapsed since the date such Seller first entered into an agreement with the Borrower, which may be shorter than three (3) years preceding the date of origination of the relevant Consumer Loan Receivable;*

*(B) the FICP register does not keep track of any historical information on the credit profile of the Borrower to the extent that the circumstances that would have justified its inclusion on the FICP register have disappeared;*

*(C) for the purpose of assessing whether the Borrower is not a credit-impaired obligor within the meaning of this Consumer Loan Receivable Eligibility Criteria, the relevant Seller only takes into account the internal Basel II credit score assigned by BPCE to the Borrower as of the Selection Date which (x) is between 1 and 8, (y) is not and has not been classified as "RX" (restructured) within three (3) years prior to the Purchase Date and within three (3) years to the relevant origination date and (z) is not and has not been classified as "CX" (contentious) within three (3) years prior to the relevant origination date; and which is based on information obtained by it from any of the following combinations of sources and circumstances: (i) the Borrower for the purpose of the origination of the Consumer Loan Receivable and any other exposures, (ii) the Central Servicing Entity, in the course of its servicing of the exposures or in the course of its risk management procedures, (iii) notifications by a third party (including BPCE) and (iv) the consultation of the Banque de France's FICP register at the time of origination of the relevant Consumer Loan Receivable; (D) for a given Borrower and the related Consumer Loan Receivable, such internal credit score is considered by the relevant Seller as not indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by such Seller which are not securitised, where such internal credit score is such that the Consumer Loan Receivable is not classified as doubtful, impaired, non-performing or classified to the similar effect under the accounting principles applied by such Seller. >>.*

See also the following "Consumer Loan Receivable Eligibility Criteria":

*<<(vi) such Consumer Loan Receivable is current (i.e. does not present any arrears);>>*

*<<(vii) such Consumer Loan Receivable is not subject to any then ongoing payment holiday, postponement or suspension of any instalment granted to the Borrower further to a Commercial Renegotiation and the Borrower is not in the process of entering into a Commercial Renegotiation with the Seller (including to obtain any such payment holiday, postponement or suspension of any instalment);>>.*

The note below applies to points from 24 to 29.

Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful.

For PCS, the key points of the EBA guidelines on this issue are:

	<p>a. <b>First</b> 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. <b>Secondly</b>, 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 Seller and uses its knowledge of the market and market stakeholders as well as the explicit statements made in the prospectus and transaction documentation.</p> <p>c. <b>Thirdly</b>, 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	<p><b>STS criteria</b></p> <p>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.</p> <table border="1" data-bbox="210 900 2110 932"> <tr> <td data-bbox="210 900 1151 932"><b>Verified?</b></td> <td data-bbox="1151 900 2110 932"><b>Yes</b></td> </tr> </table> <p><b>PCS Comment</b></p> <p>See point 24 above.</p>	<b>Verified?</b>	<b>Yes</b>
<b>Verified?</b>	<b>Yes</b>		
26	<p><b>STS criteria</b></p> <p style="text-align: right;"><a href="#">SEE RELATED EBA GUIDELINES</a></p> <p>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:</p> <table border="1" data-bbox="210 1150 2110 1182"> <tr> <td data-bbox="210 1150 1151 1182"><b>Verified?</b></td> <td data-bbox="1151 1150 2110 1182"><b>Yes</b></td> </tr> </table> <p><b>PCS Comment</b></p> <p>See point 24 above.</p>	<b>Verified?</b>	<b>Yes</b>
<b>Verified?</b>	<b>Yes</b>		
27	<p><b>STS criteria</b></p> <p>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</p>		

	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	No restructured exposures are included in the pool. See point 24 above.	
<b>28</b>	<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>	Yes
	<b>PCS Comment</b>	
	See point 24 above.  No restructured exposures are included in the pool.  In particular, a borrower is not an Eligible Borrower if, to the best of the Seller's knowledge, it:  <<(…) (3) has undergone a debt restructuring process with regard to his non-performing exposures within three years prior to the Purchase Date;>>.	
<b>29</b>	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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>	Yes
	<b>PCS Comment</b>	
	See point 24 above.	
<b>30</b>	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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>	Yes
	<b>PCS Comment</b>	
	See point 24 above.	

<b>31</b>	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>20.12. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See the following “Consumer Loan Receivable Eligibility Criteria”:          &lt;&lt;(xvii) the Borrower has made at least one (1) payment under the Consumer Loan Receivable, in accordance with article 20(12) of the EU Securitisation Regulation;&gt;&gt;.</p>		

<b>32</b>	<b>Legislative text – Article 20 – Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>20.13. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.</p> <p>The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.</p>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See the statement in the Sub-Section “Focus on the characteristics of consumer loans”, confirming that the exposures are unsecured consumer loans:          &lt;&lt;The Sellers grant to individuals Consumer Loans following either in Eligible Loan Categories or the loans which is not subject of this transaction (for example student loan, debt consolidation loans). Eligible Loan Categories includes only 3 following categories (i) Personal Treasury Loan, (ii) Home Improvement Personal Loan, and (iii) Auto Loans. All of the Consumer Loan Agreements falling into Eligible Loan Categories is not tied to any purchase of goods or services (crédit non-affecté).          These loan products are all unsecured, fixed rate and constant monthly instalment amortising loans.          The typical Consumer Loan characteristics are as per below (for illustrative purposes):</p> <ul style="list-style-type: none"> <li>• <u>Loans are unsecured and unaffected to a purchase of a good;</u></li> <li>• Loans bears a fixed interest rate (not higher that the then applicable usury rate for such type of product) and reimbursable via constant monthly instalment (with principal and interest components)</li> <li>• Amount between 1,000€ and €75,000 (up to €150,000 for premium clients (“avance liberté”);</li> </ul>		

- *The standard initial repayment term is up to 120 month.*

*Some flexibility concerning the payments is allowed contractually under certain conditions. (...)>>.*

The prospectus clarifies that only consumer loans are securitised and that these are unsecured. Therefore, there's no assets securing the underlying exposures that could have been taken into account by the relevant original lender when the loan was disbursed.

In this respect, it is also noted that, in order to be eligible, each Loan Agreement must be classified in any of the Eligible Loan Categories, and as per the definitions below, none of them are tied to any purchase of goods or services (*crédit non affecté*).

<<“Eligible Loan Categories” means any of the following loan categories:

(a) *a Personal Treasury Loan Agreement;*

(b) *a Home Improvement Personal Loan Agreement;*

(c) *an Auto Loan Agreement.>>*

and then ...

<<“Auto Loan Agreement” means a Consumer Loan Agreement *not tied to any purchase of goods or services* (*crédit non affecté*) which was entered into by the relevant Borrower with a view to finance or refinance the purchase of a new or used vehicle. The proceeds of such Auto Loan Agreement are granted to the Borrower.>>;

<<“Personal Treasury Loan Agreement” means a Consumer Loan Agreement *not tied to any purchase of goods or services* (*crédit non affecté*) which was entered into by the relevant Borrower to finance or refinance personal treasury purposes, provided that student loan agreements are excluded from this Eligible Loan Category. The proceeds of such Personal Treasury Loan Agreement are not allocated to a specific purpose.>>; and

<<“Home Improvement Personal Loan Agreement” means a Consumer Loan Agreement *not tied to any purchase of goods or services* (*crédit non affecté*) which was entered into by the relevant Borrower with a view to finance or refinance certain home improvements. The proceeds of such Home Improvement Personal Loan Agreement are granted to the Borrower.>>.

33	<b>Legislative text – Article 21 – Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
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 the statement contained in the Prospectus in “REGULATORY ASPECTS – SECURITISATION REGULATION – Retention statement and information undertaking”:</p> <p>&lt;&lt;(…) as at the Issue Date, to ensure that such EU Retention Requirements are satisfied on an ongoing basis pursuant to option (d) of article 6(3) of the EU Securitisation Regulation, through the subscription of the Class B Notes in a proportion corresponding to the proportion of the total securitised exposures for which it is the originator (corresponding to its Contribution Ratio (adjusted by the Transaction Agent to ensure that each Seller subscribes an integer number of Class B Notes)) (...)&gt;&gt;.</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 “Hedging Strategy”, stating that &lt;&lt;Hedging Strategy – In accordance with articles R. 214-217-2° and R. 214-224 of the French Monetary and Financial Code and pursuant to the terms of the Issuer Regulations, the hedging strategy (stratégie de couverture) of the Issuer is to enter into the Interest Rate Swap Agreement to hedge the mismatch between interest rates payable under the Purchased Consumer Loan Receivables and the floating rate payable on the Class A Notes (see the Section entitled “DESCRIPTION OF THE INTEREST RATE SWAP AGREEMENT”). Aside from the Interest Rate Swap Agreement, the Issuer shall not enter into derivative contracts.&gt;&gt;.</p> <p>See also “Risks Relating to the Class A Notes – 4.5 Interest-related matters” – “Interest rate risk – Interest rate hedging”, where it is stated that &lt;&lt;The Purchased Consumer Loan Receivables bear a fixed interest rate but the Issuer will pay interest on the Class A Notes issued in connection with its acquisition of such Purchased Consumer Loan Receivables based on the EURIBOR. The Issuer will hedge this interest rate risk by entering into an Interest Rate Swap Agreement with the Interest Rate Swap Counterparty.&gt;&gt;.</p> <p>See also “DESCRIPTION OF THE INTEREST RATE SWAP AGREEMENT”, where it is stated that:</p> <p><b>&lt;&lt;FBF Master Agreement</b></p> <p><i>On or prior to the Issuer Establishment Date, the Issuer, represented by the Management Company, will enter into an interest rate swap agreement (the “Interest Rate Swap Agreement”) with Natixis (the “Interest Rate Swap Counterparty”), which will be governed by the 2013 Fédération Bancaire Française (FBF) master agreement relating to transactions on forward financial instruments (convention-cadre FBF relative aux opérations sur instruments financiers à terme or the “FBF Master Agreement”) as amended by a supplementary schedule and confirmed by one written swap confirmation (the “Swap Confirmation”).</i></p> <p><b>Purpose of the Interest Rate Swap Agreement</b></p> <p><i>The purpose of the Interest Rate Swap Agreement is to enable the Issuer to hedge in an appropriate manner the risk of a difference between the EURIBOR-based floating rate applicable for the relevant Interest Period (on each relevant Payment Date) with respect to the Class A Notes and the fixed interest rate payments received in respect of the Purchased Consumer Loan Receivables. (...)&gt;&gt;.</i></p> <p>Clearly and explicitly, “appropriate” hedging does not require “perfect” hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a “major share” of the risk from an “economic perspective”. However, the definition of “appropriate” hedging or a “major share” of the risk will always contain an element of subjectivity and must be analysed on a case by case basis.</p> <p>The fact that the Regulation was crafted by the legislators to recognise existing high-quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.</p> <p>This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:</p> <ul style="list-style-type: none"> <li>• A statement in the Prospectus or other document setting out the boundary conditions of the hedging. This should state in effect how far the hedging stretches and under what scenario’s it will break. For example, if interbank rates rise above X%. This will provide a common-sense feel for whether, at first glance, the hedging is reasonable.</li> <li>• Risk Factors section of the prospectus to check that no statements refer to the risks of “unhedged positions”. This is based on the legal requirement to disclose any relevant information to investors. If the originator or its advisers believed that the hedging in a transaction was unusually light, this should be disclosed in the Risk Section.</li> </ul>		

