

STS Term Master Checklist

E-CARAT 11 PLC



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

23 March 2020



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

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

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

It is important that the reader of this checklist reviews and understands the disclaimer referred to on the following page.

23 March 2020



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PCS UK and PCS EU are authorised respectively by the UK Financial Conduct Authority and the French *Autorité des Marchés Financiers* as third parties verifying STS compliance pursuant to article 28 of the Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (the "**STS Regulation**").

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

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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	Dr Martina Spaeth
Date of Verification	23 March 2020
The transaction to be verified (the “Transaction”)	E-CARAT 11 PLC
Issuer	E-CARAT 11 plc
Originator	Vauxhall Finance plc
Lead Manager(s)	BNP Paribas, London Branch, Lloyds Bank Corporate Markets plc.
Transaction Legal Counsel	Allen & Overy
Rating Agencies	DBRS, S&P
Stock Exchange	Euronext Dublin
Closing Date	23 March 2020

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 on the next page together with a reference to summary headings of the respective article contents. To examine a specific article section from the list below in further detail, please click on the article description in the table below to be taken directly to the relevant section of the detailed checklist.

Article	Summary of article contents	Checklist Points	
Article 20 – Simplicity			
20(1)	True sale	1, 2	✓
20(2)	Severe clawback (part 1)	2	✓
20(3)	Severe clawback (part 2)	2	✓
20(4)	True sale with intermediate steps	3	✓
20(5)	Assignment perfection	4	✓
20(6)	Encumbrances to enforceability of true sale	5	✓
20(7)	Eligibility criteria and active portfolio management	6 - 8	✓
20(8)	Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities	9 - 14	✓
20(9)	No securitisation positions	15	✓
20(10)	Origination, underwriting standards and expertise, unverified home loans	16 - 21	✓
20(11)	No undue delay after selection, no exposures in default and to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk	22 - 30	✓
20(12)	At least one payment made	31	✓
20(13)	No predominant dependence on the sale of asset	32	✓
article 21 – standardisation			
21(1)	Risk retention	33	✓
21(2)	Appropriate mitigation of interest-rate and currency risks, disclosure, no further derivatives, hedging derivatives according to common standards	34 - 39	✓
21(3)	Referenced interest payments	40	✓
21(4)	Requirements in the event of enforcement or delivery of an acceleration notice: no cash trap, sequential amortisation, no automatic liquidation	41 - 44	✓
21(5)	Non-sequential priority of payments	45	✓
21(6)	Early amortisation provisions/triggers for termination of revolving period	46 - 50	✓
21(7)	Duties, responsibilities and replacement of transaction parties	51 - 53	✓
21(8)	Expertise of the servicer	54, 55	✓
21(9)	Remedies and actions by Servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report	56 - 61	✓
21(10)	Resolution of investor conflicts and fiduciary party responsibilities and duties	62, 63	✓
articles 22 and 7 – transparency			
22(1)	Historical asset data	64 - 66	✓
22(2)	AUP/asset verification	67, 68	✓
22(3)	Liability cashflow model	69, 70	✓
22(4)	Environmental performance of asset	71	✓
22(5)	Responsibility for article 7 and information disclosure before pricing and 15 days after closing	72 - 75	✓
7(1)	Transparency requirements: availability of reports, documentation, underlying loan data	76 - 101	✓
7(2)	Transparency requirement: designation of responsible entity, securitisation repository	102, 103	✓

1	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
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.		
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 Comment		
<p>Regarding the assignment, see Prospectus, TRANSACTION STRUCTURE, Sale of Receivables The assignment by the Seller of the Purchased Receivables that are either English Receivables or Northern Irish Receivables will take effect in equity because no notice of the assignment will be given to Borrowers unless a Perfection Event shall have occurred. The sale of the Scottish Receivables will be given effect by each Scottish Declaration of Trust (in relation to the Scottish Receivables, references in this Prospectus to the assignment or sale of such receivables are to be read as references to the transfer of the beneficial interest therein by the making of such Scottish Declarations of Trust, and the terms "sale", "assigned" and "assign" shall in that context be construed accordingly). No notice of the sale of the Scottish Receivables will be given to Borrower unless a Perfection Event shall have occurred.</p> <p>We also note that the Seller has strict limitations to repurchase loans and has assigned the loans to the issuer without recourse.</p> <p>See the Receivables Sale and Purchase Agreement, where it is represented under 6.2 (Receivables Warranties).</p> <p>"c) Each relevant Related Loan Contract (i) is governed by English, Northern Irish or Scots law and discloses a Borrower address in England and Wales, Northern Ireland or Scotland only and (ii) is a legal, valid and binding obligation of the relevant Borrower and, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights, is in all material respects enforceable in accordance with its terms and is non-cancellable and not subject to a right to withdraw and is freely assignable by the Seller;</p> <p>(d) So far as the Seller is aware, no relevant Related Loan Contract is subject to any claim, equity, defence, right of retention or set-off by the Borrower except by virtue of section 56 or 75 of the CCA;</p> <p>(m) The Seller is the legal and beneficial owner of the Financed Vehicle to which each relevant Purchased Receivable relates and no other person has any right or claim thereto (other than the Borrower under the relevant Related Loan Contract);</p> <p>See also Receivables Sale and Purchase Agreement, section 2.1 (a):</p> <p>On the closing date....., the Seller as absolute legal and beneficial owner and with full title guarantee (or in the case of Scottish Receivables with absolute warrandice or in the case of Northern Irish Receivables as beneficial owner) hereby irrevocably agrees to sell and assign absolutely to the Issuer, without recourse except as otherwise provided in this Agreement, all of its rights, title, interest and benefit in and to the Initial Purchased Property as identified in the Receivables Listing set out in Schedule 1 and the Issuer agrees to purchase the rights, title, interest and benefit in and to such Receivables on the Closing Date.</p> <p>The same wording is provided for any subsequent Purchases of the Issuer (section 2.2) and Ancillary Rights relating to such receivables (section 2.3).</p> <p>See also Prospectus and Sale and Purchase Agreement for undertakings given by the Seller regarding encumbrances:</p> <p>These include undertakings to refrain from conducting activities with respect to the Purchased Receivables and the related Financed Vehicles which may adversely affect the Purchased Receivables and the related Financed Vehicles and, in particular, not to assign or transfer the whole or any part of the Purchased Receivables to any third party, not to create or allow to be created, to arise or to exist any Encumbrance or other right in favour of any third party in respect of the Purchased Receivables between the Cut-off Date (or in respect of the Further Purchased Property, the relevant Further Purchase Cut-Off Date or in respect of Substitute Receivables, the relevant Substitution Cut-Off Date) and the date of perfection of the relevant assignment and to transfer promptly to the Issuer all amounts received by the Seller from or in respect of the Purchased Receivables.</p> <p>Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation risks is made in the Legal Opinion.</p>		

PCS has been provided with and reviewed the legal opinions for the laws of England and Wales, Scotland and Northern Ireland provided by Allen & Overy LLP.

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

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

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

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

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

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

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

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

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

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

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

The second step would be to determine whether the relevant COMI and/or "home member state" contains severe claw back provisions in its insolvency legislation.

Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.

In the case of the Transaction, title to the assets is transferred by means of assignment without notification of borrowers.

The opinions of Allen & Overy LLP (as to English law), Shepherd and Wedderburn LLP (as to Scots law) and Pinsent Masons Belfast LLP (as to Northern Irish law) confirm the true sale acquisition and enforceability.

EBA Final non-ABCP STS Guidelines – statements on *background and rationale*

True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))

16. The criterion specified in Article 20(1) aims to ensure that the underlying exposures are beyond the reach of, and are effectively ring-fenced and segregated from, the seller, its creditors and its liquidators, including in the event of the seller's insolvency, enabling an effective recourse to the ultimate claims for the underlying exposures.

22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:

- (a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;
- (b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.

EBA Final non-ABCP STS Guidelines

4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))

True sale, assignment or transfer with the same legal effect

10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:

(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;

(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;

(c) assessment of clawback risks and re-characterisation risks

11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.

12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.

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

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Article 20 - Requirements relating to simplicity		
<p>20.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:</p> <p>(a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;</p> <p>(b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.</p>		
STS criteria		
Verified?	Yes	
PCS Comment		
Neither provision applies.		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))		
<p>17. The criterion in Article 20(2) is designed to ensure the enforceability of the transfer of legal title in the event of the seller's insolvency. More specifically, if the underlying exposures sold to the SSPE could be reclaimed for the sole reason that their transfer was effected within a certain period before the seller's insolvency, or if the SSPE could prevent the reclaim only by proving that it was unaware of the seller's insolvency at the time of transfer, such clauses would expose investors to a high risk that the underlying exposures would not effectively back their contractual claims. For this reason, Article 20(2) specifies that such clauses constitute severe clawback provisions, which may not be contained in STS securitisation.</p>		
EBA Final non-ABCP STS Guidelines		
4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))		
<i>True sale, assignment or transfer with the same legal effect</i>		
<p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p> <p>(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;</p> <p>(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;</p> <p>(c) assessment of clawback risks and re-characterisation risks.</p> <p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p> <p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p>		

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

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Article 20 - Requirements relating to simplicity		
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.		
STS criteria		
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.		
Verified?		Yes
PCS Comment		
<i>This requirement does not apply to this transaction since the Loans have been originated by Vauxhall Finance, that is also the Seller to the Issuer.</i>		
See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, descriptions in sections 7. (Origination) and 8. (Underwriting).		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
19. Article 20(4) specifies that, where the transfer of title occurs not directly between the seller and the SSPE but through one or more intermediary steps involving further parties, the requirements relating to the true sale, assignment or other transfer with the same legal effect, apply at each step.		
EBA Final non-ABCP STS Guidelines		
4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))		
<i>True sale, assignment or transfer with the same legal effect</i>		
10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:		
(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;		
(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;		
(c) assessment of clawback risks and re-characterisation risks.		
11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.		
12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.		

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Article 20 - Requirements relating to simplicity		
<p>20.5. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to affect such perfection shall, at least include the following events:</p> <ul style="list-style-type: none"> (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. 		
STS criteria		
<p>4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:</p> <ul style="list-style-type: none"> (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 Comment		
<p>See Prospectus, <i>NON-RATING TRIGGERS TABLE</i>, Perfection Events</p> <p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables) in accordance with the terms of the Receivables Sale and Purchase Agreement; or (b) unless otherwise agreed in writing by the Security Trustee, a Servicer Default occurs; or (c) the Seller calling for perfection or transfer of legal title by serving notice in writing to that effect on the Issuer and the Security Trustee; or (d) the occurrence of an Insolvency Event in respect of the Seller; or (e) the Seller is in breach of its obligations under the Receivables Sale and Purchase Agreement, but only if: (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days; and (ii) S&P Global shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach, provided further that the provisions of this paragraph shall (1) not apply if the Seller has delivered a certificate to the Security Trustee that such provisions do not form part of the triggers requiring perfection necessary in order for a securitisation to be designated or continue to be designated as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation) <p>See Prospectus, Annex A, Glossary of Terms, "INSOLVENCY EVENT", (a) to (e)</p> <p>In particular see:</p> <ul style="list-style-type: none"> (d) where the Relevant Entity is the Seller, any corporate action, legal proceedings or other procedure or step is taken in relation to an encumbrancer or other security holder taking possession of (or otherwise enforcing any Security over) the whole or any part of the undertaking or assets of such company; or <p><i>The transfer is not notified to the borrowers, accordingly, under UK law, this transaction operates by way of an unperfected assignment. The triggers include the events required by the regulation.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))		

20. The objective of the criterion in Article 20(5) is to minimise legal risks related to unperfected transfers in the context of an assignment of the underlying exposures, by specifying a minimum set of events subsequent to closing that should trigger the perfection of the transfer of the underlying exposures.

22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:

(a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;

(b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.

EBA Final non-ABCP STS Guidelines

4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))

Severe deterioration in the seller credit quality standing

13. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the transaction documentation should identify, with regard to the trigger of 'severe deterioration in the seller credit quality standing', credit quality thresholds that are objectively observable and related to the financial health of the seller.

Insolvency of the seller

14. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the trigger of 'insolvency of the seller' should refer, at least, to events of legal insolvency as defined in national legal frameworks.

5	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
20.6. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.		
STS criteria		
5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.		
Verified?		Yes
PCS Comment		
See Prospectus, Overview of the Transaction Documents, Receivables Sale and Purchase Agreement, Undertakings given by the Seller		
<p>These include undertakings to refrain from conducting activities with respect to the Purchased Receivables and the related Financed Vehicles which may adversely affect the Purchased Receivables and the related Financed Vehicles and, in particular, not to assign or transfer the whole or any part of the Purchased Receivables to any third party, not to create or allow to be created, to arise or to exist any Encumbrance or other right in favour of any third party in respect of the Purchased Receivables between the Cut-off Date (or in respect of the Further Purchased Property, the relevant Further Purchase Cut-Off Date or in respect of Substitute Receivables, the relevant Substitution Cut-Off Date) and the date of perfection of the relevant assignment and to transfer promptly to the Issuer all amounts received by the Seller from or in respect of the Purchased Receivables.</p> <p>See also Receivables Sale and Purchase Agreement, 6.2. Receivables Warranties:</p> <p>(e) Legal and beneficial ownership</p> <p>Immediately prior to the Closing Date (or in respect of the Further Purchased Property, the relevant Further Purchase Date or in respect of the Substitute Receivables, the relevant Substitution Date), the Seller is (subject to any prior Encumbrance which has been subsequently discharged) the sole legal and beneficial owner of each relevant Purchased Receivable and is selling each such Purchased Receivable free from any Encumbrance (including rights of attaching creditors and trust interests) save as provided for in the Transaction Documents or save for any Encumbrance arising by operation of law</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
21. The objective of the criterion in Article 20(6), which requires the seller to provide the representations and warranties confirming to the seller's best knowledge that the transferred exposures are neither encumbered nor otherwise in a condition that could potentially adversely affect the enforceability of the transfer of title, is to ensure that the underlying exposures are not only beyond the reach not only of the seller but equally of its creditors, and to allocate the commercial risk of the encumbrance of the underlying exposures to the seller.		
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6	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>		
STS criteria		
<p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES, 1. a) to t) and 2.to 6. for the Purchased Receivables, and their related Loan Contracts and Concentration Limits (a) to (i). See also Receivables Sale and Purchase Agreement, Appendix 2, which contains the same criteria as quoted above.</p> <p><i>PCS has read the Eligibility Criteria in the Prospectus and Sale and Purchase Agreement. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus and in the Receivables Sale Purchase Agreement (Appendix 2) they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<p>23. The objective of this criterion in Article 20(7) is to ensure that the selection and transfer of the underlying exposures in the securitisation is done in a manner which facilitates in a clear and consistent fashion the identification of which exposures are selected for/transferred into the securitisation, and to enable the investors to assess the credit risk of the asset pool prior to their investment decisions.</p>		
EBA Final non-ABCP STS Guidelines		
4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<i>Clear eligibility criteria</i>		
<p>17. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, the criteria should be understood to be ‘clear’ where compliance with them is possible to be determined by a court or tribunal, as a matter of law or fact or both.</p>		

7	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>		
STS criteria		
<p>7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p>		
Verified?		Yes
PCS Comment		
<p>See statement of non-applicability of active management in:</p> <p>Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Receivables Sale and Purchase Agreement, No active portfolio management</p> <p>The Seller's rights and obligations to sell Receivables to the Issuer and/or repurchase Receivables from the Issuer pursuant to the Receivables Sale and Purchase Agreement do not constitute active portfolio management for purposes of Article 20(7) of the Securitisation Regulation.</p> <p>See also Receivables Sale and Purchase Agreement, section 7, Remedies and Repurchases.</p> <p><i>In this respect, we note that the Provisional Portfolio and final Portfolio are randomly selected, and during the Revolving Period the Further Purchased Property is randomly selected, as well as Substitute Receivables during the Revolving Period.</i></p> <p><i>We also note that the repurchase options are limited to Non-Compliant Receivables where a breach cannot be remedied and (on a voluntary basis) Non-Compliant Securitisation Regulation Receivables (receivables not compliant with the relevant regulation any longer). Any Substitution Receivable (only during the Revolving Period) will be selected randomly.</i></p> <p>Indeed, 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><i>PCS has reviewed all the repurchase devices set out in the Prospectus and these are acceptable within the context of the EBA final guidelines.</i></p> <p><i>PCS also notes that there is an explicit affirmative statement in the Prospectus to the effect that no active management of the assets backing the Transaction applies.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<p>24. Consistently with this objective, the active portfolio management of the exposures in the securitisation should be prohibited, given that it adds a layer of complexity and increases the agency risk arising in the securitisation by making the securitisation's performance dependent on both the performance of the underlying exposures and the performance of the management of the transaction. The payments of STS securitisations should depend exclusively on the performance of the underlying exposures.</p>		
EBA Final non-ABCP STS Guidelines		
4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		

Active portfolio management

15. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, active portfolio management should be understood as portfolio management to which either of the following applies:

- (a) the portfolio management makes the performance of the securitisation dependent both on the performance of the underlying exposures and on the performance of the portfolio management of the securitisation, thereby preventing the investor from modelling the credit risk of the underlying exposures without considering the portfolio management strategy of the portfolio manager;
- (b) the portfolio management is performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit.

16. The techniques of portfolio management that should not be considered active portfolio management include:

- (a) substitution or repurchase of underlying exposures due to the breach of representations or warranties;
- (b) substitution or repurchase of the underlying exposures that are subject to regulatory dispute or investigation to facilitate the resolution of the dispute or the end of the investigation;
- (c) replenishment of underlying exposures by adding underlying exposures as substitutes for amortised or defaulted exposures during the revolving period;
- (d) acquisition of new underlying exposures during the 'ramp up' period to line up the value of the underlying exposures with the value of the securitisation obligation(e) repurchase of underlying exposures in the context of the exercise of clean-up call options, in accordance with Article 244(3)(g) of Regulation (EU) 2017/2401;
- (f) repurchase of defaulted exposures to facilitate the recovery and liquidation process with respect to those exposures;
- (g) repurchase of underlying exposures under the repurchase obligation in accordance with Article 20(13) of Regulation (EU) 2017/2402.

