

**STS Term Verification Checklist**  
**SMALL BUSINESS ORIGINATION LOAN TRUST**  
**2023-1 DAC**



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

22 June 2023

**Analyst: Mark Lewis – +44 (0) 203 866 5002**

This is the STS Term Verification Checklist (UK Version) for STS Term Verifications.

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

PCS comments in this Provisional STS Term Verification Checklist are based on PCS' interpretation of the STS Regulation EU 2017/2402 of the European Union as amended and incorporated into United Kingdom law by the Securitisation (Amendment) (EU Exit) Regulations 2019 (the "Regulation") informed by (a) the text of the Regulation itself, (b) following the joint guidance of the Bank of England and the PRA of April, 2019, the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") to the extent that they remain relevant following Brexit and where published prior to 1st January 2020 and (c) any relevant interpretation of the STS criteria by the Financial Conduct Authority 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.

**22 June 2023**

## STS Disclaimer

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

PCS EU and PCS UK are authorised respectively by the French Autorité des Marchés Financiers and by the United Kingdom Financial Conduct Authority as third-parties verifying STS compliance pursuant to article 28 of Regulation (EU) 2017/2402 (the “**STS Regulation**”) and The Securitisation (Amendment) (EU Exit) Regulations 2019.

Currently, none of the activities involved in providing an CRR Assessment are endorsed or regulated by any regulatory and/or supervisory authority nor are the PCS Association or PCS EU regulated by any regulator and/or supervisory authority including the Belgian Financial Services and Markets Authority, the United Kingdom Financial Conduct Authority, the French Autorité des Marchés Financiers or the European Securities and Markets Authority.

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

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

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

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

To understand the meaning and limitations of any CRR Assessment you must read the [General Disclaimer](#) that appears on the PCS Website.

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

## PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Mark Lewis
Date of Verification	22 June 2023
<b>The transaction to be verified (the "Transaction")</b>	<b>SMALL BUSINESS ORIGINATION LOAN TRUST 2023-1 DAC</b>
Issuer	SMALL BUSINESS ORIGINATION LOAN TRUST 2023-1 DAC
Originator (for STS purposes) / Retention Holder	Funding Circle Ltd / Waterfall Eden Master Fund Ltd.
Lead Manager(s)	BNP Paribas and Standard Chartered Bank
Transaction Legal Counsel	Hogan Lovells
Rating Agencies	Fitch and S&P
Stock Exchange	Euronext Dublin
Closing Date	22 June 2023

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.

Article	Summary of Article Contents	PCS Verified	
<b>Article 20 – Simplicity</b>			
20(1)	<a href="#">True sale</a>	1	✓
20(2-3)	<a href="#">Severe clawback</a>	2	✓
20(4)	<a href="#">True sale with intermediate steps</a>	3	✓
20(5)	<a href="#">Assignment perfection</a>	4	✓
20(6)	<a href="#">Encumbrances to enforceability of true sale</a>	5	✓
20(7)	<a href="#">Eligibility criteria, active portfolio management, and exposure transferred after closing</a>	6 - 8	✓
20(8)	<a href="#">Homogeneity, enforceability, full recourse, periodic payment streams, no transferable securities</a>	9 - 14	✓
20(9)	<a href="#">No securitisation positions</a>	15	✓
20(10)	<a href="#">Origination, underwriting standards, unverified residential loans, assessment of creditworthiness, originator expertise</a>	16 - 21	✓
20(11)	<a href="#">No undue delay after selection, no exposures in default or to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk</a>	22 - 30	✓
20(12)	<a href="#">At least one payment made</a>	31	✓
20(13)	<a href="#">No predominant dependence on the sale of asset</a>	32	✓
<b>Article 21 – Standardisation</b>			
21(1)	<a href="#">Risk retention</a>	33	✓
21(2)	<a href="#">Appropriate mitigation of interest-rate and currency risks and disclosure, no further derivatives and hedging derivatives according to common standards</a>	34 - 39	✓
21(3)	<a href="#">Referenced interest payments</a>	40	✓
21(4)	<a href="#">Requirements in the event of enforcement or delivery of acceleration notice: no cash trap, sequential amortisation, no reversal, no automatic liquidation</a>	41 - 44	✓
21(5)	<a href="#">Non-sequential priority of payments</a>	45	✓
21(6)	<a href="#">Early amortisation provisions/triggers for termination of revolving period</a>	46 - 49	✓
21(7)	<a href="#">Duties, responsibilities, and replacement of transaction parties</a>	50 - 52	✓
21(8)	<a href="#">Expertise of the servicer</a>	53 - 54	✓
21(9)	<a href="#">Remedies and actions by servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report</a>	55 - 59	✓
21(10)	<a href="#">Resolution of investor conflicts and fiduciary party responsibilities and duties</a>	60 - 61	✓
<b>Articles 22 and 7 – Transparency</b>			
22(1)	<a href="#">Historical asset data</a>	62 - 64	✓
22(2)	<a href="#">AUP/asset verification</a>	65 - 66	✓
22(3)	<a href="#">Liability cashflow model</a>	67 - 68	✓
22(4)	<a href="#">Environmental performance of asset</a>	69	✓
22(5)	<a href="#">Responsibility for article 7, information disclosure before pricing and 15 days after closing</a>	70 - 73	✓
7(1)	<a href="#">Transparency requirements: underlying loan data, documentation, priority of payments, transaction summary, STS notification, investor report, inside information, significant event report, simultaneous, without delay</a>	74 - 83	✓
7(2)	<a href="#">Transparency requirements: securitisation repository, designation of responsible entity</a>	84 - 85	✓

**Article 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.

1

**STS Criteria**

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.

**Verified?**

**YES**

**PCS Comments**

The Originator (for commercial and STS purposes) is Funding Circle Limited; The Seller is Glencar Investments 40 Designated Activity Company; the Issuer is Small Business Origination Loan Trust 2023-1 DAC; and the Retention Holder is Waterfall Eden Master Fund, Ltd.