	<ul style="list-style-type: none"> <li>The “pre-sale” report from a recognised credit rating agency (if used) so as to identify any issues with hedging. Again, rating agencies as credit specialists should highlight in their analysis any substantial and unusual hedging risks.</li> </ul> <p><b>In the case of this Transaction, and also based on the analysis above, we note the following elements:</b></p> <ul style="list-style-type: none"> <li>the Class A Notes have a floating rate of interest</li> <li>the Class B Notes have a fixed rate of interest</li> <li>interest payable by Borrowers on the Loans is calculated on the basis of a fixed interest rate (see Consumer Loan Receivable Eligibility Criteria, §(c)(iv)).</li> </ul> <p><b>In the light of the above, we note that the potential mismatch of interest rates for the Class A is hedged through a Swap Agreement.</b></p> <p>See “DESCRIPTION OF THE INTEREST RATE SWAP AGREEMENT – Swap Notional Amount” where it is stated that:</p> <p>&lt;&lt;(…) On any Payment Date, the Notional Amount shall be, in respect of the first Payment Date, equal to the aggregate of the Initial Principal Amount of the Class A Notes on the Issue Date and thereafter in respect of each subsequent Payment Date, equal to the lesser of:</p> <p>(i) the aggregate of the Principal Amount Outstanding of the Class A Notes on the immediately preceding Payment Date after giving effect to the applicable Priority of Payments as determined by the Management Company; and</p> <p>(ii) the aggregate of (a) the Outstanding Principal Balance of the Performing Consumer Loan Receivables on the Determination Date immediately preceding such Payment Date and (b) the Outstanding Principal Balance of the Additional Consumer Loan Receivables to be transferred to the Issuer on the Purchase Date immediately preceding such Payment Date).&gt;&gt;.</p>	
35	<p><b>STC criteria</b></p> <p>35. Currency risks arising from the securitisation shall be appropriately mitigated.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>We note that since both the Consumer Loan Receivables and the Notes are denominated in Euros, there should not be any currency risk.</p> <p>See item §(c)(i) of the Consumer Loan Receivable Eligibility Criteria:</p> <p>&lt;&lt;(c) (i) such Consumer Loan Receivable is denominated and payable in Euro;&gt;&gt;.</p> <p><b>Therefore, on this basis, PCS’ view is that in the absence of any currency mismatch, no currency hedging is necessary.</b></p>	<a href="#">SEE RELATED EBA GUIDELINES</a>
36	<p><b>STC criteria</b></p> <p>36. Any measures taken to that effect shall be disclosed.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p>	<a href="#">SEE RELATED EBA GUIDELINES</a>

	See the Section entitled "DESCRIPTION OF THE INTEREST RATE SWAP AGREEMENT". See points 34 and 35 above.
--	--

<b>37</b>	<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. 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>
37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See "Hedging Strategy" where it is stated that &lt;&lt;Aside from the Interest Rate Swap Agreement, the Issuer shall not enter into derivative contracts.&gt;&gt;. This requirement relates to the current structure of the transaction and to the future possibility that the relevant issuer enters into derivatives. <b>PCS has noticed the current absence of derivatives (other than under the IRS Agreement) and the presence of specific covenants addressing this requirement.</b></p>		
<b>38</b>	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
38. ...Shall ensure that the pool of underlying exposures does not include derivatives.		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See item §(c)(xviii) of the Consumer Loan Receivable Eligibility Criteria: &lt;&lt;(xviii) for the purpose of compliance with articles 20(8), 20(9) and 21(2) of the Securitisation Regulation, no Consumer Loan Receivable shall include transferable securities, as defined in point (44) of Article 4(1) of Directive 2014/65/EU nor any securitisation position <u>nor any derivatives</u>.&gt;&gt;.</p>		
<b>39</b>	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
39. Those derivatives shall be underwritten and documented according to common standards in international finance.		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>The Interest Rate Swap Agreement is entered into in accordance with the FBF master agreement (<i>convention-cadre relative aux operations sur instruments financiers à terme</i>), which clearly fits the definition of "established national documentation standard", as required by EBA guidelines. PCS has reviewed the relevant documentation and it is prepared to consider this point verified.</p>		

<b>40</b>	<b>Legislative text – Article 21 – Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>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.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>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.</p>		
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
<p>As for assets:</p> <ul style="list-style-type: none"> <li>see “Consumer Loan Receivable Eligibility Criteria”, §(c)(iv) requiring that &lt;&lt;(iv) such Consumer Loan Receivable bears a fixed nominal interest rate strictly greater than one (1) per cent. per annum (excluding insurance premium) and in any case, capped at the then applicable usury rate published by the Banque de France;&gt;&gt;.</li> </ul> <p>As for liabilities:</p> <ul style="list-style-type: none"> <li>the Class A Notes bear an Euribor based interest rate (&lt;&lt;The rate of interest applicable to the Class A Notes (the “Class A Notes Interest Rate”) will be equal to the aggregate of EURIBOR plus the Class A Margin provided that, if EURIBOR plus the Class A Margin is less than zero (0), the Class A Notes Interest Rate will be deemed to be zero (0).&gt;&gt;).</li> <li>the Class B Notes will bear interest at a fixed rate.</li> </ul> <p><b>Based on the above, PCS is prepared to verify that this criterion is satisfied.</b></p>		

<b>41</b>	<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>© 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>	Yes
	<b>PCS Comment</b>	
	See "OPERATION OF THE ISSUER – Accelerated Priority of Payments".	
42	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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;	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	The PoP during the Accelerated Amortisation Period provides a sequential amortisation. <b><i>On this basis PCS is prepared to verify this requirement.</i></b>	
43	<b>STS criteria</b>	
	43. © Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	The PoP during the Accelerated Amortisation Period provides a sequential amortisation. See point 42 above.	
44	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	The liquidation of the underlying exposures is not subject to any automatic mechanism, but takes place when decided by the Management Company upon certain liquidation events: See in particular the section OVERVIEW OF THE TRANSACTION – LIQUIDATION OF THE ISSUER – Issuer Liquidation Event – Clean-up offer": <i>&lt;&lt;Pursuant to the Issuer Regulations, the Management Company may decide to declare the dissolution of the Issuer and liquidate the Issuer in one single transaction in case of the occurrence of any of the following events, provided that the Management Company shall not declare any such event to have occurred unless it has found an entity agreeing to purchase the then outstanding Purchased Consumer Loan Receivables under the conditions set out hereinafter (each a "Issuer Liquidation Event"): (...)&gt;&gt;.</i>  <i>It is also specified that &lt;&lt;The purchase price of the Consumer Loan Receivable proposed by the Management Company to each Seller shall be based on the fair market value of assets having similar characteristics to the Consumer Loan Receivable having regard to the sum of the Outstanding Principal Balances of those Consumer Loan Receivables. In addition, the purchase price of the Consumer Loan Receivables comprised within the Assets of the Issuer (taking into account for this purpose the Issuer Cash, excluding the amount of the Commingling Reserve) must be sufficient to enable the Issuer to repay in full all amounts outstanding in respect of the Notes after payment of all other amounts due by the Issuer and ranking senior to the Notes in accordance with the Accelerated Priority of Payments.&gt;&gt;.</i>	

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>		Yes
<b>PCS Comment</b>		
This requirement does not apply. This transaction contemplates only sequential priority of payments. See “Application of Funds”.		
46	<b>Legislative text – Article 21 – Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
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: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold; (b) the occurrence of an insolvency-related event with regard to the originator or the servicer; © the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event); (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
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:		
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
See “OPERATION OF THE ISSUER – Expected Duration of the Revolving Period”: <<Expected Duration of the Revolving Period The Revolving Period begins on the Issuer Establishment Date (included) and ends on the earliest to occur of: (a) the Payment Date immediately following the date on which an Amortisation Event has occurred (excluded); (b) the Payment Date immediately following the date on which an Accelerated Amortisation Event has occurred (excluded); and (c) the Issuer Liquidation Date (excluded).>>.		
47	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>