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Article 20 - Requirements relating to simplicity		
<p>20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>		
STS criteria		
<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>		
Verified?		Yes
PCS Comment		
<p>See Receivables Sale and Purchase Agreement, Receivables Warranties 6.2 (a): Each relevant Purchased Receivable and each Related Loan Contract complies in all respects with the Eligibility Criteria (set out in Appendix 2 hereto);</p> <p>See also Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES: In order for a Purchased Receivable to meet the Eligibility Criteria, the Purchased Receivable or, as the case may be, the Related Loan Contract from which it is derived must have satisfied the following criteria (1) As at the Cut-off Date (or in respect of the Further Purchased Property, the relevant Further Purchase Cut-Off Date or in respect of the Substitute Receivables, the relevant Substitution Date)....</p> <p><i>a list of the Eligibility Criteria follows on from here.</i></p> <p><i>This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</i></p> <p><i>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</i></p> <p><i>PCS has identified the existence of such a covenant in the Prospectus.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Eligibility criteria for the underlying exposures, active portfolio management (Article 20.7)		
<p>25. Revolving periods and other structural mechanisms resulting in the inclusion of exposures in the securitisation after the closing of the transaction may introduce the risk that exposures of lesser quality can be transferred into the pool. For this reason, it should be ensured that any exposure transferred into the securitisation after the closing meets the eligibility criteria, which are no less strict than those used to structure the initial pool of the securitisation.</p> <p>26. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) the purpose of the requirement on the portfolio management, and the provision of examples of techniques which should not be regarded as active portfolio management: this criterion should be considered without prejudice to the existing requirements with respect to the similarity of the underwriting standards in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in a securitisation be underwritten according to similar underwriting standards;</p> <p>(b) interpretation of the term ‘clear’ eligibility criteria;</p> <p>(c) clarification with respect to the eligibility criteria that need to be met with respect to the exposures transferred to the SSPE after the closing.</p>		
EBA Final non-ABCP STS Guidelines		

4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20.7)

Eligibility criteria to be met for exposures transferred to the SSPE after the closing of the transaction

18. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, 'meeting the eligibility criteria applied to the initial underlying exposures' should be understood to mean eligibility criteria that comply with either of the following:

(a) with regard to normal securitisations, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the closing of the transaction;

(b) with regard to securitisations that issue multiple series of securities including master trusts, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the most recent issuance, with the results that the eligibility criteria may vary from closing to closing, with the agreement of securitisation parties and in accordance with the transaction documentation.

19. Eligibility criteria to be applied to the underlying exposures in accordance with paragraph 18 should be specified in the transaction documentation and should refer to eligibility criteria applied at exposure level.

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Article 20 - Requirements relating to simplicity		
<p>20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>		
STS criteria		
<p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>		
Verified?		Yes
PCS Comment		
<p>The asset class is auto loans and complies with ELIGIBILITY CRITERIA OF THE PURCHASED RECEIVABLES, 1, (a) (v), b, c, d of the “RTS”) and the homogeneity factor in Article 2, 4. (b).</p> <p>Article 1 (a): there are only auto loans in the pool (see ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES)</p> <p>Article 1 (b): all loans are originated and underwritten according to the standards described in section THE SELLER, THE SERVICER AND THE RECEIVABLES, 7. Origination and 8.,10 Underwriting.</p> <p>Article 1 (c): all loans are serviced according to the standards described in section THE SELLER, THE SERVICER AND THE RECEIVABLES, 11. Servicing and Collections</p> <p>Article 1 (d); and article 2, 4(b): all Borrowers are in the same jurisdiction, as in ELIGIBILITY CRITERIA OF THE PURCHASED RECEIVABLES, 1. (o) (i)</p> <p>(q) each of the relevant Purchased Receivables is due from a Borrower who (i) is a UK resident;</p> <p>See also Statement by the Seller and Servicer:</p> <p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 15. Other Characteristics</p> <p>The Loan Contracts comprised in the Provisional Portfolio as at the Cut-Off Date are homogeneous for purposes of Article 20(8) of the Securitisation Regulation, on the basis that all such Loan Contracts: (i) have been underwritten by Vauxhall Finance in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower’s credit risk; (ii) are retail or wholesale auto loans or a combination of both entered into substantially on the terms of similar standard documentation for auto loans; (iii) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from such Loan Contracts; and (iv) form one asset category, namely auto loan receivables in the UK.</p> <p>The definition of “homogeneity” in the Regulation is to be the subject of a Regulatory Technical Standard (“RTS”). Being set out in an RTS, rather than a guideline or recommendation issued by the EBA, the definition of “homogeneity” will be legally binding on all regulatory authorities.</p> <p>Although a final draft of such RTS has been formally adopted by the European Commission, PCS notes that such RTS has not yet come into force. It is not necessary, as a technical legal matter, for the RTS to come into force before STS securitisations are issued. In the absence of the RTS, market participants must turn to the text of the Regulation to interpret what “homogeneity” means. In interpreting the expression, PCS has based itself on the text of the Regulation, its knowledge of the intent of the legislators – including, crucially, the legislators belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisations and the draft RTS adopted by the European Commission.</p> <p>Based on the above, it seems clear to PCS that the Regulation would not seek to exclude from the STS category securitisations that have performed extremely well and are universally considered “homogenous” by market participants. This does not exonerate any transaction from being analysed against this criterion but does set the background for such analysis.</p>		

Turning, for guidance, to the draft RTS adopted by the European Commission, four elements require examination: (a) “similar underwriting standards”, (b) “similar servicing standards”, (c) same asset class and (d) relevant risk factors.

Until the RTS is finally approved and following the guiding principles of the EBA, we note that “similar underwriting standards” must mean something like the same type of underwriting approach, looking at the same types of data points to calculate the same type of credit risk. It cannot mean “exactly the same underwriting criteria”, since this would make it impossible for any securitisation ever to have a “homogenous” pool

In the Transaction, the loans were underwritten on a similar basis, they are being serviced by Vauxhall Finance on the same platform, they are a single asset class – auto loans – and, based on the EBA’s suggested approach, the assets are all originated in the UK.

PCS also takes great comfort from the fact that transactions containing pools with similar characteristics have always been considered to be “homogenous” by a wide consensus of market participants.

EBA Final non-ABCP STS Guidelines – statements on *background and rationale*

Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))

27. The criterion on the homogeneity as specified in the first subparagraph of Article 20(8) has been further clarified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402.

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Article 20 - Requirements relating to simplicity		
<p>20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>		
STS criteria		
10. The underlying exposures shall contain obligations that are contractually binding and enforceable.		
Verified?		Yes
PCS Comment		
<p>See Receivables Sale and Purchase Agreement, Receivables Warranties, 6.2 (c), Valid and Binding:</p> <p>Each relevant Related Loan Contract (i) is governed by English, Northern Irish or Scots law and discloses a Borrower address in England and Wales, Northern Ireland or Scotland only and (ii) is a legal, valid and binding obligation of the relevant Borrower and, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights, is in all material respects enforceable in accordance with its terms and is non-cancellable and not subject to a right to withdraw and is freely assignable by the Seller;</p> <p>Please note on guarantees, in <i>ELIGIBILITY CRITERIA OF THE PURCHASED RECEIVABLES</i>, 5.:</p> <p>Where a Borrower under a relevant Loan Contract has a guarantee from a third party, the Eligibility Criteria in respect of the Borrower are complied with as if the reference to Borrower were instead to the guarantor or co-borrower.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))		
<p>28. The objective of the criterion specified in the third sentence in the first subparagraph and in the second subparagraph of Article 20(8) is to ensure that the underlying exposures contain valid and binding obligations of the debtor/guarantor, including rights to payments or to any other income from assets supporting such payments that result in a periodic and well-defined stream of payments to the investors.</p> <p>30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to:</p> <p>(a) interpretation of the term 'contractually binding and enforceable obligations';</p>		
EBA Final non-ABCP STS Guidelines		
4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))		
Contractually binding and enforceable obligations		
<p>20. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, 'obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors' should be understood to refer to all obligations contained in the contractual specification of the underlying exposures that are relevant to investors because they affect any obligations by the debtor and, where applicable, the guarantor to make payments or provide security.</p>		

11	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>		
STS criteria		
11. With full recourse to debtors and, where applicable, guarantors.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, Other Characteristics, 15, second paragraph</p> <p>For purposes of Article 20(8) of the Securitisation Regulation, the Loan Contracts contain obligations that are in all material respects contractually binding and enforceable, with full recourse to Borrowers and, where applicable, guarantors, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights.</p> <p>Please note on guarantees, in ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES, 5.:</p> <p>Where a Borrower under a relevant Loan Contract has a guarantee from a third party, the Eligibility Criteria in respect of the Borrower are complied with as if the reference to Borrower were instead to the guarantor or co-borrower.</p> <p>Regarding the guarantee, see section 8, Underwriting</p> <p>With respect to approved applications, loan contracts are entered into by the main applicant and, if applicable, (i) for private customers, a “co-borrower” (being a secondary user of the vehicle with equal financial responsibility for the loan or lease as the main applicant, added to the application to strengthen the main applicant’s repayment capacity) rather than a third party guarantor; or (ii) for commercial customers, a “guarantor” (being an additional party that assumes financial responsibility without vehicle rights in case of default by the main applicant; any guarantor of an applicant that is a limited company must be a listed director of the relevant company).”</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8		
<p>30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to:</p> <p>(a) interpretation of the term ‘contractually binding and enforceable obligations;</p>		
EBA Final non-ABCP STS Guidelines		
4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8		
Contractually binding and enforceable obligations		
<p>20. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, ‘obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors’ should be understood to refer to all obligations contained in the contractual specification of the underlying exposures that are relevant to investors because they affect any obligations by the debtor and, where applicable, the guarantor to make payments or provide security.</p>		

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Article 20 - Requirements relating to simplicity		
<p>The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>		
STS criteria		
12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.		
Verified?		Yes
PCS Comment		
<p>See ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES in Prospectus and Receivables Sale and Purchase Agreement (Appendix 2):</p> <p>(b) in respect of a relevant Purchased Receivable, the Related Loan Contract relates to an agreement that provides for level Monthly Payments by the Borrower (provided that the payment in the first month and the final month of the life of such Purchased Receivable may be different from the level payment) that shall amortise the amount financed by maturity</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))		
<p>30 (b) a non-exhaustive list of examples of exposures types that should be considered to have defined periodic payment streams. The individual examples are without prejudice to applicable requirements, such as the requirement with respect to the defaulted exposures in accordance with Article 20(11) of Regulation (EU) 2017/2402 and the requirement with respect to the residual value in accordance with Article 20(13) of that regulation.</p>		
EBA Final non-ABCP STS Guidelines		
4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))		
<i>Exposures with periodic payment streams</i>		
<p>21. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, exposures with defined periodic payment streams should include:</p> <p>(a) exposures payable in a single instalment in the case of revolving securitisation, as referred to in Article 20(12) of Regulation (EU) 2017/2402;</p> <p>(b) exposures related to credit card facilities;</p> <p>(c) exposures with instalments consisting of interest and where the principal is repaid at the maturity, including interest-only mortgages;</p> <p>(d) exposures with instalments consisting of interest and repayment of a portion of the principal, where either of the following conditions is met:</p> <p style="padding-left: 20px;">(i) the remaining principal is repaid at the maturity;</p> <p style="padding-left: 20px;">(ii) the repayment of the principal is dependent on the sale of assets securing the exposure, in accordance with Article 20(13) of Regulation (EU) 2017/2402 and paragraphs 47 to 49;</p> <p>(e) exposures with temporary payment holidays as contractually agreed between the debtor and the lender.</p>		

13	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>		
STS criteria		
<p>13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES</p> <p>(s) in respect of a Purchased Receivable as to which the Related Loan Contract is a PCP Agreement, when aggregated with all other Purchased Receivables where the Related Loan Contracts are PCP Agreements, the PCP Residual Value is not greater than 50 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables as at the Cut-off Date;</p> <p>See ANNEX A, GLOSSARY OF TERMS</p> <p>PCP Agreement means any agreement entered into by the Seller providing for the purchase of a Financed Vehicle under the terms of which (i) the Borrower has a contractual right to make a final balloon payment in order to acquire the legal title of the Financed Vehicle, or (ii) the related Borrower has a contractual right (as opposed to a right under applicable law) to return the Financed Vehicle financed under such agreement in lieu of making such final balloon payment;</p> <p>See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES, Concentration Limits (d)</p> <p>(d) on the relevant Calculation Date, the balloon payment element of all Purchased Receivables (including any Further Purchased Property identified in any Notice of Sale to be purchased on the next following Interest Payment Date and any Substitute Receivables identified in any Notice of Sale to be transferred on the next following Interest Payment Date) that constitute PCP Agreements does not exceed 40 per cent. of the aggregate Outstanding Principal Balance of all Purchased Receivables;</p> <p><i>PCS has reviewed the underlying portfolio characteristics regarding the ability of borrowers to return the car, the portfolio concentration criteria regarding the balloon payments or residual values and has been able to assess that the dependence on the sale of the financed assets is below 50%.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))		
<p>30 (b) a non-exhaustive list of examples of exposures types that should be considered to have defined periodic payment streams. The individual examples are without prejudice to applicable requirements, such as the requirement with respect to the defaulted exposures in accordance with Article 20(11) of Regulation (EU) 2017/2402 and the requirement with respect to the residual value in accordance with Article 20(13) of that regulation.</p>		
EBA Final non-ABCP STS Guidelines		

4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))***Exposures with periodic payment streams***

21. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, exposures with defined periodic payment streams should include:

- (a) exposures payable in a single instalment in the case of revolving securitisation, as referred to in Article 20(12) of Regulation (EU) 2017/2402;
- (b) exposures related to credit card facilities;
- (c) exposures with instalments consisting of interest and where the principal is repaid at the maturity, including interest-only mortgages;
- (d) exposures with instalments consisting of interest and repayment of a portion of the principal, where either of the following conditions is met:
 - (i) the remaining principal is repaid at the maturity;
 - (ii) the repayment of the principal is dependent on the sale of assets securing the exposure, in accordance with Article 20(13) of Regulation (EU) 2017/2402 and paragraphs 47 to 49;
- (e) exposures with temporary payment holidays as contractually agreed between the debtor and the lender.

14	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.</p>		
STS criteria		
<p>14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, Other Characteristics, 15: The Loan Contracts comprised in the Provisional Portfolio as at the Cut-Off Date do not include: (i) any transferable securities for purposes of Article 20(8) of the Securitisation Regulation...</p> <p>PCS notes that there is a clear statement in the Prospectus.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))		
<p>29. The objective of the criterion specified in the third subparagraph is that the underlying exposures do not include transferable securities, as they may add to the complexity of the transaction and of the risk and due diligence analysis to be carried out by the investor.</p>		
EBA Final non-ABCP STS Guidelines		

15	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
20.9. The underlying exposures shall not include any securitisation position.		
STS criteria		
15. The underlying exposures shall not include any securitisation position.		
Verified?	Yes	
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 15. Other Characteristics:</p> <p>The Loan Contracts comprised in the Provisional Portfolio as at the Cut-Off Date do not include: (i) any transferable securities for purposes of Article 20(8) of the Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the Securitisation Regulation, in each case on the basis that such Loan Contracts have been entered into substantially on the terms of similar standard documentation for auto loan receivables.</p> <p>PCS notes that there is a clear statement in the Prospectus.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
No resecuritisation (Article 20(9))		
<p>31. The objective of this criterion is to prohibit resecuritisation subject to derogations for certain cases or for resecuritisation as specified in Regulation (EU) 2017/2402. This is a lesson learnt from the financial crisis, when resecuritisations were structured into highly leveraged structures in which notes of lower credit quality could be re-packaged and credit enhanced, resulting in transactions whereby small changes in the credit performance of the underlying assets had severe impacts on the credit quality of the resecuritisation bonds. The modelling of the credit risk arising in these bonds proved very difficult, also due to high levels of correlations arising in the resulting structures.</p> <p>32. The criterion is deemed sufficiently clear and does not require any further clarification.</p>		
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16	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>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.</p>		
STS criteria		
<p>16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, description of the Receivables Sale and Purchase Agreement, Representations and warranties given by the Seller</p> <p>(j) Credit and Collection Procedures: Each relevant Related Loan Contract (i) was originated by the Seller as principal in the ordinary course of its business in accordance with the Seller's Credit and Collection Procedures pursuant to underwriting standards that are no less stringent than those the Seller applied at the time of origination to exposures not included in the Issuer Assets and (ii) is serviced in accordance with the Credit and Collection Procedures;</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Underwriting standards (Article 20(10))</p> <p>33. The objective of the criterion specified in the first subparagraph of Article 20(10) is to prevent cherry picking and to ensure that the exposures that are to be securitised do not belong to exposure types that are outside the ordinary business of the originator, i.e. types of exposures in which the originator or original lender may have less expertise and/or interest at stake. This criterion is focused on disclosure of changes to the underwriting standards and aims to help the investors assess the underwriting standards pursuant to which the exposures transferred into securitisation have been originated.</p>		
EBA Final non-ABCP STS Guidelines		

17	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
20.10. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.		
STS criteria		
17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.		
Verified?		Yes
PCS Comment		
See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, description of the Receivables Sale and Purchase Agreement, Representations and warranties given by the Seller (j) Credit and Collection Procedures: Each relevant Related Loan Contract (i) was originated by the Seller as principal in the ordinary course of its business in accordance with the Seller's Credit and Collection Procedures pursuant to underwriting standards that are no less stringent than those the Seller applied at the time of origination to exposures not included in the Issuer Assets and (ii) is serviced in accordance with the Credit and Collection Procedures;		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Underwriting standards (Article 20(10))		
37. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified: (a) the term 'similar exposures', with reference to requirements specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402; (b) the term 'no less stringent underwriting standards': independently of the guidance provided in these guidelines, it is understood that, in the spirit of restricting the 'originate-to-distribute' model of underwriting, where similar exposures exist on the originator's balance sheet, the underwriting standards that have been applied to the securitised exposures should also have been applied to similar exposures that have not been securitised, i.e. the underwriting standards should have been applied not solely to securitised exposures;		
EBA Final non-ABCP STS Guidelines		
4.4 Underwriting standards, originator's expertise (Article 20(10))		
No less stringent underwriting standards		
23. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the underwriting standards applied to securitised exposures should be compared to the underwriting standards applied to similar exposures at the time of origination of the securitised exposures. 24. Compliance with this requirement should not require either the originator or the original lender to hold similar exposures on its balance sheet at the time of the selection of the securitised exposures or at the exact time of their securitisation, nor should it require that similar exposures were actually originated at the time of origination of the securitised exposures.		