See prospectus, Receivables Sale and Assignment Agreement

"Pursuant to the terms of the Receivables Sale and Assignment Agreement, and in accordance with the terms of the related Loan Agreements, the Seller will sell its right, title, benefit and interest in, to and under a portfolio of Loan Receivables held by it (collectively referred to herein as the "Loan Portfolio") to the Issuer on the Closing Date. The sale by the Seller to the Issuer of the Loan Receivables in the Loan Portfolio will be given effect to by sale and assignment. The Seller shall, or shall procure that the Servicing and Collection Agent shall, notify each Funding Circle Borrower in respect of each Purchased Loan Receivable which it has sold to the Issuer of the sale and assignment of such Purchased Loan Receivables pursuant to the Receivables Sale and Assignment Agreement and of the Issuer's ownership of such Purchased Loan Receivable (identifying the Issuer as the Funding Circle Investor in respect of such Purchased Loan Receivable of such Funding Circle Borrower), on the Closing Date, by e-mail to the Funding Circle Borrower's registered e-mail address in accordance with the relevant Loan Agreements or by such other method as the Issuer, Funding Circle and the Trustee may agree. The Purchase Price in respect of the Loan Portfolio will be due to the Seller on the Closing Date. It is the intention of the parties that the purchase of the Purchased Loan Receivables will take economic effect as of the Loan Portfolio Cut-Off Date. The Seller will irrevocably undertake to hold on trust the Loan Receivable Proceeds received in respect of each Purchased Loan Receivable which it has sold from (but excluding) the Loan Portfolio Cut-Off Date up to and including the Closing Date for and to the order of the Issuer and transfer such Loan Receivable Proceeds net of an amount equal to the Intermediary Services Fee which has accrued between [ ] until [ ] to the Issuer after the Closing Date within 2 Business Days of identification."

"True sale" is not a legal concept but a rating agency creation.

The essence of a "true sale" is that the property in the securitised assets has legally moved from the originator/seller to the SSPE in such a way that the SSPE's ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator/seller. In a "true sale" the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller's creditor out of the proceeds of the securitised assets. Following a "true sale" there is no legal device by which the assets can automatically revert to the originator/seller's ownership. Such automatic reversion is associated with security interests and anathema to a "true sale".

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

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

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

The Regulation (20.1) therefore does not require STS "true sales" to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to "severe clawback". The Regulation does not define "severe clawback" but gives an example (20.2) where a clawback happens for no reasons. The Regulation (20.3) also explicitly excludes from the definition of "severe clawback" the traditional European basis for such devices which all come under the general category of "preferences".

PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis. Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.

Based on the above considerations, PCS believes that transfers from jurisdictions 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 Seller’s jurisdiction for the purposes of insolvency law. This would be its centre of main interest or “COMI”.

The second step would be to determine whether the relevant COMI 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.

However, it is clear from the documentation available that the core business of Funding Circle as Originator is carried out in the UK and the Seller is in Ireland. The analysis on true sale and on the effects of an insolvency of these entities on the transaction should therefore be carried out, prudentially, in respect of both jurisdictions.

Both insolvency legislations of Ireland and of the United Kingdom provide for clawback in the cases of preferences and transactions at an undervalue and require the insolvency officer to prove that case. Therefore, and as confirmed by the Opinions, PCS reached sufficient comfort that the sale of the receivables in the context of this securitisation transaction are not subject to “severe clawback”.

PCS has reviewed the Irish and English legal opinions of Maples Group and LATHAM & WATKINS respectively to its satisfaction.

**Article 20.1** [...] The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

**Article 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..

**Article 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.

<b>2</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<p>2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.</p> <p><b>PCS Comments</b></p> <p>See Prospectus, Receivables Sale and Assignment Agreement.</p> <p>UK and Ireland do not have severe clawback provisions that would apply to sales in the context of securitisation transactions.</p> <p>See comment under criterion 1.</p>	

**Article 20.4.** Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.

<b>3</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
	<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> <p><b>PCS Comments</b></p> <p>See Prospectus, Underlying Assets:</p> <p>"The Issuer will make payments on the Notes from, inter alia, payments of principal and interest on a portfolio of Loans originated through the Funding Circle Platform which will be purchased by the Issuer from Glencar Investments 40 DAC ("Glencar" and the "Seller") on the Closing Date (the "Loan Portfolio"). Please refer to the section entitled "The Loan Portfolio" for further information."</p> <p>See also THE LOAN PORTFOLIO</p> <p>The commercial originator is Funding Circle but the for the "Neptune Portfolio" the Original Lender for STS purposes is Glencar. For the Third Party Portfolio, satisfactory due diligence has been received regarding the sale from the Original Lender to Glencar.</p>	



**Article 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:

- (a) severe deterioration in the seller credit quality standing;
- (b) insolvency of the seller; and
- (c) unremedied breaches of contractual obligations by the seller, including the seller's default.

4

**STS Criteria**

4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:

- (a) severe deterioration in the seller credit quality standing;
- (b) insolvency of the seller; and
- (c) unremedied breaches of contractual obligations by the seller, including the seller's default.

**Verified?**  
**YES**

**PCS Comments**

Not applicable, see Prospectus, "Title of the Issuer"

"Pursuant to the Receivables Sale and Assignment Agreement, the Issuer shall acquire the beneficial and, following notification as described below, legal title to each Purchased Loan Receivable on the Closing Date.

Pursuant to the Receivables Sale and Assignment Agreement, the Seller shall, or shall procure that Funding Circle (in its capacity as Servicing and Collection Agent) shall, notify each Funding Circle Borrower in respect of each Purchased Loan Receivable of the sale and assignment of such Purchased Loan Receivable pursuant to the Receivables Sale and Assignment Agreement and of the Issuer's ownership of such Purchased Loan Receivables (identifying the Issuer as the Funding Circle Investor in respect of such Purchased Loan Receivable of such Funding Circle Borrowers), on the Closing Date, by e-mail to the Funding Circle Borrower's registered e-mail address in accordance with the relevant Loan Agreements or by such other method as the Issuer, Funding Circle and the Trustee may agree."

