

STS Term Master Checklist

BPCE DEMETER TRIA FCT



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

28 July 2021



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

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

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

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

28 July 2021



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Prime Collateralised Securities (PCS) STS Verification

Individual(s) undertaking the assessment	Daniele Vella
Date of Verification	28 July 2021
The transaction to be verified (the “Transaction”)	BPCE DEMETER TRIA FCT
Issuer	BPCE DEMETER TRIA FCT
Originators	A number of “Banques Populaires” and “Caisses d’Epargne” (see list in Section “DESCRIPTION OF THE BPCE GROUP, THE ORIGINATORS AND THE TRANSACTION AGENT”)
Lender and Transaction Agent	BPCE S.A.
Arrangers	BPCE S.A. and UniCredit Bank AG
Transaction Legal Counsel	Jones Day
Rating Agencies	DBRS and Fitch
Stock Exchange	Euronext Paris - Paris Stock Exchange
Closing Date	28 July 2021

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

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

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

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

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

1	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.</p>		
Verified?		Yes
PCS Comment		
<p>The structure of the transaction provides that, the underlying exposures, composed of French consumer loan receivables originated by banks belonging to the BPCE group and participating to the refinancing program (each, an “Originator”), are transferred in full title to the FCT by way of financial collateral arrangement pursuant to Directive 2002/47/EC of the European Parliament and of the Council dated 6 June 2002 (as amended) (the “Collateral Directive”), as implemented in France in 2005 under the provisions of Article L. 211-38 of the French Monetary and Financial Code.</p> <p>In particular, the transaction is structured as follows:</p> <ol style="list-style-type: none"> 1. BPCE grants a loan to each of the participating Originators on the closing date pursuant to a facility agreement (each a “Facility Agreement”). 2. Each loan granted under a Facility Agreement is secured by a financial collateral arrangement (each a “Collateral Security Agreement”) governed by articles L. 211-38 et seq. of the French monetary and financial code pursuant to which each Originator transfers full title of consumer loans receivables as security to the loan granted to it. 3. The securitisation vehicle (the “FCT”) is a party to each Facility Agreement and to each Collateral Security Agreement. 4. On the closing date: <ol style="list-style-type: none"> a. BPCE assigns to the FCT each loan receivable (right after disbursement) together with the benefit of the Collateral Security Agreement and in particular, the undertaking of the Originators to transfer full title of consumer loan receivables as security to the loan; b. the Originators transfer the full title of the consumer loan receivables directly to the FCT. c. the FCT issues the Class A Notes placed with UniCredit and the Class B Notes as well as residual units subscribed by the Originators; d. in terms of cash flows: <ol style="list-style-type: none"> i. principal outstanding balance of the Class A Notes + Class B Notes = aggregate outstanding loan balance of the collateralized loans granted to the Originators ≤ aggregate principal outstanding balance of the portfolio of the consumer loan receivables transferred by way of financial collateral arrangement by the Originators; and ii. the proceeds from the issue of FCT Notes, the payment of purchase price to BPCE by FCT and the disbursement of the loans by BPCE to each Originator are made on the closing date by way of set-off and delegation; e. after the completion of all these above steps, the FCT is the creditor of the Originators in respect of the collateralised loans and the legal owner of consumer loan receivables transferred to it by each Originator as security to such collateralised loans. <p>Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation risks is made in the Legal Opinion and in a memorandum issued by the law firm Jones Day, acting as French-law legal advisers to BPCE S.A.</p> <p>“True sale”, originally, was 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</p>		

the claims of the originator/seller's creditor out of the proceeds of the securitised assets. Following a "true sale" there is no legal device by which the assets can automatically revert to the originator/seller's ownership. Such automatic reversion is associated with security interests and anathema to a "true sale".

This is clearly stated in the wording of the Regulation (20.1). The expression "transfer to the same effect" indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.

The issue of "true sale" is separate from the issue of "clawback". "Clawback" refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a "true sale" has taken place.

All European jurisdictions, to PCS' knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from "defrauding" its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.

The STS Regulation (20.1) therefore does not require STS "true sales" to be clawback-proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to "severe clawback". The Regulation does not define "severe clawback" but gives an example (20.2) where a clawback may occur.

The STS Regulation (20.3) also explicitly excludes from the definition of "severe clawback" the traditional European basis for such devices which all come under the general category of "preferences".

PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis.

Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.

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

- Clawback requires an unfair preference "defrauding" creditors;
- Clawback puts the burden of proof on the insolvency officer or creditors – in other words it cannot be automatic nor require the purchaser to prove their innocence.

Since "severe clawback" is a jurisdictional concept, in analysing this issue, PCS will therefore first seek to determine the Originator's jurisdiction for the purposes of insolvency law. This would be its centre of main interest ("**COMI**") or its "**home member state**".

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.

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. In the case of the Transaction, the Originators are incorporated in France and licensed as credit institutions by the French *Autorité de Contrôle Prudentiel et de Résolution* and title to the assets is transferred by means of assignments governed by French law to a French *Fonds Commun de Titrisation*.

Details on the legal structure of the transaction and the applicable provisions are also contained in the Prospectus, in Section "*GENERAL DESCRIPTION OF THE ISSUER - SPECIFIC LEGAL REGIME - Other legal provisions*", in which it is also confirmed that:

<<(…) pursuant to Article L. 214-169 VI last paragraph of the French Monetary and Financial Code, "Provisions of Article L. 632-2 of the French Commercial Code [on claw back for knowledge of cessation of payments] are not applicable to onerous acts made to the benefit of a financing undertakings provided that these transactions are directly linked to the transactions referred to in article L. 214-168", which is the case of the transfer of the underlying assets by way of financial collateral arrangement as contemplated in the Collateral Security Agreements>>.

As outlined in the Prospectus and in the French legal opinion, in the case of a transfer which is made to a French *Fonds Commun de Titrisation* and governed by the specific mode of transfer provided for by provisions of the French Monetary and Financial Code, which exclude 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".

2	STS criteria	SEE RELATED EBA GUIDELINES
	2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.	
	Verified?	Yes
	PCS Comment	
	Each of the Sellers is incorporated and authorised as a credit institution in France (see section "DESCRIPTION OF THE BPCE GROUP, THE ORIGINATORS AND THE TRANSACTION AGENT" of the Prospectus) and in case of insolvency of any of them, French law would be applicable to the relevant insolvency actions. In the Republic of France no severe claw-back provisions apply to securitisation transactions.	

2a	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions: (a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency; (b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.	
	Verified?	Yes
	PCS Comment	
	Neither provision applies. In the Republic of France no severe claw-back provisions apply to assignments of receivables made in the context of securitisation transactions that are structured through financial collateral arrangements pursuant to Directive 2002/47/EC of the European Parliament and of the Council dated 6 June 2002 (as amended) (the "Collateral Directive"), as implemented in France in 2005 under the provisions of Article L. 211-38 of the French Monetary and Financial Code.	

2b	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	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.	
	Verified?	Yes
	PCS Comment	
	See comments to points 1 above. See also the statement in "FRENCH LAW CONSIDERATIONS - French Financial Collateral Arrangement Regime" that : << (...) claw back provisions contained in bankruptcy rules set forth in the Book VI of the French Commercial Code cannot affect a transfer of full title of collateral made in accordance with the provisions of Article L. 211-38 of the French Monetary and Financial Code, save in case of fraud as allowed by Article 20(3) of the Securitisation Regulation.>>.	

3	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<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>		
STS criteria		SEE RELATED EBA GUIDELINES
<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>		
Verified?		Yes
PCS Comment		
<p>See the representations §(a) and §(d) in Section “THE UNDERLYING ASSETS - 2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS” Sub 2.4, whereby each Originator confirms that:</p> <p><i><<(a) it is the sole owner and has full title of the Consumer Loan Receivable;>></i></p> <p><i><<(d) (...), the Consumer Loan relating to the Consumer Loan Receivable has been originated by the Originator in its ordinary course of business (...)>></i>.</p> <p>PCS received confirmation that the Consumer Loans have always been the property of the relevant Originator.</p>		

4	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<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>		
STS criteria		SEE RELATED EBA GUIDELINES
<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>		
Verified?		Yes
PCS Comment		
<p>Article 20.5 does not apply as the transfer is perfected.</p> <p>See “French Financial Collateral Arrangement Regime” where it is stated that <i><<the underlying exposures composed of French consumer loan receivables originated by the Originators shall be transferred in full title to the Issuer by way of financial collateral arrangement pursuant to Directive 2002/47/EC of the European Parliament and of the Council dated 6 June 2002 (as amended) (the “Collateral Directive”), as implemented in France in 2005 under the provisions of Article L. 211-38 of the French Monetary and Financial Code.>></i>.</p> <p>Criterion 4 requires two steps:</p>		

- To determine whether the transfer of the assets is by means of an unperfected assignment; and

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

PCS has reached sufficient comfort that pursuant to French law, the notification to the obligors of the assignment of the receivables to the relevant FCT is not necessary in order to perfect the transfer of the legal title to such receivables from the Originators to the FCT.

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. On the effects of such notice, see Section 1.6 (The Issuer is exposed to liquidity risk); 1.7 (*The Issuer is exposed to interest rate risk*) and 2.7 (*Enforcement of the Issuer's rights over the Consumer Loan Receivables – Notice to Debtors*).

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. The assignment of the Collateral Security will be made in compliance with the provisions of Clause 4 (*Transfer of Eligible Assets*) of the Collateral Security Agreement and shall become effective and enforceable against third parties on each relevant Transfer Date without formalities.

Accordingly, this transaction does not operate by way of an unperfected assignment and no specific triggers are therefore required.

5	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.6. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.	
	STS criteria	SEE RELATED EBA GUIDELINES
	5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.	
	Verified?	Yes
	PCS Comment	
	<p>See "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties"</p> <p><<Pursuant to the relevant Collateral Security Agreement, each Originator has made the following representations and warranties in relation to each Consumer Loan Receivable: (...)</p> <p>(c) in compliance with Article 20(6) of the Securitisation Regulation, the Consumer Loan Receivable is freely transferrable and, to the best of its knowledge, is not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of its transfer to the Issuer (as assignee of the Loan Receivable) pursuant to the relevant Collateral Security Agreement;>>.</p> <p>See also the following provision of the Facility Agreement:</p> <p><<13.2 Transfer by the Lender</p> <p><i>The Originator hereby agrees and acknowledges that the Lender will assign to the Issuer on the Drawdown Date all its rights in respect of the Loan under this Agreement together with the benefit of the Collateral Security Agreement and any security interest created thereunder on such date. The Issuer shall not sell, assign or transfer the Loan Receivable without the prior written consent of the Originator (or the Transaction Agent acting on its behalf).>>.</i></p> <p>In respect of the rights of the Issuer to transfer the Loan Receivables to third parties, these are restricted only in a pre-enforcement scenario: see in particular the statements in the Prospectus' section headed "THE UNDERLYING ASSETS – 3. Sale of the Consumer Loan Receivables by the Issuer after the Enforcement Date" which specifies that the Issuer cannot dispose of the Consumer Loan Receivables as long as there is no Enforcement Date (no re-use right). However, after the occurrence of the Enforcement Date or any Issuer Liquidation Event, the Management Company may (or shall, if instructed to do so) sell the Consumer Loan Receivables in the conditions and pursuant to the procedure described in such Section, which contemplates also a pre-emption right of the Originators and Transaction Agent.</p>	