18	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>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.</p>		
STS criteria		
<p>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.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 14. Information Regarding the Seller's Policies and Procedures, last paragraph, Any material changes from the Seller's prior underwriting policies and lending criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the Securitisation Regulation. See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 10. Material Changes to Origination and Underwriting Policies and Procedures The Risk Management department regularly reviews and analyses its portfolio of receivables to evaluate the effectiveness of Vauxhall Finance underwriting guidelines, scoring models and purchasing criteria. This trend analysis may trigger changes to policies in order to change the quality of its portfolio.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Underwriting standards (Article 20(10))		
<p>37 (c) clarification of the requirement to disclose material changes from prior underwriting standards to potential investors without undue delay: the guidance clarifies that this requirement should be forward-looking only, referring to material changes to the underwriting standards after the closing of the securitisation. The guidance clarifies the interactions with the requirement for similarity of the underwriting standards set out in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in securitisation be underwritten according to similar underwriting standards;</p>		
EBA Final non-ABCP STS Guidelines		
4.4 Underwriting standards, originator's expertise (Article 20(10))		
Disclosure of material changes from prior underwriting standards		
<p>25. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, material changes to the underwriting standards that are required to be fully disclosed should be understood to be those material changes to the underwriting standards that are applied to the exposures that are transferred to, or assigned by, the SSPE after the closing of the securitisation in the context of portfolio management as referred to in paragraphs 15 and 16.</p>		
<p>26. Changes to such underwriting standards should be deemed material where they refer to either of the following types of changes to the underwriting standards:</p>		
<p>(a) changes which affect the requirement of the similarity of the underwriting standards further specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;</p>		
<p>(b) changes which materially affect the overall credit risk or expected average performance of the portfolio of underlying exposures without resulting in substantially different approaches to the assessment of the credit risk associated with the underlying exposures.</p>		
<p>27. The disclosure of all changes to underwriting standards should include an explanation of the purpose of such changes.</p>		
<p>28. With regard to trade receivables that are not originated in the form of a loan, reference to underwriting standards in Article 20(10) should be understood to refer to credit standards applied by the seller to short-term credit generally of the type giving rise to the securitised exposures and proposed to its customers in relation to the sales of its products and services.</p>		

19	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.		
STS criteria		
19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.		
Verified?		Yes
PCS Comment		
This requirement does not apply to auto loans.		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Underwriting standards (Article 20(10))		
34. The objective of the criterion specified in the second subparagraph of Article 20(10) is to prohibit the securitisation of self-certified mortgages for STS purposes, given the moral hazard that is inherent in granting such types of loans.		
37 (d) the scope of the criterion with respect to the specific types of residential loans as referred to in the second subparagraph of Article 20(10) and to the nature of the information that should be captured by this criterion;		
EBA Final non-ABCP STS Guidelines		
4.4 Underwriting standards, originator's expertise (Article 20(10))		
Residential loans		
29. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the pool of underlying exposures should not include residential loans that were both marketed and underwritten on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender.		
30. Residential loans that were underwritten but were not marketed on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender, or become aware after the loan was underwritten, are not captured by this requirement.		
31. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the 'information' provided should be considered to be only relevant information. The relevance of the information should be based on whether the information is a relevant underwriting metric, such as information considered relevant for assessing the creditworthiness of a borrower, for assessing access to collateral and for reducing the risk of fraud.		
32. Relevant information for general non-income-generating residential mortgages should normally be considered to constitute income, and relevant information for income-generating residential mortgages should normally be considered to constitute rental income. Information that is not useful as an underwriting metric, such as mobile phone numbers, should not be considered relevant information.		

20	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.		
STS criteria		
20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 8. Underwriting</p> <p>The assessment of a potential borrower's creditworthiness is conducted in accordance with the Eligibility Criteria and, where appropriate, shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.</p> <p><i>PCS assumes, although the Regulation and the EBA Guidelines are silent on this point, that the requirement for mortgages and consumer loans to have been underwritten in compliance with the Directives only applies to assets underwritten after these Directives were transcribed into national law.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Underwriting standards (Article 20(10))</p> <p>35. The objective of the criterion specified in the third subparagraph of Article 20(10) is to ensure that the assessment of the borrower's creditworthiness is based on robust processes. It is expected that the application of this article will be limited in practice, given that the STS is limited to originators based in the EU, and the criterion is understood to cover only exposures originated by the EU originators to borrowers in non-EU countries.</p> <p>37 (e) clarification of the criterion with respect to the assessment of a borrower's creditworthiness based on equivalent requirements in third countries;</p>		
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21	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.		
STS criteria		
21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.		
Verified?		Yes
PCS Comment		
See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 1. Corporate Information and Business Purpose		
Vauxhall Finance plc is an entity which is subject to prudential and capital regulation in the United Kingdom and, as mentioned in the risk factor "Consumer Credit Act 1974", it has regulatory authorisation and permissions which are relevant to the provision of servicing in relation to the auto leases comprising the Portfolio (including the Loan Contracts) and other auto leases originated by Vauxhall Finance plc which are not sold to the Issuer.		
Vauxhall Finance has significantly more than five years' experience in the origination, underwriting and servicing (see Servicing and Collections section below) of auto receivable loans similar to those included in the Portfolio.		
PCS has received information on credit and collection policies provided by Vauxhall and has conducted a due diligence of the company's policies and procedures. PCS has also taken comfort in the fact that Vauxhall Finance is a prudentially regulated institution by the FCA and benefits from significantly more than five years of experience.		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Underwriting standards (Article 20(10))		
36. The objective of the criterion specified in the fourth subparagraph of Article 20(10) is for the originator or original lender to have an established performance history of credit claims or receivables similar to those being securitised, and for an appropriately long period of time.		
37 (f) identification of criteria on which the expertise of the originator or the original lender should be determined:		
(i) when assessing if the originator or the original lender has the required expertise, some general principles should be set out against which the expertise should be assessed. The general principles have been designed to allow a robust qualitative assessment of the expertise. One of these principles is the regulatory authorisation: this is to allow for more flexibility in such qualitative assessments of the expertise if the originator or the original lender is a prudentially regulated institution which holds regulatory authorisations or permissions that are relevant with respect to origination of similar exposures. The regulatory authorisation in itself should, however, not be a guarantee that the originator or original lender has the required expertise;		
(ii) irrespective of such general principles, specific criteria should be developed, based on specifying a minimum period for an entity to perform the business of originating similar exposures, compliance with which would enable the entity to be considered to have a sufficient expertise. Such expertise should be assessed at the group level, so that possible restructuring at the entity level would not automatically lead to non-compliance with the expertise criterion. It is not the intention of such specific criteria to form an impediment to the entry of new participants to the market. Such entities should also be eligible for compliance with the expertise criterion, as long as their management body and senior staff with managerial responsibility for origination of similar exposures, have sufficient experience over a minimum specified period.		
38. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.		
EBA Final non-ABCP STS Guidelines		
4.4 Underwriting standards, originator's expertise (Article 20(10))		
Similar exposures		
22. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, exposures should be considered to be similar when one of the following conditions is met:		
(a) the exposures belong to one of the following asset categories referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402:		

- (i) residential loans secured with one or several mortgages on residential immovable property, or residential loans fully guaranteed by an eligible protection provider among those referred to in Article 201(1) of Regulation (EU) No 575/2013 qualifying for credit quality step 2 or above as set out in Part Three, Title II, Chapter 2 of that regulation;
 - (ii) commercial loans secured with one or several mortgages on commercial immovable property or other commercial premises;
 - (iii) credit facilities provided to individuals for personal, family or household consumption purposes;
 - (iv) auto loans and leases;
 - (v) credit card receivables;
 - (vi) trade receivables;
- (b) the exposures fall under the asset category of credit facilities provided to micro-, small-, medium-sized and other types of enterprises and corporates including loans and leases, as referred to in Article 2(d) of the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, as underlying exposures of a certain type of obligor;
- (c) where they do not belong to any of the asset categories referred to in points (a) and (b) of this paragraph and as referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous for the purposes of Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, the underlying exposures share similar characteristics with respect to the type of obligor, ranking of security rights, type of immovable property and/or jurisdiction.

Criteria for determining the expertise of the originator or original lender

34. For the purposes of determining whether an originator or original lender has expertise in originating exposures of a similar nature to those securitised in accordance with Article 20(10) of Regulation (EU) 2017/2402, both of the following should apply:

- (a) the members of the management body of the originator or original lender and the senior staff, other than the members of the management body, responsible for managing the originating of exposures of a similar nature to those securitised should have adequate knowledge and skills in the origination of exposures of a similar nature to those securitised;
- (b) any of the following principles on the quality of the expertise should be taken into account:
 - (i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;
 - (ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;
 - (iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of originating the exposures should be appropriate;
 - (iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to origination of exposures of a similar nature to those securitised.

35. An originator or original lender should be deemed to have the required expertise when either of the following applies:

- (a) the business of the entity, or of the consolidated group to which the entity belongs for accounting or prudential purposes, has included the originating of exposures similar to those securitised, for at least five years;
- (b) where the requirement referred to in point (a) is not met, the originator or original lender should be deemed to have the required expertise where they comply with both of the following:
 - (i) at least two of the members of the management body have relevant professional experience in the origination of exposures similar to those securitised, at a personal level, of at least five years;
 - (ii) senior staff, other than members of the management body, who are responsible for managing the entity's originating of exposures similar to those securitised, have relevant professional experience in the origination of exposures of a similar nature to those securitised, at a personal level, of at least five years.

36. For the purposes of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.

22	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
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:		
STS criteria		
22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 15. Other Characteristics:</p> <p>The Receivables comprised in the Provisional Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the Securitisation Regulation.</p> <p><i>PCS notes that in this case "without undue delay" is represented by the Seller, as well as met by the process. The time gap between the selection date and purchase dates, between the Cut-off Date on 29 February 2020 and the Closing date on 23 March 2020 is less than one Month, also for replenishment on an ongoing basis.</i></p> <p><i>Any time gap of less than three and a half months is not considered as undue delay by the regulation and is acceptable.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
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23	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
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:		
STS criteria		
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...		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 15. Other Characteristics: last paragraph</p> <p>15. The Loan Contracts comprised in the Provisional Portfolio as at the Cut-Off Date do not include: ... at the time of selection for inclusion in the Provisional Portfolio any exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to credit-impaired debtors, in each case for purposes of Article 20(11) of the Securitisation Regulation. The Receivables comprised in the Provisional Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the Securitisation Regulation.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
<p>39. The objective of the criterion in Article 20(11) is to ensure that STS securitisations are not characterised by underlying exposures whose credit risk has already been affected by certain negative events such as disputes with credit-impaired debtors or guarantors, debt restructuring processes or default events as identified by the EU prudential regulation. Risk analysis and due diligence assessments by investors become more complex whenever the securitisation includes exposures subject to certain ongoing negative credit risk developments. For the same reasons, STS securitisations should not include underlying exposures to credit-impaired debtors or guarantors that have an adverse credit history. In addition, significant risk of default normally rises as rating grades or other scores are assigned that indicate highly speculative credit quality and high likelihood of default, i.e. the possibility that the debtor or guarantor is not able to meet its obligations becomes a real possibility. Such exposures to credit-impaired debtors or guarantors should therefore also not be eligible for STS purposes.</p> <p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) Interpretation of the term 'exposures in default': given the differences in interpretation of the term 'default', the interpretation of this criterion should refer to additional guidance on this term provided in the existing delegated regulations and guidelines developed by the EBA, while taking into account the limitation of scope of that additional guidance to certain types of institutions;</p>		
EBA Final non-ABCP STS Guidelines		
4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
Exposures in default		
<p>37. For the purposes of the first subparagraph of Article 20(11) of Regulation (EU) 2017/2402, the exposures in default should be interpreted in the meaning of Article 178(1) of Regulation (EU) 575/2013, as further specified by the Delegated Regulation on the materiality threshold for credit obligations past due developed in accordance with Article 178 of that Regulation, and by the EBA Guidelines on the application of the definition of default developed in accordance with Article 178(7) of that regulation.</p> <p>38. Where an originator or original lender is not an institution and is therefore not subject to Regulation (EU) 575/2013, the originator or original lender should comply with the guidance provided in the previous paragraph to the extent that such application is not deemed to be unduly burdensome. In that case, the originator or original lender should apply the established processes and the information obtained from debtors on origination of the exposures, information obtained from the originator in the course of its servicing of the exposures or in the course of its risk management procedure or information notified to the originator by a third party.</p>		

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Article 20 - Requirements relating to simplicity		
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:		
STS criteria		
24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:		
Verified?		Yes
PCS Comment		
<p>See Receivables Sale and Purchase Agreement, 6.2 Receivables Warranties</p> <p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Receivables Sale and Purchase Agreement, Representations and Warranties given by the Seller:</p> <p>(u) Credit-impaired obligor: No Receivable is a Receivable which, so far as the Seller is aware, having made all reasonable enquiries, is a Receivable to a Borrower who is a "credit-impaired obligor" as described in Article 13(2)(j) of the LCR Regulation or paragraph 2(k) of Article 177 of the Solvency II Regulation (or, in each case, if different, the equivalent provisions in any such enacted version of such Commission Delegated Regulation); and</p> <p>(v) Credit-impaired debtor: No Receivable is a Receivable which, so far as the Seller is aware, having made all reasonable enquiries, is a Receivable to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.</p> <p>See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES and Receivables Sale and Purchase Agreement, Appendix 2:</p> <p>(o) each of the relevant Purchased Receivables is due from a Borrower who:</p> <p>(i) is a UK resident;</p> <p>(ii) is not insolvent or bankrupt and no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction against it (to the best knowledge of the Originator);</p> <p>(iii) does not have a credit assessment indicating, based on the Originator's underwriting policy, a significant risk that contractually agreed payments will not be made;</p> <p>(iv) has not had a county court judgment entered or awarded against him on or in the three years prior to the date of origination of the relevant Receivable;</p> <p><i>The note below applies to points from 24 to 29.</i></p> <p>Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful.</p> <p>For PCS, the key points of the EBA guidelines on this issue are:</p> <p>a. <u>First</u> that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be "credit impaired". So that it is not necessary to reflect at what the term "credit impaired" could mean above and beyond those three items.</p> <p>b. <u>Secondly</u>, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a "credit impaired" debtor is the example of a failure to pay that can "reasonably be ignored" for the purposes of credit assessment.</p> <p>Therefore, the criterion, to be met, does not require the elimination from the pool of all debtors with any negative entry in a credit registry but only those whose entries it would not be reasonable to ignore for the purposes of credit assessments.</p>		

Absent any further clarification from the EBA or a national competent authority regarding what it is reasonable to ignore, a judgement would still be necessary in cases where the originator does include in the pool some debtors with some negative entries in a credit registry.

In making this judgement, PCS takes comfort from the intent of the legislators – including, crucially, the legislators’ belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisation. It is clear to PCS that the “credit impaired” prohibition is driven by the desire of legislators to exclude from the STS category deals generally coming under the definition of “sub-prime”. Therefore, it is unreasonable to refuse STS status to a transaction considered by universal consensus to be a “prime/plain vanilla” transaction with no “sub-prime” aspects. Indeed, this approach seems to be the rationale behind the EBA Guidelines on this matter.

To determine whether this requirement is met, PCS has discussed this matter with the Seller and uses its knowledge of the market and market stakeholders as well as the explicit statements made in the Prospectus and transaction documentation.

c. Thirdly, the EBA Guidelines on guaranteed obligations make it clear that the criterion is met so long as either the debtor or the guarantor are not “credit impaired”.

EBA Final non-ABCP STS Guidelines – statements on *background and rationale*

No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))

39. The objective of the criterion in Article 20(11) is to ensure that STS securitisations are not characterised by underlying exposures whose credit risk has already been affected by certain negative events such as disputes with credit-impaired debtors or guarantors, debt-restructuring processes or default events as identified by the EU prudential regulation. Risk analysis and due diligence assessments by investors become more complex whenever the securitisation includes exposures subject to certain ongoing negative credit risk developments. For the same reasons, STS securitisations should not include underlying exposures to credit-impaired debtors or guarantors that have an adverse credit history. In addition, significant risk of default normally rises as rating grades or other scores are assigned that indicate highly speculative credit quality and high likelihood of default, i.e. the possibility that the debtor or guarantor is not able to meet its obligations becomes a real possibility. Such exposures to credit-impaired debtors or guarantors should therefore also not be eligible for STS purposes.

40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:

(b) Interpretation of the term ‘exposures to a credit-impaired debtor or guarantor’: the interpretation should also take into account the interpretation provided in recital 26 of Regulation (EU) 2017/2402, according to which the circumstances specified in points (a) to (c) of Article 24(9) of that regulation are understood as specific situations of credit-impairedness to which exposures in the STS securitisation may not be exposed. Consequently, other possible circumstances of credit-impairedness that are not captured in points (a) to (c) should be outside the scope of this requirement. Moreover, taking into account the role of the guarantor as a risk bearer, it should be clarified that the requirement to exclude ‘exposures to a credit-impaired debtor or guarantor’ is not meant to exclude (i) exposures to a credit-impaired debtor when it has a guarantor that is not credit impaired; or (ii) exposures to a non-credit-impaired debtor when there is a credit-impaired guarantor;

(c) Interpretation of the term ‘to the best knowledge of’: the interpretation should follow the wording of recital 26 of Regulation (EU) 2017/2402, according to which an originator or original lender is not required to take all legally possible steps to determine the debtor’s credit status but is only required to take those steps that the originator/original lender usually takes within its activities in terms of origination, servicing, risk management and use of information that is received from third parties. This should not require the originator or original lender to check publicly available information, or to check entries in at least one credit registry where an originator or original lender does not conduct such checks within its regular activities in terms of origination, servicing, risk management and use of information received from third parties, but rather relies, for example, on other information that may include credit assessments provided by third parties. Such clarification is important because corporates that are not subject to EU financial sector regulation and that are acting as sellers with respect to STS securitisation may not always check entries in credit registries and, in line with the best knowledge standard, should not be obliged to perform additional checks at origination of any exposure for the purposes of later fulfilling this criterion in terms of any credit-impaired debtors or guarantors;

EBA Final non-ABCP STS Guidelines

4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))

Exposures to a credit-impaired debtor or guarantor

39. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the circumstances specified in points (a) to (c) of that paragraph should be understood as definitions of credit-impairedness. Other possible circumstances of credit-impairedness that are not captured in points (a) to (c) should be considered to be excluded from this requirement.