**Article 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.

5

**STS Criteria**

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 Comments**

See Prospectus, "Receivables Sale and Assignment Agreement - Representations and Warranties"

Eden will give certain representations and warranties with respect to itself and the Purchased Loan Receivables sold by Glencar to the Issuer pursuant to the Receivables Sale and Assignment Agreement, including that:

(a) immediately prior to the sale of the Seller's right, title, benefit and interest to, in and under such Loan Receivables to the Issuer, the Seller was the owner of such Loan Receivable, free and clear of any Security Interest and to the best of its knowledge such Purchased Loan Receivables was not encumbered or otherwise in a condition that could be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect;

**Article 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.

<b>6</b>	<b>STS Criteria</b> 6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p>See prospectus:</p> <ol style="list-style-type: none"> <li>1. Funding Circle Warranties and Purchase and Payment Obligations</li> <li>2. Eden Asset Warranty</li> <li>3. Eligibility Criteria</li> <li>4. Representations and Warranties</li> <li>5. Defaulted Receivables</li> </ol> <p>The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.</p> <p><i>PCS has read the eligibility criteria in the Prospectus. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus, they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</i></p>	
<b>7</b>	<b>STS Criteria</b> 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.	<b>Verified?</b> <b>YES</b>
	<p><b>PCS Comments</b></p> <p>See Prospectus, “No active portfolio management”</p> <p>“The Seller’s rights and obligations in relation to the Purchased Loan Receivables under the Receivables Sale and Assignment Agreement do not constitute active portfolio management for the purposes of Article 20(7) of the UK Securitisation Regulation.”</p> <p>The EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met.</p>	

	<p>If the transaction should contain a repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”</p> <p>PCS has reviewed all the repurchase devices set out in the Prospectus and the Receivables Sale and Assignment Agreement and each one meets the EBA guidelines.</p> <p>The Transaction is not a revolving transaction, consequently further sale, assignment and transfers of Loan Receivables to the Issuer do not occur.</p> <p>PCS also notes that there is an explicit statement in the Prospectus to the effect that the Transaction does not allow for “active portfolio management”.</p>	
8	<p><b>STS Criteria</b></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><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Not applicable in this transaction, not revolving or structured for further sales.</p>	

**Article 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.

9	<p><b>STS Criteria</b></p> <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>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, Loan Portfolio Selection”</p> <p>“The Purchased Loan Receivables comprised in the Loan Portfolio as at the Loan Portfolio Cut-Off Date are homogeneous for the purposes of Article 20(8) of the UK Securitisation Regulation, on the basis that all such Purchased Loan Receivables: (i) have been underwritten by Funding Circle in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower’s credit risk; (ii) are loans entered into substantially on the terms of similar standard documentation for SME loans; (iii) are serviced by the Servicing and Collection Agent pursuant to the Servicing Agreement in accordance with the same servicing procedures; and (iv) form one asset category and have the same homogeneity factor, namely SME loans to micro-, small- and medium-sized enterprises.”</p> <p>See EU commission delegated regulation on homogeneity:</p> <p>In the Transaction, the loans were underwritten on a similar basis, they are being serviced by Funding Circle limited according to similar servicing procedures, they are a single asset class –SME loans – and the loans are all originated in the same jurisdiction.</p> <p>PCS also takes comfort from the fact that transactions containing pools with similar characteristics have always been considered to be “homogenous” by a wide consensus of market participants.</p>	

10	<b>STS Criteria</b> 10. The underlying exposures shall contain obligations that are contractually binding and enforceable.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, Funding Circle Warranties and Purchase and Payment Obligations  “(e) the Purchased Loan Receivable was guaranteed by at least one Guarantor (in the case of a Funding Circle Borrower being a company limited by shares or a limited liability partnership incorporated in the United Kingdom) and the Purchased Loan Receivable and related guarantee constituted the legal, valid and binding obligations of the Funding Circle Borrower or Guarantor (as applicable), enforceable against the Funding Circle Borrower or Guarantor (as applicable) except as such enforcement may be limited by (i) the effect of applicable bankruptcy, insolvency, examinership or similar laws affecting the enforceability of creditors’ rights and (ii) general equitable policies, and is governed by English law;”	
11	<b>STS Criteria</b> 11. With full recourse to debtors and, where applicable, guarantors.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, “Recourse and Security”  “The Purchased Loan Receivables constitute unsecured obligations of the relevant Funding Circle Borrower. In the event of a default by a Funding Circle Borrower, the Issuer would rank alongside, and with full right of recourse to the assets of such Funding Circle Borrower, as its other general, unsecured creditors.”	

**Article 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.

12	<b>STS Criteria</b> 12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, THE LOAN PORTFOLIO – Types of Repayment Terms  “Each Purchased Loan Receivable is payable in monthly instalments and interest is payable monthly in arrears, with the aggregate of such amounts being equal from month to month. Each Purchased Loan Receivable has its original final maturity date not less than 6 months and not more than 72 months from the date of the original Advance. Prepayment of the whole Loan is permitted at any time without penalty.”	
13	<b>STS Criteria</b> 13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, THE LOAN PORTFOLIO – types of repayment terms.	

"Each Purchased Loan Receivable is payable in monthly instalments and interest, in respect of the Purchased Loan Receivable, is payable monthly in arrears, with the aggregate of such amounts being equal from month to month."

Funding Circle Warranties and Purchase and Payment Obligations

(p) the Purchased Loan Receivable is a fixed rate, interest bearing loan and amortises fully over its contractual term (and is not a "bullet payment loan" or an "interest only loan" (that is, the original principal amount of such Purchased Loan Receivable at origination is not repaid in one payment at the end of the term of such Purchased Loan Receivable with only interest being paid by the relevant Funding Circle Borrower during the term of the Loan Agreement);

The loans are unsecured but may include guarantees.

"The Purchased Loan Receivables are generally expected to benefit only from (where the Funding Circle Borrower is a company limited by shares incorporated in the United Kingdom) Personal Guarantees and not by security over physical assets or real estate. In the event of a default of a Purchased Loan Receivable, Personal Guarantees (where applicable) may not be sufficient to cover amounts due to the Issuer. The policy of Funding Circle regarding the taking of security, or the form such security may take, may be varied at Funding Circle's discretion, and so the security position of the Loan Portfolio may change over time. The Issuer, Funding Circle and the relevant Security Holder(s) (and its agents or delegates) may be limited in their ability to collect on the Purchased Loan Receivables and, if a Funding Circle Borrower in respect of a Purchased Loan Receivable defaults on its obligations, the Issuer may be unlikely to collect all or any portion of such Purchased Loan Receivable. For further details, see the section entitled "The Servicing and Collection Agent, Reporting Agent and the Funding Circle Platform".

