STS Term Master Checklist

SANTANDER CONSUMO 3 FONDO DE TITULIZACIÓN

PRIME COLLATERALISED SECURITIES (PCS) EU SAS

7 April 2020

Analyst: Dr Martina Spaeth, contact: T. + 33 1 75 85 01 40 | M: +33 6 26 63 23 40

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.

7 April 2020

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Individual(s) undertaking the assessment	Dr Martina Spaeth
Date of Verification	7 April 2020
The transaction to be verified (the "Transaction")	**SANTANDER CONSUMO 3**

Issuer	SANTANDER CONSUMO 3, FONDO DE TITULIZACIÓN
Originator	Banco Santander, S.A.
Lead Manager(s)	Banco Santander, S.A.
Transaction Legal Counsel	Cuatrecasas Gonçalves Pereira S.L.P. ("Cuatrecasas")
Rating Agencies	DBRS, Moody's, S&P
Stock Exchange	AIAF, Madrid
Closing Date	7 April 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/guarantors, 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 requirements: 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	
	Regarding the assignment, see Prospectus section *ADDITIONAL INFORMATION TO BE INCLUDED IN RELATION TO ASSET-BACKED SECURITIES,* 3.3.2. The assignment of the Receivables will be full and unconditional and for the whole of the remaining period up to the maturity of each Receivable. In the Prospectus, SECURITIES NOTE FOR WHOLESALE NON-EQUITY SECURITIES, *ESSENTIAL INFORMATION*, 3.1. it is stated: “Banco Santander shall assign to the Fund by means of an assignment the title of the underlying Receivables. Such assignment of the title to the Fund shall not be subject to severe clawback provision in the event of the Originator’s insolvency.” ***We note that a description of claw-back risks is included in the Risk Factors.*** Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation risks is made in the Legal Opinion. ***PCS has been provided with and reviewed the Spanish law legal opinion provided by Cuatrecasas.*** “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 assignments from a Spanish bank to a Spanish Fondo de Titulización. (see *ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES,* section 6*).* See also the statement in Section 3.3.2 that <<*The assignment of the Receivables cannot be the subject of claw-back other than by an action brought by the Seller's receivers, in accordance with the provisions of the Insolvency Law and after proving the existence of fraud in the transaction, as set forth in article 16.4 of Law 5/2015. The Seller has its place of business office in Spain. Therefore, and unless proof in the contrary, it is presumed that the center of main interests is Spain.*>>.

Spanish insolvency law provides for clawback in the cases of preferences and transactions at an undervalue and require the insolvency officer to prove that case. Therefore, and as generally outlined in the Spanish legal opinion, the transfer is not, in our view, subject to "severe clawback".

Finally, the legal opinion from Cuatrecasas confirmed that the assignment from the Seller to the Issuer meets the definition of "true sale" outlined above.

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.

2	**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		
	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		
	The Legal Opinion confirms that the transfer of the credit rights derived from the loans ("the Receivables") granted by Banco Santander 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. ***The COMI of the Seller is the Kingdom of Spain.*** ***The legislation of the Kingdom of Spain does not contemplate severe claw-back provisions for securitisation transactions***		
	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.		

	Legislative text	**BACK TO TABLE OF CONTENTS**
	Article 20 - Requirements relating to simplicity	
	20.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions: (a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency; (b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.	
	STS criteria	
	Verified?	**Yes**
	PCS Comment	
	Neither provision applies.	
	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)) 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.	
	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	
	20.3. 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 legislation of the Kingdom of Spain does not contemplate severe claw-back provisions for securitisation transactions.	
	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)) 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)) ***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.	

3	**Legislative text**		**BACK TO TABLE OF CONTENTS**
	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		
	This requirement does not apply to this transaction since the Loans have been originated by Banco Santander, that is also the seller to the Fund/Issuer: see (ii) in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets)* where it is represented under (3) The origination of each and every Loan as well as the assignment of the relevant Receivable to the Fund have been and will be carried out on an arms' length basis. (10) Each and every Loan has been granted by Banco Santander to individuals (natural persons) resident in Spain supported by personal guarantees from the Borrower for consumption purposes. None of them are employees, managers or directors of Santander		
	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)) ***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.		