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6	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.	
	STS criteria	SEE RELATED EBA GUIDELINES
	6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....	
	Verified?	Yes
	PCS Comment	
	See “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties” <<Pursuant to the relevant Collateral Security Agreement, each Originator has made the following representations and warranties in relation to each Consumer Loan Receivable: (...) (b) the Consumer Loan Receivable satisfies the Eligibility Criteria;>>. The Eligibility Criteria are described in the Section: “THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria” PCS has also verified the Eligibility Criteria to verify that this requirement is satisfied.	
7	STS criteria	SEE RELATED EBA GUIDELINES
	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.	
	Verified?	Yes
	PCS Comment	
	The repurchase mechanisms that would be factored in standard traditional securitisations as possible breach of this requirement, in this transaction could take the form of a retransfer of receivables, free of any security rights under the Collateral Security Agreement. Therefore, to verify compliance with this requirement it is necessary to conduct an analysis of those retransfer mechanisms. In this respect, see “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.2 Retransfer back of the Consumer Loan Receivables”, where it is stated: <<2.2 Retransfer back of the Consumer Loan Receivables Pursuant to the relevant Collateral Security Agreement, the relevant Originator is allowed to request from the Issuer the retransfer back to it of any Consumer Loan Receivables (or cash) it has transferred to the Issuer provided always that: (a) during the Revolving Period, the Cover Ratio, the Portfolio Ratios and the Cash Limit are met after such Retransfer in respect of such Originator; (b) during the Amortisation Period, the Cover Ratio is complied with after such Retransfer in respect of such Originator;	

	<p>(c) for the purpose of Article 20(7) of the Securitisation Regulation, such Retransfer shall only be made in the following cases:</p> <p>(i) as a general matter, such Retransfer shall not constitute active portfolio management being defined as portfolio management performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit; and</p> <p>(ii) the Retransfer shall only be approved by the Management Company (by counter-signing the relevant Retransfer Identification Notice) in the following cases:</p> <p>(A) the Consumer Loan Receivable to be transferred back is in breach of any of the representations and warranties set out in Clause 7.1 (Representations and warranties) of the relevant Collateral Security Agreement;</p> <p>(B) the Consumer Loan Receivable to be transferred back is subject to regulatory dispute or investigation and such Retransfer is made in order to facilitate the resolution of the dispute or the end of the investigation;</p> <p>(C) the Consumer Loan Receivable to be transferred back is defaulted and such Retransfer is made in order to facilitate its recovery and liquidation;</p> <p>(D) the Consumer Loan Receivable to be transferred back raises management and/or operational issues for the relevant Originator;</p> <p>(E) the Retransfer is made in order to cure a non-compliance with the Portfolio Ratios; or</p> <p>(F) the Retransfer is made in all other relevant cases allowed by Article 20(7) of the Securitisation Regulation and the related EBA Guidelines.>>.</p> <p>See also “GENERAL DESCRIPTION OF THE ISSUER - LEGAL PURPOSE:”</p> <p><<The Management Company <u>shall not engage in relation to the Issuer into any active portfolio management on a discretionary basis</u> within the meaning of Article 20(7) of the Securitisation Regulation.>>.</p> <p>See also the following representations in “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS”:</p> <p><<2.4 Representations and warranties of the Originators for the purposes of the Securitisation Regulation (...)</p> <p>Pursuant to the relevant Collateral Security Agreement, each Originator has represented and warranted that:</p> <p>(a) in compliance with Article 6(2) of the Securitisation Regulation, <u>it has not selected</u> (and shall not select in the future) the Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer in accordance with the Collateral Security Agreement <u>with the aim of rendering losses on the Collateral Security Assets in the form of Consumer Loan Receivables, as measured over the life of the Transaction, or over a maximum of four (4) years where the life of the Transaction is longer than four (4) years, higher than the losses over the same period on comparable Consumer Loan Receivables held on its balance sheet;</u></p>	
8	<p>STS criteria</p>	<p>SEE RELATED EBA GUIDELINES</p>
	<p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>	
	<p>Verified?</p>	<p>Yes</p>
	<p>PCS Comment</p> <p>See the Section “MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS” where it is stated that</p> <p><<The Collateral Security Agreements set forth the terms and conditions in accordance to which during the Revolving Period each Originator shall transfer by way of security, pursuant to Articles L. 211-38 et seq. of the French Monetary and Financial Code, the full title (pleine propriété) of (i) Consumer Loan Receivables that comply with the Eligibility Criteria on the relevant Transfer Date by reference to the facts and circumstances then existing on the relevant Collateral Cut-Off Date preceding such Transfer Date and (ii), subject to Cash Limit, cash denominated in Euro which shall be credited to the Collateral Account (the “Eligible Assets”) subject to compliance with the Cover Ratio, the Portfolio Ratios and Cash Limit, in order to secure, as they become due and payable, the payment of all and any obligations of such Originator, whether present or future, under the relevant Facility Agreement constituting financial obligations (obligations financières) within the meaning of Article L. 211-36 of</p>	

the French Monetary and Financial Code, including but not limited to, the payment of all and any amounts owed by such Originator under the relevant Facility Agreement and all ancillary rights related thereto (such as default interest, Tax Payment, Break Costs and other indemnities (if any)) (the "Secured Obligations"). These conditions are summarised below.>>

Cash Limit is defined as follows:

<<"Cash Limit" means, in relation to an Originator and on any Collateral Calculation Date, the limit which is satisfied as long as the Outstanding Balance of Collateral Security Assets in the form of cash transferred by such Originator to the Issuer have not been representing more than fifteen per cent. (15%) of the Outstanding Balance of all Collateral Security Assets transferred by such Originator to the Issuer during more than three (3) consecutive Collateral Calculation Dates (such Collateral Calculation Date being included).>>

9	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>		
Verified?		Yes
PCS Comment		
<p>See "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.5 Representations and warranties of the Originators for the purposes of the Securitisation Regulation"</p> <p><<Pursuant to the relevant Collateral Security Agreement, each Originator has represented and warranted that: (...)</p> <p>(e) for the purposes of Article 20(8) of the Securitisation Regulation, the Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer in accordance with the Collateral Security Agreement satisfy 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 Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer in accordance with the relevant Collateral Security Agreement (i) have been underwritten according to similar underwriting standards which apply similar approaches to the assessment of credit risk associated with the related Consumer Loans, (ii) are serviced according to similar servicing procedures with respect to monitoring, collection and administration of Consumer Loans and (iii) fall within the same asset category, being that of "credit facilities provided to individuals for personal, family or household consumption purposes";>></p> <p>See also §(b) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.2 Eligible Debtor":</p> <p><<An "Eligible Debtor" means the individual of legal age who has entered into the Consumer Loan as main debtor: (...)</p> <p>(b) who is deemed to have signed, to the best of the Originator's knowledge, the Consumer Loan in its capacity as consumer (consommateur) within the meaning of the French Consumer Code;>></p> <p>Additionally, see also the statement in "INFORMATION RELATING TO THE PROVISIONAL PORTFOLIO OF CONSUMER LOANS – Homogeneity".</p>		
10	STS criteria	SEE RELATED EBA GUIDELINES
<p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p>		
Verified?		Yes
PCS Comment		

	<p>See representation in §(f) of "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties":</p> <p><<(f) for the purposes of Article 20(8) of the Securitisation Regulation, <u>the Consumer Loan relating to the Consumer Loan Receivable gives rise to valid, binding and enforceable obligations of the relevant Debtor, with full recourse to the relevant Debtor (except that enforceability may be limited by (i) bankruptcy or insolvency of the relevant Debtor 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 relevant Consumer Loan Agreement (provided they would not (A) affect its Transfer to the Issuer (as assignee of the Loan Receivable) pursuant to the Collateral Security Agreement or (B) deprive the Issuer (as assignee of the Loan Receivable) of its rights to receive principal and to receive interest as provided for under the relevant Consumer Loan Agreement);>>.</u></p>
11	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>11. With full recourse to debtors and, where applicable, guarantors.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See representation in §(f) of "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties":</p> <p><<(f) for the purposes of Article 20(8) of the Securitisation Regulation, <u>the Consumer Loan relating to the Consumer Loan Receivable gives rise to valid, binding and enforceable obligations of the relevant Debtor, with full recourse to the relevant Debtor (except that enforceability may be limited by (i) bankruptcy or insolvency of the relevant Debtor 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 relevant Consumer Loan Agreement (provided they would not (A) affect its Transfer to the Issuer (as assignee of the Loan Receivable) pursuant to the Collateral Security Agreement or (B) deprive the Issuer (as assignee of the Loan Receivable) of its rights to receive principal and to receive interest as provided for under the relevant Consumer Loan Agreement);>>.</u></p> <p>Although the full recourse to Debtors is “qualified” by a number of circumstances that would limit such full recourse, PCS notices that these appear to be exceptions that derive from general principles of law, and that, even where not expressly mentioned, would anyway be applicable.</p> <p>This requirement, therefore, shall be considered satisfied.</p>
12	<p>Legislative text – Article 20 - Requirements relating to simplicity GO TO TABLE OF CONTENTS</p> <p>20.8. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p> <p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See §(g) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria"</p>

	<<(g) the loan has a <u>defined periodic payment stream within the meaning of Article 20(8) of the Securitisation Regulation</u> as it gives rise to the payment of monthly instalments consisting of principal and interest and as the case may be fees and insurance premium (subject to any initial grace period (période de franchise) at inception as the case may be);>>.	
13	STS criteria	SEE RELATED EBA GUIDELINES
	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.	
	Verified?	Yes
	PCS Comment	
	See §(g) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria" <<(g) the loan has a <u>defined periodic payment stream within the meaning of Article 20(8) of the Securitisation Regulation</u> as it gives rise to the payment of monthly <u>instalments consisting of principal and interest and as the case may be fees and insurance premium</u> (subject to any initial grace period (période de franchise) at inception as the case may be);>>.	
14	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.8. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	
	STS criteria	SEE RELATED EBA GUIDELINES
	14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	
	Verified?	Yes
	PCS Comment	
	See §(r) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria" <<(r) for the purposes of compliance with Articles 20(8), 20(9) and 21(2) of the Securitisation Regulation, <u>the receivable related to the loan is not a transferable security</u> as defined in Article 4(1), point (44) of MiFID II, nor a securitisation position within the meaning of Article 20 paragraphs 8 and 9, respectively, of the Securitisation Regulation, nor a derivative.>>.	
15	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.9. The underlying exposures shall not include any securitisation position.	
	STS criteria	SEE RELATED EBA GUIDELINES
	15. The underlying exposures shall not include any securitisation position.	
	Verified?	Yes
	PCS Comment	

See §(r) in “THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria”

<<(r) for the purposes of compliance with Articles 20(8), 20(9) and 21(2) of the Securitisation Regulation, the receivable related to the loan is not a transferable security as defined in Article 4(1), point (44) of MiFID II, nor a securitisation position within the meaning of Article 20 paragraphs 8 and 9, respectively, of the Securitisation Regulation, nor a derivative.>>.