**Article 20.8.** The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.

<b>14</b>	<p><b>STS Criteria</b></p> <p>14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Prospectus, THE LOAN PORTFOLIO</p> <p>"The Loan Portfolio will not contain transferrable securities as defined in point (44) of Article 4(1) of Directive 2014/65/EU, derivative instruments or securitisation positions as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended)."</p>	

**Article 20.9.** The underlying exposures shall not include any securitisation position.

<b>15</b>	<p><b>STS Criteria</b></p> <p>15. The underlying exposures shall not include any securitisation position.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p>	

See Prospectus, THE LOAN PORTFOLIO "The Loan Portfolio will not contain transferrable securities as defined in point (44) of Article 4(1) of Directive 2014/65/EU, derivative instruments or securitisation positions as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended)."

**Article 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.

16	<b>STS Criteria</b> 16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.	<b>Verified?</b> YES
	<b>PCS Comments</b> Funding Circle Warranties and Purchase and Payment Obligations (c) the Purchased Loan Receivable was originated in the ordinary course of Funding Circle's business (in the sole opinion of Funding Circle);	
17	<b>STS Criteria</b> 17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.	<b>Verified?</b> YES
	<b>PCS Comments</b> See Prospectus, "Credit Assessment Process". "The Purchased Loan Receivables were originated in the ordinary course of Funding Circle's business (in the sole opinion of Funding Circle) pursuant to underwriting standards which are no less stringent than those applied to Loan Receivables which will not be securitised."	

**Article 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.

18	<b>STS Criteria</b> 18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	<b>Verified?</b> YES
	<b>PCS Comments</b> Not applicable, no further sales of loans.	

**Article 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.

<b>19</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u> YES</b>
	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.	
<b><u>PCS Comments</u></b>		
Not applicable, SME Loans		

**Article 20.10.** The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

<b>20</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u> YES</b>
	20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.	
<b><u>PCS Comments</u></b>		
See Prospectus, "Credit Assessment Process."		

**Article 20.10.** The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.

<b>21</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u> YES</b>
	21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	
<b><u>PCS Comments</u></b>		
See Prospectus, "The Funding Circle model". Funding Circle has more than 5 years' of experience in originating exposures of a similar nature to those securitised.  "Funding Circle has been facilitating the origination of Loan Receivables of a similar nature to those securitised under this Transaction since 2010, and servicing loans since February 2014. Since its founding in 2010, Funding Circle has facilitated approximately £11.4 billion in loans to over 130,000."		

**Article 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...

22	<b>STS Criteria</b> 22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...	<b>Verified?</b> YES
	<b>PCS Comments</b> The Loan Portfolio to be transferred is identified on the Loan Portfolio Cut-Off Date and the Loan Portfolio is transferred on the Closing Date pursuant to the Receivables Sale and Assignment Agreement. The Loan Portfolio Cut-Off Date is April 30, 2023.	
23	<b>STS Criteria</b> 23. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...	<b>Verified?</b> YES
	<b>PCS Comments</b> See "Loan Portfolio Selection" Loan Portfolio Selection As of the Loan Portfolio Cut-Off Date, to the best of the knowledge of Eden (in its capacity as the original lender (for the purposes of Article 2(20) of the Securitisation Regulations)): (a) no Purchased Loan Receivable should be considered to be an exposure in default within the meaning of Article 178(1) of the UK CRR; and	



**Article 20.11.** The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator’s or original lender’s knowledge:

(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:

- (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and
- (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;

(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or

(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.

<b>24</b>	<b>STS Criteria</b>	<b>Verified?</b>
	24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator’s or original lender’s knowledge:	<b>YES</b>
<b>PCS Comments</b>		
See “Loan Portfolio Selection”		
As of the Loan Portfolio Cut-Off Date, to the best of the knowledge of Eden (in its capacity as the original lender (for the purposes of Article 2(20) of the Securitisation Regulations)):		
(b) at least one of the Obligors in relation to a Purchased Loan Receivable should not be regarded as credit-impaired within the meaning of Article 20(11)(a), (b) or (c) of the UK Securitisation Regulation,		

<b>25</b>	<b>STS Criteria</b>	<b>Verified?</b>
	25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.	<b>YES</b>
<b>PCS Comments</b>		
See point 24 above.		
<b>26</b>	<b>STS Criteria</b>	<b>Verified?</b>
	26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:	<b>YES</b>
<b>PCS Comments</b>		
See point 24 above.		

27	<b>STS Criteria</b> 27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 24 above. Not applicable – no restructured borrowers – confirmed with due diligence.	
28	<b>STS Criteria</b> 28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 24 above. Not applicable – no restructured borrowers – confirmed with due diligence.	
29	<b>STS Criteria</b> 29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 24 above.	
30	<b>STS Criteria</b> 30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 24 above.	

**Article 20.12.** The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.

<b>31</b>	<b><u>STS Criteria</u></b> 31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> See Eden Asset Warranty (c) as of the Closing Date, the related Funding Circle Borrower has made at least one scheduled monthly payment under the Loan,	

**Article 20.13.** The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.  
The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.

<b>32</b>	<b><u>STS Criteria</u></b> 32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.	<b><u>Verified?</u></b> <b>YES</b>
	<b><u>PCS Comments</u></b> Not applicable – loans are unsecured and fully amortising. Funding Circle Warranties and Purchase and Payment Obligations (p) the Purchased Loan Receivable is a fixed rate, interest bearing loan and amortises fully over its contractual term (and is not a “bullet payment loan” or an “interest only loan” (that is, the original principal amount of such Purchased Loan Receivable at origination is not repaid in one payment at the end of the term of such Purchased Loan Receivable with only interest being paid by the relevant Funding Circle Borrower during the term of the Loan Agreement);	