40. The prohibition of the selection and transfer to SSPE of underlying exposures ‘to a credit-impaired debtor or guarantor’ as referred to in Article 20(11) of Regulation (EU) 2017/2402 should be understood as the requirement that, at the time of selection, there should be a recourse for the full securitised exposure amount to at least one non-credit-impaired party, irrespective of whether that party is a debtor or a guarantor. Therefore, the underlying exposures should not include either of the following:

- (a) exposures to a credit-impaired debtor, when there is no guarantor for the full securitised exposure amount;
- (b) exposures to a credit-impaired debtor who has a credit-impaired guarantor.

To the best of the originator's or original lender's knowledge

41. For the purposes of Article 20(11) of Regulation (EU) 2017/2402, the 'best knowledge' standard should be considered to be fulfilled on the basis of information obtained only from any of the following combinations of sources and circumstances:

- (a) debtors on origination of the exposures;
- (b) the originator in the course of its servicing of the exposures or in the course of its risk management procedures;
- (c) notifications to the originator by a third party;
- (d) publicly available information or information on any entries in one or more credit registries of persons with adverse credit history at the time of origination of an underlying exposure, only to the extent that this information had already been taken into account in the context of (a), (b) and (c), and in accordance with the applicable regulatory and supervisory requirements, including with respect to sound credit granting criteria as specified in Article 9 of Regulation (EU) 2017/2402. This is with the exception of trade receivables that are not originated in the form of a loan, with respect to which credit-granting criteria do not need to be met.

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Article 20 - Requirements relating to simplicity		
<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.</p>		
STS criteria		
25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES, and Receivables Sale and Purchase Agreement, Appendix 2:</p> <p>(o) each of the relevant Purchased Receivables is due from a Borrower who:</p> <p>(i) is a UK resident;</p> <p>(ii) is not insolvent or bankrupt and no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction against it (to the best knowledge of the Originator);</p> <p>(iii) does not have a credit assessment indicating, based on the Originator's underwriting policy, a significant risk that contractually agreed payments will not be made;</p> <p>(iv) has not had a county court judgment entered or awarded against him on or in the three years prior to the date of origination of the relevant Receivable;</p>		
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Article 20 - Requirements relating to simplicity		
<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <ul style="list-style-type: none"> (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; <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>		
STS criteria		
<p>26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p>		
Verified?	Yes	
PCS Comment		
<p>See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES (o)</p> <p>(q) each of the relevant Purchased Receivables is due from a Borrower who:</p> <ul style="list-style-type: none"> (i) is a UK resident; (ii) is not insolvent or bankrupt and no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction against it (to the best knowledge of the Originator); (iii) does not have a credit assessment indicating, based on the Originator's underwriting policy, a significant risk that contractually agreed payments will not be made; (iv) has not had a county court judgment entered or awarded against him on or in the three years prior to the date of origination of the relevant Receivable; 		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
<p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;</p>		

EBA Final non-ABCP STS Guidelines**4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))*****Exposures to credit-impaired debtors or guarantors that have undergone a debt-restructuring process***

42. For the purposes of Article 20(11)(a) of Regulation (EU) 2017/2402, the requirement to exclude exposures to credit-impaired debtors or guarantors who have undergone a debt-restructuring process with regard to their non-performing exposures should be understood to refer to both the restructured exposures of the respective debtor or guarantor and those of its exposures that were not themselves subject to restructuring. For the purposes of this Article, restructured exposures which meet the conditions of points (i) and (ii) of that Article should not result in a debtor or guarantor becoming designated as credit-impaired.

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Article 20 - Requirements relating to simplicity		
<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <ul style="list-style-type: none"> (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; <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>		
STS criteria		
27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and		
Verified?	Yes	
PCS Comment		
<p>PCS understands that there are no restructurings included that have taken place prior to transfer to the SSPE.</p> <p>See item 26, above.</p>		
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Article 20 - Requirements relating to simplicity		
<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <ul style="list-style-type: none"> (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; <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>		
STS criteria		
28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;		
Verified?	Yes	
PCS Comment		
See criterion 27 above.		
PCS notes that "Restructured Receivables" are not eligible in this transaction.		
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Article 20 - Requirements relating to simplicity		
<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <ul style="list-style-type: none"> (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; <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>		
STS criteria		
<p>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;</p>		
Verified?	Yes	
PCS Comment		
<p>See item 26, above. PCS notes that this item is included in the Eligibility Criteria of Purchased Receivables (o).</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
<p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;</p>		
EBA Final non-ABCP STS Guidelines		
4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
Credit registry		
<p>43. The requirement referred to in Article 20(11)(b) of Regulation (EU) 2017/2402 should be limited to exposures to debtors or guarantors to which both of the following requirements apply at the time of origination of the underlying exposure:</p> <ul style="list-style-type: none"> (a) the debtor or guarantor is explicitly flagged in a credit registry as an entity with adverse credit history due to negative status or negative information stored in the credit registry; (b) the debtor or guarantor is on the credit registry for reasons that are relevant to the purposes of the credit risk assessment. 		

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Article 20 - Requirements relating to simplicity		
<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.</p> <p>or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <p>(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p> <p>(ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p> <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>		
STS criteria		
30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.		
Verified?	Yes	
PCS Comment		
<p>See Receivables Sale and Purchase Agreement, 6.2 Receivables Warranties</p> <p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Receivables Sale and Purchase Agreement, Representations and Warranties given by the Seller:</p> <p>(s) Selection Procedures: No selection procedures adverse to the Issuer have been employed by the Seller in selecting the Issuer Assets;</p> <p>See also Prospectus, THE PROVISIONAL PORTFOLIO, Eligibility Criteria</p> <p>The Seller will randomly select from the Provisional Portfolio, the Receivables to be transferred and assigned to the Issuer (and, as applicable, held under an initial Scottish Declaration of Trust) on the Closing Date on the basis of the Eligibility Criteria.</p> <p>The Seller will randomly select from the Seller's portfolio of Receivables which the Seller determines comply with the Eligibility Criteria, adjusted (if necessary) by randomly excluding Receivables which would otherwise cause a breach of any Concentration Limit, the Further Purchased Property or Substitute Receivables to be sold or transferred, as applicable, on a Further Purchase Date. See also section 15, "Other Characteristics", last paragraph,</p> <p>"The Loan Contracts comprised in the Provisional Portfolio as at the Cut-Off Date do not include at the time of selection for inclusion in the Provisional Portfolio, any exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to credit-impaired debtors, in each case for purposes of Article 20(11) of the Securitisation Regulation"</p> <p>PCS also notes that the selection of the assets, initially from the Provisional Portfolio, during the revolving period, and for substitution, are randomly selected, hereby randomly only excluding assets that may breach concentration limits.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		

No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))

40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:

(e) Interpretation of the term 'significantly higher risk of contractually agreed payments not being made for comparable exposures': the term should be interpreted with a similar meaning to the requirement aiming to prevent adverse selection of assets referred to in Article 6(2) of Regulation (EU) 2017/2402, and further specified in the Article 16(2) of the Delegated Regulation specifying in greater detail the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/24027, given that in both cases the requirement (i) aims to prevent adverse selection of underlying exposures and (ii) relates to the comparison of the credit quality of exposures transferred to the SSPE and comparable exposures that remain on the originator's balance sheet. To facilitate the interpretation, a list is given of examples of how to achieve compliance with the requirement.

EBA Final non-ABCP STS Guidelines**4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))*****Risk of contractually agreed payments not being made being significantly higher than for comparable exposures***

44. For the purposes of Article 20(11)(c) of Regulation (EU) 2017/2402, the exposures should not be considered to have a 'credit assessment of a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised' when the following conditions apply:

- (a) the most relevant factors determining the expected performance of the underlying exposures are similar;
- (b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.

45. The requirement in the previous paragraph should be considered to have been met where either of the following applies:

- (a) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or classified to the similar effect under the relevant accounting principles;
- (b) the underlying exposures do not include exposures whose credit quality, based on credit ratings or other credit quality thresholds, significantly differs from the credit quality of comparable exposures that the originator originates in the course of its standard lending operations and credit risk strategy.

31	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
20.12. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.		
STS criteria		
31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.		
Verified?		Yes
PCS Comment		
See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES, and Receivables Sale and Purchase Agreement, Appendix 2: (d) in respect of a relevant Purchased Receivable, the Related Loan Contract has had at least one scheduled Monthly Payment made in respect of it by the Borrower;		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
At least one payment made (Article 20(12))		
41. STS securitisations should minimise the extent to which investors are required to analyse and assess fraud and operational risk. At least one payment should therefore be made by each underlying borrower at the time of transfer, since this reduces the likelihood of the loan being subject to fraud or operational issues, unless in the case of revolving securitisations in which the distribution of securitised exposures is subject to constant changes because the securitisation relates to exposures payable in a single instalment or with an initial legal maturity of an exposure of below one year. 42. To facilitate consistent interpretation of this criterion, its scope and the types of payments referred to therein should be further clarified.		
EBA Final non-ABCP STS Guidelines		
4.6 At least one payment made (Article 20(12))		
Scope of the criterion		
46. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, further advances in terms of an exposure to a certain borrower should not be deemed to trigger a new 'at least one payment' requirement with respect to such an exposure.		
At least one payment		
47. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, the payment referred to in the requirement according to which 'at least one payment' should have been made at the time of transfer should be a rental, principal or interest payment or any other kind of payment.		

32	Legislative text	BACK TO TABLE OF CONTENTS
Article 20 - Requirements relating to simplicity		
<p>20.13. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.</p> <p>The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.</p>		
STS criteria		
32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES</p> <p>(s) in respect of a Purchased Receivable as to which the Related Loan Contract is a PCP Agreement, when aggregated with all other Purchased Receivables as to which where the Related Loan Contracts are PCP Agreements, the PCP Residual Value is not greater than 50 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables as at the Cut-off Date;</p> <p>See Concentration Limits</p> <p>(d) on the relevant Calculation Date, the Residual Value of all Purchased Receivables (including any Further Purchased Property identified in any Notice of Sale to be purchased on the next following Interest Payment Date and any Substitute Receivables identified in any Notice of Sale to be transferred on the next following Interest Payment Date) that constitute PCP Agreements does not exceed 40 per cent. of the aggregate Outstanding Principal Balance of all Purchased Receivables;</p> <p><i>In the context of analysing the residual value risk PCS reviewed historical VT rates to determine that the transaction meets this criterion.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
<p>No predominant dependence on the sale of assets (Article 20(13))</p> <p>43. Dependence of the repayment of the holders of the securitisation positions on the sale of assets securing the underlying exposures increases the liquidity risks, market risks and maturity transformation risks to which the securitisation is exposed. It also makes the credit risk of the securitisation more difficult for investors to model and assess.</p> <p>44. The objective of this criterion is to ensure that the repayment of the principal balance of exposures at the contract maturity – and therefore repayment of the holders of the securitisation positions – is not intended to be predominantly reliant on the sale of assets securing the underlying exposures, unless the value of the assets is guaranteed or fully mitigated by a repurchase obligation.</p> <p>45. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term ‘predominant dependence’ on the sale of assets securing the underlying exposures should be further interpreted:</p> <p>(i) when assessing whether the repayment of the holders of the securitisation positions is or is not predominantly dependent on the sale of assets, the following three aspects should be taken into account: (i) the principal balance at contract maturity of underlying exposures that depend on the sale of assets securing those underlying exposures to repay the balance; (ii) the distribution of maturities of such exposures across the life of the transaction, which aims to reduce the risk of correlated defaults due to idiosyncratic shocks; and (iii) the granularity of the pool of exposures, which aims to promote sufficient distribution in sale dates and other characteristics that may affect the sale of the underlying exposures.</p> <p>(i) no types of securitisations should be excluded ex ante from the compliance with this criterion and from the STS securitisation as long as they meet all the requirements specified in the guidance. For example, this criterion does not aim to exclude leasing transactions and interest-only residential mortgages from STS securitisation, provided they comply with the guidance provided and all other applicable STS requirements. However, it is expected that commercial real estate transactions, or securitisations where the assets are commodities (e.g. oil, grain, gold), or bonds whose maturity dates fall after the maturity date of the securitisation, would not meet these requirements, as in all these cases it is expected that the repayment is predominantly reliant on the sale of the assets, that other possible ways to repay the securitisation positions are substantially limited, and that the granularity of the portfolio is low.</p>		

46. With respect to the exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402, it should be ensured that the entity providing the guarantee or the repurchase obligation of the assets securing the underlying exposures is not an empty-shell or defaulted entity, so that it has sufficient loss absorbency to exercise the guarantee of the repurchase of the assets.

EBA Final non-ABCP STS Guidelines

4.7 No Predominant dependence on the sale of assets

Predominant dependence on the sale of assets

48. For the purposes of Article 20(13) of Regulation (EU) 2017/2402, transactions where all of the following conditions apply, at the time of origination of the securitisation in cases of amortising securitisation or during the revolving period in cases of revolving securitisation, should be considered not predominantly dependent on the sale of assets securing the underlying exposures, and therefore allowed:

- (a) the contractually agreed outstanding principal balance, at contract maturity of the underlying exposures that depend on the sale of the assets securing those underlying exposures to repay the principal balance, corresponds to no more than 50% of the total initial exposure value of all securitisation positions of the securitisation;
- (b) the maturities of the underlying exposures referred to in point (a) are not subject to material concentrations and are sufficiently distributed across the life of the transaction;
- (c) the aggregate exposure value of all the underlying exposures referred to in point (a) to a single obligor does not exceed 2% of the aggregate exposure value of all underlying exposures in the securitisation.

49. Where there are no underlying exposures in the securitisation that depend on the sale of assets to repay their outstanding principal balance at contract maturity, the requirements in paragraph 48 should not apply.

Exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402

50. The exemption referred to in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402 with regard to the repayment of holders of securitisation positions whose underlying exposures are secured by assets, the value of which is guaranteed or fully mitigated by a repurchase obligation of either the assets securing the underlying exposures or of the underlying exposures themselves by another third party or parties, the seller or the third parties should meet both of the following conditions:

- (a) they are not insolvent;
- (b) there is no reason to believe that the entity would not be able to meet its obligations under the guarantee or the repurchase obligation.

20.14. EBA, in close cooperation with ESMA and EIOPA, shall develop draft regulatory standards further specifying which underlying exposures referred to in paragraph 8 are deemed to be homogeneous. EBA shall submit those draft regulatory standards to the Commission by 18 July 2018.

The Commission is empowered to supplement this Regulation by adopting the regulatory technical standards referred to in this paragraph in accordance with the procedure laid down in Articles 10 to 14 of Regulation (EU) No 1093/2010.

33	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.		
STS criteria		
33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, <i>CERTAIN REGULATORY CONSIDERATIONS</i>, EU Risk Retention:</p> <p>As at the Closing Date, the Originator will meet this obligation by retaining the portion of the Notes that (i) in aggregate comprise 5% of the nominal value of the Notes and (ii) constitute a vertical tranche as required by the text of Article 6(3)(d) of the Securitisation Regulation. Any change to the manner in which such interest is held will be notified to Noteholders. Vauxhall Finance plc has provided a corresponding undertaking with respect to the interest to be retained by it to the Joint Lead Managers in the Note Subscription Agreement.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Risk retention (Article 21(1))		
47. The main objective of the risk retention criterion is to ensure an alignment between the originators'/sponsors'/original lenders' and investors' interests, and to avoid application of the originate-to-distribute model in securitisation.		
48. The content of the criterion is deemed sufficiently clear that no further guidance in addition to that provided by the Delegated Regulation further specifying the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/2402 is considered necessary.		
EBA Final non-ABCP STS Guidelines		

34	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
21.2. The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.		
STS criteria		
34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.		
Verified?		Yes
PCS Comment		
<p>PCS notes that the receivables are fixed rate.</p> <p>See Prospectus, <i>CREDIT STRUCTURE, LIQUIDITY AND HEDGING</i>, the Swap Agreements</p> <p>On or prior to the Closing Date, the Issuer will enter into one or more fixed/floating interest rate swap transactions (the each a Hedging Arrangement) with the Class A Swap Counterparty under an International Swaps and Derivatives Association Inc. 1992 Master Agreement, in order to address certain risks arising as a result of a fixed rate of interest payable under the Purchased Receivables and the floating rate of interest payable by the Issuer under the Rated Notes</p> <p>The Rated Notes are the Class A to Class G Notes.</p> <p>See Risk Factors, 4.2. Interest Rate Risk and <i>CREDIT STRUCTURE, LIQUIDITY AND HEDGING</i>, The Swap Agreements:</p> <p>All amounts of interest payable under or in respect of the Loan Contracts comprising the Issuer Assets will be calculated by reference to a fixed rate of interest, whilst the Rated Notes will bear interest by reference to SONIA. As a result, in respect of the Rated Notes, in the event that SONIA were to exceed a certain level (for further details on SONIA, please see the section entitled "<i>The market continues to develop in relation to SONIA as a reference rate for floating rate notes</i>" below), the Issuer could have insufficient funds available to make payment of interest on the Rated Notes in full in accordance with the Interest Priority of Payments. In order to reduce this interest rate risk, the Issuer will enter into one or more Hedging Arrangement under the Swap Agreement in respect of the Rated Notes. The Hedging Arrangement covers a major share of this interest rate risk present in the context of the Notes.</p> <p>The notional amount of each Hedging Arrangement will be determined at the commencement of each Interest Period as an amount equal to the aggregate of the Principal Amount Outstanding of the Rated Notes at such time.</p> <p>If the floating rate payable by the Swap Counterparty to the Issuer under a Hedging Arrangement entered into under the Swap Agreement is negative, the Issuer would not receive floating rate interest but would not be obliged to pay to the Swap Counterparty the absolute value of the negative floating rate.</p> <p><i>PCS has reviewed the interest rate risk mitigation based on the swap agreements and the wording in the Prospectus. The fixed interest paying underlying assets are swapped into floating rate (SONIA) plus margin for all Rated Notes, in one or more swaps (A,B,C,D,E,F and G), the Class H note bearing a fixed rate. The notional amounts are determined at the beginning of each interest period to avoid mismatches. The interest payments on the notes are floored at zero. This balance guaranteed swap provides a full hedge to all Rated Notes.</i></p> <p>Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case by case basis.</p> <p>The fact that the Regulation was crafted by the legislators to recognise existing high-quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.</p> <p>This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:</p>		

- 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.

EBA Final non-ABCP STS Guidelines – statements on *background and rationale*

Appropriate mitigation of interest-rate and currency risks (Article 21 (2))

49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.

50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.

51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.

52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:

- (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;
- (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;
- (c) clarification of the term 'common standards in international finance'.