16	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.10. The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.		
STS criteria		SEE RELATED EBA GUIDELINES
16. The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business.		
Verified?		Yes
PCS Comment		
<p>See representation in §(d) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties”:</p> <p><<(d) in compliance with Article 20(10) of the Securitisation Regulation, <u>the Consumer Loan relating to the Consumer Loan Receivable has been originated by the Originator in its ordinary course of business pursuant to its Credit Guidelines prevailing at that time and prior to the date on which the Consumer Loan has been made available to the relevant Debtor, all lending criteria and preconditions as applied by the Originator pursuant to its Credit Guidelines prevailing at that time were satisfied and the lending procedures applied to the Consumer Loan were not less stringent than the lending procedures applied to the other Consumer Loans of the Originator which are not securitised;</u>>>.</p>		
17	STS criteria	SEE RELATED EBA GUIDELINES
17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.		
Verified?		Yes
PCS Comment		
<p>See representation in §(d) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties”:</p> <p><<(d) in compliance with Article 20(10) of the Securitisation Regulation, <u>the Consumer Loan relating to the Consumer Loan Receivable has been originated by the Originator in its ordinary course of business pursuant to its Credit Guidelines prevailing at that time and prior to the date on which the Consumer Loan has been made available to the relevant Debtor, all lending criteria and preconditions as applied by the Originator pursuant to its Credit Guidelines prevailing at that time were satisfied and the lending procedures applied to the Consumer Loan were not less stringent than the lending procedures applied to the other Consumer Loans of the Originator which are not securitised;</u>>>.</p> <p>See also the section “ORIGINATION AND UNDERWRITING PROCEDURE - Origination and Underwriting Process”, for a description of the underwriting standards used by the Originators.</p> <p>See also the following representations in “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS”:</p> <p><<2.5 Representations and warranties of the Originators for the purposes of the Securitisation Regulation (...)</p> <p>Pursuant to the relevant Collateral Security Agreement, each Originator has represented and warranted that:</p>		

(a) in compliance with Article 6(2) of the Securitisation Regulation, it has not selected (and shall not select in the future) the Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer in accordance with the Collateral Security Agreement with the aim of rendering losses on the Collateral Security Assets in the form of Consumer Loan Receivables, as measured over the life of the Transaction, or over a maximum of four (4) years where the life of the Transaction is longer than four (4) years, higher than the losses over the same period on comparable Consumer Loan Receivables held on its balance sheet;

(b) in compliance with Article 9(1) of the Securitisation Regulation, it has applied to the Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer in accordance with the Collateral Security Agreement the same sound and well-defined criteria for credit-granting which it applies to comparable Consumer Loan Receivables held on its balance sheet. To that end, the same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits have been applied. It has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the relevant Debtor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the relevant Debtor meeting his obligations under the relevant Consumer Loan Agreement;>>.

18	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	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.	
	STS criteria	SEE RELATED EBA GUIDELINES
	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.	
	Verified?	Yes
	PCS Comment	
	See “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.6 Undertakings of the Originators for the purposes of the Securitisation Regulation”: <<(c) each Originator (or the Transaction Agent acting on its behalf) undertakes throughout the life of the Transaction and until the Issuer Liquidation Date: <i>(iii) for the purposes of Article 20(10) of the Securitisation Regulation, to inform the Management Company (which shall in turn inform without undue delay the Class A Noteholders and the potential investors of the same (by publishing on (the Securitisation Repository’s website)) of any material change of the Credit Guidelines (a summary of such underwriting standards as of the date hereof being disclosed in Section “ORIGINATION AND UNDERWRITING PROCEDURE” of this Prospectus) for the sole purpose of compliance with Article 20(10) of the Securitisation Regulation; it being provided that in no circumstances, the Credit Guidelines shall form part of the Collateral Security Agreement) together with any explanation accounting for such amendment and without undue delay.>>.</i> See also the statement in “INFORMATION RELATING TO THE ISSUER - Securitisation Regulation Information”: <<(b) Pursuant to each Collateral Security Agreement (...) <i>(iii) for the purposes of Article 20(10) of the Securitisation Regulation, the Management Company shall inform without undue delay after having been informed of the same by the relevant Originator in accordance with the relevant Collateral Security Agreement, the Class A Noteholders and the potential investors (by publishing on the Securitisation Repository’s website) of any material change to the Credit Guidelines (together with any explanation accounting for such amendment it has received);>>.</i>	

19	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.10. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.	
	STS criteria	SEE RELATED EBA GUIDELINES

	<p>19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.</p>														
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20	<table border="1"> <tr> <td>Legislative text – Article 20 - Requirements relating to simplicity</td> <td>GO TO TABLE OF CONTENTS</td> </tr> <tr> <td colspan="2">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.</td> </tr> <tr> <td>STS criteria</td> <td>SEE RELATED EBA GUIDELINES</td> </tr> <tr> <td colspan="2">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.</td> </tr> <tr> <td>Verified?</td> <td>Yes</td> </tr> <tr> <td colspan="2">PCS Comment</td> </tr> <tr> <td colspan="2">See representation in §(e) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties”: <<(e) in compliance with Article 20(10) of the Securitisation Regulation, as French licensed credit institutions, it has applied 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 when assessing the credit worthiness of the relevant Debtor;>>.</td> </tr> </table>	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS	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.		STS criteria	SEE RELATED EBA GUIDELINES	20. The assessment of the borrower’s creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.		Verified?	Yes	PCS Comment		See representation in §(e) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties in relation to the Consumer Loan Receivables - Representations and warranties”: <<(e) in compliance with Article 20(10) of the Securitisation Regulation, as French licensed credit institutions, it has applied 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 when assessing the credit worthiness of the relevant Debtor;>>.	
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Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS														

	<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p>
	<p>STS criteria</p>
	<p>22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p>
	<p>Verified? Yes</p>
	<p>PCS Comment</p> <p>See "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.1 Transfer of the Consumer Loan Receivables to the Issuer - Transfer procedure": <<For the purposes of Article 20(11) of the Securitisation Regulation, the time necessary between the selection of any Eligible Asset in the form of Consumer Loan Receivable on the relevant Information Date and the relevant Transfer Date of such Eligible Asset shall be determined based on the technical constraints of the Originator's IT systems, without any undue delay.>>.</p>
23	<p>STS criteria SEE RELATED EBA GUIDELINES</p>
	<p>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...</p>
	<p>Verified? Yes</p>
	<p>PCS Comment</p> <p>See §(i), §(j) and §(k) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria": <<(i) the loan is not a defaulted loan within the meaning of Article 178(1) of the Capital Requirements Regulations; (j) the loan is not subject to any then ongoing payment holiday, postponement or suspension of any instalment; (k) the loan does not present any arrears;>>.</p>
24	<p>Legislative text – Article 20 - Requirements relating to simplicity GO TO TABLE OF CONTENTS</p>
	<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <p>(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> <p>(ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p> <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>

	STS criteria	SEE RELATED EBA GUIDELINES
24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:		
Verified?		Yes
PCS Comment		
<p>See §(f) and §(g) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.2 Eligible Debtor":</p> <p><<An "Eligible Debtor" means the individual of legal age who has entered into the Consumer Loan as main debtor:</p> <p>(f) who, on the relevant Collateral Cut-Off Date and based on the Originator's Credit Guidelines, has an internal Basel II credit score between 1 and 8;</p> <p>(g) who is not a credit-impaired obligor on the relevant Collateral Cut-Off Date, where a credit-impaired obligor is any obligor that, to the best of the Originator's knowledge:</p> <p>(i) (1) has been declared insolvent (meaning for the purposes of this 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 Consumer Loan, or (3) has undergone a debt restructuring process with regard to his non-performing exposures within three (3) years prior to the relevant Transfer Date;</p> <p>(ii) was, at the time of origination, on an official registry of persons with adverse credit history (meaning for the purposes of this criteria being registered in the Banque de France's "Fichier National des Incidents de remboursement des Crédits aux Particuliers" (FICP) file;</p> <p>(iii) on the relevant Collateral Cut-Off Date, has a credit assessment by an ECAI or has 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 Originator which are not securitised, within the meaning of Article 20(11) of the Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto;>>.</p>		
25	STS criteria	
25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.		
Verified?		Yes
PCS Comment		
See point 24 above.		
26	STS criteria	SEE RELATED EBA GUIDELINES
26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:		
Verified?		Yes
PCS Comment		
See point 24 above.		
27	STS criteria	

	27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and	
	Verified?	Yes
	PCS Comment	
	See point 24 above.	
28	STS criteria	
	28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;	
	Verified?	Yes
	PCS Comment	
	See point 24 above.	
29	STS criteria	SEE RELATED EBA GUIDELINES
	29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;	
	Verified?	Yes
	PCS Comment	
	See point 24 above.	
30	STS criteria	SEE RELATED EBA GUIDELINES
	30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	
	Verified?	Yes
	PCS Comment	
	See point 24 above.	
31	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	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.	
	STS criteria	SEE RELATED EBA GUIDELINES

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.	
Verified?	Yes
PCS Comment	
See §(h) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria" <<(h) the relevant debtor has paid at least one (1) instalment in respect of the loan, in accordance with Article 20(12) of the Securitisation Regulation,>>.	

32	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.13. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced. The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.		
STS criteria		SEE RELATED EBA GUIDELINES
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.		
Verified?	Yes	
PCS Comment		
The underlying exposures are consumer loans, and they are not secured by cash deposits nor guaranteed by any guarantor (see §(a), §(o) and §(p) in 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria). PCS received confirmation that the Consumer Loan Receivables are unsecured. There are therefore no "assets securing the underlying exposures" and this requirement shall be deemed satisfied.		

33	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.		
STS criteria		SEE RELATED EBA GUIDELINES
33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.		
Verified?	Yes	
PCS Comment		

<p>See "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.6 Undertakings of the Originators for the purposes of the Securitisation Regulation":</p> <p><<Pursuant to the relevant Collateral Security Agreement: (...)</p> <p><i>(d) For the purposes of compliance with Article 6 and Article 21(1) of the Securitisation Regulation, the Originator undertakes to retain, on an on-going basis as long as the Class A Notes have not been redeemed in full, a material net economic interest in the Transaction of not less than five (5) per cent. in accordance with option (d) of Article 6(3) of the Securitisation Regulation on a pro rata basis, with reference to the securitised exposures for which it is the originator (being the Collateral Security Assets in the form of Consumer Loan Receivables transferred by it to the Issuer) (...)>>.</i></p>
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34	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.2. The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.		
STS criteria		SEE RELATED EBA GUIDELINES
34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.		
Verified?		Yes
PCS Comment		
See "RISK FACTORS - 1.7 The Issuer is exposed to interest rate risk", which contains a detailed reasoning on how interest rate risk is hedged in this transaction.		
35	STS criteria	SEE RELATED EBA GUIDELINES
35. Currency risks arising from the securitisation shall be appropriately mitigated.		
Verified?		Yes
PCS Comment		
The Notes are issued in Euro. The Receivables are denominated in Euro. Therefore, no currency risk needs to be mitigated.		
See §(b) in "THE UNDERLYING ASSETS - 1. DESCRIPTION OF THE CONSUMER LOAN RECEIVABLES - 1.1 Eligibility Criteria":		
<<(b) the loan is denominated and payable in euro;>>.		
36	STS criteria	SEE RELATED EBA GUIDELINES
36. Any measures taken to that effect shall be disclosed.		
Verified?		Yes
PCS Comment		
See points 34 and 35 above.		