**Article 21.1.** The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.

<b>33</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	<b>YES</b>
<b><u>PCS Comments</u></b>		
See Retention Undertaking - cover page summary		
<p>Waterfall Eden Master Fund, Ltd. (the “Retention Holder”), acting as “original lender” for the purposes of Article 2(20) of the EU Securitisation Regulation and Article 2(20) of the UK Securitisation Regulation will, for the life of the Transaction, retain a material net economic interest of not less than five (5) per cent. in the securitisation in accordance with Article 6 of the EU Securitisation Regulation and Article 6 of the UK Securitisation Regulation. As at the Closing Date, such interest will comprise the Retention Holder holding no less than five (5) per cent. of the nominal value of each class of Notes (other than the Class R Notes) sold or transferred to investors on the Closing Date (the “Minimum Retained Amount”) in accordance with Article 6(3)(a) of the EU Securitisation Regulation and Article 6(3)(a) of the UK Securitisation Regulation. Any change to the manner in which such interest is held will be notified to the Noteholders in the Investor Reports and in accordance with the provisions of Article 7 of the EU Securitisation Regulation and Article 7 of the UK Securitisation Regulation. PCS has undertaken considerable due diligence into this transaction aspect and is satisfied that the Retention Holder meets the requirements to be the Risk Retention Counterparty in this transaction.</p>		

**Article 21.2.** The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.

<b>34</b>	<b><u>STS Criteria</u></b>	<b><u>Verified?</u></b>
	34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.	<b>YES</b>
<b><u>PCS Comments</u></b>		
See Prospectus:		
<p>In the case of the Transaction, payments from the SME loans represent fixed rate payments, while the notes are floating rate. An interest rate Cap is used in the Transaction to mitigate fixed-to-floating interest rate risk. Information provided in the transaction documents indicate that interest rate risk has been appropriately mitigated:</p>		
<ol style="list-style-type: none"> <li>1. Risk factors, basis risk</li> <li>2. Rating Triggers Tables – Interest Rate Cap Provider</li> <li>3. CERTAIN TRANSACTION DOCUMENTS, Interest Rate Cap</li> </ol>		
<p>“Interest Rate Cap” means the 2002 ISDA Master Agreement, including the schedule, the Credit Support Annex and the confirmation related thereto each between the Issuer and the Interest Rate Cap Provider dated on or before the Closing Date, or any replacement thereof.</p>		

Clearly and explicitly, “appropriate” hedging does not require “perfect” hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a “major share” of the risk from an “economic perspective”. However, the definition of “appropriate” hedging or a “major share” of the risk will always contain an element of subjectivity and must be analysed on a case-by-case basis.

The fact that the Regulation was crafted by the legislators to recognise existing high-quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.

This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:

- A statement in the Prospectus or other document setting out the boundary conditions of the hedging. This should state in effect how far the hedging stretches and under what scenario’s it will break. For example, if interbank rates rise above X%. This will provide a common-sense feel for whether, at first glance, the hedging is reasonable.
- Risk Factors section of the prospectus to check that no statements refer to the risks of “unhedged positions”. This is based on the legal requirement to disclose any relevant information to investors. If the originator or its advisers believed that the hedging in a transaction was unusually light, this should be disclosed in the Risk Section.
- The “pre-sale” report from a recognised credit rating agency (if used) so as to identify any issues with hedging. Again, rating agencies as credit specialists should highlight in their analysis any substantial and unusual hedging risks.

PCS has also reviewed the transaction cashflow model to its satisfaction.

Information provided in the transaction documents indicate that interest rate risk has been appropriately mitigated.

35	<p><b><u>STS Criteria</u></b> 35. Currency risks arising from the securitisation shall be appropriately mitigated.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> The assets and liabilities of the issuer are GBP denominated. There is no currency mismatch. Funding Circle Warranties and Purchase and Payment Obligations: (o) the Purchased Loan Receivable was denominated in Sterling and is not convertible into any other currency; Currency Initial Principal: GBP</p>	
36	<p><b><u>STS Criteria</u></b> 36. Any measures taken to that effect shall be disclosed.</p>	<p><b><u>Verified?</u></b> <b>YES</b></p>
	<p><b><u>PCS Comments</u></b> See point 34 above.</p>	

**Article 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.

37	<b>STS Criteria</b> 37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, "The Issuer" "Except for the Interest Rate Cap, the Issuer will not enter into derivative contracts for the purposes of Article 21(2) of the EU Securitisation Regulation or Article 21(2) of the UK Securitisation Regulation."	
38	<b>STS Criteria</b> 38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Receivables Sale and Assignment Agreement – "The Loan Portfolio does not contain transferrable securities as defined in point (44) of Article 4(1) of Directive 2014/65/EU, derivative instruments or securitisation positions."	
39	<b>STS Criteria</b> 39. Those derivatives shall be underwritten and documented according to common standards in international finance.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> "Interest Rate Cap" means the 2002 ISDA Master Agreement, including the schedule, the Credit Support Annex and the confirmation related thereto each between the Issuer and the Interest Rate Cap Provider dated on or before the Closing Date, or any replacement thereof."	

**Article 21.3.** Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.

<b>40</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<p>40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.</p> <p><b>PCS Comments</b></p> <p>The assets are fixed rate: "Funding Circle Warranties and Purchase and Payment Obligations (p) the Purchased Loan Receivable is a fixed rate, interest bearing loan"</p> <p>The Notes are floating rate: Class A-E Notes are SONIA linked and the Z and R Notes are not interest bearing - See cover page</p> <p>This STS item is met.</p>	

**Article 21.4.** Where an enforcement or an acceleration notice has been delivered:

(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;

(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;

(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and

(d) No provisions shall require automatic liquidation of the underlying exposures at market value.

<b>41</b>	<b>STS Criteria</b>	<b>Verified? YES</b>
	<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> <p><b>PCS Comments</b></p> <p>See Terms and Conditions of the Notes (9.3).</p> <p>There are no amounts retained in the Issuer following service of an Enforcement Notice other than certain designated items, which might be retained, as described in the terms and conditions 9.3.</p> <p>See OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES, Security: "For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Charge and Assignment requires automatic liquidation upon default of the Issuer."</p> <p>There is no cash-trapping for the purposes of article 21.4 and this question point.</p>	

42	<b>STS Criteria</b> 42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Terms and Conditions of the Notes (9.3). Principal is paid sequentially under post-Acceleration Priority of Payments.	
43	<b>STS Criteria</b> 43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Terms and Conditions of the Notes (9.3). Principal is paid sequentially under post-Acceleration Priority of Payments. The priority of payments post-Acceleration maintains repayment in line with seniority.	
44	<b>STS Criteria</b> 44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, "OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES, Security" "For the purposes of article 21(4)(d) of the EU Securitisation Regulation and the UK Securitisation Regulation] once it is in force, no provision of the Charge and Assignment require automatic liquidation upon default of the Issuer."	