EBA Final non-ABCP STS Guidelines

5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))

Appropriate mitigation of interest-rate and currency risks

51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered 'appropriately mitigated', it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.

52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:

- (a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;
- (b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;
- (c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.

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

35	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
21.2. The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.		
STS criteria		
35. Currency risks arising from the securitisation shall be appropriately mitigated.		
Verified?	Yes	
PCS Comment		
<p>See ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES</p> <p>(l) the relevant Purchased Receivables are denominated and payable in Sterling;</p> <p>See TERMS AND CONDITIONS OF THE NOTES, FORM, DENOMINATION AND TITLE</p> <p>1.3 The Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000</p> <p>PCS notes there is no currency mismatch or risk.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term ‘common standards in international finance’.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>Appropriate mitigation of interest-rate and currency risks</p> <p>51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered ‘appropriately mitigated’, it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.</p> <p>52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:</p> <p>(a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;</p>		

(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;

(c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.

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

54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed.

36	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
21.2. The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.		
STS criteria		
36. Any measures taken to that effect shall be disclosed.		
Verified?		Yes
PCS Comment		
See items above.		
See definition of Transaction Documents which includes the Swap Agreement and other documents that are part of the hedging arrangements. The Swap agreement is also described in the Prospectus.		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Appropriate mitigation of interest-rate and currency risks (Article 21 (2))		
49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.		
50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.		
51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.		
52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:		
(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;		
(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;		
(c) clarification of the term 'common standards in international finance'.		
EBA Final non-ABCP STS Guidelines		
5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))		
54. The measures referred to in paragraphs 52 and 53, as well as the reasoning supporting the appropriateness of the mitigation of the interest-rate and currency risks through the life of the transaction, should be disclosed.		

37	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
<p>Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>		
STS criteria		
37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...		
Verified?	Yes	
PCS Comment		
<p>See Prospectus, THE ISSUER, Principal Activities</p> <p>Except for the purpose of hedging interest-rate or currency risk, the Issuer will not enter into derivative contracts, for purposes of Article 21(2) of the Securitisation Regulation.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</p> <p>Derivatives</p> <p>55. For the purpose of Article 21(2) of Regulation (EU) 2017/2402, exposures in the pool of underlying exposures that merely contain a derivative component exclusively serving the purpose of directly hedging the interest-rate or currency risk of the respective underlying exposure itself, which are not themselves derivatives, should not be understood to be prohibited.</p>		

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Article 21 - Requirements relating to standardisation		
<p>Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>		
STS criteria		
38. ...Shall ensure that the pool of underlying exposures does not include derivatives.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 15. Other Characteristics</p> <p>The Loan Contracts comprised in the Provisional Portfolio as at the Cut-Off Date do not include: (i) any transferable securities for purposes of Article 20(8) of the Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the Securitisation Regulation; or (iii) any derivatives for purposes of Article 21 (2) of the Securitisation Regulation, in each case on the basis that such Loan Contracts have been entered into substantially on the terms of similar standard documentation for auto loan receivables.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Appropriate mitigation of interest-rate and currency risks (Article 21 (2))		
<p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p>		
EBA Final non-ABCP STS Guidelines		
5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))		
Derivatives		
55. For the purpose of Article 21(2) of Regulation (EU) 2017/2402, exposures in the pool of underlying exposures that merely contain a derivative component exclusively serving the purpose of directly hedging the interest-rate or currency risk of the respective underlying exposure itself, which are not themselves derivatives, should not be understood to be prohibited.		

39	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
<p>Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>		
STS criteria		
39. Those derivatives shall be underwritten and documented according to common standards in international finance.		
Verified?	Yes	
PCS Comment		
<p>See the definition of Swap Agreement, which refers to the International Swaps and Derivatives Association 1992 Master Agreement.</p> <p>PCS notes that the Swap Agreements are underwritten according to common standards in international finance.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term 'common standards in international finance'.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21 (2))</p> <p>Common standards in international finance</p> <p>56. For the purposes of Article 21(2) of Regulation (EU) 2017/2402, common standards in international finance should include ISDA or similar established national documentation standards.</p>		

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Article 21 - Requirements relating to standardisation		
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.		
STS criteria		
40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.		
Verified?		Yes
PCS Comment		
<p>Assets:</p> <p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES 6. Retail Auto Receivables, General: The Receivables arise under fixed interest rate agreements.</p> <p>All Assets pay a fixed interest rate.</p> <p>See also Prospectus, TRANSACTION STRUCTURE, Sale of Receivables: Approximately 61.43% of the Provisional Portfolio is comprised of PCP Agreements, under which Borrowers pay a fixed interest rate and have the option, at the maturity of the relevant PCP Agreement, to (a) make a final balloon payment to acquire the legal title of the Financed Vehicle or (b) exercise their contractual right to return the Financed Vehicle financed under such Loan Contract in lieu of making such final balloon payment (subject to compliance with certain conditions).</p> <p>See also Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES, (e) in respect of a relevant Purchased Receivable, the Related Loan Contract does not have an Annual Percentage Rate in excess of 29%; See also Prospectus, ELIGIBILITY CRITERIA OF PURCHASED RECEIVABLES, Concentration limits ,(a) (a) on the relevant Calculation Date, the weighted average Annual Percentage Rate of all Purchased Receivables (including any Further Purchased Property identified in any Notice of Sale to be purchased on the next following Interest Payment Date and any Substitute Receivables identified in any notice of breach to be transferred on the next following Interest Payment Date) is at least equal to 6% per annum; See also Glossary of Terms, “Annual Percentage Rate” means, with respect to a Receivable, the annual rate of finance charges stated in such Receivable</p> <p>PCS notes that the fixed interest rate payable on the assets is subject to a portfolio minimum of 6% and a maximum per individual loan contract of 29%. The interest rates and limitation on the portfolio are market standard.</p> <p>Liabilities:</p> <p>PCS notes that the SSPE enters into Hedging Arrangements (balance guaranteed Interest rate Swaps, fixed/floating) for all Classes A to G, which do not reference complex formulae.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
<p>Referenced interest payments (Article 21 (3))</p> <p>53. The objective of this criterion is to prevent securitisations from making reference to interest rates that cannot be observed in the commonly accepted market practice. The credit risk and cash flow analysis that investors must be able to carry out should not involve atypical, complex or complicated rates or variables that cannot be modelled on the basis of market experience and practice.</p>		

54. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:
- (a) the scope of the criterion (by specifying the common types and examples of interest rates captured by this criterion);
 - (b) the term 'complex formulae or derivatives'.

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5.2 Referenced interest payments (Article 21 (3))

Referenced rates

57. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, interest rates that should be considered to be an adequate reference basis for referenced interest payments should include all of the following:

- (a) interbank rates including the Libor, Euribor and other recognised benchmarks;
- (b) rates set by monetary policy authorities, including FED funds rates and central banks' discount rates;
- (c) sectoral rates reflective of a lender's cost of funds, including standard variable rates and internal interest rates that directly reflect the market costs of funding of a bank or a subset of institutions, to the extent that sufficient data are provided to investors to allow them to assess the relation of the sectoral rates to other market rates.

Complex formulae or derivatives

58. For the purposes of Article 21(3) of Regulation (EU) 2017/2402, a formula should be considered to be complex when it meets the definition of an exotic instrument by the Global Association of Risk Professionals (GARP), which is a financial asset or instrument with features that make it more complex than simpler, plain vanilla, products. A complex formula or derivative should not be deemed to exist in the case of the mere use of interest-rate caps or floors.

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Article 21 - Requirements relating to standardisation		
<p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>		
STS criteria		
<p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Subordinated Loan Agreement</p> <p>Following service of a Note Acceleration Notice, the Liquidity Reserve Amount shall be released by the Issuer to the Subordinated Lender and the then current balance of the Liquidity Reserve Account shall be directly repaid by the Issuer to the Subordinated Lender on the first Interest Payment Date following service of a Note Acceleration Notice and will not be available for any use by the Issuer. Following the service of a Note Acceleration Notice, the Liquidity Reserve Target Amount will be zero.</p> <p>See also Prospectus, TRANSACTION OVERVIEW, CREDIT STRUCTURE AND CASHFLOW</p> <p>Funds available to the Issuer:</p> <p>The Issuer will use the Available Interest Distribution Amount and the Available Principal Distribution Amount for the purposes of making interest and principal payments under the Notes and meeting the Issuer's other payment obligations pursuant to the other Transaction Documents.</p> <p>See also, Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Deed of Charge</p> <p>Priority of Payments</p> <p>Following service of a Note Acceleration Notice, the Available Principal Distribution Amount shall be distributed in accordance with the Accelerated Priority of Payments.</p> <p>See also Prospectus, ANNEX A, Glossary of Terms</p> <p>Accelerated Priority of Payments means the priority of payments for the application of all amounts due and payable following the service of a Note Acceleration Notice as set out in the Deed of Charge;</p> <p>See also Prospectus, Accelerated Priority of Payments</p> <p>See also Deed of Charge, 7. Payments out of the Issuer Accounts Upon Acceleration,</p> <p>7.1 Priority of payments - upon acceleration</p> <p><i>The notes are redeemed pro rata and sequentially after occurrence of a Sequential Redemption Event or following the service of a Note Acceleration Notice.</i></p>		

Post-Acceleration Priority of Payments

The Deed of Charge sets out the priority of distribution by the Security Trustee, following the service of a Note Acceleration Notice on the Issuer (known as the **Accelerated Priority of Payments**, of amounts received or recovered by the Security Trustee (or a receiver appointed on its behalf).

The Security Trustee will apply amounts (other than amounts representing (i) any Excess Swap Collateral which shall be returned directly to the relevant Swap Counterparty (and for the avoidance of doubt, such payment shall be without regard to the relevant Priority of Payments), (ii) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Swap Counterparty), (iii) any Swap Tax Credits, which shall be applied directly to the relevant Swap Counterparty in accordance with the Cash Management Agreement, and (iv) in respect of the relevant Swap Counterparty, prior to the designation of an early termination date under a Swap Agreement and the resulting application of the Swap Collateral by way of netting or set-off, an amount equal to the value of all Swap Collateral provided by such Swap Counterparty to the Issuer pursuant to the relevant Swap Agreement (and any interest or distributions in respect thereof)) received or recovered following enforcement of the Security as follows (in each case, only to the extent that payments of a higher order of priority have been made in full):

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Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))

55. The objective of this criterion is to prevent investors from being subjected to unexpected repayment profiles and to provide appropriate legal comfort regarding their enforceability, for instances where an enforcement or an acceleration notice has been delivered.

56. STS securitisations should be such that the required investor's risk analysis and due diligence do not have to factor in complex structures of the payment priority that are difficult to model, nor should the investor be exposed to complex changes in such structures throughout the life of the transaction. Therefore, it should be ensured that junior noteholders do not have inappropriate payment preference over senior noteholders that are due and payable.

57. In addition, taking into account that market risk on the underlying collateral constitutes an element of complexity in the risk and due diligence analysis to be carried out by investors, the objective is also to ensure that the performance of STS securitisations does not rely, due to contractual triggers, on the automatic liquidation at market price of the underlying collateral.

58. To facilitate consistent interpretation of this criterion, the scope and operational functioning of conditions specified under letters (a), (b) and (d) of Article 21(4) should be specified further.

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5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))

Exceptional circumstances

59. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, a list of 'exceptional circumstances' should, to the extent possible, be included in the transaction documentation.

60. Given the nature of 'exceptional circumstances' and in order to allow some flexibility with respect to potential unusual circumstances requiring that cash be trapped in the SSPE in the best interests of investors, where a list of 'exceptional circumstances' is included in the transaction documentation in accordance with paragraph 59, such a list should be non-exhaustive.

Amount trapped in the SSPE in the best interests of investors

61. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, the amount of cash to be considered as trapped in the SSPE should be that agreed by the trustee or other representative of the investors who is legally required to act in the best interests of the investors, or by the investors in accordance with the voting provisions set out in the transaction documentation.

62. For the purposes of Article 21(4)(a) of Regulation (EU) 2017/2402, it should be permissible to trap the cash in the SSPE in the form of a reserve fund for future use, as long as the use of the reserve fund is exclusively limited to the purposes set out in Article 21(4)(a) of Regulation (EU) 2017/2402 or to orderly repayment to the investors.

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Article 21 - Requirements relating to standardisation		
<p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p> <p>(b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p>		
STS criteria		
42. 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;		
Verified?		Yes
PCS Comment		
<i>The notes are redeemed pro rata before, and sequentially after the occurrence of a Sequential Redemption Event or following the service of a Note Acceleration Notice.</i>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))		
55. The objective of this criterion is to prevent investors from being subjected to unexpected repayment profiles and to provide appropriate legal comfort regarding their enforceability, for instances where an enforcement or an acceleration notice has been delivered.		
56. STS securitisations should be such that the required investor's risk analysis and due diligence do not have to factor in complex structures of the payment priority that are difficult to model, nor should the investor be exposed to complex changes in such structures throughout the life of the transaction. Therefore, it should be ensured that junior noteholders do not have inappropriate payment preference over senior noteholders that are due and payable.		
57. In addition, taking into account that market risk on the underlying collateral constitutes an element of complexity in the risk and due diligence analysis to be carried out by investors, the objective is also to ensure that the performance of STS securitisations does not rely, due to contractual triggers, on the automatic liquidation at market price of the underlying collateral.		
58. To facilitate consistent interpretation of this criterion, the scope and operational functioning of conditions specified under letters (a), (b) and (d) of Article 21(4) should be specified further.		
EBA Final non-ABCP STS Guidelines		
5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))		
Repayment		
63. The requirements in Article 21(4)(b) of Regulation (EU) 2017/2402 should be understood as covering only the repayment of the principal, without covering the repayment of interest.		
64. For the purposes of Article 21(4)(b) of Regulation (EU) 2017/2402, non-sequential payments of principal in a situation where an enforcement or an acceleration notice has been delivered should be prohibited. Where there is no enforcement or acceleration event, principal receipts could be allowed for replenishment purposes pursuant to Article 20(12) of that Regulation.		

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Article 21 - Requirements relating to standardisation		
<p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p> <p>(b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p>		
STS criteria		
43. Repayment of the securitisation positions shall not be reversed with regard to their seniority; and		
Verified?		Yes
PCS Comment		
See point 42 above.		
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Article 21 - Requirements relating to standardisation		
<p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p> <p>(b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p>(d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>		
STS criteria		
44. No provisions shall require automatic liquidation of the underlying exposures at market value.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS, Deed of Charge, No automatic liquidation</p> <p>For purposes of Article 21(4)(d) of the Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default of the Issuer.</p> <p>See also Prospectus, TERMS AND CONDITIONS OF THE NOTES, 6.2 Mandatory redemption in full in the cases of (a), (b) and (c), (a) referring to the exercise of the Clean-Up Call, (b) to the Regulatory Call Option (Issuer Liquidation Event) and (c) being pursuant to the Tax Call Option.</p> <p>In all three cases (6.2 (a), (b) and (c)) the liquidation in neither “automatic” since it requires notification to the noteholders by the issuer ((i) (a)), nor is it at market value given the following condition, quoted below:</p> <p>In all three cases (a), (b), and (c), paragraph (ii) (b) “the Issuer will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Interest Payment Date, and the Note Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders”</p> <p>PCS has reviewed the relevant triggers, as partially outlined above, and concluded that no provision allows for automatic liquidation.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
EBA Final non-ABCP STS Guidelines		
5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))		
Liquidation of the underlying exposures at market value		
65. For the purposes of Article 21(4)(d) of Regulation (EU) 2017/2402, the investors’ decision to liquidate the underlying exposures at market value should not be considered to constitute an automatic liquidation of the underlying exposures at market value.		

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Article 21 - Requirements relating to standardisation		
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.		
STS criteria		
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.		
Verified?		Yes
PCS Comment		
<p>Sequential Redemption Event means the occurrence of any of the following events: (a) the Cumulative Net Loss Ratio exceeds:</p> <ul style="list-style-type: none"> (i) 0.15 per cent. for any Interest Payment Date between the Closing Date and the Interest Payment Date falling in September 2020 (included); (ii) 0.25 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in October 2020, up to (and including) the Interest Payment Date falling in March 2021; (iii) 0.45 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in April 2021, up to (and including) the Interest Payment Date falling in September 2021; (iv) 0.65 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in October 2021, up to (and including) the Interest Payment Date falling in March 2022; (v) 0.95 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in April 2022, up to (and including) the Interest Payment Date falling in September 2022; (vi) 1.25 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in October 2022, up to (and including) the Interest Payment Date falling in March 2023; (vii) 1.45 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in April 2023, and prior to the Final Legal Maturity Date; or <p>PCS notes that for the Sequential Redemption Event performance related triggers apply.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
<p>Non-sequential priority of payments (Article 21(5))</p> <p>59. The objective of this criterion is to ensure that non-sequential (pro rata) amortisation should be used only in conjunction with clearly specified contractual triggers that determine the switch of the amortisation scheme to a sequential priority, safeguarding the transaction from the possibility that credit enhancement is too quickly amortised as the credit quality of the transaction deteriorates, thereby exposing senior investors to a decreasing amount of credit enhancement.</p> <p>60. To facilitate consistent interpretation of this criterion, a non-exhaustive list of examples of performance-related triggers that may be included is provided in the guidance.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.4 Non-sequential priority of payments (Article 21(5))</p> <p>Performance-related triggers</p> <p>66. For the purposes of Article 21(5) of Regulation (EU) 2017/2402, the triggers related to the deterioration in the credit quality of the underlying exposures may include the following:</p> <ul style="list-style-type: none"> (a) with regard to underlying exposures for which a regulatory expected loss (EL) can be determined in accordance with Regulation (EU) 575/2013 or other relevant EU regulation, cumulative losses that are higher than a certain percentage of the regulatory one-year EL on the underlying exposures and the weighted average life of the transaction; (b) cumulative non-matured defaults that are higher than a certain percentage of the sum of the outstanding nominal amount of tranche held by the investors and the tranches that are subordinated to them; (c) the weighted average credit quality in the portfolio decreasing below a given pre-specified level or the concentration of exposures in high credit risk (probability of default) buckets increasing above a pre-specified level. 		