47. (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	
<b>Verified?</b>	<b>Yes</b>
<b>PCS Comment</b>	
<p>See definition of "Amortisation Event", items under</p> <ul style="list-style-type: none"> <li>• §(j) referring to the Class B PDL;</li> <li>• §(k) referring to the Cumulative Gross Loss Ratio; and</li> <li>• §(l) referring to the 3M- Rolling Average Delinquency Ratio.</li> </ul>	
<b>48</b>	<b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a> 48. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;
<b>Verified?</b>	<b>Yes</b>
<b>PCS Comment</b>	
<p>See definition of "Amortisation Event", items under</p> <ul style="list-style-type: none"> <li>• §(b) referring to the Servicer Termination Event;</li> <li>• §(c) referring to the Central Servicing Entity Termination Event;</li> <li>• §(d) referring to Seller Event of Default occurring in respect of all Sellers (see note below); and</li> <li>• §(e) referring to Insolvency Event in respect of any Servicer or any Seller;</li> </ul> <p>In respect of the event under §(d) regarding Seller Event of Default, it is noted that the absence of any Seller Event of Default in respect of any Seller is a condition precedent to the purchase of Additional Consumer Loan Receivables from such Seller. Accordingly, the occurrence of a Seller Event of Default in respect of any Seller shall prevent such Seller (but no other Sellers) from transferring any more Consumer Loan Receivables to the Issuer for the remaining duration of the Revolving Period.</p> <p>In this respect, please see the following statements in the Prospectus - OVERVIEW OF THE TRANSACTION:  <i>&lt;&lt;The occurrence of a Seller Event of Default in respect of any Seller shall prevent such Seller (but no other Sellers) from transferring any more Consumer Loan Receivables to the Issuer for the remaining duration of the Revolving Period.</i>  <i>The occurrence of a Seller Event of Default in respect of all Sellers shall constitute an Amortisation Event.&gt;&gt;.</i></p>	
<b>49</b>	<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);
<b>Verified?</b>	<b>Yes</b>
<b>PCS Comment</b>	
<p>See definition of "Amortisation Event", items under</p> <ul style="list-style-type: none"> <li>• §(h) referring to the occurrence of a General Reserve Shortfall Event.</li> </ul>	

50	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
50. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).		
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
<p>See definition of “Amortisation Event”, items under</p> <ul style="list-style-type: none"> <li>§(g) referring to the occurrence of a Purchase Shortfall Event.</li> </ul>		
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>		Yes
<b>PCS Comment</b>		
<p>For the <u>Servicer</u>, see “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS - II. SERVICING OF THE CONSUMER LOAN RECEIVABLES” – “Duties of the Servicers”.</p> <p>For the <u>Management Company</u> (that performs the fiduciary activities of the “trustee”) see “DESCRIPTION OF THE RELEVANT ENTITIES - THE MANAGEMENT COMPANY”.</p> <p>For <u>other ancillary service providers</u>, see “DESCRIPTION OF THE RELEVANT ENTITIES”.</p>		
52	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
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		
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
<p>See the procedure for the replacement of the Servicers set out in Section “TERMINATION OF THE SERVICING MANDATE”.</p> <p>In particular, it is stated that:</p> <p>&lt;&lt;(...) The termination of the appointment of any Servicer will become effective as soon as any New Servicer has effectively started to carry out its duties.</p>		



<p><i>If the appointment of any Servicer is terminated following the occurrence of a Servicer Termination Event, such Servicer shall transfer to the New Servicer appointed by the Management Company all necessary information (including the Contractual Documents under its custody) and registrations, in order to effectively transfer the servicing functions relating to the Purchased Consumer Loan Receivables.&gt;&gt;</i></p>			
<b>53</b>	<p><b>STS criteria</b> <span style="float: right;"><a href="#">SEE RELATED EBA GUIDELINES</a></span></p> <p>53. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"><b>Verified?</b></td> <td style="text-align: center;"><b>Yes</b></td> </tr> </table> <p><b>PCS Comment</b></p> <p>As for the <u>Interest Rate Swap Counterparty</u>, see “DESCRIPTION OF THE INTEREST RATE SWAP AGREEMENT” for the relevant triggers and other replacement provisions.</p> <p>See also the Issuer Regulations, which on §7.1(16) provide that &lt;&lt;(…) <u>Pursuant to the provisions of these Issuer Regulations, the Management Company shall be, with respect to the Issuer, specifically in charge of: (...)</u></p> <p>(16) replacing (and for this purpose endeavouring to find a replacement entity within ninety (90) calendar days for), if applicable, <u>the Interest Rate Swap Counterparty</u> in accordance with the terms of the Interest Rate Swap Agreement and under the terms and conditions provided by applicable laws at the time of such replacement and in particular if the Interest Rate Swap Counterparty becomes insolvent, or fails to make a payment under the Interest Rate Swap Agreement when due and such failure is not remedied after the notice of such failure being given;&gt;&gt;.</p> <p>As for the <u>Account Bank</u>, see “VI. DESCRIPTION OF THE ACCOUNT BANK AND CASH MANAGEMENT AGREEMENT - Change of the Account Bank”.</p> <p>See also the Issuer Regulations, which on §7.1(15) provide that &lt;&lt;(…) <u>Pursuant to the provisions of these Issuer Regulations, the Management Company shall be, with respect to the Issuer, specifically in charge of: (...)</u></p> <p>(15) replacing (and for this purpose endeavouring to find a replacement entity for), if applicable, the Paying Agent, the Listing Agent, <u>the Specially Dedicated Account Bank</u>, the Data Protection Agent and/or any Servicer under the terms and conditions provided by applicable laws at the time of such replacement and the terms of the relevant Transaction Documents;&gt;&gt;.</p> <p>No <u>liquidity provider</u> is contemplated for this transaction.</p>	<b>Verified?</b>	<b>Yes</b>
<b>Verified?</b>	<b>Yes</b>		

<b>54</b>	<p><b>Legislative text – Article 21 - Requirements relating to standardisation</b> <span style="float: right;"><a href="#">GO TO TABLE OF CONTENTS</a></span></p> <p>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.</p> <p><b>STS criteria</b> <span style="float: right;"><a href="#">SEE RELATED EBA GUIDELINES</a></span></p> <p>54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"><b>Verified?</b></td> <td style="text-align: center;"><b>Yes</b></td> </tr> </table> <p><b>PCS Comment</b></p> <p>See section “DESCRIPTION OF CERTAIN TRANSACTION DOCUMENTS – II. SERVICING OF THE CONSUMER LOAN RECEIVABLES - Duties of the Servicers - Standard of care and Servicing Procedures”, where it is stated that: &lt;&lt;(…) <u>pursuant to the provisions of the Consumer Loan Receivables Purchase and Servicing Agreement, each Servicer has represented and warranted that its business or the business of the consolidated group to which it belongs for accounting or prudential purposes has included the servicing of receivables of a nature similar to the Purchased Consumer Loan Receivables transferred by it to the Issuer in its capacity as Seller, for at least five (5) years prior to the Issuer Establishment Date.&gt;&gt;.</u></p>	<b>Verified?</b>	<b>Yes</b>
<b>Verified?</b>	<b>Yes</b>		

	<p>It is noted that in case of replacement of any Servicer the contractual provision require that the successor to be appointed by the Management Company shall be an replacement entity &lt;&lt;fit for that purpose, duly authorized to carry out such activity in France and which shall, for the purpose of article 21(8) of the EU Securitisation Regulation, be able to represent and warrant to the Issuer that, on the date it will start to carry out on behalf of the Issuer its duties as servicer of the Consumer Loan Receivables, it has had expertise in servicing exposures of a similar nature as the Consumer Loan Receivables for at least five (5) years prior to such date (such replacement servicers being appointed with respect to the Purchased Consumer Loan Receivables whose servicing is the responsibility of such Servicer only), in accordance with article L. 214-172 of the French Monetary and Financial Code&gt;&gt;</p>
55	<p><b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a></p> <p>55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>The Servicers are French entities licensed as a <i>Banque Populaire</i> or a <i>Caisse d'Epargne</i>. In each case these are credit institutions (<i>établissement de credit</i>). See "The Sellers" and "The Servicers".</p> <p>As such, given that they are subject to prudential and capital regulation and supervision in France, pursuant to the EBA guidelines, paragraph 72(a), they should be considered to have well documented and adequate policies, procedures and risk management controls relating to servicing of exposures.</p> <p>A summary of the servicing policies is contained in the Section "CREDIT GUIDELINES AND SERVICING PROCEDURES".</p>
56	<p><b>Legislative text – Article 21 - Requirements relating to standardisation</b> <a href="#">GO TO TABLE OF CONTENTS</a></p> <p>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.</p> <p><b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a></p> <p>56. The transaction documentation shall set out in clear and consistent terms definitions</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See point 55 above and see "SERVICING OF THE CONSUMER LOAN RECEIVABLES", paragraphs "Collection of the Purchased Consumer Loan Receivables" <i>et seq.</i></p> <p><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b></p>
57	<p><b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a></p> <p>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.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See point 56 above.</p>

**PCS has reviewed the relevant documents to satisfy itself that these criteria are met.**

58	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>21.9. The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		
<p><b>STS criteria</b></p>		
<p>58. The transaction documentation shall clearly specify the priorities of payment,</p>		
<p><b>Verified?</b></p>		<p>Yes</p>
<p><b>PCS Comment</b></p>		
<p>See section “OPERATION OF THE ISSUER” sub-sections “Funds Allocation Rules”; “Interest Priority of Payments”; “Principal Priority of Payments”; “Accelerated Priority of Payments”; and “Payments outside the Priorities of Payments”.</p> <p><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b></p>		
59	<p><b>STS criteria</b></p>	
<p>59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.</p>		
<p><b>Verified?</b></p>		<p>Yes</p>
<p><b>PCS Comment</b></p>		
<p>The priority of payments is changed following the occurrence of an Accelerated Amortisation Event.</p> <p>See and “Accelerated Priority of Payments”, specifying that such PoP applies &lt;&lt; On any Payment Date during the Accelerated Amortisation Period&gt;&gt;.</p> <p>See below the definitions of Accelerated Amortisation Period and Accelerated Amortisation Event:</p> <p>&lt;&lt;<b>Accelerated Amortisation Event</b> means any of the following events which can occur during the Revolving Period or the Amortisation Period:</p> <p>(a) any amount of interest due and payable on the Class A Notes remains unpaid after five (5) Business Days following the relevant Payment Date; or</p> <p>(b) the failure by the Issuer to pay principal on the Class A Notes on the Final Legal Maturity Date; or</p> <p>(c) the Management Company has elected to liquidate the Issuer following the occurrence of any of the Issuer Liquidation Events.&gt;&gt;</p> <p>&lt;&lt;<b>Accelerated Amortisation Period</b> means the period beginning on (and including) the Payment Date following the date on which an Accelerated Amortisation Event occurs and ending on the Issuer Liquidation Date (included).&gt;&gt;.</p> <p><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b></p>		
60	<p><b>STS criteria</b></p>	