**Article 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.

45	<b>STS Criteria</b> 45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Terms and Conditions of the Notes (9.3).	



The Notes pay pro-rata until a Sequential Amortisation Switch whereupon the Notes pay down sequentially.

Sequential Amortisation Trigger Event (b)

"(b) the date on which the Aggregate Collateral Principal Balance of all Purchased Loan Receivables which have become Defaulted Loans since the Loan Portfolio Cut-Off Date (such Aggregate Collateral Principal Balance determined as at the dates on which any such Purchased Loan Receivable first became a Defaulted Loan) divided by the Aggregate Collateral Principal Balance of the Purchased Loan Receivables as of the Loan Portfolio Cut-Off Date exceeds the trigger level as set out in the table below:..."

**Article 21.6.** The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:

- (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;
- (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;
- (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);
- (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).

46	<b>STS Criteria</b> 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: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Not applicable, non-revolving transaction.	
47	<b>STS Criteria</b> 47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Not applicable, non-revolving transaction.	
48	<b>STS Criteria</b> 48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Not applicable, non-revolving transaction.	

49	<b>STS Criteria</b> 49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> Not applicable, non-revolving transaction.	

**Article 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.

50	<b>STS Criteria</b> 50. 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>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> All as described in the prospectus, in particular, "Transaction Parties on the Closing Date", "Certain Transaction Documents" and "Terms and Conditions of the Notes": Master Framework Agreement Servicing Agreement Back-up Servicing Agreement Trust Deed Charge and Assignment The Cash Management and Calculation Agency Agreement Interest Rate Cap Account Bank Agreement Principal Paying Agency Agreement Corporate Services Agreement Reporting Agent Agreement Servicing Facilitator Agreement	

51	<p><b>STS Criteria</b></p> <p>51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Certain Transaction Documents – Servicing Agreement and Back-up Servicing Agreement</p> <p>Back-Up Servicing and Collection Agent: Equiniti Gateway Limited (T/A Lenvi)</p> <p>The transaction documents specify the processes and responsibilities that enable the replacement of the servicer in an event of default or insolvency of the servicer.</p>	
52	<p><b>STS Criteria</b></p> <p>52. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.</p>	<p><b>Verified?</b> <b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>Swap Agreement:</p> <p>Replacement of Interest Rate Cap</p> <p>If the Interest Rate Cap is terminated on or prior to the date of the earlier of (i) the reduction of the aggregate Principal Amount Outstanding of the Rated Notes to zero and (ii) the delivery of an Enforcement Notice, the Issuer shall use reasonable endeavours to purchase a Replacement Interest Rate Cap (taking into account any early termination payment received from the outgoing Interest Rate Cap Provider) to provide a hedge against the fixed rates of interest received in respect of the Purchased Loan Receivables in the Loan Portfolio and the floating rates of interest payable by the Issuer on the Rated Notes on terms acceptable to the Issuer with a replacement Interest Rate Cap Provider, the identity of whom the Issuer shall have notified to the Rating Agencies. See also “Rating Triggers tables”.</p> <p>Bank Accounts: See “Rating Triggers tables” and “Certain Transaction Documents – Account Bank Agreement”.</p> <p>See also Issuer Account Bank and Collection Account Bank.</p>	

**Article 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.

53	<b>STS Criteria</b> 53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, "The Funding Circle model". Funding Circle has the appropriate level of experience being more than 5 years. "Funding Circle has been facilitating the origination of Loan Receivables of a similar nature to those securitised under this Transaction since 2010, and servicing loans since February 2014. Since its founding in 2010, Funding Circle has facilitated approximately £11.4 billion in loans to over 130,000"	
54	<b>STS Criteria</b> 54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, "Arrears and Default Procedures." PCS has also reviewed Funding Circle internal servicing and servicing review documents and can confirm the requirements appear to have been met.	

**Article 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

55	<b>STS Criteria</b> 55. The transaction documentation shall set out in clear and consistent terms, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Prospectus, "Arrears and Default Procedures." PCS has also reviewed Funding Circle internal servicing and servicing review documents and can confirm the requirements appear to have been met. Arrears and Default Procedures – See description of Funding Circle procedures Also, "Funding Circle has well documented and adequate policies, procedures and risk management controls pursuant to which it manages the ongoing loan monitoring and servicing for loans originated on the Funding Circle Platform, subject to and in accordance with the Master Framework Agreement, the Servicing Transaction Documents and the Collection Policy, which contain the relevant definitions, remedies and actions relating to the procedures and policies of Funding Circle for addressing delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies."	

**Article 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.

56	<b>STS Criteria</b> 56. The transaction documentation shall clearly specify the priorities of payment,	<b>Verified?</b> YES
	<b>PCS Comments</b> See Terms and Conditions of the Notes (9) and the Trust Deed	
57	<b>STS Criteria</b> 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	<b>Verified?</b> YES
	<b>PCS Comments</b> See Terms and Conditions of the Notes (9) and the Trust Deed See in particular "Sequential Amortisation Switch" and "Enforcement Event".	
58	<b>STS Criteria</b> 58. The transaction documentation shall clearly specify the obligation to report such events.	<b>Verified?</b> YES
	<b>PCS Comments</b> Terms and Conditions of the notes, 13.2 (b) and Regulatory Reporting, 7(1)(g)	
59	<b>STS Criteria</b> 59. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	<b>Verified?</b> YES
	<b>PCS Comments</b> Terms and Conditions of the notes, 13.2 (b) and Regulatory Reporting, 7(1)(g)	

**Article 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.

60	<b>STS Criteria</b> 60. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders	<b>Verified?</b> YES
	<b>PCS Comments</b>	

See Terms and Conditions of the Notes and Trust Deed, Schedule 4

See 4.1 Terms and Conditions, section 14

The EBA requirements are met:

- (a) method of convening meeting – Condition 15 and Trust Deed, Schedule 4
- (b) maximum time – Trust Deed, Schedule 4
- (c) quorum – in Condition 15, Schedule 4
- (d) Minimum threshold of votes – voting rights in Condition 15, Schedule 4
- (e) location – Trust Deed

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.