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Article 21 - Requirements relating to standardisation		
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:		
STS criteria		
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:		
Verified?		Yes
PCS Comment		
<p>See Prospectus, TRANSACTION STRUCTURE, definition of “Revolving Period Termination Event”:</p> <ul style="list-style-type: none"> (a) the Cumulative Net Loss Ratio is greater than zero, and on the relevant Interest Payment Date, exceeds: <ul style="list-style-type: none"> (i) 0.15 per cent. between the Closing Date and the Interest Payment Date falling in September 2020 (included); or (ii) 0.25 per cent. between the Interest Payment Date falling in October 2020 (included) and the Interest Payment Date falling in March 2021 (included); (b) an Event of Default; (c) an Insolvency Event with respect to the Seller has occurred or is continuing; (d) a Servicer Default has occurred or is continuing; (e) a Negative Carry Event; (f) an Event of Default or a Termination Event under the Swap Agreement (each as defined therein); (g) a Liquidity Reserve Shortfall; or (h) on the immediately preceding Interest Payment Date, the debit balance of the Class H Principal Deficiency Sub-ledger (taking into account amounts which have been credited to the Class H Principal Deficiency Sub-ledger on such Interest Payment Date) is greater than 0.50% of the aggregate Outstanding Principal Balance of the Issuer Assets as on the immediately succeeding Interest Payment Date after application of the Available Interest Distribution Amount in accordance with the Interest Priority of Payments. 		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Early amortisation provisions/triggers for termination of the revolving period (Article 21 (6))		
61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.		
62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.		
EBA Final non-ABCP STS Guidelines		
5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21 (6))		
<i>Insolvency-related event with regard to the servicer</i>		
67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:		
(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;		
(b) it should trigger the termination of the revolving period.		

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Article 21 - Requirements relating to standardisation		
<p>21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p>		
STS criteria		
<p>47. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, TRANSACTION STRUCTURE, definition of "Revolving Period Termination Event":</p> <p>(a) the Cumulative Net Loss Ratio is greater than zero, and on the relevant Interest Payment Date, exceeds:</p> <p>(i) 0.15 per cent. between the Closing Date and the Interest Payment Date falling in September 2020 (included); or</p> <p>(ii) 0.25 per cent. between the Interest Payment Date falling in October 2020 (included) and the Interest Payment Date falling in March 2021 (included);</p> <p>(b) an Event of Default;</p> <p>(c) an Insolvency Event with respect to the Seller has occurred or is continuing;</p> <p>(d) a Servicer Default has occurred or is continuing;</p> <p>(e) a Negative Carry Event;</p> <p>(f) an Event of Default or a Termination Event under the Swap Agreement (each as defined therein);</p> <p>(g) a Liquidity Reserve Shortfall; or</p> <p>(h) on the immediately preceding Interest Payment Date, the debit balance of the Class H Principal Deficiency Sub-ledger (taking into account amounts which have been credited to the Class H Principal Deficiency Sub-ledger on such Interest Payment Date) is greater than 0.50% of the aggregate Outstanding Principal Balance of the Issuer Assets as on the immediately succeeding Interest Payment Date after application of the Available Interest Distribution Amount in accordance with the Interest Priority of Payments.</p> <p>PCS notes that the list of triggers for the Revolving Period Termination Event includes the deterioration of credit quality triggers in (a).</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))		
<p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p>		
<p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p>		
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Article 21 - Requirements relating to standardisation		
<p>21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p> <p>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>		
STS criteria		
<p>48. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <p>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, TRANSACTION STRUCTURE, definition of “Revolving Period Termination Event”:</p> <p>(a) the Cumulative Net Loss Ratio is greater than zero, and on the relevant Interest Payment Date, exceeds:</p> <p>(i) 0.15 per cent. between the Closing Date and the Interest Payment Date falling in September 2020 (included); or</p> <p>(ii) 0.25 per cent. between the Interest Payment Date falling in October 2020 (included) and the Interest Payment Date falling in March 2021 (included);</p> <p>(b) an Event of Default;</p> <p>(c) an Insolvency Event with respect to the Seller has occurred or is continuing;</p> <p>(d) a Servicer Default has occurred or is continuing;</p> <p>(e) a Negative Carry Event;</p> <p>(f) an Event of Default or a Termination Event under the Swap Agreement (each as defined therein);</p> <p>(g) a Liquidity Reserve Shortfall; or</p> <p>(h) on the immediately preceding Interest Payment Date, the debit balance of the Class H Principal Deficiency Sub-ledger (taking into account amounts which have been credited to the Class H Principal Deficiency Sub-ledger on such Interest Payment Date) is greater than 0.50% of the aggregate Outstanding Principal Balance of the Issuer Assets as on the immediately succeeding Interest Payment Date after application of the Available Interest Distribution Amount in accordance with the Interest Priority of Payments.</p> <p>PCS notes that the list of triggers for the Revolving Period Termination Event includes a Seller (i.e. the Originator) Event of Default defined as Insolvency Event with respect to the Seller in (c) and a Servicer Default in (d).</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))		
<p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p>		
EBA Final non-ABCP STS Guidelines		
5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))		
Insolvency-related event with regard to the servicer		
<p>67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:</p> <p>(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;</p> <p>(b) it should trigger the termination of the revolving period.</p>		

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Article 21 - Requirements relating to standardisation		
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:		
<ul style="list-style-type: none"> (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); 		
STS criteria		
49. 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:		
(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);		
Verified?		Yes
PCS Comment		
<p>See Prospectus, TRANSACTION STRUCTURE, definition of “Revolving Period Termination Event”:</p> <ul style="list-style-type: none"> (a) the Cumulative Net Loss Ratio is greater than zero, and on the relevant Interest Payment Date, exceeds: <ul style="list-style-type: none"> (i) 0.15 per cent. between the Closing Date and the Interest Payment Date falling in September 2020 (included); or (ii) 0.25 per cent. between the Interest Payment Date falling in October 2020 (included) and the Interest Payment Date falling in March 2021 (included); (b) an Event of Default; (c) an Insolvency Event with respect to the Seller has occurred or is continuing; (d) a Servicer Default has occurred or is continuing; (e) a Negative Carry Event; (f) an Event of Default or a Termination Event under the Swap Agreement (each as defined therein); (g) a Liquidity Reserve Shortfall; or (h) on the immediately preceding Interest Payment Date, the debit balance of the Class H Principal Deficiency Sub-ledger (taking into account amounts which have been credited to the Class H Principal Deficiency Sub-ledger on such Interest Payment Date) is greater than 0.50% of the aggregate Outstanding Principal Balance of the Issuer Assets as on the immediately succeeding Interest Payment Date after application of the Available Interest Distribution Amount in accordance with the Interest Priority of Payments. <p>PCS notes that the list of triggers for the Revolving Period Termination Event includes a trigger in (h) on the debit balance of the lowest classes' Principal Deficiency Sub-ledger which relates to the underlying exposures' values.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))		
61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.		
62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.		
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Article 21 - Requirements relating to standardisation		
<p>21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <ul style="list-style-type: none"> (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). 		
STS criteria		
<p>50. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <ul style="list-style-type: none"> (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period). 		
Verified?		Yes
PCS Comment		
<p>See Prospectus, TRANSACTION STRUCTURE, definition of “Revolving Period Termination Event”:</p> <ul style="list-style-type: none"> (e) a Negative Carry Event <p>Negative Carry Event means an event that occurs if, on any two consecutive Interest Payment Dates, the balance of the Reinvestment Principal Account exceeds 10% of the Outstanding Principal Balance of the Purchased Receivables comprised in the Issuer Assets as at the Calculation Date immediately preceding the relevant Interest Payment Date;</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</p> <p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p>		
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Article 21 - Requirements relating to standardisation		
<p>21.7. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>		
STS criteria		
<p>51. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>		
Verified?	Yes	
PCS Comment		
<p>See Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS.</p> <p>In particular, the main Transaction Documents, being the Receivables Sale and Purchase Agreement, the Servicing Agreement, Account Bank Agreement, Agency Agreement, Cash Management Agreement, Swap Agreements, Trust Deed are described in some detail in the Prospectus.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Transaction Documentation (Article 21 (7))</p> <p>63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.</p> <p>64. This criterion is considered sufficiently clear and no further guidance is considered necessary.</p>		
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Article 21 - Requirements relating to standardisation		
<p>21.7. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p> <p>(b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>		
STS criteria		
<p>52. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>		
Verified?		Yes
PCS Comment		
<p>The Servicer is Vauxhall Finance plc which is also the Seller.</p> <p>PCS notes that the Back-Up Servicer Facilitator is appointed in accordance with the Servicing Agreement.</p> <p>See Servicing Agreement, Back-up Servicer Facilitator, section 15</p> <p>15.4 After the delivery of a written notice pursuant to Clause 14.1 or 14.3, the Back-Up Servicer Facilitator shall use best efforts to identify, on behalf of the Issuer, and assist the Issuer in the appointing of a suitable successor servicer in accordance with the terms of this Agreement.</p> <p>14.1 Servicer Default (c)</p> <p>(c) the occurrence of an Insolvency Event in relation to the Servicer or the Seller</p> <p>Following the occurrence of a Servicer Default the Issuer may terminate the appointment of the Servicer under the Servicing Agreement.</p> <p>See Prospectus, TRIGGERS TABLES, (B) NON-RATING TRIGGERS TABLE, Servicer Default:</p> <p>Further, at any time, the Servicer may also resign its appointment on no less than 12 months' written notice to, among others, the Issuer, the Security Trustee and the Back-Up Servicer Facilitator with a copy being sent to the Rating Agencies provided that such resignation shall not take effect unless the Issuer and the Security Trustee consent to such resignation and a replacement servicer has been appointed by the Issuer.</p> <p>PCS notes that the Servicer cannot resign without a replacement being in place.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Transaction Documentation (Article 21 (7))		
<p>63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.</p> <p>64. This criterion is considered sufficiently clear and no further guidance is considered necessary.</p>		
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Article 21 - Requirements relating to standardisation		
<p>21.7. The transaction documentation shall clearly specify:</p> <ul style="list-style-type: none"> (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers; (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable. 		
STS criteria		
53. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.		
Verified?		Yes
PCS Comment		
<p>Swap Counterparty:</p> <p>See Prospectus, CREDIT STRUCTURE, LIQUIDITY AND HEDGING, The Swap Agreements, Termination rights and payments:</p> <ul style="list-style-type: none"> (a) if there is a failure by a party to make any payment or delivery due under the Swap Agreement and any applicable grace period has expired; (b) if certain insolvency events occur with respect to the Swap Counterparty; <p>See Prospectus, 4. RISK FACTORS RELATING TO COUNTERPARTIES ,4.2 Interest Rate Risk</p> <p>Were an early termination of the Swap Agreement to occur for any reason, including by either party due to an Event of Default or a Termination Event (in each case as defined in the Swap Agreement), while endeavours will be made to enter into a replacement swap agreement, no assurance can be given that the Issuer would be able to enter into a replacement swap agreement or a replacement swap agreement with similar terms, immediately or at all. In that situation, there is also no assurance that the amount of credit enhancement will be sufficient to cover any applicable interest rate. In addition, under the Swap Agreement, a failure to enter into a replacement swap agreement may result in the reduction, qualification or withdrawal of the then current ratings of the Rated Notes by the Rating Agencies.</p> <p>PCS notes that there are provisions regarding the Swap Counterparty replacement.</p> <p>Account Bank:</p> <p>See Account Bank Agreement, section 11, Termination, 11.1 Termination Events</p> <ul style="list-style-type: none"> (iii) if an Insolvency Event occurs in relation to the Account Bank; (iv) default is made by the Account Bank in the payment on the due date of any payment due and payable by it under this Agreement (provided that funds have been paid to the Account Bank in accordance with the terms of the Transaction Documents) and such default continues unremedied for a period of seven Business Days after the earlier of the Account Bank becoming aware of such default and receipt by the Account Bank of written notice from the Issuer, the Cash Manager or, as the case may be, the Security Trustee, requiring the same to be remedied; (v) default is made by the Account Bank in the performance or observance of any of its other covenants and obligations under this Agreement, which in the reasonable opinion of the Security Trustee is materially prejudicial to the interests of the Secured Creditors and such default continues unremedied for a period of twenty Business Days after the earlier of the Account Bank becoming aware of such default and receipt by the Account Bank of written notice from the Issuer, the Cash Manager or, as the case may be, the Security Trustee requiring the same to be remedied; or (vi) the Account Bank ceases to be a bank as defined in section 991 of the Income Tax Act 2007. 		

PCS notes that the Account Bank is replaced with a qualifying replacement bank (11.1., (ii) (A)).

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Transaction Documentation (Article 21 (7))

63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.

64. This criterion is considered sufficiently clear and no further guidance is considered necessary.

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Article 21 - Requirements relating to standardisation		
21.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
STS criteria		
54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised		
Verified?		Yes
PCS Comment		
See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, 1. Corporate Information and Business Purpose Vauxhall Finance has significantly more than five years' experience in the origination, underwriting and servicing (see Servicing and Collections section below) of auto receivable loans similar to those included in the Portfolio.		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Expertise of the Servicer (Article 21 (8))		
65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.		
66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:		
(a) criteria for determining the expertise of the servicer;		
(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.		
67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.		
EBA Final non-ABCP STS Guidelines		
5.8 Expertise of the servicer (Article 21 (8))		
Criteria for determining the expertise of the servicer		
68. For the purposes of determining whether a servicer has expertise in servicing exposures of a similar nature to those securitised in accordance with Article 21(8) of Regulation (EU) 2017/2402, both of the following should apply:		
(a) the members of the management body of the servicer and the senior staff, other than members of the management body, responsible for servicing exposures of a similar nature to those securitised should have adequate knowledge and skills in the servicing of exposures similar to those securitised;		
(b) any of the following principles on the quality of the expertise should be taken into account in the determination of the expertise:		
(i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;		
(ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;		
(iii) the involvement of the members of the management body and the senior staff within the governance structure of the function of servicing the exposures should be appropriate;		
(iv) in the case of a prudentially regulated entity, the regulatory authorisations or permissions held by the entity should be deemed relevant to the servicing of similar exposures to those securitised.		
69. A servicer should be deemed to have the required expertise where either of the following applies:		

- (a) the business of the entity, or of the consolidated group, to which the entity belongs, for accounting or prudential purposes, has included the servicing of exposures of a similar nature to those securitised, for at least five years;
- (b) where the requirement referred to in point (a) is not met, the servicer should be deemed to have the required expertise where they comply with both of the following:
- (i) at least two of the members of its management body have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at personal level, of at least five years;
 - (ii) senior staff, other than members of the management body, who are responsible for managing the entity's servicing of exposures of a similar nature to those securitised, have relevant professional experience in the servicing of exposures of a similar nature to those securitised, at a personal level, of at least five years;
 - (iii) the servicing function of the entity is backed by the back-up servicer compliant with point (a).
70. For the purpose of demonstrating the number of years of professional experience, the relevant expertise should be disclosed in sufficient detail and in accordance with the applicable confidentiality requirements to permit investors to carry out their obligations under Article 5(3)(c) of Regulation (EU) 2017/2402.
- Exposures of similar nature*
71. For the purposes of Article 21(8) of Regulation (EU) 2017/2402, interpretation of the term 'exposures of similar nature' should follow the interpretation provided in paragraph 23 above.

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Article 21 - Requirements relating to standardisation		
<p>21.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.</p>		
STS criteria		
<p>55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, sections 11 to 15.</p> <p>PCS notes that the Seller and the Servicer are the same institution.</p> <p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, Corporate Information and Business Purpose</p> <p>Vauxhall Finance plc is an entity which is subject to prudential and capital regulation in the United Kingdom and, as mentioned in the risk factor <i>Consumer Credit Act 1974</i>, it has regulatory authorisation and permissions which are relevant to the provision of servicing in relation to the auto leases comprising the Portfolio (including the Loan Contracts) and other auto leases originated by Vauxhall Finance plc which are not sold to the Issuer.</p> <p>PCS notes that the servicer is an entity that is subject to prudential and capital regulation and supervision in the Union. PCS has done a Servicer Due Diligence to get comfortable with the Servicing Procedures. This requirement is certainly met by Vauxhall Finance, as confirmed.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Expertise of the Servicer (Article 21 (8))</p> <p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p> <p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) criteria for determining the expertise of the servicer;</p> <p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p> <p>67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>		
EBA Final non-ABCP STS Guidelines		
<p>Expertise of the Servicer (Article 21 (8))</p> <p>Well-documented and adequate policies, procedures and risk management controls</p> <p>72. For the purposes of Article 21(8) of Regulation (EU) 2017/2402, the servicer should be considered to have well documented and adequate policies, procedures and risk management controls relating to servicing of exposures' where either of the following conditions is met:</p> <p>(a) The servicer is an entity that is subject to prudential and capital regulation and supervision in the Union and such regulatory authorisations or permissions are deemed relevant to the servicing;</p> <p>(b) The servicer is an entity that is not subject to prudential and capital regulation and supervision in the Union, and a proof of existence of well-documented and adequate policies and risk management controls is provided that also includes a proof of adherence to good market practices and reporting capabilities. The proof should be substantiated by an appropriate third-party review, such as by a credit rating agency or external auditor.</p>		

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Article 21 - Requirements relating to standardisation		
<p>21.9. The transaction documentation shall set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.</p>		
STS criteria		
<p>56. The transaction documentation shall set out in clear and consistent terms definitions</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, sections 11 to 15.</p> <p>11. Servicing and Collections 12. Repossessions and Write-offs 13. Financed Vehicles returned pursuant to voluntary termination/(in respect of PCP Agreements) in lieu of a final balloon payment 14. Information Regarding the Seller's Policies and Procedures 15. Other Characteristics</p> <p>See also Prospectus, OVERVIEW OF THE TRANSACTION DOCUMENTS – Servicing Agreement See also the Servicing Agreement.</p> <p>PCS has reviewed the relevant sections in the Prospectus and Servicing Agreement to satisfy itself that these criteria are met.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Remedies and actions related to delinquency and default of debtor (Article 21 (9))		
<p>68. Investors should be in a position to know, when they receive the transaction documentation, what procedures and remedies are planned in the event that adverse credit events affect the underlying exposures of the securitisation. Transparency of remedies and procedures, in this respect, allows investors to model the credit risk of the underlying exposures with less uncertainty. In addition, clear, timely and transparent information on the characteristics of the waterfall determining the payment priorities is necessary for the investor to correctly price the securitisation position.</p> <p>69. To facilitate consistent interpretation of this criterion, the terms 'in clear and consistent terms' and 'clearly specify' should be further clarified.</p>		
EBA Final non-ABCP STS Guidelines		
5.7 Remedies and actions related to delinquency and default of debtor (Article 21 (9))		
Clear and consistent terms		
<p>For the purposes of Article 21(9) of Regulation (EU) 2017/2402, to 'set out clear and consistent terms' and to 'clearly specify' should be understood as requiring that the same precise terms are used throughout the transaction documentation in order to facilitate the work of investors.</p>		

57	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
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.		
STS criteria		
57. The transaction documentation shall set out in clear and consistent terms, remedies and actions relating to delinquency and default of debtors debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.		
Verified?		Yes
PCS Comment		
<p>See point 56 above.</p> <p>See Prospectus, THE SELLER, THE SERVICER AND THE RECEIVABLES, in particular sections 12 to 14.</p> <p>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Remedies and actions related to delinquency and default of debtor (Article 21 (9))		
<p>68. Investors should be in a position to know, when they receive the transaction documentation, what procedures and remedies are planned in the event that adverse credit events affect the underlying exposures of the securitisation. Transparency of remedies and procedures, in this respect, allows investors to model the credit risk of the underlying exposures with less uncertainty. In addition, clear, timely and transparent information on the characteristics of the waterfall determining the payment priorities is necessary for the investor to correctly price the securitisation position.</p> <p>69. To facilitate consistent interpretation of this criterion, the terms ‘in clear and consistent terms’ and ‘clearly specify’ should be further clarified.</p>		
EBA Final non-ABCP STS Guidelines		
5.7 Remedies and actions related to delinquency and default of debtor (Article 21 (9))		
Clear and consistent terms		
For the purposes of Article 21(9) of Regulation (EU) 2017/2402, to ‘set out clear and consistent terms’ and to ‘clearly specify’ should be understood as requiring that the same precise terms are used throughout the transaction documentation in order to facilitate the work of investors.		