60. The transaction documentation shall clearly specify the obligation to report such events.	
<b>Verified?</b>	<b>Yes</b>
<b>PCS Comment</b>	
<p>See "DESCRIPTION OF THE RELEVANT ENTITIES - THE MANAGEMENT COMPANY, where it is stated that &lt;&lt;Pursuant to the provisions of Issuer Regulations, the Management Company is specifically in charge of: (...) (y) determining, and giving effect to, the occurrence of an Amortisation Event, an Accelerated Amortisation Event, an Issuer Liquidation Event, a Seller Event of Default, a Servicer Termination Event or a Central Servicing Entity Termination Event and informing the Noteholders of the same without undue delay;&gt;&gt;.</p> <p>See also Clause 54.4 (Securitisation Regulations Transparency Requirements) of the Issuer Regulations, where it is provided in §(4)(c) that: &lt;&lt;(4 on a monthly basis and within one (1) month of each Payment Date and simultaneously with the information provided under item (3) above, the Management Company shall publish the relevant EU Securitisation Regulation Investor Report, as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation which shall be provided in the form of the standardised template set out in Annex XII of the Commission Delegated Regulation (EU) 2020/1224, setting out: (...)</p> <p>(c) information on <u>events which trigger changes in the applicable Priority of Payments</u> or (provided that such information shall be reported prior to such date, if necessary to make sure that such information is reported to investors without undue delay) the replacement of any party to the Transaction Documents, and data on the cash flows generated by the Purchased Consumer Loan Receivables and by the Notes and Residual Units and any other liabilities of the Issuer; (...)&gt;&gt;.</p> <p>This is a future event. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p><b>However, PCS notices that there's a covenant on the part of the Management Company to comply in the future with this requirement, contained in the Issuer Regulations.</b></p>	
<b>61</b>	<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 §(4) of Section "INFORMATION RELATING TO THE ISSUER - EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements", where it is stated that:</p> <p>&lt;&lt;(4) on a monthly basis and within one (1) month of each Payment Date and simultaneously with the information provided under item (3) above, the Management Company shall publish the relevant EU Securitisation Regulation Investor Report, as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation, which shall be provided in the form of the standardised template set out in Annex XII of the Commission Delegated Regulation (EU) 2020/1224, setting out:</p> <p>(a) information about the retention of the material net economic interest by the Sellers in compliance with article 6 of the EU Securitisation Regulation;</p> <p>(b) all materially relevant data on the credit quality and performance of the Purchased Consumer Loan Receivables;</p> <p>(c) <u>information on events which trigger changes in the applicable Priority of Payments</u> or (provided that such information shall be reported prior to such date, if necessary to make sure that such information is reported to investors without undue delay) the replacement of any party to the Transaction Documents, and data on the cash flows generated by the Purchased Consumer Loan Receivables and by the Notes and Residual Units and any other liabilities of the Issuer;</p> <p>(d) any material amendment to, or substitution of, Servicing Procedures notified to the Management Company by the Transaction Agent, the Central Servicing Entity or the relevant Servicer in accordance with the provisions of the Consumer Loan Receivables Purchase and Servicing Agreement (provided that such information shall be reported prior to such date, if necessary to make sure that such information is reported to investors without undue delay); &gt;&gt;.</p> <p>See also "MODIFICATIONS TO THE TRANSACTION - Modification of the Transaction Documents" where it is stated that</p> <p>&lt;&lt;The Management Company may agree, with any relevant Transaction Party, to amend or waive from time to time the provisions of the Issuer Regulations or any other Transaction Documents, provided that:</p>	

(...) (b) any Basic Terms Modifications in respect of the Class A Notes shall require the prior approval of the Class A Noteholders (by a decision of the General Meeting of the Class A Noteholders or Written Resolution passed under the applicable quorum and/or majority rule or of the sole holder of the Class A Notes, as the case may be), save as otherwise provided in the Terms and Conditions of the Notes (see Condition 7 (Meetings of the Noteholders));

(c) any Basic Terms Modification in respect of the Class B Notes issued by the Issuer shall require the prior approval of the Class B Noteholders (by a decision of the General Meeting of the Class A Noteholders or Written Resolution passed under the applicable quorum and/or majority rule or of the sole holder of the Class B Notes, as the case may be), save as otherwise provided in the Terms and Conditions of the Notes (see Condition 7 (Meetings of the Noteholders));

(d) any Basic Terms Modification in respect of the Residual Units issued by the Issuer shall require the prior approval of the relevant Residual Unitholder(s);

(e) subject to paragraphs (a) to (d) above, any amendments to the Issuer Regulations shall be notified to the Noteholders and the Residual Unitholder(s), it being specified that such amendments shall be, automatically and without any further formalities (de plein droit), enforceable as against such Noteholders and Residual Unitholder(s) within three (3) Business Days after they have been notified thereof (...) >>.

62	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<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>
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		
<b>Verified?</b>		Yes
<b>PCS Comment</b>		
<p>See “TERMS AND CONDITIONS OF THE NOTES – 7. MEETING OF THE NOTEHOLDERS”. See in particular:</p> <p><b>(a) the method for calling meetings:</b> subsection “(b) General Meetings of the Noteholders of each Class”.</p> <p><b>(b) the maximum timeframe for setting up a meeting:</b> “General Meetings of the Noteholders of each Class”:</p> <p>&lt;&lt;If, following a requisition from Noteholders of any Class of Notes, such General Meeting has not been convened within sixty (60) calendar days after such requisition, the Noteholders of such Class may commission one of their members to petition a competent court in Paris to appoint an agent (mandataire) who will call the General Meeting. (...)</p> <p>Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 9 (Notice to Noteholders):</p> <p>(A) <u>at least fifteen (15) calendar days (and no more than sixty (60) calendar days) for the initial General Meeting (exclusive of the day on which the notice is given and of the day of the meeting).</u></p> <p>(B) <u>at least ten (10) calendar days (and no more than twenty (20) calendar days) (exclusive of the day on which the notice is given and of the day of the meeting) of a General Meeting adjourned through want of quorum (and no more than twenty (20) calendar days in the case of an initial adjournment of a meeting at which an Extraordinary Resolution is to be proposed).</u>&gt;&gt;.</p> <p><b>(c) the required quorum:</b> see “(iii) Ordinary Resolutions - (A) Quorum” and “(iv) Extraordinary Resolutions - (A) Quorum”.</p> <p><b>(d) the minimum threshold of votes</b> to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision. See statement in “(iii) Ordinary Resolutions - (B) Required majority” and “(iv) Extraordinary Resolutions - (B) Required majority”.</p> <p><b>(e) where applicable, a location for the meetings which should be in the EU:</b> The location shall be in France. See: “(c) Powers of the General Meetings of the Noteholders of each Class - (i) Convening of General Meeting”:</p>		

<<General Meetings of Noteholders *shall be held in France.* (...)>>.

**Although the wording of the STS 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.**

**PCS has reviewed the documents to ascertain that all the five requirements above are indeed present.**

<b>63</b>	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<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>		Yes
<b>PCS Comment</b>		
The Management Company is the entity that is responsible of fiduciary duties to investors in this transaction.		
See the section of Prospectus headed “DESCRIPTION OF THE RELEVANT ENTITIES – THE MANAGEMENT COMPANY” – “Role of the Management Company” and the relevant provisions in Clause 7.1 ( <i>Role of the Management Company</i> ) of the Issuer Regulations.		

<b>64</b>	<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
<b>PCS Comment</b>		
See section “HISTORICAL PERFORMANCE DATA”.		
See also the statement in this respect contained in the subsection “General” of the above-mentioned section, that		
<<The information presented in this section have been prepared based on BPCE’s internal records and provide historical performances based on both static and dynamic formats covering a period of at least five (5) years for substantially similar consumer loans receivables than to those being securitised by means of the securitisation transaction described in the Transaction Documents. The below information has not been audited by any auditor.>>.		