37	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<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>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...</p>		
Verified?		Yes
PCS Comment		
<p>See "GENERAL DESCRIPTION OF THE ISSUER - LEGAL PURPOSE:" <<For the purpose of Article 21(2) of the Securitisation Regulation, the Issuer shall not enter into any contracts that are forward financial instruments (contrats constituant des instruments financiers à terme) except for the purpose of hedging interest-rate in accordance with the Cap Agreement.>>.</p>		
38	STS criteria	SEE RELATED EBA GUIDELINES
<p>38. ...Shall ensure that the pool of underlying exposures does not include derivatives.</p>		
Verified?		Yes
PCS Comment		
<p>See the statement on cover page: <<The securitised assets do not consist, in whole or in part, actually or potentially, of (a) tranches of other asset-backed securities; or (b) credit-linked notes, swaps or other derivatives instruments, or synthetic securities. See section "THE UNDERLYING ASSETS" of this Prospectus for detailed information on the securitised assets.>> The Eligibility Criteria set out in the Section "THE UNDERLYING ASSETS" confirm this statement.</p>		
39	STS criteria	SEE RELATED EBA GUIDELINES
<p>39. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>		
Verified?		Yes
PCS Comment		
<p>No derivative instrument is entered into for the purpose of mitigating interest rate or currency risks. This requirement shall therefore be deemed satisfied.</p>		
40	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<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>		

STS criteria	SEE RELATED EBA GUIDELINES
40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.	
Verified?	Yes
PCS Comment	
<p>It is noted as follows:</p> <ul style="list-style-type: none"> • The Loan Receivables bear interest at floating rate (Euribor). • The Consumer Loan Receivables bear interest at fixed rate. • The Class A Notes bear interest at floating rate (Euribor). • The Notes subordinated to the Class A Notes bear interest at fixed rate. <p>It is also noted that references to Euribor may change into an “Alternative Rate”, defined as below:</p> <p><<“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 3(d)(iv) (Benchmark Discontinuation) and which is customary market usage in the Euro denominated mortgage / asset backing floating rate notes markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period provided that in accordance with Article 21(3) of the Securitisation Regulation, such alternative benchmark or screen rate 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> <p>Based on the above, this requirement shall be deemed satisfied.</p>	

41	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p> <p>(b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p>(d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>		
Verified?	Yes	
PCS Comment		
<p>See “CASH FLOWS AND CREDIT STRUCTURE - PRIORITY OF PAYMENTS - (b) Post-enforcement Priority of Payments”, which contemplates the use of the Total Available Distribution Amount only for making sequential payments.</p> <p>In an enforcement scenario, the only amounts that remain non distributed are the Liquidity Reserve Required Amounts.</p>		

	<p><<"Liquidity Reserve Required Amount" means:</p> <p>(a) on the Closing Date, an amount equal to 1.05% (one point zero five per cent.) of the Class A Notes Initial Principal Amount which shall correspond to, for each Originator, an amount equal to 1.05% (one point zero five per cent.) of the Class A Notes Initial Principal Amount multiplied by the ratio having as numerator the relevant Facility Amount of such Originator and as denominator the sum of the Facility Amounts relating to all Originators;</p> <p>(b) on any Payment Date falling after the Enforcement Date but before the Liquidity Reserve Final Utilisation Date, an amount that would be necessary to ensure the operational functioning of the Issuer and the orderly repayment of investors, within the meaning of Article 21(4) of the Securitisation Regulation, in accordance with items (i) and (ii) of the Post-enforcement Priority of Payments; such amount is deemed to be sufficient if it is equal to the greater of:</p> <p style="padding-left: 40px;">(i) 1.05% (one point zero five per cent.) of the Outstanding Principal Amount of the Class A Notes as at the Issuer Calculation Date preceding that Payment Date unless otherwise assessed by the Management Company on or prior to that Payment Date (subject to having obtained the prior approval of the Class A Noteholders consulted in accordance with the provisions of the applicable Terms and Conditions and having notified the Rating Agencies beforehand); and</p> <p style="padding-left: 40px;">(ii) 500,000€;</p> <p>(c) on any Payment Date falling on or after the Liquidity Reserve Final Utilisation Date, zero. >>.</p>	
42	<p>STS criteria</p> <p>42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See "CASH FLOWS AND CREDIT STRUCTURE - PRIORITY OF PAYMENTS - (b) Post-enforcement Priority of Payments", which contemplates the use of the Total Available Distribution Amount only for making sequential payments.</p>	<p>SEE RELATED EBA GUIDELINES</p>
43	<p>STS criteria</p> <p>43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See point 42 above.</p>	
44	<p>STS criteria</p> <p>44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>The sale of the Portfolio upon enforcement is subject to a detailed procedure and is not automatic:</p> <p>See "2.8 Sale of the Consumer Loan Receivables by the Issuer after the Enforcement Date" in Section "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS".</p>	<p>SEE RELATED EBA GUIDELINES</p>

45	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>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.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>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.</p>		
Verified?		Yes
PCS Comment		
<p>This transaction does not contemplate a non-sequential priority of payments in a post enforcement scenario, and therefore this requirement shall be deemed satisfied.</p>		

46	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p> <p>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p> <p>(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</p> <p>(d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p>		
Verified?		Yes
PCS Comment		
<p>See definition of "Revolving Period"</p> <p><<"Revolving Period" means the period (a) commencing on and including the Closing Date and (b) ending on the earliest to occur of:</p> <p>(a) in relation to the Loans and the Issuer, the Payment Date falling two (2) years after the Closing Date (included);</p> <p>(b) in relation to the Loans and the Issuer, the Enforcement Date;</p> <p>(c) in relation to a given Loan and the relevant Originator only, the Payment Date falling after any Collateral Calculation Date on which the Arrears Percentage in respect of such Originator is above 1.5% (one point five per cent.) unless the holders of the Most Senior Class of Notes Outstanding (consulted by the Management Company in accordance with the consultation rules and at the applicable majority) have voted in favour of maintaining the Revolving Period; and</p> <p>(d) in relation to a given Loan and the relevant Originator only, the Payment Date falling after the date on which a Breach of Portfolio Ratios in respect of such Originator has occurred and is continuing.>></p>		
47	STS criteria	SEE RELATED EBA GUIDELINES

47. (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	
Verified?	Yes
PCS Comment	
<p>The Revolving Period terminates, in respect of the relevant Originator, when on any Collateral Calculation Date, the Arrears Percentage is above 1.5% unless otherwise decided by the Most Senior Class of Notes consulted by the Managing Company.</p> <p>See items (c) and (d) of the definition of Revolving Period, quoted in point 46 above.</p>	
48	STS criteria SEE RELATED EBA GUIDELINES 48. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;
Verified?	Yes
PCS Comment	
<p>The Revolving Period terminates, in respect of the relevant Originator, upon the occurrence of the Enforcement Date.</p> <p>See item (b) of the definition of Revolving Period, quoted in point 46 above.</p> <p>Pursuant to each Facility Agreement, the insolvency of the relevant Originator (also being the servicer of the relevant Consumer Loan Receivables) shall constitute an Event of Default in respect of that Originator and such Event of Default shall trigger the Enforcement Date.</p> <p>See section "DESCRIPTION OF THE MAIN OTHER TRANSACTION DOCUMENTS – The Facility Agreements" of the Prospectus.</p> <p>See also the statement in "2.7 Servicing of the Consumer Loan Receivables - Termination of the servicing mandate" that <i><<If an Insolvency Event occurs in respect to such replacement servicer, this shall trigger the end of the Revolving Period for the relevant Originator.>></i>.</p>	
49	STS criteria SEE RELATED EBA GUIDELINES 49. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);
Verified?	Yes
PCS Comment	
<p>The Revolving Period terminates, in respect of the relevant Originator, upon the occurrence of the Enforcement Date.</p> <p>Pursuant to the Collateral Security Agreement (see Clause 3 (REQUIRED AMOUNT AND SELECTION RULES)), the Originator is bound to maintain the value of the Consumer Loan Receivables up to the Cover Ratio (by taking into account predetermined credit-related criteria), failure to do so shall trigger a mandatory repayment (in whole or in part) of the relevant Originator's Loan. Failure to repay the Loan at the relevant repayment date shall constitute an Event of Default in respect of that Originator. This triggers the Enforcement Date.</p> <p>See also the definition of Cover Ratio:</p> <p><i><<"Cover Ratio" means, on any date, in relation to an Originator, the ratio expressed as a percentage having as numerator the relevant Collateral Security Assets Value and as denominator the relevant Outstanding Loan Balance, such percentage being determined in Section "THE UNDERLYING ASSETS – Main provisions of the Collateral Security Agreements – Transfer of the Consumer Loan Receivables to the Issuer – Cover Ratio" of this Prospectus.>></i>.</p>	

50	STS criteria	SEE RELATED EBA GUIDELINES
50. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).		
Verified?		Yes
PCS Comment		
The Revolving Period terminates, in respect of the relevant Originator, upon the occurrence of the Enforcement Date. See point 49 above.		
51	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.7. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers; (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 (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.		
STS criteria		SEE RELATED EBA GUIDELINES
51. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;		
Verified?		Yes
PCS Comment		
In respect of servicing, see “2. THE PURCHASE AND SERVICING AGREEMENT” and also “2.7 Servicing of the Consumer Loan Receivables”. In respect of the activities carried out by the Managing Company (that performs fiduciary duties on behalf of the Issuer, in the interest of the Noteholders), see “DESCRIPTION OF THE MAIN OTHER TRANSACTION PARTIES - THE MANAGEMENT COMPANY - Duties of the Management Company”.		
52	STS criteria	SEE RELATED EBA GUIDELINES
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		
Verified?		Yes
PCS Comment		
See “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - Back-up Servicer”, regulating the procedure and the requirements for the appointment of a back-up Servicer. Further, as for continuity provisions, see in particular the statement contained in the above mentioned section, that: <i><<For the avoidance of doubt, the Back-Up Servicer shall only start to carry out on behalf of the Issuer its duties as servicer of the Consumer Loan Receivables transferred by the relevant Originator to the Issuer, upon termination of mandate of the relevant Originator to act as servicer of such Consumer Loan Receivables in accordance with the relevant Collateral Security Agreement.>></i> See also “2.7 Servicing of the Consumer Loan Receivables - Termination of the servicing mandate”.		