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

**Article 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.

61

**STS Criteria**

61. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

**Verified?**

**YES**

**PCS Comments**

See:

1. Prospectus - Terms and Conditions of the Notes
2. Prospectus - OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS
3. Trust Deed

**Article 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.

62	<b>STS Criteria</b> 62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See "Historical Data". PCS has reviewed the data which meets the relevant requirements.	
63	<b>STS Criteria</b> 63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 62 above.	
64	<b>STS Criteria</b> 64. Those data shall cover a period no shorter than five years.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See point 62 above.	

**Article 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.

65	<b>STS Criteria</b> 65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See The Provisional Loan Portfolio, Verification of Data. This item is met.	

66	<b>STS Criteria</b> 66. Including verification that the data disclosed in respect of the underlying exposures is accurate.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See comment 65 above.	

**Article 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.

67	<b>STS Criteria</b> 67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See Securitisation Regulations - STS  "Funding Circle (as originator) has (prior to pricing) made available to the holders of the Notes (on the relevant Reporting Medium) a cash flow model (which has been prepared by a third party provider) as required pursuant to Article 22(3) of the UK Securitisation Regulation. Funding Circle shall procure that such cashflow model is made available (on a relevant Reporting Medium) to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request."	
68	<b>STS Criteria</b> 68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.	<b>Verified?</b> <b>YES</b>
	<b>PCS Comments</b> See comment 67 above.	

**Article 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).

69	<b>STS Criteria</b> 69. 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).	<b>Verified?</b> <b>YES</b>
----	--	--------------------------------



**PCS Comments**

See The Provisional Loan Portfolio, "Funding Circle does not collect information relating to the environmental performance of the Loans in the Loan Portfolio."

**Article 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.

<b>70</b>	<b>STS Criteria</b>	<b>Verified?</b>
	70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.	<b>YES</b>
<b>PCS Comments</b>		
See Regulatory reporting		
"Funding Circle (in its capacity as originator) will be responsible for compliance with Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation for the purposes of Article 22(5) of the UK Securitisation Regulation."		
See also "Reporting Agency Agreement".		

**Article 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.

<b>71</b>	<b>STS Criteria</b>	<b>Verified?</b>
	71. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	<b>YES</b>
<b>PCS Comments</b>		
Information relating to Loans originated by Funding Circle		
"Static and dynamic historical performance data in relation to Loans originated by Funding Circle was made available prior to pricing on the Reporting Medium. Such information will cover the period from [ ] to [2023]. The Loans which are included in such data are originated under and serviced in accordance with the same policies and procedures as the Loans comprising the Loan Portfolio and, as such, it is expected that the performance of such loans, over a period of five years, would not be significantly different to the performance of the Loans in the Loan Portfolio."		
<b>72</b>	<b>STS Criteria</b>	<b>Verified?</b>
	72. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	<b>YES</b>
<b>PCS Comments</b>		

Confirmations of Funding Circle

"Pursuant to the Reporting Agency Agreement, Funding Circle shall confirm that the information required by Article 7(1)(a) and 7(1)(b) to (d) of the EU Securitisation Regulation and Article 7(1)(a) and 7(1)(b) to (d) of the UK Securitisation Regulation has been made available before pricing to potential investors upon request at least in draft or initial form."

See Reporting Agency Agreement

**Article 22.5.** The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

73

**STS Criteria**

73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

**Verified?**

**YES**

**PCS Comments**

Reporting Agency Agreement – Reporting under the Securitisation Regulation (e).

**Article 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 authority 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;

74

**STS Criteria**

74. 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 authority referred to in Article 29 and, upon request, to potential investors:

(a) information on the underlying exposures on a quarterly basis,

**Verified?**

**YES**

**PCS Comments**

See Reporting Agency Agreement

Reporting under the Securitisation Regulations (c).

**Article 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 authority 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;
  - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
  - (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
  - (iv) the servicing, back-up servicing, administration and cash management agreements;
  - (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
  - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

**75** **STS Criteria**

75. (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
- (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
- (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
- (iv) the servicing, back-up servicing, administration and cash management agreements;
- (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
- (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

**Verified?**  
**YES**

**PCS Comments**

Reporting Agency Agreement, Reporting under the Securitisation Regulations (e).

PCS notes the existence of a covenant in the Prospectus to provide such information.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

**Article 7.1.** That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

**76** **STS Criteria**

76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

**Verified?**  
**YES**

**PCS Comments**

See Prospectus, Terms and Conditions of the Notes, 9.

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(c) where section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing)<sup>1</sup> do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

**77 STS Criteria**

77. (c) section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

**Verified?**  
**YES**

**PCS Comments**

The prospectus contains the appropriate details.

<sup>1</sup> These are "prospectus rules"; see section 73A of the Financial Services and Markets Act 2000 (Part 6 Rules), inserted by S.I. 2005/381

**Article 7.1.** The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(d) in the case of STS securitisations, the STS notification referred to in Article 27;

<b>78</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
<p>78. (d) in the case of STS securitisations, the STS notification referred to in Article 27;</p>		
<p><b>PCS Comments</b></p> <p>Confirmations of Funding Circle</p> <p>Pursuant to the Reporting Agency Agreement, Funding Circle shall confirm that the information required by Article 7(1)(a) and 7(1)(b) to (c) of the EU Securitisation Regulation and Article 7(1)(a) and 7(1)(b) to (d) of the UK Securitisation Regulation has been made available before pricing to potential investors upon request at least in draft or initial form. See STS Securitisation:</p> <p>"At the Closing Date, the Transaction is intended to qualify as a simple, transparent and standardised ("STS") securitisation within the meaning of Article 18 of the UK Securitisation Regulation.</p> <p>Within 15 Business Days following the Closing Date, it is intended that Funding Circle, as originator, will submit a notification to the FCA in accordance with Article 27 of the UK Securitisation Regulation that the requirements of Articles 19 to 22 of the UK Securitisation Regulation have been satisfied with respect to the Transaction (the "STS Notification"), such notification to be included in the list published by the FCA referred to in Article 27(5) of the UK Securitisation Regulation. It is expected that the STS Notification will be available on the website of the FCA (<a href="https://data.fca.org.uk/#/sts/stssecuritisations">https://data.fca.org.uk/#/sts/stssecuritisations</a>) (the "STS Register website"). For the avoidance of doubt, this website and the contents thereof do not form part of this Preliminary Prospectus."</p> <p>"STS Notification" means a notification to the FCA in accordance with Article 27 of the UK Securitisation Regulation that the requirements of Articles 19 to 22 of the UK Securitisation Regulation have been satisfied with respect to the Notes.</p>		

**Article 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:

(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:

- (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.