<b>65</b>	<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
	<b>PCS Comment</b>	
	See point 64 above.	
	See also "Information" sub-section under "II. SERVICING OF THE CONSUMER LOAN RECEIVABLES" where it is stated that: <<Before pricing, the Transaction Agent, on behalf of the Sellers, as originators, has made available: (...) (ii) in relation to exposures substantially similar to the pool of Consumer Loan Receivables to be transferred to the Issuer on any Purchase Date, data on static and dynamic historical default and loss performance, such as delinquency and default data, covering a period of at least five (5) years.>>.	
66	<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 points 64 and 65 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>	Yes
	<b>PCS Comment</b>	
	See the statement in "INFORMATION RELATING TO THE PROVISIONAL PORTFOLIO OF CONSUMER LOAN RECEIVABLES - External verification of a sample of Consumer Loan Receivables".	
	As for the nature of "appropriate and independent party" of the entity executing the relevant verification, PCS has obtained sufficient ground to assess that the relevant entity meets the requirements set out in §79 of the EBA Guidelines.	
	<b>PCS has reviewed the preliminary results of the verification exercise made by the "appropriate and independent party", including the analysis of the "agreed upon procedures" (AUP) commonly known as a "pool audit".</b>	
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>	Yes

<b>PCS Comment</b>
<p>See statement in “INFORMATION RELATING TO THE PROVISIONAL PORTFOLIO OF CONSUMER LOAN RECEIVABLES – External verification of a sample of Consumer Loan Receivables”.</p> <p>PCS is not an auditing firm, nor has it or has it sought access to the underlying information which was the basis of the AUP. However, it has read the AUP with the aim of determining whether, on its face, it appears to cover the items required by the criterion.</p> <p><b>Based solely on the words of the AUP and without any additional due diligence or interaction with the “independent party” responsible for the AUP or sight of the instructions to such firm, PCS has concluded that the AUP appears to meet the requirements of the criterion.</b></p> <p><b>PCS also notes the representation to that effect made by the Sellers in the Prospectus and the statement, in respect of the third party performing the external verification, that &lt;&lt;The Sellers have confirmed in the Consumer Loan Receivables Purchase and Servicing Agreement that no significant adverse findings have been found by such third party during its review.&gt;&gt;.</b></p>

<b>69</b>	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>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.</p>		
<b>STS criteria</b>		<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>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.</p>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See statement in “II. SERVICING OF THE CONSUMER LOAN RECEIVABLES - INFORMATION”:</p> <p>&lt;&lt;(…) Before pricing, BPCE, as sponsor and in its capacity as Transaction Agent, on behalf of the Sellers, as originators, has made available:</p> <p>(i) a liability cash flow model through Bloomberg and/or Moody’s Analytics and/or any other relevant modelling platform, which precisely represents the contractual relationship between the Purchased Consumer Loan Receivables and the payments flowing between the Sellers, the Central Servicing Entity, the Transaction Agent, the Noteholders, other third parties and the Issuer (the Cash Flow Model); (…)&gt;&gt;.</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>Having seen excel files extracted by running 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.</b></p>		
<b>70</b>	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
<p>70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p>		
<b>Verified?</b>		<b>Yes</b>



<b>PCS Comment</b>
<p>See statement in “II. SERVICING OF THE CONSUMER LOAN RECEIVABLES - INFORMATION”:</p> <p>&lt;&lt;Furthermore, pursuant to the Consumer Loan Receivables Purchase and Servicing Agreement, BPCE, as sponsor and in its capacity as Transaction Agent, on behalf of the Sellers, as originators, has undertaken to: (...)</p> <p>(ii) <u>make available the Cash Flow Model through Bloomberg and/or Moody’s Analytics and/or any other relevant modelling platform, to the relevant Noteholders on an ongoing basis and to potential investors upon request (which Cash Flow Model shall be updated, in case of significant changes in the cash flow structure of the transaction described in this Prospectus); and (...)&gt;&gt;.</u></p> <p>Although technically covering the period between pricing and close, 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 relevant originator(s) 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(s) to comply in the future with this requirement.</p> <p><b>PCS notes the existence of such covenant in the Consumer Loan Receivables Purchase and Servicing Agreement, as evidenced in the Prospectus.</b></p>

<b>71</b>	<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>The Sellers do not have any information available on the environmental performance of the assets. This is also because the Consumer Loan Receivables arise from personal loans which do not specify the specific purpose in the relevant loan contract.</p> <p>As to the impacts on sustainability factors, PCS was informed that, for the time being, no specific publication is envisaged too.</p>	

<b>72</b>	<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>		
72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:          &lt;&lt;(…) the Sellers shall be responsible for the compliance with article 7 of the EU Securitisation Regulation, in accordance with article 22(5) of the EU Securitisation Regulation.&gt;&gt;.</p>		

<b>73</b>	<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>		
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.		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:          &lt;&lt;(1) before pricing, the Management Company has made available to the competent authorities referred to in article 29 of the EU Securitisation Regulation and, upon request, potential investors: (...); (c) upon request, loan-level data with respect to the Purchased Consumer Loan Receivables, as required by and in accordance with Articles 7(1)(a) and 22(5) of the EU Securitisation Regulation using the then applicable template for disclosure;&gt;&gt;.</p>		

<b>74</b>	<b>STS criteria</b>	
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.		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:          &lt;&lt;(1) before pricing, the Management Company has made available to the competent authorities referred to in article 29 of the EU Securitisation Regulation and, upon request, potential investors:</p>		

<p>(a) <u>all underlying documentation that is essential for the understanding of the transaction described in this Prospectus</u> (being, the preliminary Prospectus and the drafts Transaction Documents (other than the draft Class A Notes Subscription Agreement)) as required by and in accordance with Articles 7(1)(b) and 22(5) of the EU Securitisation Regulation;</p> <p>(b) <u>the draft STS notification as required by and in accordance with Articles 7(1)(d) and 22(5) of the EU Securitisation Regulation; and (...)&gt;&gt;.</u></p> <p>The requirement of providing the information under 7(1)(c) does not apply to this transaction, since the Prospectus is made in compliance with the Prospectus Regulation.</p>
--

<b>75</b>	<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 “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:</p> <p>&lt;&lt;(2) <u>on or before the Issue Date or within 15 calendar days following the Issue Date at the latest, the Management Company shall publish:</u></p> <p>(a) <u>all underlying documentation that is essential for the understanding of the transaction described in this Prospectus (being, the Prospectus and the Transaction Documents (other than the Class A Notes Subscription Agreement)), as required by and in accordance with Articles 7(1)(b) and 22(5) of the EU Securitisation Regulation; and</u></p> <p>(b) <u>the STS notification referred to in article 27 of the EU Securitisation Regulation, as required by and in accordance with Articles 7(1)(d) and 22(5) of the EU Securitisation Regulation;&gt;&gt;.</u></p> <p><b>PCS notes the existence of such covenant in the Prospectus.</b></p>		

<b>76</b>	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
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:		
(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;		
<b>STS criteria</b>		
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:		
(a) information on the underlying exposures on a quarterly basis,		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:</p>		

<p>&lt;&lt;(3) on a monthly basis and within one (1) month of each Payment Date, the Management Company shall publish loan-level data with respect to the Purchased Consumer Loan Receivables, as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation which shall be provided in the form of the standardised template set out in Annex VI of the Commission Delegated Regulation (EU) 2020/1224;&gt;&gt;.</p> <p>All the criteria from 76 onwards are future event criteria, as to which we refer you to PCS' analysis as to future events, as set out in point 70 above.</p>
---

<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> <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> </ul>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:</p> <p>&lt;&lt;For the purposes of article 7(2) of EU Securitisation Regulation, BPCE, as sponsor, the Sellers, as originators, and the Management Company on behalf of the Issuer have agreed in the Consumer Loan Receivables Purchase and Servicing Agreement that the Issuer will act as Reporting Entity in order to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of Article 7(1) and Article 22(5) of EU Securitisation Regulation. In each case, information shall be made available by the Management Company on behalf of the Issuer to the Noteholders, the competent authorities referred to in article 29 of the EU Securitisation Regulation and, upon request, to potential investors and shall be published by means of the Securitisation Repository, as follows:</p> <p>(1) before pricing, the Management Company has made available to the competent authorities referred to in article 29 of the EU Securitisation Regulation and, upon request, potential investors:</p> <p>(a) <u>all underlying documentation that is essential for the understanding of the transaction described in this Prospectus (being, the preliminary Prospectus and the drafts Transaction Documents (other than the draft Class A Notes Subscription Agreement)) as required by and in accordance with Articles 7(1)(b) and 22(5) of the EU Securitisation Regulation;</u></p> <p>(b) <u>the draft STS notification as required by and in accordance with Articles 7(1)(d) and 22(5) of the EU Securitisation Regulation;</u> and</p> <p>(c) <u>upon request, loan-level data with respect to the Purchased Consumer Loan Receivables, as required by and in accordance with Articles 7(1)(a) and 22(5) of the EU Securitisation Regulation using the then applicable template for disclosure; (...)&gt;&gt;.</u></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>	Yes
	<b>PCS Comment</b>	
	<p>See point 77 above.</p> <p>See also the definition of "Transaction Documents", as follows:</p> <p>&lt;&lt;Transaction Documents means the Issuer Regulations, <u>the Consumer Loan Receivables Purchase and Servicing Agreement and any Transfer Document</u>, the Account Bank and Cash Management Agreement, the Paying Agency Agreement, the Interest Rate Swap Agreement, the Class A Notes Subscription Agreement, the Class B Notes Subscription Agreement, the Residual Units Subscription Agreement, the Specially Dedicated Account Bank Agreement, the Data Protection Agreement, the Reserve Cash Deposits Agreement, the Transaction Agent Agreement and the Custodian Acceptance Letter.&gt;&gt;.</p> <p><b>PCS has considered the definition of Transaction Documents as encompassing all the transaction documents that are necessary to regulate the transaction, also on the basis of the draft of Legal Opinion provided.</b></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 point 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 point 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 point 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>	<b>Yes</b>
<b>PCS Comment</b>	
See point 77 above.	

<b>83</b>	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<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;		
<b>STS criteria</b>		
83. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;		
<b>Verified?</b>	<b>Yes</b>	
<b>PCS Comment</b>		
The PoPs are contained in the Issuer Regulation – Clause 17 ( <i>Priorities of Payments</i> ).		
See also Prospectus, “OPERATION OF THE ISSUER - Funds Allocation Rules” and the PoPs detailed in the subsequent paragraphs.		