53	STS criteria	SEE RELATED EBA GUIDELINES
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.		
Verified?		Yes
PCS Comment		
<p>As for the derivative counterparty, see the statement in risk factor 1.8 "The termination of the Cap Agreement may adversely affect the ability of the Issuer to make payments on the Class A Notes after the Enforcement Date":</p> <p><i><<The Issuer Regulations provide that in case of termination of the Cap Agreement, the Management Company will use its best endeavours to replace the Cap Agreement with a replacement cap counterparty on substantially the same terms as the Cap Agreement. However, there is no assurance that a replacement interest rate cap could be found. If the Issuer does not enter into a replacement interest rate cap on time, it may have insufficient funds after the Enforcement Date to make payment under the Class A Notes and this may result in a downgrading of the rating of the Class A Notes.>>.</i></p>		

54	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
STS criteria		SEE RELATED EBA GUIDELINES
54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised		
Verified?		Yes
PCS Comment		
<p>See "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.5 Representations and warranties of the Originators for the purposes of the Securitisation Regulation":</p> <p><i><<Pursuant to the relevant Collateral Security Agreement, each Originator has represented and warranted that: (...)</i></p> <p><i>(d) for the purposes of Article 21(8) of the Securitisation Regulation, its business has included the servicing of Consumer Loan Receivables of a nature similar to the Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer in accordance with the relevant Collateral Security Agreement for at least five (5) years prior to the Closing Date;>>.</i></p> <p>See also the Prospectus Section headed "SERVICING PROCEDURES", and the statements on experience included in sub-sections "Collection and Servicing - Experience of the Collecting Entity":</p> <p><i><<As French licensed financing company (société de financement), BPCE Financement is subject to prudential, capital and liquidity regulation and supervision in France. Since 2001, BPCE Financement (previously known as Natixis Financement) has expertise in servicing revolving credit facilities and consumer loans. BPCE Financement has implemented well-documented and adequate policies, procedures and risk-management controls relating to the servicing of revolving credit facilities and consumer loans.>>.</i></p> <p>Additionally, see also the statements on the required experience of the Back-up Servicer:</p> <p><i><<Back-up Servicer</i></p> <p><i>Pursuant to the relevant Collateral Security Agreement, upon the occurrence of a BPCE Rating Trigger Event which is continuing, the Management Company (on behalf of the Issuer) shall appoint a back-up servicer which shall (i) be chosen from the list set out in the relevant Collateral Security Agreement, (ii) be able to perform on behalf of the Issuer the management, administration and collection of the Consumer Loan Receivables transferred by the relevant Originator to the Issuer in accordance with the provisions of each Collateral Security Agreement, and (iii) for the purpose of Article 21(8)</i></p>		

	<p><i>of the 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 relevant Consumer Loan Receivables, it has expertise in servicing exposures of a similar nature in accordance with the EBA Guidelines (the "Back-Up Servicer").>>.</i></p> <p>Sufficient expertise is also required for the successor servicer: see "2.7 Servicing of the Consumer Loan Receivables - Termination of the servicing mandate".</p>	
55	<p>STS criteria</p> <p>55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.</p>	<p>SEE RELATED EBA GUIDELINES</p>
	<p>Verified?</p> <p>PCS Comment</p> <p>See point 54 above.</p>	<p>Yes</p>
56	<p>Legislative text – Article 21 - Requirements relating to standardisation</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>GO TO TABLE OF CONTENTS</p>
	<p>STS criteria</p> <p>56. The transaction documentation shall set out in clear and consistent terms definitions</p>	<p>SEE RELATED EBA GUIDELINES</p>
	<p>Verified?</p> <p>PCS Comment</p> <p>See "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - Servicing Principles":</p> <p><<Pursuant to the relevant Collateral Security Agreement, the Originator shall (or shall procure for the same in respect of any of its agents, service providers, delegates or sub-contractors):</p> <p>(a) perform the servicing of the relevant Consumer Loan Receivables in compliance in all material respects with its customary servicing procedures and practices in collecting and servicing unsecured Consumer Loans as applicable from time to time, a description of which as at the date hereof is set forth in Section "SERVICING PROCEDURES" of this Prospectus for the purposes of Article 21(8) and 21(9) of the Securitisation Regulation (the "Servicing Procedures"), it being provided that (i) any material amendment to these Servicing Procedures shall be notified in advance to the Management Company (which shall in turn inform the Class A Noteholders without any undue delay) and (ii) in no circumstances the Servicing Procedures shall be form part of the Collateral Security Agreements;>>.</p> <p>See also the Prospectus Section headed "SERVICING PROCEDURES".</p>	<p>Yes</p>
57	<p>STS criteria</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>SEE RELATED EBA GUIDELINES</p>
	<p>Verified?</p> <p>PCS Comment</p> <p>See the Prospectus Section headed "SERVICING PROCEDURES", including the statement in sub-paragraph "3. Over-indebtedness process" that:</p>	<p>Yes</p>

<<The first step of this procedure, managed by Banque de France, is, for certain debtors, the conciliatory phase during which the debtor and creditors come to an agreement to reschedule the debts. The agreed arrangement may include debt repayments deferral or rescheduling, partial or total debts cancellation or interest rate reduction (including "debt forgiveness" / "debt forbearance" for the purposes of Article 21(9) of the Securitisation Regulation). The arrangement term, including any moratorium, shall not exceed seven years of the residual term of the debts.>>

58	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
	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.	
	STS criteria	
	58. The transaction documentation shall clearly specify the priorities of payment,	
	Verified?	Yes
	PCS Comment	
	See the Section of the Prospectus headed "CASH FLOWS AND CREDIT STRUCTURE – 3. PRIORITY OF PAYMENTS"	
59	STS criteria	
	59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	
	Verified?	Yes
	PCS Comment	
	<p>The Post-enforcement PoP applies to payments to be made by the Issuer after the Enforcement Date or the Issuer Liquidation Date.</p> <p>"Enforcement Date" means the date falling on the second Business Day following the delivery of an Acceleration Notice under any Facility Agreement.</p> <p>"Acceleration Notice" means, in relation to an Originator, the notice by which such Originator is notified that its Loan is being accelerated in accordance with the relevant Facility Agreement.</p> <p>In particular, the cases in which an Acceleration Notice is to be delivered are contemplated in the Facility Agreement, Clause 11.6:</p> <p><<(b) On and at any time <u>after the occurrence of an Event of Default</u>, the Management Company on behalf the Issuer shall (subject to prior consent of the Class A Noteholders in accordance with the Issuer Regulations), provided that such Event of Default is continuing at such time, without mise en demeure or any other judicial or extra judicial step, by sending an Acceleration Notice to the Borrower (with copy to the Transaction Agent) but subject to the mandatory provisions of Articles L. 611-16 and L. 620-1 to L. 670-8 of the French Commercial Code or any other similar mandatory legal provisions relating to resolution proceedings, declare that all or part of the Outstanding Loan Balance, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable.>></p> <p>The Events of Default are set out in Clause 11 of each Facility Agreement:</p> <p><<11. EVENTS OF DEFAULT</p> <p>Each of the events or circumstances set out in this Clause 11 (if not cured before the expiration of any applicable remedy period, if any) is an Event of Default (save for Clause 11.6 (Potential Event of Default and Acceleration)).>></p> <p>"Issuer Liquidation Date" means the last Payment Date on which the Management Company closes the liquidation of the Issuer and proceeds, where applicable, with the last payments of any sums due by the Issuer, if any, and/or observes that there are insufficient assets. The Issuer Liquidation Date shall be, at the latest, the Payment Date falling six (6) months after the Dissolution Date.</p>	

60	STS criteria	
	60. The transaction documentation shall clearly specify the obligation to report such events.	
	Verified?	Yes
	PCS Comment	
	See "INFORMATION RELATING TO THE ISSUER - Securitisation Regulation Information": <<(c) for the purpose of Article 21(9) of the Securitisation Regulation, the Management Company shall inform the Noteholders without undue delay of the occurrence of any Potential Event of Default, Event of Default or of any change in the Priority of Payments which will materially adversely affect the repayment of their Notes.>>. See, in particular, the Issuer Regulations, Clause 5.2(b)(<i>Specific duties of the Management Company</i>), §(xx), where it is provided as follows: <<(xx) in addition: (...) (B) pursuant to the provisions of the Facility Agreements and of the Collateral Security Agreements, at any time following the occurrence of a Potential Event of Default or of an Event of Default under a Facility Agreement: <u>(1) it shall immediately inform the Class A Noteholders and the relevant Other Borrowers (whether in their capacity as Other Borrowers or holders of the Class B Notes and Residual Units) of the occurrence of a Potential Event of Default and of the applicable remedy period (if any) in accordance with Clause 19.5(c):</u> <u>(2) it shall be responsible for sending the Acceleration Notice to the relevant Borrower (or shall instruct any other authorised third party to do so), subject to prior consultation with the Class A Noteholders (consulted in accordance with the applicable Terms and Conditions) and shall immediately inform the Class A Noteholders and the Other Borrowers (whether in their capacity as Other Borrowers or holders of the Class B Notes and Residual Units) of the occurrence of any such Event of Default: (...)>>.</u>	
61	STS criteria	
	61. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	
	Verified?	Yes
	PCS Comment	
	See point 60 above.	
62	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
	21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	
	STS criteria	SEE RELATED EBA GUIDELINES
	62. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders	

Verified?	Yes
PCS Comment	
<p>See Condition 7 (Meetings of the Class A Noteholders) in Terms and Conditions of the Notes, contained in the Prospectus.</p> <p>(a) the method for calling meetings; as for method: Condition 7(a)(i)(<i>General Meetings – Convocation of General Meetings</i>)</p> <p>(b) the maximum timeframe for setting up a meeting: Condition 7(a)(i)(<i>General Meetings – Convocation of General Meetings</i>): <<If such General Meeting has not been convened by the Management Company within thirty (30) calendar days from such demand, the Class A Noteholders may commission one of them to petition the competent court in Paris to appoint an agent (mandataire) who will convene the General Meeting.>></p> <p>(c) the required quorum: Condition 7(b)(<i>Quorum and majority rules</i>)</p> <p>(d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision: Condition 7(b)(<i>Quorum and majority rules</i>).</p> <p>(e) where applicable, a location for the meetings which should be in the EU: General Meetings shall be held in France: see Condition 7(a)(i)(<i>General Meetings – Convocation of General Meetings</i>).</p> <p>Although the wording of the Regulation as to what constitutes the “facilitation of timely resolution of conflicts” is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.</p> <p>PCS has reviewed the documents to verify that all the five required provisions are indeed present.</p>	

63	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>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.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>		
Verified?	Yes	
PCS Comment		
<p>See point 51 above, in relation to the duties of the Management Company.</p>		

64	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>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.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>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,</p>		
Verified?	Yes	

	PCS Comment	
	<p>See the statement in respect of historical data contained in §(g)(i) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties of the Originators for the purposes of the Securitisation Regulation”:</p> <p><<(g) before pricing (which shall correspond to the Signing Date), it (or the Transaction Agent acting on its behalf or as the case may be the Management Company acting on its behalf has made available to the potential investors:</p> <p>(i) for the purposes of compliance with Article 22(1) of the Securitisation Regulation, <u>data on static and dynamic historical default and loss performance</u>, such as delinquency and default data, for substantially similar exposures to the Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer in accordance with the Collateral Security Agreement, and the sources of those data and the basis for claiming similarity, provided that such data cover a period of at least five (5) years;>>.</p>	
65	STS criteria	SEE RELATED EBA GUIDELINES
	65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	
	Verified?	Yes
	PCS Comment	
	See point 64 above.	
66	STS criteria	SEE RELATED EBA GUIDELINES
	66. Those data shall cover a period no shorter than five years.	
	Verified?	Yes
	PCS Comment	
	See point 64 above.	
67	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	22.2. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.	
	STS criteria	SEE RELATED EBA GUIDELINES
	67. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,	
	Verified?	Yes
	PCS Comment	
	<p>See the statement on the pool audit conducted by an independent party contained in “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties of the Originators for the purposes of the Securitisation Regulation”:</p> <p><<(f) for the purposes of compliance with Article 22(2) of the Securitisation Regulation, an independent third party has performed:</p>	