58	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
<p>21.9...The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		
STS criteria		
58. The transaction documentation shall clearly specify the priorities of payment,		
Verified?	Yes	
PCS Comment		
<p>See Prospectus, ANNEX B PRIORITY OF PAYMENTS SCHEDULE <i>for all priorities of payment.</i></p> <p>Interest Priority of Payments</p> <p>Principal Priority of Payments (applicable prior to the occurrence of a Sequential Redemption Event and following the occurrence of a Sequential Redemption Event during the Normal Redemption Period (which is pro rata))</p> <p>Accelerated Priority of Payments</p> <p>In detail:</p> <p>See Cash Management Agreement, Schedule 2, 3. Priority of Payments for the Application of Available Interest Distribution Amounts prior to the service of a Note Acceleration Notice</p> <p>See Deed of Charge, section 7. PAYMENTS OUT OF THE ISSUER ACCOUNTS UPON ACCELERATION</p> <p>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
EBA Final non-ABCP STS Guidelines		

59	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
<p>The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		
STS criteria		
59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.		
Verified?		Yes
PCS Comment		
<p><i>The transaction features pro rata priority of payments and includes triggers relating to the performance, and irrevocably reverting to a sequential payment schedule.</i></p> <p>See Prospectus, CREDIT STRUCTURE AND CASH FLOW, Sequential Redemption Event</p> <p>The occurrence of any of the following events during the Normal Redemption Period will constitute a Sequential Redemption Event:</p> <ul style="list-style-type: none"> (a) the Cumulative Net Loss Ratio exceeds: <ul style="list-style-type: none"> (i) 0.15 % for any Interest Payment Date between the Closing Date and the Interest Payment Date falling in September 2020; or (ii) 0.25% for any Interest Payment Date falling on or after the Interest Payment Date falling in October 2020, up to (and including) the Interest Payment Date falling in March 2021; or (iii) 0.45 % for any Interest Payment Date falling on or after the Interest Payment Date falling in April 2021, up to (and including) the Interest Payment Date falling in September 2021; (iv) 0.65 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in October 2021 up to (and including) the Interest Payment Date falling in March 2022; (v) 0.95 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in April 2022 and up to (and including) the Interest Payment Date falling in September 2022; (vi) 1.25 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in October 2022, up to (and including) the Interest Payment Date falling in March 2023; or (vii) 1.45 per cent. for any Interest Payment Date falling on or after the Interest Payment Date falling in April 2023, and prior to the Final Legal Maturity Date; or <p><i>See Prospectus, TERMS AND CONDITIONS OF THE NOTES, condition 9, Events of Default.</i></p> <p><i>Following an Event of Default, as set out in condition 9, a Note Acceleration Notice is served by the Trustee and the Accelerated Priority of Payments applies.</i></p> <p><i>PCS notes that both “Events” described above are clearly documented and defined.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
EBA Final non-ABCP STS Guidelines		

60	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
<p>The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		
STS criteria		
60. The transaction documentation shall clearly specify the obligation to report such events.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, ANNEX B PRIORITY OF PAYMENTS SCHEDULE, Disclosure of modifications to the Priority of Payments:</p> <p>Any events which trigger changes in any of the Priority of Payments and any change in the any of the Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the Securitisation Regulation.</p> <p><i>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
EBA Final non-ABCP STS Guidelines		

61	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
<p>The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		
STS criteria		
<p>61. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, ANNEX B PRIORITY OF PAYMENTS SCHEDULE, Disclosure of modifications to the Priority of Payments:</p> <p>Any events which trigger changes in any of the Priority of Payments and any change in the any of the Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the Securitisation Regulation.</p> <p>This a future event:</p> <p>This criterion requires notification to investors of events occurring in the future. Therefore, this criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</p> <p><i>PCS has identified the existence of a covenant to report and disclose modifications to the Priority of Payments as required by the regulation.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
EBA Final non-ABCP STS Guidelines		

62	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
STS criteria		
62. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders		
Verified?		Yes
PCS Comment		
<p>Although the wording of the Regulation as to what constitutes the “facilitation of timely resolution of conflicts” is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.</p> <p>See Prospectus, USE OF PROCEEDS FROM THE NOTES, Rights of Noteholders, Noteholders meeting provisions, and</p> <p>For more detail see Prospectus, TERMS AND CONDITIONS OF THE NOTES. condition 11:</p> <p>11.GENERAL MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER and</p> <p>Trust Deed, SCHEDULE 3, PROVISIONS FOR MEETINGS OF NOTEHOLDERS</p> <p>a) the method for calling meetings - covered in Trust Deed, CONVENING OF MEETINGS, QUORUM AND ADJOURNED MEETINGS, 4.</p> <p>b) the maximum timeframe for setting up a meeting - covered in Trust Deed, CONVENING OF MEETINGS, QUORUM AND ADJOURNED MEETINGS, 5.</p> <p>c) the required quorum - covered in Trust Deed, CONVENING OF MEETINGS, QUORUM AND ADJOURNED MEETINGS, 7. for Ordinary Resolutions and 9. for Extraordinary Resolutions.</p> <p>d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision - covered in Trust Deed, CONDUCT OF BUSINESS AT MEETINGS, 17.</p> <p>e) where applicable, a location for the meetings which should be in the EU – covered in Prospectus, Rights of Noteholders, Noteholder meeting provisions, time and place</p> <p>See Glossary of Terms, Extraordinary Resolution</p> <p>Extraordinary Resolution means (a) a resolution passed at a General Meeting duly convened and held in accordance with the Trust Deed by a majority consisting not less than three-fourths of the Eligible Persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting not less than three-fourths of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-fourths in aggregate Principal Amount Outstanding of the Notes which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders;</p> <p>PCS notes that the provisions for meetings of noteholders have all been implemented as required by the regulation.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		

Resolution of conflicts between different classes of investors

70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.

71. To facilitate consistent interpretation of this criterion, the term 'clear provisions that facilitate the timely resolution of conflicts between different classes of investors' should be further interpreted.

EBA Final non-ABCP STS Guidelines**5.8 Resolution of conflicts between different classes of investors (Article 20 (10))*****Clear provisions facilitating the timely resolution of conflicts between different classes of investors***

73. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, provisions of the transaction documentation that 'facilitate the timely resolution of conflicts between different classes of investors', should include provisions with respect to all of the following:

- (a) the method for calling meetings or arranging conference calls;
- (b) the maximum timeframe for setting up a meeting or conference call;
- (c) the required quorum;
- (d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision;
- (e) where applicable, a location for the meetings which should be in the Union.

74. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, where mandatory statutory provisions exist in the applicable jurisdiction that set out how conflicts between investors have to be resolved, the transaction documentation may refer to these provisions.

63	Legislative text	BACK TO TABLE OF CONTENTS
Article 21 - Requirements relating to standardisation		
<p>21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>		
STS criteria		
<p>63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>		
Verified?		Yes
PCS Comment		
<p>See Trust Deed, SCHEDULE 3, PROVISIONS FOR MEETINGS OF NOTEHOLDERS</p> <p>PCS notes that the trustee's responsibilities are clearly describes in Schedule 3.</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Resolution of conflicts between different classes of investors (Article 20 (10))		
<p>70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.</p> <p>71. To facilitate consistent interpretation of this criterion, the term 'clear provisions that facilitate the timely resolution of conflicts between different classes of investors' should be further interpreted.</p>		
EBA Final non-ABCP STS Guidelines		

64	Legislative text	BACK TO TABLE OF CONTENTS
Article 22 - Requirements relating to transparency		
<p>22.1. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period no shorter than five years.</p>		
STS criteria		
<p>64. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, RISK FACTORS, 2.6 Historical Information</p> <p>The historical, financial and other information set out in the section headed "The Provisional Portfolio", including information in respect of collection rates, represents the historical experience of Vauxhall Finance plc. The Issuer Assets of Initial Purchased Property sold to the Issuer on the Closing Date will comprise all or a portion of the Provisional Portfolio. There can be no assurance that the future experience and performance of the Issuer Assets of Vauxhall Finance plc as Seller and Servicer of the Issuer Assets will be similar to the experience shown in this section.</p> <p>See Prospectus, THE PROVISIONAL PORTFOLIO, Historical Performance Data</p> <p><i>The historical data includes static default and loss experiences and dynamic delinquency data from 2007 until and including Q4 2019.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Data on historical default and loss performance (Article 22(1))</p> <p>72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.</p> <p>73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) its application to external data;</p> <p>(b) the term 'substantially similar exposures'.</p>		
EBA Final non-ABCP STS Guidelines		

6.1 Data on historical default and loss performance (Article 22(1))

Data

75. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, where the seller cannot provide data in line with the data requirements contained therein, external data that are publicly available or are provided by a third party, such as a rating agency or another market participant, may be used, provided that all of the other requirements of that article are met.

Substantially similar exposures

76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term 'substantially similar exposures' should be understood as referring to exposures for which both of the following conditions are met:

- (a) the most relevant factors determining the expected performance of the underlying exposures are similar;
- (b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.

77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.

65	Legislative text	BACK TO TABLE OF CONTENTS
Article 22 - Requirements relating to transparency		
<p>22.1. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period no shorter than five years.</p>		
STS criteria		
<p>65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE PROVISIONAL PORTFOLIO, Historical Performance Data</p> <p>The tables in the following pages set out statistical information and historical performance data. The statistical information is given in relation to the Provisional Portfolio as at the Cut-off Date and set out, to the extent material, static pool information with respect to Initial Purchased Property which comprise the Issuer Assets. The historical performance data is given in relation to all Loan Contracts originated by the Seller since 2007, and set out, to the extent material for originations per quarter, the distribution of such Loan Contracts originated in that quarter by the number of days in arrears as at each quarter end.</p> <p><i>Vauxhall Finance has included the historical data in the preliminary and final Prospectus. The inclusion of such data in the preliminary Prospectus means that it is made available to potential investors before pricing. The data source is Vauxhall's loan portfolio, the provisional and final pool are randomly selected from.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Data on historical default and loss performance (Article 22(1))</p> <p>72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.</p> <p>73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) its application to external data;</p> <p>(b) the term 'substantially similar exposures'.</p>		
EBA Final non-ABCP STS Guidelines		
<p>6.1 Data on historical default and loss performance (Article 22(1))</p> <p>Data</p> <p>75. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, where the seller cannot provide data in line with the data requirements contained therein, external data that are publicly available or are provided by a third party, such as a rating agency or another market participant, may be used, provided that all of the other requirements of that article are met.</p> <p>Substantially similar exposures</p> <p>76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term 'substantially similar exposures' should be understood as referring to exposures for which both of the following conditions are met:</p> <p>(a) the most relevant factors determining the expected performance of the underlying exposures are similar;</p> <p>(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.</p> <p>77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.</p>		

66	Legislative text	BACK TO TABLE OF CONTENTS
Article 22 - Requirements relating to transparency		
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.		
STS criteria		
66. Those data shall cover a period no shorter than five years.		
Verified?		Yes
PCS Comment		
See point 64 above.		
PCS notes that the information provided in the Prospectus as described above, covers a period from 2007 to 2019, which is more than five years.		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
72. The objective is to provide investors with sufficient information on an asset class to conduct appropriate due diligence and to provide access to a sufficiently rich data set to enable a more accurate calculation of expected loss in different stress scenarios. These data are necessary for investors to carry out proper risk analysis and due diligence, and they contribute to building confidence and reducing uncertainty regarding the market behaviour of the underlying asset class. New asset classes entering the securitisation market, for which a sufficient track record of performance has not yet been built up, may not be considered transparent in that they cannot ensure that investors have the appropriate tools and knowledge to carry out proper risk analysis.		
73. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:		
(a) its application to external data; (b) the term 'substantially similar exposures'.		
EBA Final non-ABCP STS Guidelines		
6.1 Data on historical default and loss performance (Article 22(1))		
Data		
75. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, where the seller cannot provide data in line with the data requirements contained therein, external data that are publicly available or are provided by a third party, such as a rating agency or another market participant, may be used, provided that all of the other requirements of that article are met.		
Substantially similar exposures		
76. For the purposes of Article 22(1) of Regulation (EU) 2017/2402, the term 'substantially similar exposures' should be understood as referring to exposures for which both of the following conditions are met:		
(a) the most relevant factors determining the expected performance of the underlying exposures are similar; (b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction, or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.		
77. The substantially similar exposures should not be limited to exposures held on the balance sheet of the originator.		

67	Legislative text	BACK TO TABLE OF CONTENTS
Article 22 - Requirements relating to transparency		
22.2. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.		
STS criteria		
67. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,		
Verified?		Yes
PCS Comment		
See Prospectus, CERTAIN REGULATORY CONSIDERATIONS, Verification of data		
The Originator has caused a sample of the Loan Contracts (including the data disclosed in respect of those Loan Contracts) to be externally verified by one or more appropriate and independent third parties. Such Loan Contracts have been subject to an agreed upon procedures review of a representative sample of Loan Contracts selected from the Provisional Portfolio as at the Cut-off Date (as well as an agreed upon procedures review, amongst other things, of the conformity of the Loan Contracts in the Provisional Portfolio with certain of the Eligibility Criteria (where applicable)) conducted by a third party and completed on 19 February 2020 (the AUP Report). No adverse findings arose from such review. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables disclosed in respect of the underlying exposures are accurate. The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.		
PCS has reviewed the results of the auditor verification exercise, including the analysis of the “agreed upon procedures” (AUP) commonly known as a “pool audit” which was conducted by an appropriate independent party.		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Verification of a sample of the underlying exposures (Article 22 (2))		
74. The objective of the criterion is to provide a level of assurance that the data on and reporting of the underlying credit claims or receivables is accurate and that the underlying exposures meet the eligibility criteria, by ensuring checks on the data to be disclosed to the investors by an external entity not affected by a potential conflict of interest within the transaction.		
75. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:		
(a) requirements on the sample of the underlying exposures subject to external verification;		
(b) requirements on the party executing the verification;		
(c) scope of the verification;		
(d) requirement on the confirmation of the verification.		
EBA Final non-ABCP STS Guidelines		
6.2 Verification of a sample of the underlying exposures (Article 22 (2))		
Sample of the underlying exposures subject to external verification		
78. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the underlying exposures that should be subject to verification prior to the issuance should be a representative sample of the provisional portfolio from which the securitised pool is extracted and which is in a reasonably final form before issuance.		
Party executing the verification		
79. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, an appropriate and independent party should be deemed to be a party that meets both of the following conditions:		
(a) it has the experience and capability to carry out the verification;		
(b) it is none of the following:		

- (i) a credit rating agency;
- (ii) a third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402;
- (iii) an entity affiliated to the originator.

Scope of the verification

80. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the verification to be carried out based on the representative sample, applying a confidence level of at least 95%, should include both of the following:

- (a) verification of the compliance of the underlying exposures in the provisional portfolio with the eligibility criteria that are able to be tested prior to issuance;
- (b) verification of the fact that the data disclosed to investors in any formal offering document in respect of the underlying exposures is accurate.

Confirmation of the verification

81. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, confirmation that this verification has occurred and that no significant adverse findings have been found should be disclosed.

68	Legislative text	BACK TO TABLE OF CONTENTS
Article 22 - Requirements relating to transparency		
22.2. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.		
STS criteria		
68. Including verification that the data disclosed in respect of the underlying exposures is accurate.		
Verified?		Yes
PCS Comment		
See criterion 67 above. PCS is not an auditing firm, nor has it or has it sought access to the underlying information which was the basis of the AUP. However, it has read the AUP with the aim of determining whether, on its face, it appears to cover the items required by the criterion.		
Based solely on the words of the AUP and without any additional due diligence or interaction with the auditing firm responsible for the AUP or sight of the instructions to such firm, PCS has concluded that the AUP appears to meet the requirements of the criterion. PCS also notes the representation to that effect made by the originator in the Prospectus.		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Verification of a sample of the underlying exposures (Article 22 (2))		
74. The objective of the criterion is to provide a level of assurance that the data on and reporting of the underlying credit claims or receivables is accurate and that the underlying exposures meet the eligibility criteria, by ensuring checks on the data to be disclosed to the investors by an external entity not affected by a potential conflict of interest within the transaction.		
75. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:		
(a) requirements on the sample of the underlying exposures subject to external verification;		
(b) requirements on the party executing the verification;		
(c) scope of the verification;		
(d) requirement on the confirmation of the verification.		
EBA Final non-ABCP STS Guidelines		
6.2 Verification of a sample of the underlying exposures (Article 22 (2))		
Sample of the underlying exposures subject to external verification		
78. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the underlying exposures that should be subject to verification prior to the issuance should be a representative sample of the provisional portfolio from which the securitised pool is extracted and which is in a reasonably final form before issuance.		
Party executing the verification		
79. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, an appropriate and independent party should be deemed to be a party that meets both of the following conditions:		
(a) it has the experience and capability to carry out the verification;		
(b) it is none of the following:		
(i) a credit rating agency;		
(ii) a third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402;		
(iii) an entity affiliated to the originator.		
Scope of the verification		

80. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, the verification to be carried out based on the representative sample, applying a confidence level of at least 95%, should include both of the following:

- (a) verification of the compliance of the underlying exposures in the provisional portfolio with the eligibility criteria that are able to be tested prior to issuance;
- (b) verification of the fact that the data disclosed to investors in any formal offering document in respect of the underlying exposures is accurate.