<b>84</b>	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:		
(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:		
<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>		
84. (c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:		
(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;		
<b>Verified?</b>	<b>Yes</b>	
<b>PCS Comment</b>		

The Prospectus is made in compliance with the Prospectus Regulation. This requirement, therefore, does not apply.	
85	<b>STS criteria</b>
	85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> Not applicable.
86	<b>STS criteria</b>
	86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> Not applicable.
87	<b>STS criteria</b>
	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;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> Not applicable.
88	<b>Legislative text – Article 22 - Requirements relating to transparency</b> <a href="#">GO TO TABLE OF CONTENTS</a>
	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;
	<b>STS criteria</b>
	88. (d) in the case of STS securitisations, the STS notification referred to in Article 27;
	<b>Verified?</b> Yes
	<b>PCS Comment</b>

See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:

<<(1) before pricing, the Management Company has made available to the competent authorities referred to in article 29 of the EU Securitisation Regulation and, upon request, potential investors: (... ) (b) the draft STS notification as required by and in accordance with Articles 7(1)(d) and 22(5) of the EU Securitisation Regulation; and (... ) >>.

It is also noted that <<For the purpose of the STS notification, each of BPCE, as sponsor and the Sellers, as originators, have designated BPCE, as sponsor, pursuant to the provisions of the Transaction Agent Agreement, to act as first contact point for investors and competent authorities within the meaning of paragraph 3 of article 27(1) of the EU Securitisation Regulation.>>.

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>		
89. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, paragraph (4):</p> <p>&lt;&lt;(4) on a monthly basis and within one (1) month of each Payment Date and simultaneously with the information provided under item (3) above, the Management Company shall publish the relevant <u>EU Securitisation Regulation Investor Report, as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation, which shall be provided in the form of the standardised template set out in Annex XII of the Commission Delegated Regulation (EU) 2020/1224, setting out:</u></p> <ul style="list-style-type: none"> <li>(a) information about the retention of the material net economic interest by the Sellers in compliance with article 6 of the EU Securitisation Regulation;</li> <li>(b) all materially relevant data on the credit quality and performance of the Purchased Consumer Loan Receivables;</li> <li>(c) information on events which trigger changes in the applicable Priority of Payments or (provided that such information shall be reported prior to such date, if necessary to make sure that such information is reported to investors without undue delay) the replacement of any party to the Transaction Documents, and data on the cash flows generated by the Purchased Consumer Loan Receivables and by the Notes and Residual Units and any other liabilities of the Issuer;</li> <li>(d) any material amendment to, or substitution of, Servicing Procedures notified to the Management Company by the Transaction Agent, the Central Servicing Entity or the relevant Servicer in accordance with the provisions of the Consumer Loan Receivables Purchase and Servicing Agreement (provided that such information shall be reported prior to such date, if necessary to make sure that such information is reported to investors without undue delay);</li> <li>(e) if and when the relevant information on environmental performance of the properties financed by the Consumer Loan Receivables becomes available, any such information which has been communicated by the Transaction Agent to the Management Company;&gt;&gt;.</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 point 89 above.
<b>91</b>	<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 point 89 above.
<b>92</b>	<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 point 89 above.
<b>93</b>	<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 point 89 above.

<b>94</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>(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>		
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;		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, paragraph (4), where it is stated that:</p> <p>&lt;&lt;(6) the Management Company shall publish <u>without delay</u>,</p> <p>(a) in accordance with Article 7(1)(f) of the EU Securitisation Regulation, any inside information relating to the securitisation that the Sellers as originators or the Issuer as SSPE are obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council (2) on insider dealing and market manipulation; and&gt;&gt;.</p>		

<b>95</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>(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>		
95. (g) where point (f) does not apply, any significant event such as:		
(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;		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, paragraph (6), where it is stated that:</p> <p>&lt;&lt;(6) the Management Company shall publish <u>without delay</u>,</p> <p>(b) in accordance with article 7(1)(g) of the EU Securitisation Regulation, any significant event, such as:</p>		

	<p>(i) any material breach of the obligations provided for in any Transaction Documents, including any remedy, waiver or consent subsequently provided in relation to such a breach;</p> <p>(ii) any change in the structural features that can materially impact the performance of the securitisation;</p> <p>(iii) any change in the risk characteristics of the securitisation or of the Purchased Consumer Loan Receivables that can materially impact the performance of the securitisation;</p> <p>(iv) the Transaction ceasing to meet the STS requirements or competent authorities having taken remedial or administrative actions;</p> <p>such information to be provided in the form set out in Annex XIV of the Commission Delegated Regulation (EU) 2020/1224.&gt;&gt;.</p>
<b>96</b>	<p><b>STS criteria</b></p> <p>96. (ii) a change in the structural features that can materially impact the performance of the securitisation;</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See point 95 above.</p>
<b>97</b>	<p><b>STS criteria</b></p> <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> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See point 95 above.</p>
<b>98</b>	<p><b>STS criteria</b></p> <p>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;</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See point 95 above.</p>
<b>99</b>	<p><b>STS criteria</b></p> <p>99. (v) any material amendment to transaction documents.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, paragraph (5), where it is stated that:</p>

<<(5) the Management Company shall publish without delay, in accordance with Article 7(1)(g)(v) of the EU Securitisation Regulation, any material amendment to any Transaction Documents (provided that, as indicated in Section “MODIFICATIONS TO THE TRANSACTION”, any amendments to the Issuer Regulations shall be notified to the Noteholders and the Residual Unitholder(s), it being specified that such amendments shall be, automatically and without any further formalities (de plein droit), enforceable as against such Noteholders and Residual Unitholder(s) within three (3) Business Days after they have been notified thereof); (...)>>

See also “3. RISK RELATED TO THIRD PARTIES – 3.1 The Servicers - Reliance on Servicing Procedures”, where it is stated that:

<<Furthermore, any material amendment to or substitution of any part of the Servicing Procedures shall require the prior information of the Management Company (with a copy to the Custodian). The Rating Agencies shall be informed by the Management Company of any such material amendment to or substitution of Servicing Procedures and an overview of any such substantial amendment to or substitution of Servicing Procedures will be provided to investors on a monthly basis and within one (1) month of each Payment (provided that such information shall be reported prior to such date, if necessary to make sure that such information is reported to investors without undue delay).>>

<b>100</b>	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<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)	
	<b>STS criteria</b>	
	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)	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, paragraph (3), for the loan-level data, and (4) for the Securitisation Regulation Investor Report and any additional documents attached to it.	

<b>101</b>	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	7.1. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay	
	When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.	
	In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.	
	Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.	
	<b>STS criteria</b>	
	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	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	

See criterion 94 above for the “without delay” requirement in respect of point 7(1)(f), and 95 above for the “without delay” requirement in respect of point 7(1)(g).

<b>102</b>	<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.          The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.          Or          The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p>		
<b>STS criteria</b>		
<p>102. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.          The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p>		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>See section “EU Securitisation Regulation and UK Securitisation Regulation Transparency Requirements”, where it is stated that:  <i>&lt;&lt;For the purposes of article 7(2) of EU Securitisation Regulation, BPCE, as sponsor, the Sellers, as originators, and the Management Company on behalf of the Issuer have agreed in the Consumer Loan Receivables Purchase and Servicing Agreement that <u>the Issuer will act as Reporting Entity in order to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of Article 7(1) and Article 22(5) of EU Securitisation Regulation. In each case, information shall be made available by the Management Company on behalf of the Issuer to the Noteholders, the competent authorities referred to in article 29 of the EU Securitisation Regulation and, upon request, to potential investors and shall be published by means of the Securitisation Repository, as follows: (...)&gt;&gt;</u></i></p>		

<b>103</b>	<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.          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 point 102 above: the Management Company (on behalf of the Issuer) is the entity responsible for reporting the information and EDW is the securitisation repository.</p>		

## Definitions:

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

**“COMI”**: centre of main interest – broadly, the legal jurisdiction where the insolvency of the seller of assets will be primarily determined.

**“Issuer Notification”**: the notification provided by the originator or sponsor pursuant to article 27 of the STS Regulation.

**“Jurisdiction List”**: the list of jurisdictions where it has been determined that severe clawback provisions do not apply.

**“Legal Opinion”**: an opinion signed by a law firm qualified in the relevant jurisdiction and acting for the originator or the arranger where the law firm sets out the reasons why, in its opinion and subject to customary assumptions and qualifications, the assets are transferred in such a way as to meet the STS Criterion for “true sale” or the same type of opinion for prior sales together with an opinion on the enforceability of the underlying assets.

**“Marketing Documents”**: Documents prepared by or on behalf of the originator and used in the marketing of the transaction with potential investors.

**“Model”**: a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.

**“Prospectus/Deal Sheet”**: the prospectus, or for a deal where no prospectus needs to be drawn up, the deal sheet envisaged by article 7.1(c) of the STS Regulation.