	<p>(i) In early July 2021, an agreed upon procedures (AUP) review on a representative sample of the provisional portfolio (as of 31 March 2021) from which the Eligible Assets in the form of Consumer Loan Receivables will be extracted and which is in a reasonably final form before the Closing Date applying a confidence level of at least 99%. The pool agreed upon procedures review included the review of characteristics of four hundred fifty eight (458) Consumer Loan Receivables randomly selected from the provisional portfolio (as of 31 March 2021);</p> <p>(ii) In early July 2021 a review on a provisional portfolio (as of 30 April 2021) from which the Eligible Assets in the form of Consumer Loan Receivables will be extracted and which is in a reasonably final form before the Closing Date of the compliance of the Eligible Assets in the form of Consumer Loan Receivables with the Eligibility Criteria that are able to be tested prior to the Closing Date; and</p> <p>(iii) In early July 2021, agreed upon procedures in order to re-calculate: (i) the projections of weighted average life of the Class A Notes set out in Section "ESTIMATED WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES" of the Prospectus and (ii) the stratification tables disclosed in Section "INFORMATION RELATING TO THE PROVISIONAL PORTFOLIO OF CONSUMER LOANS" in respect of the exposures of the provisional portfolio, and to verify the accuracy of these two relevant sections,</p> <p>and the Originator hereby confirms that no significant adverse findings have been found by such third party during its review;>>.</p>	
68	<p>STS criteria</p> <p>68. Including verification that the data disclosed in respect of the underlying exposures is accurate.</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See point 67 above.</p>	<p>SEE RELATED EBA GUIDELINES</p>
69	<p>Legislative text – Article 22 - Requirements relating to transparency</p> <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> <p>STS criteria</p> <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> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See the statement in respect of provision of a cash flow model §(g)(ii) of "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties of the Originators for the purposes of the Securitisation Regulation":</p> <p><<(g) before pricing (which shall correspond to the Signing Date), it (or the Transaction Agent acting on its behalf or as the case may be the Management Company acting on its behalf has made available to the potential investors: (...)</p> <p>(ii) for the purposes of compliance with Article 22(3) of the Securitisation Regulation, an internal liability cash flow model which precisely represents the contractual relationship between the underlying exposures (being the Collateral Security Assets in the form of Consumer Loan Receivables) and the payments flowing between the Originators, the other third parties and the Issuer (the "Cash Flow Model");>>.</p>	<p>GO TO TABLE OF CONTENTS</p> <p>SEE RELATED EBA GUIDELINES</p>

70	STS criteria	SEE RELATED EBA GUIDELINES
70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.		
Verified?		Yes
PCS Comment		
See "2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.6 Undertakings of the Originators for the purposes of the Securitisation Regulation": <<Pursuant to the relevant Collateral Security Agreement: (c) each Originator (or the Transaction Agent acting on its behalf) undertakes throughout the life of the Transaction and until the Issuer Liquidation Date: (i) for the purposes of compliance with Article 22(3) of the Securitisation Regulation, to <u>make available the Cash Flow Model (which model shall be updated in case of significant changes in the cash flow structure of the Transaction) to the investors on an ongoing basis and to potential investors, upon request;</u> >>.		

71	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
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).		
STS criteria		SEE RELATED EBA GUIDELINES
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).		
Verified?		Yes
PCS Comment		
The underlying assets are consumer loans. Not applicable.		

72	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
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.		
STS criteria		
72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.		
Verified?		Yes
PCS Comment		

<p>See the statement in respect of compliance with Article 7(1) and relevant responsibility, set out in §(a) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.6 Undertakings of the Originators for the purposes of the Securitisation Regulation”:</p> <p><<Pursuant to the relevant Collateral Security Agreement:</p> <p>(a) For the purposes of compliance with Article 7(1) of the Securitisation Regulation, each Originator has designated the Issuer (through the Management Company), as Reporting Entity in accordance with Article 7(2) of the Securitisation Regulation, in charge of fulfilling the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of Article 7(1) of the Securitisation Regulation. Pursuant to Article 22(5) of the Securitisation Regulation, <u>each Originator acknowledges that notwithstanding the designation of the Issuer (represented by the Management Company) as Reporting Entity for the purposes of Article 7(2) of the Securitisation Regulation, it shall be responsible for the compliance with Article 7 of the Securitisation Regulation.>></u></p> <p>See also point 103 below.</p>

73	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
STS criteria		
<p>73. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.</p>		
Verified?		Yes
PCS Comment		
<p>See the statement in respect of provision of a loan level data in §(g)(iii) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - 2.4 Representations and warranties of the Originators for the purposes of the Securitisation Regulation”:</p> <p><<(g) before pricing (which shall correspond to the Signing Date), it (or the Transaction Agent acting on its behalf or as the case may be the Management Company acting on its behalf has made available to the potential investors:</p> <p style="padding-left: 40px;">(iii) for the purposes of compliance with Article 22(5) of the Securitisation Regulation, a loan-by-loan data tape of the Eligible Assets in the form of Consumer Loan Receivables which will be subject to a Transfer to BPCE S.A. pursuant to Article 7(1)(a) of the Securitisation Regulation, upon request of such potential investors.>></p>		
74	STS criteria	
<p>74. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
Verified?		Yes
PCS Comment		
<p>See the statement in respect of provision of a loan level data in §(g)(iv)) of “2. MAIN PROVISIONS OF THE COLLATERAL SECURITY AGREEMENTS - Representations and warranties of the Originators for the purposes of the Securitisation Regulation”:</p> <p><<before pricing (which shall correspond to the Signing Date), it (or the Transaction Agent acting on its behalf or as the case may be the Management Company acting on its behalf) has made available to the potential investors and competent authorities (as applicable): (...)</p> <p>(iv) for the purposes of Article 22(5) of the Securitisation Regulation, information and documentation set forth in Article 7(1) points (b) and (d) of the Securitisation Regulation, in draft or initial form.>></p>		

75	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
22.5. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
STS criteria		
75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
Verified?		Yes
PCS Comment		
See covenant set out in point 75 above.		

76	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (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;		
STS criteria		
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,		
Verified?		Yes
PCS Comment		
See Section “INFORMATION RELATING TO THE ISSUER – Securitisation Regulation Information” of the Prospectus, describing the duty of the Management Company also in relation to information under Article 7(1)(a). <<In particular, (A) for the purpose of periodic information set forth in Article 7(1) points (a) and (e), the Management Company shall publish on each Validation Date (i) the Investor Report (with the information required pursuant to Article 7(1) points (e), (f) and (g)) and (ii) <u>a specific loan-by-loan report for the information required pursuant to Article 7(1) point (a); (...)>>.</u>		

77	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents: (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;		

	<p>(ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</p> <p>(iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;</p> <p>(iv) the servicing, back-up servicing, administration and cash management agreements;</p> <p>(v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;</p> <p>(vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;</p>
	STS criteria
	77. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
	(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
	Verified? Yes
	PCS Comment
	See "2.4 Representations and warranties of the Originators for the purposes of the Securitisation Regulation"
	<<Pursuant to the relevant Collateral Security Agreement, each Originator has represented and warranted that: (...)
	(g) before pricing (which shall correspond to the Signing Date), it (or the Transaction Agent acting on its behalf or as the case may be the Management Company acting on its behalf) has made available to the potential investors and competent authorities (as applicable): (...)
	(iv) for the purposes of Article 22(5) of the Securitisation Regulation, information and documentation set forth in Article 7(1) points (b) and (d) of the Securitisation Regulation, in draft or initial form.>>.
78	STS criteria
	78. (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
	Verified? Yes
	PCS Comment
	See point 77 above.
79	STS criteria
	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;
	Verified? Yes
	PCS Comment
	See point 77 above.
80	STS criteria
	80. (iv) the servicing, back-up servicing, administration and cash management agreements;

	Verified?	Yes
	PCS Comment	
	See point 77 above.	
81	STS criteria	
	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;	
	Verified?	Yes
	PCS Comment	
	See point 77 above.	
82	STS criteria	
	82. (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;	
	Verified?	Yes
	PCS Comment	
	See point 77 above.	

83	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	7.1. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	
	STS criteria	
	83. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	
	Verified?	Yes
	PCS Comment	
	See point 77 above. The PoP is included in the Prospectus, in Section “CASH FLOWS AND CREDIT STRUCTURE”.	

84	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
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	<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <ul style="list-style-type: none"> (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position; 						
	<p>STS criteria</p> <p>84. (c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <ul style="list-style-type: none"> (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; 						
	<table border="1"> <tr> <td style="background-color: #ffff00;">Verified?</td> <td style="background-color: #c6efce;">Yes</td> </tr> <tr> <td colspan="2">PCS Comment</td> </tr> <tr> <td colspan="2">The Prospectus is made in compliance with the Prospectus Regulation (see cover page). This requirement, therefore, does not apply.</td> </tr> </table>	Verified?	Yes	PCS Comment		The Prospectus is made in compliance with the Prospectus Regulation (see cover page). This requirement, therefore, does not apply.	
Verified?	Yes						
PCS Comment							
The Prospectus is made in compliance with the Prospectus Regulation (see cover page). This requirement, therefore, does not apply.							
85	<p>STS criteria</p> <p>85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</p>						
	<table border="1"> <tr> <td style="background-color: #ffff00;">Verified?</td> <td style="background-color: #c6efce;">Yes</td> </tr> <tr> <td colspan="2">PCS Comment</td> </tr> <tr> <td colspan="2">Not applicable.</td> </tr> </table>	Verified?	Yes	PCS Comment		Not applicable.	
Verified?	Yes						
PCS Comment							
Not applicable.							
86	<p>STS criteria</p> <p>86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</p>						
	<table border="1"> <tr> <td style="background-color: #ffff00;">Verified?</td> <td style="background-color: #c6efce;">Yes</td> </tr> <tr> <td colspan="2">PCS Comment</td> </tr> <tr> <td colspan="2">Not applicable.</td> </tr> </table>	Verified?	Yes	PCS Comment		Not applicable.	
Verified?	Yes						
PCS Comment							
Not applicable.							
87	<p>STS criteria</p> <p>87. (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;</p>						
	<table border="1"> <tr> <td style="background-color: #ffff00;">Verified?</td> <td style="background-color: #c6efce;">Yes</td> </tr> </table>	Verified?	Yes				
Verified?	Yes						

PCS Comment
Not applicable.