4	**Legislative text**	[BACK TO TABLE OF CONTENTS](#)
	Article 20 - Requirements relating to simplicity	
	20.5. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to affect such perfection shall, at least include the following events: (a) severe deterioration in the seller credit quality standing; (b) insolvency of the seller; and (c) unremedied breaches of contractual obligations by the seller, including the seller's default.	
	STS criteria	
	4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events: (a) severe deterioration in the seller credit quality standing; (b) insolvency of the seller; and (c) unremedied breaches of contractual obligations by the seller, including the seller's default.	
	Verified?	**Yes**
	PCS Comment	
	Not applicable as the assignment is perfected without the need for notification to obligors. See Prospectus, ADDITIONAL INFORMATION, Section 3.7.1.12, Notices The Management Company and the Seller have agreed to not notify the assignment to the respective Borrowers except when required by law that as of the Date of Incorporation of the Fund, involves the Borrowers of the Autonomous Communities of Valencia and Castilla-La Mancha, according to, respectively (i) Law 6/2019, of March 15, of the Generalitat, amending Law 1/2011, of March 22, approving the Statute of consumers and users of the Valencian Community, in guarantee of the right of consumer information on mortgage securitisation and other credits and certain business practices, and to the extent required (ii) by Law 3/2019, of March 22, approving the Statute of consumers in Castilla La Mancha. For these purposes, notice is not a requirement for the validity of the assignment of the Loans. If the Seller does not notify the assignment in accordance with the abovementioned regulations, it may be subject to sanctions foreseen in such regulation which will not affect the assignment of the Receivable subject to the Spanish Civil Code. In Section 2.2.8 (Representations and collateral given to the issuer relating to the assets) (ii) (17) (17) The private agreements or the deeds granted before a notary public that document each Loan do not contain any clauses that prevent the assignment of the Loan or that require any authorization or notice in order to assign the relevant Receivable to the extent Santander continues the administration of the Loan. STS Criterion 4 requires two steps: - To determine whether the transfer of the assets is by means of an unperfected assignment; and - If it is, whether the transaction contains the requisite triggers. ***Although the transfer is not notified to the borrowers, the Spanish legal opinion confirms that such notification is not required to fully perfect the transfer of ownership in the loans to the SSPE. Accordingly, this transaction does not operate by way of an unperfected assignment and the issue of triggers does not arise.***	
	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))	

	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.

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	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 (ii) in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets)* where it is represented under (2) (2) Each Receivable is owned by Banco Santander and is otherwise free of any liens and encumbrances.	
	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.	
	EBA Final non-ABCP STS Guidelines	

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	Article 20 - Requirements relating to simplicity	
	20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.	
	STS criteria	
	6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria….	
	Verified?	**Yes**
	PCS Comment	
	See the representations in Section PROCESSES AND RESPONSIBILITIES, 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) – (i) "In relation to Banco Santander as the Seller" and (ii) "In relation to the Loans and to the Receivables assigned to the Fund" containing the lists of Individual Eligibility Criteria and in the section of THE UNDERLYING ASSETS, 2.2.2.2.3 Global Eligibility Criteria. See in section STRUCTURE AND CASH FLOW, 3.3.1 "Formalization of the assignment of the Receivables" Assignment" (ii) regarding the assignment of Additional Receivables during the Revolving Period. Please also see Section PROCESSES AND RESPONSIBILITIES, 2.2.9 (*Substitution of the securitised assets*) (ii) on Substitution of prepaid or non-conforming receivables: "…In order to proceed with the replacement, the Seller will notify the Management Company of the characteristics of the Receivable proposed to be assigned satisfying the characteristics in section 2.2.8 (ii) of this Additional Information, and the Eligibility Criteria (Individual Eligibility Criteria and Global Eligibility Criteria) set forth in section 2.2.2.2.3 of this Additional Information, and having the similar purpose, term, interest rate and outstanding principal balance. Once the Management Company has verified that the characteristics set forth in sections 2.2.8 (ii) and 2.2.2.2.3 of this Additional Information are satisfied and after having expressly communicated to the Seller that the Receivables to be assigned are eligible, the Seller shall proceed to terminate the assignment of the affected non-conforming Receivable and will assign the new Receivable or Receivables" The EBA Guidelines clarify that "clear" does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is "clear" when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, "clear" is about certainty of determination. ***PCS has read the (Individual and Global) Eligibility Criteria in the Prospectus. As they are mandatory, they meet the "predetermined" requirement. As they are in the Prospectus they meet the "documented" requirement. PCS has also concluded that they allow determination in each case and so meet the "clear" requirement.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7)) 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.	
	EBA Final non-ABCP STS Guidelines	
	4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7)) ***Clear eligibility criteria*** 17. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, the criteria should be understood to be 'clear' where compliance with them is possible to be determined by a court or tribunal, as a matter of law or fact or both.	