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

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

## EBA Final non-ABCP STS Guidelines:

1,	<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>		
<p><b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b></p> <p>17. The criterion in Article 20(2) is designed to ensure the enforceability of the transfer of legal title in the event of the seller's insolvency. More specifically, if the underlying exposures sold to the SSPE could be reclaimed for the sole reason that their transfer was effected within a certain period before the seller's insolvency, or if the SSPE could prevent the reclaim only by proving that it was unaware of the seller's insolvency at the time of transfer, such clauses would expose investors to a high risk that the underlying exposures would not effectively back their contractual claims. For this reason, Article 20(2) specifies that such clauses constitute severe clawback provisions, which may not be contained in STS securitisation.</p>		
<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> <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(c) assessment of clawback risks and re-characterisation risks.</li> </ul> <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>		
<p><b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b></p> <p>18. Whereas, pursuant to Article 20(2), contractual terms and conditions attached to the transfer of title that expose investors to a high risk that the securitised assets will be reclaimed in the event of the seller's insolvency should not be permissible in STS securitisations, such prohibition should not include the statutory provisions granting the right to a liquidator or a court to invalidate the transfer of title with the aim of preventing or combating fraud, as referred to in Article 20(3).</p>		
<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><i>True sale, assignment or transfer with the same legal effect</i></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>		

<b>3</b>	<p><b>Article 20 - Requirements relating to simplicity</b></p> <p><b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b></p> <p>19. Article 20(4) specifies that, where the transfer of title occurs not directly between the seller and the SSPE but through one or more intermediary steps involving further parties, the requirements relating to the true sale, assignment or other transfer with the same legal effect, apply at each step.</p> <p><b>EBA Final non-ABCP STS Guidelines</b></p> <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><i>True sale, assignment or transfer with the same legal effect</i></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>	<p><a href="#">BACK TO CHECKLIST</a></p>
----------	--	--

<b>4</b>	<p><b>Article 20 - Requirements relating to simplicity</b></p> <p><b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b></p> <p><b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b></p> <p>20. The objective of the criterion in Article 20(5) is to minimise legal risks related to unperfected transfers in the context of an assignment of the underlying exposures, by specifying a minimum set of events subsequent to closing that should trigger the perfection of the transfer of the underlying exposures.</p> <p>22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;</p> <p>(b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.</p> <p><b>EBA Final non-ABCP STS Guidelines</b></p> <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><i>Severe deterioration in the seller credit quality standing</i></b></p> <p>13. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the transaction documentation should identify, with regard to the trigger of 'severe deterioration in the seller credit quality standing', credit quality thresholds that are objectively observable and related to the financial health of the seller.</p> <p><b><i>Insolvency of the seller</i></b></p> <p>14. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the trigger of 'insolvency of the seller' should refer, at least, to events of legal insolvency as defined in national legal frameworks.</p>	<p><a href="#">BACK TO CHECKLIST</a></p>
----------	---	--

<b>5</b>	<b><u><a href="#">Article 20 - Requirements relating to simplicity</a></u></b>	<b><u><a href="#">BACK TO CHECKLIST</a></u></b>
<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>		
<p>21. The objective of the criterion in Article 20(6), which requires the seller to provide the representations and warranties confirming to the seller's best knowledge that the transferred exposures are neither encumbered nor otherwise in a condition that could potentially adversely affect the enforceability of the transfer of title, is to ensure that the underlying exposures are not only beyond the reach not only of the seller but equally of its creditors, and to allocate the commercial risk of the encumbrance of the underlying exposures to the seller.</p>		
<b>EBA Final non-ABCP STS Guidelines</b>		

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

7	<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>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>		
<p><b>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b></p> <p><b>Active portfolio management</b></p> <p>15. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, active portfolio management should be understood as portfolio management to which either of the following applies:</p> <p>(a) the portfolio management makes the performance of the securitisation dependent both on the performance of the underlying exposures and on the performance of the portfolio management of the securitisation, thereby preventing the investor from modelling the credit risk of the underlying exposures without considering the portfolio management strategy of the portfolio manager;</p> <p>(b) the portfolio management is performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit.</p> <p>16. The techniques of portfolio management that should not be considered active portfolio management include:</p> <p>(a) substitution or repurchase of underlying exposures due to the breach of representations or warranties;</p> <p>(b) substitution or repurchase of the underlying exposures that are subject to regulatory dispute or investigation to facilitate the resolution of the dispute or the end of the investigation;</p> <p>(c) replenishment of underlying exposures by adding underlying exposures as substitutes for amortised or defaulted exposures during the revolving period;</p> <p>(d) acquisition of new underlying exposures during the 'ramp up' period to line up the value of the underlying exposures with the value of the securitisation obligation(e) repurchase of underlying exposures in the context of the exercise of clean-up call options, in accordance with Article 244(3)(g) of Regulation (EU) 2017/2401;</p> <p>(f) repurchase of defaulted exposures to facilitate the recovery and liquidation process with respect to those exposures;</p> <p>(g) repurchase of underlying exposures under the repurchase obligation in accordance with Article 20(13) of Regulation (EU) 2017/2402.</p>		

8	<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, 11	<p><b>Article 20 - Requirements relating to simplicity</b></p> <p><b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b></p> <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> <p><b>EBA Final non-ABCP STS Guidelines</b></p> <p><b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p><b>Contractually binding and enforceable obligations</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>	<a href="#">BACK TO CHECKLIST</a>
-----------	---	-----------------------------------

12, 13	<p><b>Article 20 - Requirements relating to simplicity</b></p> <p><b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b></p> <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> <p><b>EBA Final non-ABCP STS Guidelines</b></p> <p><b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p><b>Exposures with periodic payment streams</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 style="padding-left: 20px;">(i) the remaining principal is repaid at the maturity;</p> <p style="padding-left: 20px;">(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>	<a href="#">BACK TO CHECKLIST</a>
-----------	---	-----------------------------------

14	<a href="#">BACK TO CHECKLIST</a>
<b>Article 20 - Requirements relating to simplicity</b>	
<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.	
<b>EBA Final non-ABCP STS Guidelines</b>	

15	<a href="#">BACK TO CHECKLIST</a>
<b>Article 20 - Requirements relating to simplicity</b>	
<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.	
<b>EBA Final non-ABCP STS Guidelines</b>	

16	<a href="#">BACK TO CHECKLIST</a>
<b>Article 20 - Requirements relating to simplicity</b>	
<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.	
<b>EBA Final non-ABCP STS Guidelines</b>	

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>		
<p><b>Underwriting standards (Article 20(10))</b></p> <p>37. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term ‘similar exposures’, with reference to requirements specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;</p> <p>(b) the term ‘no less stringent underwriting standards’: independently of the guidance provided in these guidelines, it is understood that, in the spirit of restricting the ‘originate-to-distribute’ model of underwriting, where similar exposures exist on the originator’s balance sheet, the underwriting standards that have been applied to the securitised exposures should also have been applied to similar exposures that have not been securitised, i.e. the underwriting standards should have been applied not solely to securitised exposures;</p>		
<b>EBA Final non-ABCP STS Guidelines</b>		
<p><b>4.4 Underwriting standards, originator’s expertise (Article 20(10))</b></p> <p><b><i>No less stringent underwriting standards</i></b></p> <p>23. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the underwriting standards applied to securitised exposures should be compared to the underwriting standards applied to similar exposures at the time of origination of the securitised exposures.</p> <p>24. Compliance with this requirement should not require either the originator or the original lender to hold similar exposures on its balance sheet at the time of the selection of the securitised exposures or at the exact time of their securitisation, nor should it require that similar exposures were actually originated at the time of origination of the securitised exposures.</p>		



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

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

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>		
<p><b>Underwriting standards (Article 20(10))</b></p> <p>35. The objective of the criterion specified in the third subparagraph of Article 20(10) is to ensure that the assessment of the borrower’s creditworthiness is based on robust processes. It is expected that the application of this article will be limited in practice, given that the STS is limited to originators based in the EU, and the criterion is understood to cover only exposures originated by the EU originators to borrowers in non-EU countries.</p> <p>37. (e) clarification of the criterion with respect to the assessment of a borrower’s creditworthiness based on equivalent requirements in third countries;</p>		
<b>EBA Final non-ABCP STS Guidelines</b>		

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 20(1) of Regulation (EU) No 575/2013 qualifying for credit quality step 2 or above as set out in Part Three, Title II, Chapter 2 of that regulation;</p>		
<p>(ii) commercial loans secured with one or several mortgages on commercial immovable property or other commercial premises;</p>		
<p>(iii) credit facilities provided to individuals for personal, family or household consumption purposes;</p>		
<p>(iv) auto loans and leases;</p>		
<p>(v) credit card receivables;</p>		
<p>(vi) trade receivables;</p>		
<p>(b) the exposures fall under the asset category of credit facilities provided to micro-, small-, medium-sized and other types of enterprises and corporates including loans and leases, as referred to in Article 2(d) of the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, as underlying exposures of a certain type of obligor;</p>		
<p>(c) where they do not belong to any of the asset categories referred to in points (a) and (b) of this paragraph and as referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous for the purposes of Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, the underlying exposures share similar characteristics with respect to the type of obligor, ranking of security rights, type of immovable property and/or jurisdiction.</p>		
<p><i>Criteria for determining the expertise of the originator or original lender</i></p>		
<p>34. For the purposes of determining whether an originator or original lender has expertise in originating exposures of a similar nature to those securitised in accordance with Article 20(10) of Regulation (EU) 2017/2402, both of the following should apply:</p>		

- (a) the members of the management body of the originator or original lender and the senior staff, other than the members of the management body, responsible for managing the originating of exposures of a similar nature to those securitised should have adequate knowledge and skills in the origination of exposures of a similar nature to those securitised;
- (b) any of the following principles on the quality of the expertise should be taken into account:
- (i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;
  - (ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;
  - (iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of originating the exposures should be appropriate;
  - (iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to origination of exposures of a similar nature to those securitised.
35. An originator or original lender should be deemed to have the required expertise when either of the following applies:
- (a) the business of the entity, or of the consolidated group to which the entity belongs for accounting or prudential purposes, has included the originating of exposures similar to those securitised, for at least five years;
- (b) where the requirement referred to in point (a) is not met, the originator or original lender should be deemed to have the required expertise where they comply with both of the following:
- (i) at least two of the members of the management body have relevant professional experience in the origination of exposures similar to those securitised, at a personal level, of at least five years;
  - (ii) senior staff, other than members of the management body, who are responsible for managing the entity's originating of exposures similar to those securitised, have relevant professional experience in the origination of exposures of a similar nature to those securitised, at a personal level, of at least five years.
36. For the purposes of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.