88	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(d) in the case of STS securitisations, the STS notification referred to in Article 27;</p>		
STS criteria		
88. (d) in the case of STS securitisations, the STS notification referred to in Article 27;		
Verified?		Yes
PCS Comment		
<p>See “2.4 Representations and warranties of the Originators for the purposes of the Securitisation Regulation”:</p> <p><<Pursuant to the relevant Collateral Security Agreement, each Originator has represented and warranted that: (...)</p> <p>(g) before pricing (which shall correspond to the Signing Date), it (or the Transaction Agent acting on its behalf or as the case may be the Management Company acting on its behalf) has made available to the potential investors and competent authorities (as applicable): (...)</p> <p>(iv) for the purposes of Article 22(5) of the Securitisation Regulation, information and documentation set forth in Article 7(1) points (b) and (d) of the Securitisation Regulation, in draft or initial form.>>.</p> <p>See also the statement in “REGULATORY CONSIDERATIONS - STS Securitisation”:</p> <p><<The Transaction Agent intends to submit on or about the Closing Date an STS notification to the European Securities and Markets Authority (“ESMA”), in relation to the contemplated securitisation transaction described in this Prospectus (the “Transaction”) in accordance with Article 27 of the Securitisation Regulation.</p> <p>The STS notification sent to ESMA will be available for download if deemed necessary on ESMA’s website (https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-sts-securitisation).>>.</p>		
89	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p> <ul style="list-style-type: none"> (i) all materially relevant data on the credit quality and performance of underlying exposures; (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6. 		
STS criteria		

89. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:	
Verified?	Yes
PCS Comment	
See Section "INFORMATION RELATING TO THE ISSUER – Securitisation Regulation Information" of the Prospectus, describing the duty of the Management Company also in relation to information under Article 7(1)(e). <i><<(A) for the purpose of periodic information set forth in Article 7(1) points (a) and (e), the Management Company shall publish on each Validation Date (i) the Investor Report (with the information required pursuant to Article 7(1) points (e), (f) and (g)) and (ii) a specific loan-by-loan report for the information required pursuant to Article 7(1) point (a);>>.</i>	
90	STS criteria
90. (i) all materially relevant data on the credit quality and performance of underlying exposures;	
Verified?	Yes
PCS Comment	
See point 89 above.	
91	STS criteria
91. (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties,	
Verified?	Yes
PCS Comment	
See point 89 above.	
92	STS criteria
92. (ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;	
Verified?	Yes
PCS Comment	
See point 89 above.	
93	STS criteria
93. (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.	
Verified?	Yes
PCS Comment	

See point 89 above.

See also cover page:

<<Each Originator has undertaken in the relevant Collateral Security Agreement and the Class B Notes Subscription Agreement, to comply at all times with Article 6 of the Securitisation Regulation and therefore retain, on an ongoing basis as long as the Class A Notes have not been redeemed in full, a material net economic interest in the Transaction on a prorata basis, with reference to the securitised exposures for which it is the originator (being the Collateral Security Assets in the form of Consumer Loan Receivables transferred by it to the Issuer), which, in any event, shall not be less than five per cent. (5%) of the nominal value of the securitised exposures for which it is the originator, through the subscription of the relevant Class Bx of the Class B Notes and one Residual Unit, in accordance with option (d) of Article 6(3) of the Securitisation Regulation (see Section "THE UNDERLYING ASSETS – Undertakings of the Originators for the purposes of the Securitisation Regulation" of this Prospectus). (...)>>.

94	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;</p>		
STS criteria		
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;		
Verified?		Yes
PCS Comment		
<p>See Section "INFORMATION RELATING TO THE ISSUER – Securitisation Regulation Information" of the Prospectus, describing the duty of the Management Company also in relation to information under Article 7(1)(f) and 7(1)(g).</p> <p><i><<(A) for the purpose of periodic information set forth in Article 7(1) points (a) and (e), the Management Company shall publish on each Validation Date (i) the Investor Report (with the information required pursuant to Article 7(1) points (e), (f) and (g)) and (ii) a specific loan-by-loan report for the information required pursuant to Article 7(1) point (a);</i></p> <p><i>(B) without prejudice to the above-mentioned Investor Report, for the purpose of periodic information set forth in Article 7(1) points (f) and (g), the Management Company shall publish a specific report providing the required information without undue delay following the occurrence of the related events.>>.</i></p> <p>See also the statement in such Section "Securitisation Regulation Information" that</p> <p><i><<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 Securitisation Regulation and, upon request, to potential investors and shall be published on the Securitisation Repository's website.>>.</i></p> <p>See also the definition of Investor Report:</p> <p><i><<"Investor Report" means the monthly report to be prepared by the Management Company and provided to the Class A Noteholders on each Validation Date and which shall be substantially in a form agreed from time to time with the Class A Noteholders and the Transaction Agent provided that, the Investor Report shall at least contain information described in points (e), (f) and (g) of Article 7(1) of the Securitisation Regulation and shall comply with the standardised template set out in Annex XII and Annex XIV of Delegated Regulation (EU) 2020/1224 dated 16 October 2019 and Implementing Regulation (EU) 2020/1225 dated 29 October 2019.>>.</i></p>		

95	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(g) where point (f) does not apply, any significant event such as:</p> <ul style="list-style-type: none"> (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach; (ii) a change in the structural features that can materially impact the performance of the securitisation; (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation; (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions; (v) any material amendment to transaction documents. 		
STS criteria		
<p>95. (g) where point (f) does not apply, any significant event such as:</p> <p>(i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p>		
Verified?		Yes
PCS Comment		
See point 94 above.		
96	STS criteria	
96. (ii) a change in the structural features that can materially impact the performance of the securitisation;		
Verified?		Yes
PCS Comment		
See point 94 above.		
97	STS criteria	
97. (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;		
Verified?		Yes
PCS Comment		
See point 94 above.		
98	STS criteria	
98. (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;		
Verified?		Yes

	PCS Comment
	See point 94 above.
99	STS criteria
	99. (v) any material amendment to transaction documents.
	Verified? Yes
	PCS Comment
	See point 94 above.

100	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	7.1. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]	
	STS criteria	
	100. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]	
	Verified?	Yes
	PCS Comment	
	See point 94 above, which refers to periodic information set forth in Article 7(1) points (a) and (e), to be published by the Management Company on each Validation Date. See also the definition of Validation Date: <<" Validation Date " means the day falling three (3) Business Days before each Payment Date.>>. As for the required information under 7(1)(e), see also the definition of Investor Report. <<" Investor Report " means the monthly report to be prepared by the Management Company and provided to the Class A Noteholders on each Validation Date and which shall be substantially in a form agreed from time to time with the Class A Noteholders and the Transaction Agent provided that, the Investor Report shall at least contain information described in points (e), (f) and (g) of Article 7(1) of the Securitisation Regulation and shall comply with the standardised template set out in Annex XII and Annex XIV of Delegated Regulation (EU) 2020/1224 dated 16 October 2019 and Implementing Regulation (EU) 2020/1225 dated 29 October 2019.>>.	

101	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	7.1. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.	

<p>In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation. Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.</p>	
STS criteria	
101. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay	
Verified?	Yes
PCS Comment	
<p>See Section "INFORMATION RELATING TO THE ISSUER – Securitisation Regulation Information" of the Prospectus, describing the duty of the Management Company also in relation to information under Article 7(1)(f) and 7(1)(g).</p> <p><<(A) for the purpose of periodic information set forth in Article 7(1) points (a) and (e), the Management Company shall publish on each Validation Date (i) the Investor Report (with the information required pursuant to Article 7(1) points (e), (f) and (g)) and (ii) a specific loan-by-loan report for the information required pursuant to Article 7(1) point (a);</p> <p>(B) without prejudice to the above-mentioned Investor Report, for the purpose of periodic information set forth in Article 7(1) points (f) and (g), the Management Company shall publish a specific report providing the required information without undue delay following the occurrence of the related events.>>.</p>	

102	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (c), (e), (f) and (g) of the first subparagraph of paragraph 1.</p> <p>The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p> <p>Or</p> <p>Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> (a) includes a well-functioning data quality control system; (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website; (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk; (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation. 		
STS criteria		
<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), (c), (e), (f) and (g) of the first subparagraph of paragraph 1.</p> <p>The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p>		

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.	
Verified?	Yes
PCS Comment	
<p><<Securitisation Regulation Information</p> <p>(a) <u>Each Originator shall be responsible to fulfil the information requirement in accordance with Article 22(5) and Article 7(1) of the Securitisation Regulations and in accordance with the terms of each relevant Collateral Security Agreement.>>.</u></p> <p>See statement in 2.6 <i>Undertakings of the Originators for the purposes of the Securitisation Regulation</i></p> <p><<Pursuant to the relevant Collateral Security Agreement:</p> <p>(a) <u>for the purposes of compliance with Article 7(1) of the Securitisation Regulation, each Originator has designated the Issuer (through the Management Company), as Reporting Entity in accordance with Article 7(2) of the Securitisation Regulation, in charge of fulfilling the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of Article 7(1) of the Securitisation Regulation. Pursuant to Article 22(5) of the Securitisation Regulation, each Originator acknowledges that notwithstanding the designation of the Issuer (represented by the Management Company) as Reporting Entity for the purposes of Article 7(2) of the Securitisation Regulation, it shall be responsible for the compliance with Article 7 of the Securitisation Regulation.>>.</u></p> <p>As for the Securitisation Repository, see the statement <<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 Securitisation Regulation and, upon request, to potential investors and shall be published on the Securitisation Repository's website;>>.</p>	

103	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (c), (e), (f) and (g) of the first subparagraph of paragraph 1.</p> <p>The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>		
STS criteria		
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.		
Verified?	Yes	
PCS Comment		
See also point 102 on the entity responsible for reporting the information and the appointment of a securitisation repository.		

Definitions:

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

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

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

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

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

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

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

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

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

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

EBA Final non-ABCP STS Guidelines:

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

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

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

3	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
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.	
EBA Final non-ABCP STS Guidelines	
4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))	
<i>True sale, assignment or transfer with the same legal effect</i>	
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:	
(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;	
(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;	
(c) assessment of clawback risks and re-characterisation risks.	
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.	
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.	

4	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))	
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.	
22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:	
(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;	
(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.	
EBA Final non-ABCP STS Guidelines	
4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))	
<i>Severe deterioration in the seller credit quality standing</i>	
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.	
<i>Insolvency of the seller</i>	
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.	

5	<i>Article 20 - Requirements relating to simplicity</i>	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>21. The objective of the criterion in Article 20(6), which requires the seller to provide the representations and warranties confirming to the seller's best knowledge that the transferred exposures are neither encumbered nor otherwise in a condition that could potentially adversely affect the enforceability of the transfer of title, is to ensure that the underlying exposures are not only beyond the reach not only of the seller but equally of its creditors, and to allocate the commercial risk of the encumbrance of the underlying exposures to the seller.</p>		
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6	<i>Article 20 - Requirements relating to simplicity</i>	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<p>23. The objective of this criterion in Article 20(7) is to ensure that the selection and transfer of the underlying exposures in the securitisation is done in a manner which facilitates in a clear and consistent fashion the identification of which exposures are selected for/transferred into the securitisation, and to enable the investors to assess the credit risk of the asset pool prior to their investment decisions.</p>		
EBA Final non-ABCP STS Guidelines		
4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<i>Clear eligibility criteria</i>		
<p>17. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, the criteria should be understood to be 'clear' where compliance with them is possible to be determined by a court or tribunal, as a matter of law or fact or both.</p>		