Confirmation of the verification

81. For the purposes of Article 22(2) of Regulation (EU) 2017/2402, confirmation that this verification has occurred and that no significant adverse findings have been found should be disclosed.

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Article 22 - Requirements relating to transparency		
<p>22.3. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE, and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p>		
STS criteria		
<p>69. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>11. The Servicer, will make available to the holders of the Notes a cash flow model (upon receipt of the same from, and with the assistance of, the Cash Manager), either directly or indirectly through one or more entities which provide such cash flow models to investors generally (the Cashflow Model). The Seller shall procure that such cash flow model precisely represents the contractual relationship between the Loan Contracts and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (i) prior to pricing of the Notes to potential investors and (ii) on an ongoing basis to investors in the Notes and potential investors upon request. The Cash Manager shall procure that the Monthly Investor Report and the Cash Flow Model are available on the website of Bloomberg and/or Intex and, upon request, distributed directly to holders of any of the Notes.</p> <p><i>PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.</i></p> <p>Having seen the model, read a statement in the Prospectus that the model will be made available in accordance with the requirements of the criteria and assessed the firm responsible for the model, PCS is prepared to verify this criterion.</p>		
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Liability cashflow model (Article 22(3))		
<p>76. The objective of this criterion is to assist investors in their ability to appropriately model the cash flow waterfall of the securitisation on the liability side of the SSPE.</p> <p>77. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) interpretation of the term 'precise' representation of the contractual relationships;</p> <p>(b) implications when the model is provided by third parties.</p>		
EBA Final non-ABCP STS Guidelines		
Liability cash flow model (Article 22(3))		
Precise representation of the contractual relationship		
<p>82. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, the representation of the contractual relationships between the underlying exposures and the payments flowing among the originator, sponsor, investors, other parties and the SSPE should be considered to have been done 'precisely' where it is done accurately and with an amount of detail sufficient to allow investors to model payment obligations of the SSPE and to price the securitisation accordingly. This may include algorithms that permit investors to model a range of different scenarios that will affect cash flows, such as different prepayment or default rates.</p>		
Third parties		
<p>83. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, where the liability cash flow model is developed by third parties, the originator or sponsor should remain responsible for making the information available to potential investors.</p>		



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Article 22 - Requirements relating to transparency		
<p>22.3. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE, and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p>		
STS criteria		
70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.		
Verified?		Yes
PCS Comment		
<p>See criterion 69 above.</p> <p><i>Although technically covering the period between pricing and close, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</i></p> <p><i>PCS notes the existence of such covenant in the Prospectus, see item 69, above.</i></p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Liability cashflow model (Article 22(3))		
76. The objective of this criterion is to assist investors in their ability to appropriately model the cash flow waterfall of the securitisation on the liability side of the SSPE.		
77. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:		
(a) interpretation of the term ‘precise’ representation of the contractual relationships;		
(b) implications when the model is provided by third parties.		
EBA Final non-ABCP STS Guidelines		
Liability cash flow model (Article 22(3)) <i>Precise representation of the contractual relationship</i>		
82. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, the representation of the contractual relationships between the underlying exposures and the payments flowing among the originator, sponsor, investors, other parties and the SSPE should be considered to have been done ‘precisely’ where it is done accurately and with an amount of detail sufficient to allow investors to model payment obligations of the SSPE and to price the securitisation accordingly. This may include algorithms that permit investors to model a range of different scenarios that will affect cash flows, such as different prepayment or default rates.		
<i>Third parties</i>		
83. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, where the liability cash flow model is developed by third parties, the originator or sponsor should remain responsible for making the information available to potential investors.		

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Article 22 - Requirements relating to transparency		
<p>22.4. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p>		
STS criteria		
<p>71. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE PROVISIONAL PORTFOLIO, Environmental Performance</p> <p>As at the Reference Date, for the purpose of compliance with Article 22(4) of the Securitisation Regulation, the Servicer confirms, so far as it is aware, information on environmental performance of the Vehicles relating to the Receivables is not available to be reported pursuant to Article 22(4).</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Environmental performance of assets (Article 22(4))		
<p>78. It should be clarified that this is a requirement of disclosure about the energy efficiency of the assets when this information is available to the originator, sponsor or SSPE, rather than a requirement for a minimum energy efficiency of the assets.</p> <p>79. To facilitate consistent interpretation of this criterion, the term ‘available information related to the environmental performance’ should be further clarified.</p>		
EBA Final non-ABCP STS Guidelines		
Environmental performance of assets (Article 22(4))		
<i>Available information related to the environmental performance</i>		
<p>84. This requirement should be applicable only if the information on the energy performance certificates for the assets financed by the underlying exposures is available to the originator, sponsor or the SSPE and captured in its internal database or IT systems. Where information is available only for a proportion of the underlying exposures, the requirement should apply only in respect of the proportion of the underlying exposures for which information is available.</p>		

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Article 22 - Requirements relating to transparency		
<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
STS criteria		
72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, <i>CERTAIN REGULATORY CONSIDERATIONS</i>, Information made available to investors</p> <p>Pursuant to Article 22(5) of the Securitisation Regulation, the Originator is responsible for compliance with the requirements of Article 7 and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that the Originator will not be in breach of such undertaking if the Originator fails to so comply due to events, actions or circumstances beyond the Originator's control after having used reasonable efforts to comply with the relevant requirements applicable to it under the Securitisation Regulation..</p>		
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Compliance with transparency requirements		
<p>80. The objective of this criterion is to ensure that investors have access to the data that are relevant for them to carry out the necessary risk and due diligence analysis with respect to the investment decision.</p> <p>81. The criterion is deemed sufficiently clear and not requiring any further clarification.</p>		
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Article 22 - Requirements relating to transparency		
<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
STS criteria		
<p>73. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(b) prior to the pricing of the notes, information in relation to the receivables in the portfolio in accordance with the requirements of Articles 7(1)(a) and Article 22(5) of the Securitisation Regulation;</p>		
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Article 22 - Requirements relating to transparency		
<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
STS criteria		
<p>74. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(d) copies of documents required to be published in accordance with Article 7(1)(b) and (d) of the Securitisation Regulation and Article 22(5) of the Securitisation Regulation, including certain Transaction Documents, this Prospectus and any supplements thereto, (in draft form, if applicable) prior to the pricing of the notes and (in final form, if applicable) at the latest 15 days after the closing date,</p>		
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Article 22 - Requirements relating to transparency		
<p>The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p>		
STS criteria		
<p>75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p>		
Verified?		Yes
PCS Comment		
<p><i>See item 74, above.</i></p> <p><i>PCS notes the existence of such covenant in the Prospectus.</i></p>		
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Article 22 - Requirements relating to transparency		
<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;</p>		
STS criteria		
<p>76. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis,</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(a) simultaneously, at least each quarter and within one month of the relevant interest payment date, ongoing information in relation to the receivables in the portfolio in accordance with the requirements of Articles 7(1)(a) and (e) of the Securitisation Regulation (subject to any published guidance of the relevant regulatory or competition authorities), including a Monthly Investor Report on each Interest Payment Date on the basis of a Calculation Report prepared by the Calculation Agent, which will contain, among other things, information with respect to the Purchased Receivables and the Notes, as well as a Cash Flow Model;</p> <p>PCS notes the existence in the Prospectus of a covenant to provide all the Article 7 information.</p>		
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Article 22 - Requirements relating to transparency		
<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <p style="padding-left: 20px;">(i) the final offering document or the Prospectus together with the closing transaction documents, excluding legal opinions;</p>		
STS criteria		
<p>77. All underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <p>(i) the final offering document or the Prospectus together with the closing transaction documents, excluding legal opinions;</p>		
Verified?		Yes
PCS Comment		
<i>See item 74 above.</i>		
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Article 22 - Requirements relating to transparency		
(ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;		
STS criteria		
78. For traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;		
Verified?		Yes
PCS Comment		
<i>See item 74, above.</i>		
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<i>Article 22 - Requirements relating to transparency</i>		
(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;		
STS criteria		
79. The derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;		
Verified?		Yes
PCS Comment		
<i>See item 74, above.</i>		
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Article 22 - Requirements relating to transparency		
(iv) the servicing, back-up servicing, administration and cash management agreements;		
STS criteria		
80. The servicing, back-up servicing, administration and cash management agreements;		
Verified?		Yes
PCS Comment		
<i>See item 74, above.</i>		
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Article 22 - Requirements relating to transparency		
(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;		
STS criteria		
81. The trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;		
Verified?		Yes
PCS Comment		
<i>See item 74, above.</i>		
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Article 22 - Requirements relating to transparency		
(vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;		
STS criteria		
82. Any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;		
Verified?		Yes
PCS Comment		
<i>See item 74, above.</i>		
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Article 22 - Requirements relating to transparency		
That underlying documentation shall include a detailed description of the priority of payments of the securitisation;		
STS criteria		
83. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;		
Verified?		Yes
PCS Comment		
<p>See Prospectus, sections ANNEX B, PRIORITY OF PAYMENTS SCHEDULE of the Prospectus and summary in TRANSACTION OVERVIEW, or Prospectus, CREDIT STRUCTURE AND CASH FLOW, PRIORITY OF PAYMENTS</p> <p><i>The Underlying documentation contains the priority of payments in the Cash Management Agreement, Schedule 2,</i></p> <p>3. Priority of Payments for the Application of Available Interest Distribution Amounts prior to the service of a Note Acceleration Notice</p> <p>5. Application of Available Principal Distribution Amounts prior to service of a Note Acceleration Notice by the Note Trustee on the Issuer</p> <p>For the Priority of Payments upon Acceleration, see Deed of Charge, 7.</p> <p>7. PAYMENTS OUT OF THE ISSUER ACCOUNTS UPON ACCELERATION</p> <p>7.1 Priority of payments - upon acceleration</p>		
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Article 22 - Requirements relating to transparency		
<p>(c) where a Prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <p>(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;</p>		
STS criteria		
<p>84. Where a Prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <p>(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;</p>		
Verified?		Yes
PCS Comment		
Not applicable.		
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Article 22 - Requirements relating to transparency		
<p>(c) where a Prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <p>(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;</p> <p>(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</p>		
STS criteria		
85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;		
Verified?		Yes
PCS Comment		
Not applicable.		
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Article 22 - Requirements relating to transparency		
<p>(c) where a Prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <ul style="list-style-type: none"> (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; 		
STS criteria		
86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;		
Verified?		Yes
PCS Comment		
Not applicable.		
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Article 22 - Requirements relating to transparency		
<p>(c) where a Prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <ul style="list-style-type: none"> (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position; 		
STS criteria		
87. (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;		
Verified?		Yes
PCS Comment		
Not applicable.		
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<i>Article 22 - Requirements relating to transparency</i>		
(d) in the case of STS securitisations, the STS notification referred to in Article 27;		
STS criteria		
88. In the case of STS securitisations, the STS notification referred to in Article 27;		
Verified?		Yes
PCS Comment		
<p>See Prospectus, CERTAIN REGULATORY CONSIDERATIONS, STS Requirements</p> <p>Vauxhall Finance plc, as originator, has procured that on or about the Closing Date an STS Notification shall be submitted to ESMA, in accordance with Article 27 of the Securitisation Regulation, and to the FCA, confirming that the STS Requirements have been satisfied with respect to the Notes. It is expected that the STS Notification will be available on the website of ESMA (https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-stssecuritisation). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.</p> <p>6.4 STS designation impacts on regulatory treatment of the Notes</p> <p>It is intended that an STS Notification will be submitted to ESMA by Vauxhall Finance, as originator. The STS Notification, once notified to ESMA, will be available for download on the ESMA STS Register website. Investors should note that a draft STS Notification will be made available to investors before pricing.</p>		
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Article 22 - Requirements relating to transparency		
(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:		
STS criteria		
89. Quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(a) simultaneously, at least each quarter and within one month of the relevant interest payment date, ongoing information in relation to the receivables in the portfolio in accordance with the requirements of Articles 7(1)(a) and (e) of the Securitisation Regulation (subject to any published guidance of the relevant regulatory or competition authorities), including a Monthly Investor Report on each Interest Payment Date on the basis of a Calculation Report prepared by the Calculation Agent, which will contain, among other things, information with respect to the Purchased Receivables and the Notes, as well as a Cash Flow Model;</p>		
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Article 22 - Requirements relating to transparency		
(i) all materially relevant data on the credit quality and performance of underlying exposures;		
STS criteria		
90. All materially relevant data on the credit quality and performance of underlying exposures;		
Verified?		Yes
PCS Comment		
See criterion 89 above.		
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Article 22 - Requirements relating to transparency		
(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;		
STS criteria		
91. Information on events which trigger changes in the priority of payments or the replacement of any counterparties,		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(c) without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation; and</p> <p>See also Criteria 60 and 61 of this report.</p>		
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(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;		
STS criteria		
92. And, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(a) simultaneously, at least each quarter and within one month of the relevant interest payment date, ongoing information in relation to the receivables in the portfolio in accordance with the requirements of Articles 7(1)(a) and (e) of the Securitisation Regulation (subject to any published guidance of the relevant regulatory or competition authorities), including a Monthly Investor Report on each Interest Payment Date on the basis of a Calculation Report prepared by the Calculation Agent, which will contain, among other things, information with respect to the Purchased Receivables and the Notes, as well as a Cash Flow Model;</p> <p>by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation) by means of a website (expected to be www.eurowdw.eu) which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website which may be notified by the issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.</p> <p>11. The Servicer, will make available to the holders of the Notes a cash flow model (upon receipt of the same from, and with the assistance of, the Cash Manager), either directly or indirectly through one or more entities which provide such cash flow models to investors generally (the Cashflow Model). The Seller shall procure that such cash flow model precisely represents the contractual relationship between the Loan Contracts and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (i) prior to pricing of the Notes to potential investors and (ii) on an ongoing basis to investors in the Notes and potential investors upon request. The Cash Manager shall procure that the Monthly Investor Report and the Cash Flow Model are available on the website of Bloomberg and/or Intex and, upon request, distributed directly to holders of any of the Notes.</p>		
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(iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.		
STS criteria		
93. Information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, SUBSCRIPTION AND SALE:</p> <p>Pursuant to the Note Subscription Agreement, Vauxhall Finance plc as originator has covenanted that it will retain a material net economic interest of not less than 5% in the securitisation as required by Article 6(1) of the Securitisation Regulation in accordance with the text of Article 6(3)(a) of the Securitisation Regulation (which does not take into account any corresponding national measures). As at the Closing Date, the Originator will meet this obligation by retaining the portion of the Notes that (i) in aggregate comprise 5% of the nominal value of the Notes and (ii) constitute a vertical tranche required by the text of Article 6(3)(a) of the Securitisation Regulation. Any change in the manner in which such interest is held will be notified to the Noteholders.</p>		
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(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;		
STS criteria		
94. Any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>c) without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation</p>		
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<p>(g) where point (f) does not apply, any significant event such as:</p> <p>(i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p>		
STS criteria		
<p>95. (g) where point (f) does not apply, any significant event such as:</p> <p>(i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p>		
Verified?		Yes
PCS Comment		
See 94 above		
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(ii) a change in the structural features that can materially impact the performance of the securitisation;		
STS criteria		
96. (ii) a change in the structural features that can materially impact the performance of the securitisation;		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(b) without delay, any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation; and</p>		
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(iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;		
STS criteria		
97. (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;		
Verified?		Yes
PCS Comment		
See 96 above		
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(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;		
STS criteria		
98. (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;		
Verified?		Yes
PCS Comment		
See item 96, above.		
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(v) any material amendment to transaction documents.		
STS criteria		
99. (v) any material amendment to transaction documents.		
Verified?		Yes
PCS Comment		
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The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]		
STS criteria		
100. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]		
Verified?		Yes
PCS Comment		
<p>PCS notes that the information described in points (a) and (e) of article (7)(1) are contained in the same monthly investor report.</p> <p>See Prospectus, GENERAL INFORMATION</p> <p>10. The Seller, with the assistance of the Cash Manager, will procure the publication of the following information, which shall be made available to investors, potential investors and the relevant competent authorities in accordance with Article 7(1) of the Securitisation Regulation:</p> <p>(a) simultaneously, at least each quarter and within one month of the relevant interest payment date, ongoing information in relation to the receivables in the portfolio in accordance with the requirements of Articles 7(1)(a) and (e) of the Securitisation Regulation (subject to any published guidance of the relevant regulatory or competition authorities), including a Monthly Investor Report on each Interest Payment Date on the basis of a Calculation Report prepared by the Calculation Agent, which will contain, among other things, information with respect to the Purchased Receivables and the Notes, as well as a Cash Flow Model;</p>		
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<p>Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay</p> <p>When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.</p> <p>In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.</p> <p>Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.</p>		
STS criteria		
101. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay		
Verified?		Yes
PCS Comment		
See item 96, above.		
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<p>7.2 The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no Prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p> <p>Or</p> <p>Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> (a) includes a well-functioning data quality control system; (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website; (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk; (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation. 		
STS criteria		
<p>102. Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> (a) includes a well-functioning data quality control system; (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website; (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk; (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation 		
Verified?		Yes
PCS Comment		
<p>See Prospectus, GENERAL INFORMATION</p> <p>10.</p> <p>by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation) by means of a website (expected to be www.eurodw.eu) which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website which may be notified by the issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.</p>		
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7.2 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.		
STS criteria		
103. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, CERTAIN REGULATORY CONSIDERATIONS, Information made available to investors</p> <p>Pursuant to Article 22(5) of the Securitisation Regulation, the Originator is responsible for compliance with the requirements of Article 7 and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that the Originator will not be in breach of such undertaking if the Originator fails to so comply due to events, actions or circumstances beyond the Originator's control.</p> <p>See also Prospectus, RIGHTS OF NOTEHOLDERS, Provision of Information to the Noteholders:</p> <p>For so long as the Notes remain outstanding, information in respect of the underlying Issuer Assets will be provided to the Noteholders on a monthly basis by the Servicer pursuant to the terms of the Servicing Agreement, including information required to be made available pursuant to Articles 7(1) and 7(2) of the Securitisation Regulation.</p>		
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Definitions:

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

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

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

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

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

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

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

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

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