23	<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>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>
<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>		
<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>(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>		
<p><b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b></p> <p><b>Exposures to a credit-impaired debtor or guarantor</b></p> <p>39. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the circumstances specified in points (a) to (c) of that paragraph should be understood as definitions of credit-impairedness. Other possible circumstances of credit-impairedness that are not captured in points (a) to (c) should be considered to be excluded from this requirement.</p> <p>40. The prohibition of the selection and transfer to SSPE of underlying exposures ‘to a credit-impaired debtor or guarantor’ as referred to in Article 20(11) of Regulation (EU) 2017/2402 should be understood as the requirement that, at the time of selection, there should be a recourse for the full securitised exposure amount to at least one non-credit-impaired party, irrespective of whether that party is a debtor or a guarantor. Therefore, the underlying exposures should not include either of the following:</p> <p>(a) exposures to a credit-impaired debtor, when there is no guarantor for the full securitised exposure amount;</p> <p>(b) exposures to a credit-impaired debtor who has a credit-impaired guarantor.</p> <p><b>To the best of the originator’s or original lender’s knowledge</b></p> <p>41. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the ‘best knowledge’ standard should be considered to be fulfilled on the basis of information obtained only from any of the following combinations of sources and circumstances:</p> <p>(a) debtors on origination of the exposures;</p> <p>(b) the originator in the course of its servicing of the exposures or in the course of its risk management procedures;</p> <p>(c) notifications to the originator by a third party;</p> <p>(d) publicly available information or information on any entries in one or more credit registries of persons with adverse credit history at the time of origination of an underlying exposure, only to the extent that this information had already been taken into account in the context of (a), (b) and (c), and in accordance with the applicable regulatory and supervisory requirements, including with respect</p>		

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

<b>26</b>	<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 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:		
(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;		
<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 credit-impaired debtors or guarantors that have undergone a debt-restructuring process</i></b>		
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.		

29	<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>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>Credit registry</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>		
<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>(e) Interpretation of the term 'significantly higher risk of contractually agreed payments not being made for comparable exposures': the term should be interpreted with a similar meaning to the requirement aiming to prevent adverse selection of assets referred to in Article 6(2) of Regulation (EU) 2017/2402, and further specified in the Article 16(2) of the Delegated Regulation specifying in greater detail the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/24027, given that in both cases the requirement (i) aims to prevent adverse selection of underlying exposures and (ii) relates to the comparison of the credit quality of exposures transferred to the SSPE and comparable exposures that remain on the originator's balance sheet. To facilitate the interpretation, a list is given of examples of how to achieve compliance with the requirement.</p>		
<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>Risk of contractually agreed payments not being made being significantly higher than for comparable exposures</b></p> <p>44. For the purposes of Article 20(11)(c) of Regulation (EU) 2017/2402, the exposures should not be considered to have a 'credit assessment of a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised' when the following conditions apply:</p> <p>(a) the most relevant factors determining the expected performance of the underlying exposures are similar;</p> <p>(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.</p> <p>45. The requirement in the previous paragraph should be considered to have been met where either of the following applies:</p> <p>(a) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or classified to the similar effect under the relevant accounting principles;</p> <p>(b) the underlying exposures do not include exposures whose credit quality, based on credit ratings or other credit quality thresholds, significantly differs from the credit quality of comparable exposures that the originator originates in the course of its standard lending operations and credit risk strategy.</p>		
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>		
<p><b>At least one payment made (Article 20(12))</b></p> <p>41. STS securitisations should minimise the extent to which investors are required to analyse and assess fraud and operational risk. At least one payment should therefore be made by each underlying borrower at the time of transfer, since this reduces the likelihood of the loan being subject to fraud or operational issues, unless in the case of revolving securitisations in which the distribution of securitised exposures is subject to constant changes because the securitisation relates to exposures payable in a single instalment or with an initial legal maturity of an exposure of below one year.</p> <p>42. To facilitate consistent interpretation of this criterion, its scope and the types of payments referred to therein should be further clarified.</p>		
<b>EBA Final non-ABCP STS Guidelines</b>		
<p><b>4.6 At least one payment made (Article 20(12))</b></p> <p><b>Scope of the criterion</b></p> <p>46. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, further advances in terms of an exposure to a certain borrower should not be deemed to trigger a new 'at least one payment' requirement with respect to such an exposure.</p> <p><b>At least one payment</b></p> <p>47. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, the payment referred to in the requirement according to which 'at least one payment' should have been made at the time of transfer should be a rental, principal or interest payment or any other kind of payment.</p>		

32	<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>		

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

<b>34</b>	<a href="#">BACK TO CHECKLIST</a>
<b>Article 21 - Requirements relating to standardisation</b>	
<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>	
<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>	
<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>	
<p>51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered 'appropriately mitigated', it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.</p> <p>52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:</p> <p>(a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;</p> <p>(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;</p> <p>(c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.</p>	

	53. Where the mitigation of interest-rate and currency risks referred to in Article 21(2) of Regulation (EU) 2017/2402 is carried out not through derivatives but by other risk-mitigating measures, those measures should be designed to be sufficiently robust. When such risk-mitigating measures are used to mitigate multiple risks at the same time, the disclosure required by Article 21(2) of Regulation (EU) 2017/2402 should include an explanation of how the measures hedge the interest-rate risks and currency risks on one hand, and other risks on the other hand.
--	---

<b>35</b>	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>		
<b>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</b>		
<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>		
<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>		
<p>51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered ‘appropriately mitigated’, it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.</p> <p>52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:</p> <p>(a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;</p> <p>(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;</p> <p>(c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.</p> <p>53. Where the mitigation of interest-rate and currency risks referred to in Article 21(2) of Regulation (EU) 2017/2402 is carried out not through derivatives but by other risk-mitigating measures, those measures should be designed to be sufficiently robust. When such risk-mitigating measures are used to mitigate multiple risks at the same time, the disclosure required by Article 21(2) of Regulation (EU) 2017/2402 should include an explanation of how the measures hedge the interest-rate risks and currency risks on one hand, and other risks on the other hand.</p> <p>54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed.</p>		

36	<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>		
<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><i>Derivatives</i></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>		
<p><b>Referenced interest payments (Article 21(3))</b></p> <p>53. The objective of this criterion is to prevent securitisations from making reference to interest rates that cannot be observed in the commonly accepted market practice. The credit risk and cash flow analysis that investors must be able to carry out should not involve atypical, complex or complicated rates or variables that cannot be modelled on the basis of market experience and practice.</p> <p>54. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the scope of the criterion (by specifying the common types and examples of interest rates captured by this criterion);</p> <p>(b) the term ‘complex formulae or derivatives’.</p>		
<b>EBA Final non-ABCP STS Guidelines</b>		
<p><b>5.2 Referenced interest payments (Article 21(3))</b></p> <p><b>Referenced rates</b></p> <p>57. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, interest rates that should be considered to be an adequate reference basis for referenced interest payments should include all of the following:</p> <p>(a) interbank rates including the Libor, Euribor and other recognised benchmarks;</p> <p>(b) rates set by monetary policy authorities, including FED funds rates and central banks’ discount rates;</p> <p>(c) sectoral rates reflective of a lender’s cost of funds, including standard variable rates and internal interest rates that directly reflect the market costs of funding of a bank or a subset of institutions, to the extent that sufficient data are provided to investors to allow them to assess the relation of the sectoral rates to other market rates.</p> <p><b>Complex formulae or derivatives</b></p> <p>58. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, a formula should be considered to be complex when it meets the definition of an exotic instrument by the Global Association of Risk Professionals (GARP), which is a financial asset or instrument with features that make it more complex than simpler, plain vanilla, products. A complex formula or derivative should not be deemed to exist in the case of the mere use of interest-rate caps or floors.</p>		



41	<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>		
<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>Repayment</b></p> <p>63. The requirements in Article 21(4)(b) of Regulation (EU) 2017/2402 should be understood as covering only the repayment of the principal, without covering the repayment of interest.</p> <p>64. For the purposes of Article 21(4)(b) of Regulation (EU) 2017/2402, non-sequential payments of principal in a situation where an enforcement or an acceleration notice has been delivered should be prohibited. Where there is no enforcement or acceleration event, principal receipts could be allowed for replenishment purposes pursuant to Article 20(12) of that Regulation.</p>		

44	<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>		
<p><b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b></p> <p><b>Liquidation of the underlying exposures at market value</b></p> <p>65. For the purposes of Article 21(4)(d) of Regulation (EU) 2017/2402, the investors' decision to liquidate the underlying exposures at market value should not be considered to constitute an automatic liquidation of the underlying exposures at market value.</p>		

45	<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,	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
47,	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
48,	<b>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>	
49,	<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>	
50	<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>		
67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:		
(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;		
(b) it should trigger the termination of the revolving period.		

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

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

62,	<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>	
<p><b>Resolution of conflicts between different classes of investors</b></p> <p>70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.</p> <p>71. To facilitate consistent interpretation of this criterion, the term ‘clear provisions that facilitate the timely resolution of conflicts between different classes of investors’ should be further interpreted.</p>		
<b>EBA Final non-ABCP STS Guidelines</b>		
<p><b>5.8 Resolution of conflicts between different classes of investors (Article 20(10))</b></p> <p><b><i>Clear provisions facilitating the timely resolution of conflicts between different classes of investors</i></b></p> <p>73. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, provisions of the transaction documentation that ‘facilitate the timely resolution of conflicts between different classes of investors’, should include provisions with respect to all of the following:</p> <ul style="list-style-type: none"> <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	<b>Data on historical default and loss performance (Article 22(1))</b>	
	<p>72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.</p>	
	<p>73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p>	
	<p>(a) its application to external data;          (b) the term ‘substantially similar exposures’.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>6.1 Data on historical default and loss performance (Article 22(1))</b>	
	<b>Data</b>	
	<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>	
	<b>Substantially similar exposures</b>	
	<p>76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term ‘substantially similar exposures’ should be understood as referring to exposures for which both of the following conditions are met:</p>	
	<p>(a) the most relevant factors determining the expected performance of the underlying exposures are similar;          (b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.</p>	
	<p>77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.</p>	



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

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