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

8	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p>25. Revolving periods and other structural mechanisms resulting in the inclusion of exposures in the securitisation after the closing of the transaction may introduce the risk that exposures of lesser quality can be transferred into the pool. For this reason, it should be ensured that any exposure transferred into the securitisation after the closing meets the eligibility criteria, which are no less strict than those used to structure the initial pool of the securitisation.</p> <p>26. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) the purpose of the requirement on the portfolio management, and the provision of examples of techniques which should not be regarded as active portfolio management: this criterion should be considered without prejudice to the existing requirements with respect to the similarity of the underwriting standards in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in a securitisation be underwritten according to similar underwriting standards;</p> <p>(b) interpretation of the term ‘clear’ eligibility criteria;</p> <p>(c) clarification with respect to the eligibility criteria that need to be met with respect to the exposures transferred to the SSPE after the closing.</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p><i>Eligibility criteria to be met for exposures transferred to the SSPE after the closing of the transaction</i></p> <p>18. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, ‘meeting the eligibility criteria applied to the initial underlying exposures’ should be understood to mean eligibility criteria that comply with either of the following:</p> <p>(a) with regard to normal securitisations, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the closing of the transaction;</p> <p>(b) with regard to securitisations that issue multiple series of securities including master trusts, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the most recent issuance, with the results that the eligibility criteria may vary from closing to closing, with the agreement of securitisation parties and in accordance with the transaction documentation.</p> <p>19. Eligibility criteria to be applied to the underlying exposures in accordance with paragraph 18 should be specified in the transaction documentation and should refer to eligibility criteria applied at exposure level.</p>		
9	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p>27. The criterion on the homogeneity as specified in the first subparagraph of Article 20(8) has been further clarified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402.</p>		
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10, 11	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))	
<p>28. The objective of the criterion specified in the third sentence in the first subparagraph and in the second subparagraph of Article 20(8) is to ensure that the underlying exposures contain valid and binding obligations of the debtor/guarantor, including rights to payments or to any other income from assets supporting such payments that result in a periodic and well-defined stream of payments to the investors.</p> <p>30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to:</p> <p>(a) interpretation of the term 'contractually binding and enforceable obligations';</p>	
EBA Final non-ABCP STS Guidelines	
4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))	
<i>Contractually binding and enforceable obligations</i>	
<p>20. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, 'obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors' should be understood to refer to all obligations contained in the contractual specification of the underlying exposures that are relevant to investors because they affect any obligations by the debtor and, where applicable, the guarantor to make payments or provide security.</p>	

12, 13	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))	
<p>30 (b) a non-exhaustive list of examples of exposures types that should be considered to have defined periodic payment streams. The individual examples are without prejudice to applicable requirements, such as the requirement with respect to the defaulted exposures in accordance with Article 20(11) of Regulation (EU) 2017/2402 and the requirement with respect to the residual value in accordance with Article 20(13) of that regulation.</p>	
EBA Final non-ABCP STS Guidelines	
4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))	
<i>Exposures with periodic payment streams</i>	
<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>	

14	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))	
29. The objective of the criterion specified in the third subparagraph is that the underlying exposures do not include transferable securities, as they may add to the complexity of the transaction and of the risk and due diligence analysis to be carried out by the investor.	
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15	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
No resecuritisation (Article 20(9))	
31. The objective of this criterion is to prohibit resecuritisation subject to derogations for certain cases or for resecuritisation as specified in Regulation (EU) 2017/2402. This is a lesson learnt from the financial crisis, when resecuritisations were structured into highly leveraged structures in which notes of lower credit quality could be re-packaged and credit enhanced, resulting in transactions whereby small changes in the credit performance of the underlying assets had severe impacts on the credit quality of the resecuritisation bonds. The modelling of the credit risk arising in these bonds proved very difficult, also due to high levels of correlations arising in the resulting structures.	
32. The criterion is deemed sufficiently clear and does not require any further clarification.	
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Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Underwriting standards (Article 20(10))	
33. The objective of the criterion specified in the first subparagraph of Article 20(10) is to prevent cherry picking and to ensure that the exposures that are to be securitised do not belong to exposure types that are outside the ordinary business of the originator, i.e. types of exposures in which the originator or original lender may have less expertise and/or interest at stake. This criterion is focused on disclosure of changes to the underwriting standards and aims to help the investors assess the underwriting standards pursuant to which the exposures transferred into securitisation have been originated.	
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17	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Underwriting standards (Article 20(10))</p> <p>37. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term ‘similar exposures’, with reference to requirements specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;</p> <p>(b) the term ‘no less stringent underwriting standards’: independently of the guidance provided in these guidelines, it is understood that, in the spirit of restricting the ‘originate-to-distribute’ model of underwriting, where similar exposures exist on the originator’s balance sheet, the underwriting standards that have been applied to the securitised exposures should also have been applied to similar exposures that have not been securitised, i.e. the underwriting standards should have been applied not solely to securitised exposures;</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.4 Underwriting standards, originator’s expertise (Article 20(10))</p> <p><i>No less stringent underwriting standards</i></p> <p>23. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the underwriting standards applied to securitised exposures should be compared to the underwriting standards applied to similar exposures at the time of origination of the securitised exposures.</p> <p>24. Compliance with this requirement should not require either the originator or the original lender to hold similar exposures on its balance sheet at the time of the selection of the securitised exposures or at the exact time of their securitisation, nor should it require that similar exposures were actually originated at the time of origination of the securitised exposures.</p>		

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

19	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
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Underwriting standards (Article 20(10))	
<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>	
EBA Final non-ABCP STS Guidelines	
4.4 Underwriting standards, originator’s expertise (Article 20(10))	
Residential loans	
<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	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Underwriting standards (Article 20(10))	
<p>35. The objective of the criterion specified in the third subparagraph of Article 20(10) is to ensure that the assessment of the borrower’s creditworthiness is based on robust processes. It is expected that the application of this article will be limited in practice, given that the STS is limited to originators based in the EU, and the criterion is understood to cover only exposures originated by the EU originators to borrowers in non-EU countries.</p> <p>37. (e) clarification of the criterion with respect to the assessment of a borrower’s creditworthiness based on equivalent requirements in third countries;</p>	
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21	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Underwriting standards (Article 20(10))</p> <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>		
EBA Final non-ABCP STS Guidelines		
<p>4.4 Underwriting standards, originator's expertise (Article 20(10))</p> <p>Similar exposures</p> <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> <ul style="list-style-type: none"> (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; (ii) commercial loans secured with one or several mortgages on commercial immovable property or other commercial premises; (iii) credit facilities provided to individuals for personal, family or household consumption purposes; (iv) auto loans and leases; (v) credit card receivables; (vi) trade receivables; <p>(b) the exposures fall under the asset category of credit facilities provided to micro-, small-, medium-sized and other types of enterprises and corporates including loans and leases, as referred to in Article 2(d) of the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, as underlying exposures of a certain type of obligor;</p> <p>(c) where they do not belong to any of the asset categories referred to in points (a) and (b) of this paragraph and as referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous for the purposes of Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, the underlying exposures share similar characteristics with respect to the type of obligor, ranking of security rights, type of immovable property and/or jurisdiction.</p> <p><i>Criteria for determining the expertise of the originator or original lender</i></p> <p>34. For the purposes of determining whether an originator or original lender has expertise in originating exposures of a similar nature to those securitised in accordance with Article 20(10) of Regulation (EU) 2017/2402, both of the following should apply:</p>		

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

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

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

	to sound credit granting criteria as specified in Article 9 of Regulation (EU) 2017/2402. This is with the exception of trade receivables that are not originated in the form of a loan, with respect to which credit-granting criteria do not need to be met.
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No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:		
(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;		
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4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
<i>Exposures to credit-impaired debtors or guarantors that have undergone a debt-restructuring process</i>		
42. For the purposes of Article 20(11)(a) of Regulation (EU) 2017/2402, the requirement to exclude exposures to credit-impaired debtors or guarantors who have undergone a debt-restructuring process with regard to their non-performing exposures should be understood to refer to both the restructured exposures of the respective debtor or guarantor and those of its exposures that were not themselves subject to restructuring. For the purposes of this Article, restructured exposures which meet the conditions of points (i) and (ii) of that Article should not result in a debtor or guarantor becoming designated as credit-impaired.		

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

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

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

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Risk retention (Article 21(1))		
<p>47. The main objective of the risk retention criterion is to ensure an alignment between the originators'/sponsors'/original lenders' and investors' interests, and to avoid application of the originate-to-distribute model in securitisation.</p> <p>48. The content of the criterion is deemed sufficiently clear that no further guidance in addition to that provided by the Delegated Regulation further specifying the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/2402 is considered necessary.</p>		
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Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
<p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p>		
EBA Final non-ABCP STS Guidelines		
5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
Appropriate mitigation of interest-rate and currency risks		
<p>51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered 'appropriately mitigated', it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.</p> <p>52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:</p> <p>(a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;</p> <p>(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;</p> <p>(c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.</p>		

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

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<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed.</p>		

37,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
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<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <ul style="list-style-type: none"> (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks; (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion; (c) clarification of the term ‘common standards in international finance’. 		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>Derivatives</p> <p>55. For the purpose of Article 21(2) of Regulation (EU) 2017/2402, exposures in the pool of underlying exposures that merely contain a derivative component exclusively serving the purpose of directly hedging the interest-rate or currency risk of the respective underlying exposure itself, which are not themselves derivatives, should not be understood to be prohibited.</p>		

39	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <ul style="list-style-type: none"> (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks; (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion; (c) clarification of the term 'common standards in international finance'. 		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>Common standards in international finance</p> <p>56. For the purposes of Article 21(2) of Regulation (EU) 2017/2402, common standards in international finance should include ISDA or similar established national documentation standards.</p>		

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

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

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

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

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

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

51,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
52,	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
53	Transaction Documentation (Article 21(7))	
63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.		
64. This criterion is considered sufficiently clear and no further guidance is considered necessary.		
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54	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Expertise of the Servicer (Article 21(8))		
<p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p>		
<p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p>		
<p>(a) criteria for determining the expertise of the servicer;</p>		
<p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p>		
<p>67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>		
EBA Final non-ABCP STS Guidelines		
5.8 Expertise of the servicer (Article 21(8))		
<i>Criteria for determining the expertise of the servicer</i>		
<p>68. For the purposes of determining whether a servicer has expertise in servicing exposures of a similar nature to those securitised in accordance with Article 21(8) of Regulation (EU) 2017/2402, both of the following should apply:</p>		
<p>(a) the members of the management body of the servicer and the senior staff, other than members of the management body, responsible for servicing exposures of a similar nature to those securitised should have adequate knowledge and skills in the servicing of exposures similar to those securitised;</p>		
<p>(b) any of the following principles on the quality of the expertise should be taken into account in the determination of the expertise:</p>		
<p>(i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;</p>		
<p>(ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;</p>		
<p>(iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of servicing the exposures should be appropriate;</p>		
<p>(iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to the servicing of similar exposures to those securitised.</p>		
<p>69. A servicer should be deemed to have the required expertise where either of the following applies:</p>		
<p>(a) the business of the entity, or of the consolidated group, to which the entity belongs, for accounting or prudential purposes, has included the servicing of exposures of a similar nature to those securitised, for at least five years;</p>		
<p>(b) where the requirement referred to in point (a) is not met, the servicer should be deemed to have the required expertise where they comply with both of the following:</p>		
<p>(i) at least two of the members of its management body have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at personal level, of at least five years;</p>		
<p>(ii) senior staff, other than members of the management body, who are responsible for managing the entity's servicing of exposures of a similar nature to those securitised, have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at a personal level, of at least five years;</p>		
<p>(iii) the servicing function of the entity is backed by the back-up servicer compliant with point (a).</p>		
<p>70. For the purpose of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.</p>		
<p><i>Exposures of similar nature</i></p>		
<p>71. For the purposes of Article 21(8) of Regulation (EU) 2017/2402, interpretation of the term 'exposures of similar nature' should follow the interpretation provided in paragraph 23 above.</p>		

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

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

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

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

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

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

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