<b>79</b>	<b>STS Criteria</b>	<b>Verified?</b> <b>YES</b>
<p>79. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p> <p>(i) all materially relevant data on the credit quality and performance of underlying exposures;</p> <p>(ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties,</p>		

(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;  
 (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.

**PCS Comments**

See Reporting Agency Agreement - Reporting under the Securitisation Regulations

(c) subject to receipt of the Investor Reports for the relevant period from the Cash Manager and Calculation Agent, procure that the Quarterly Investor Reports are made available (simultaneously with the Quarterly Loan-by-Loan Reports) on the Quarterly Reporting Date pursuant to Article 7(1)(e) of the EU Securitisation Regulation and Article 7(1)(e) of the UK Securitisation Regulation in the form required by the Article 7 Technical Standards;

*Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.*

**Article 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:

(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;

80

**STS Criteria**

80. (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 Comments**

See Reporting Agency Agreement - Reporting under the Securitisation Regulations

(d) subject to receipt or knowledge of the relevant information, publish, without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation and Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation; and

**Article 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:

(g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (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.

**81** **STS Criteria**

81. (g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (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 the competent authority has taken remedial or administrative actions;
- (v) any material amendment to transaction documents.

**Verified?**  
**YES**

**PCS Comments**

See Reporting Agency Agreement - Reporting under the Securitisation Regulations

(d) subject to receipt or knowledge of the relevant information, publish, without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation and Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation; and

**Article 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]

**82** **STS Criteria**

82. 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 Comments**

See Reporting Agency Agreement - Reporting under the Securitisation Regulations

- (a) procure and maintain access to (i) [ ], and (iii) <https://www.secrep.eu> as a securitisation repository for the purposes of the EU Securitisation Regulation, through which the Issuer wishes to fulfil its obligations under Article 7(1) of the EU Securitisation Regulation (each, a "Reporting Medium");
- (b) procure that the Quarterly Loan-by-Loan Reports are made available (simultaneously with the Quarterly Investor Reports) on the Quarterly Reporting Date pursuant to Article 7(1)(a) of the EU Securitisation and Article 7(1)(a) of the UK Securitisation Regulation in the form required by the Article 7 Technical Standards;

**Article 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 United Kingdom law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.

In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.

Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.

<b>83</b>	<p><b>STS Criteria</b></p> <p>83. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay</p>	<p><b>Verified?</b></p> <p><b>YES</b></p>
	<p><b>PCS Comments</b></p> <p>See Reporting Agency Agreement - Reporting under the Securitisation Regulations</p> <p>(d) subject to receipt or knowledge of the relevant information, publish, without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation and Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation; and</p>	



**Article 7.2.** The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

#### 84 **STS Criteria**

84. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

**Verified?**  
**YES**

#### **PCS Comments**

See “Regulatory Reporting”, “Reporting Agency Agreement”, “Reporting under the Securitisation Regulations” and comments on EuroABS/secprep.eu.

Funding Circle is the Reporting Agent.

Regulatory Reporting

“The information referred to above will be made available electronically on (i) [ ]; and (ii) <https://www.secprep.eu> as a securitisation repository for the purposes of the EU Securitisation Regulation, through which the Issuer wishes to fulfil its obligations under Article 7(1) of the EU Securitisation Regulation (each, a “Reporting Medium”) and appointed by the Issuer as reporting entity in respect of the Transaction, or by such other means as are required or as are permitted (and selected by the Issuer) from time to time by the EU Securitisation Regulation and the UK Securitisation Regulation.”Reporting under the Securitisation Regulations

Pursuant to the Reporting Agency Agreement, the Reporting Agent will:

(a) procure and maintain access to (i) [ ], and (iii) <https://www.secprep.eu> as a securitisation repository for the purposes of the EU Securitisation Regulation, through which the Issuer wishes to fulfil its obligations under Article 7(1) of the EU Securitisation Regulation (each, a “Reporting Medium”); Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS’ comment under Criterion 73 above.

#### 85 **STS Criteria**

85. 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 Comments**

Reporting Agency Agreement

The Issuer as the designated reporting entity under Article 7(2) of the EU Securitisation Regulation and Article 7(2) of the UK Securitisation Regulation will make available the information as required and in accordance with Article 7 of the EU Securitisation Regulation and Article 7 of the UK Securitisation Regulation. Funding Circle shall be appointed by the Issuer as

Reporting Agent to provide information reporting services on the Issuer's behalf. See "Regulatory Reporting", "Reporting Agency Agreement", "Reporting under the Securitisation Regulations" and comments on EuroABS/secrep.eu.

Funding Circle is the Reporting Agent.

#### Regulatory Reporting

"The information referred to above will be made available electronically on (i) [ ]; and (ii) <https://www.secrep.eu> as a securitisation repository for the purposes of the EU Securitisation Regulation, through which the Issuer wishes to fulfil its obligations under Article 7(1) of the EU Securitisation Regulation (each, a "Reporting Medium") and appointed by the Issuer as reporting entity in respect of the Transaction, or by such other means as are required or as are permitted (and selected by the Issuer) from time to time by the EU Securitisation Regulation and the UK Securitisation Regulation."

#### Reporting under the Securitisation Regulations

Pursuant to the Reporting Agency Agreement, the Reporting Agent will:

(a) procure and maintain access to (i) [ ], and (iii) <https://www.secrep.eu> as a securitisation repository for the purposes of the EU Securitisation Regulation, through which the Issuer wishes to fulfil its obligations under Article 7(1) of the EU Securitisation Regulation (each, a "Reporting Medium");

Certain criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.