7	**Legislative text**		**BACK TO TABLE OF CONTENTS**
	Article 20 - Requirements relating to simplicity		
	20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.		
	STS criteria		
	7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.		
	Verified?	**Yes**	
	PCS Comment		
	See statement of non-applicability of active management in 2.3 (*Assets actively managed backing the issue*). "The Management Company will not actively manage the assets backing the issue." ***In this respect, PCS notes that the Preliminary portfolio is randomly selected.*** In Additional Information, section 2.2.9 (*Substitution of the securitised assets*) If it is observed during the life of the Receivables that any of them failed on the assignment date to meet the characteristic contained in sections 2.2.8.(ii) or 2.2.2.2.3 of this Additional Information, the Seller agrees, subject to the Management Company's consent, to proceed forthwith to remedy said failure, and if said remedy is not possible, to replace or redeem the affected Receivable by automatically terminating the assignment of the affected Receivables, subject to the following rules… it is specified in (ii) that the receivables that the Seller proposes to assign must satisfy the "...Eligibility Criteria (Individual Eligibility Criteria and Global Eligibility Criteria) set forth in section 2.2.2.2.3 and the "Representations and collateral given to the issuer relating to the assets in the same section 2.2.8 (ii)". See also section 2.2.2. "Any Receivables to be offered to the Fund by the Seller will be randomly selected from existing eligible receivables held by the Seller as at the Date of Incorporation." For each new acquisition of Additional Receivables the following statement is made by the Management Company: 3.3.1 (*Formalization of the assignment of the Receivables*) (ii) (ii) "Statement by the Management Company and signed by Banco Santander that such Additional Receivables meet all the Eligibility Criteria (Individual and Global Eligibility Criteria) and the representations and warranties of section 2.2.8.1.(ii) of this Additional Information for their assignment to the Fund." As for the active management by way of repurchase, we note that in Section 3.7.1.11. (Liability of the Servicer and indemnity) it is stated that: "Banco Santander does not assume liability in any form as regards directly or indirectly guaranteeing the success of the transaction, nor will it provide security or enter into agreements for the repurchase of the Receivables other than in accordance with the terms and conditions set forth in section 2.2.8 of this Additional Information." See "Additional Information, 2.2.9 (***regarding the non-conforming receivables***) If it is observed during the life of the Receivables that any of them failed on the assignment date to meet the characteristic contained in sections 2.2.8.(ii) or 2.2.2.2.3 of this Additional Information, the Seller agrees, subject to the Management Company's consent, to proceed forthwith to remedy said failure, and if said remedy is not possible, to replace or redeem the affected Receivable by automatically terminating the assignment of the affected Receivables, subject to the following rules:		

	"The replacement of the Initial Receivables and replacement of Additional Receivables shall be made by means of a deed of amendment of the Master Sale and Purchase Agreement or in a private agreement, subject, respectively, to the same formal requirements established for the assignment of Initial Receivables or Additional Receivables, and both shall be communicated to the CNMV (via CIFRADOC) and the Rating Agencies." 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. 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". ***PCS has reviewed all the repurchase devices set out in the Prospectus and these are acceptable within the context of the EBA final guidelines, since only non-conforming receivables are being replaced.*** ***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.***
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*
	Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7)) 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.
	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		
	20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.		
	STS criteria		
	8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.		
	Verified?	**Yes**	
	PCS Comment		
	See Prospectus: • In section 2.2.9 (*Substitution of the securitised assets*) it is specified in (ii) that the receivables that the Seller proposes to assign must satisfy the "...Eligibility Criteria (Individual Eligibility Criteria and Global Eligibility Criteria) set forth in section 2.2.2.2.3 of this Additional Information, and having the similar purpose, term, interest rate and outstanding principal balance". • For the revolving period which shall end on the Payment Date falling on 20th December 2021 the Additional Receivables must meet Global and individual Eligibility Criteria, as explicitly stated in 2.2.2.2.3 and other parts of the Prospectus. • It is stated in 3.3.2 (*Receivables Assignment terms*) that "The Management Company, acting on behalf of the Fund, will perform an annual audit of attributes of the Additional Receivables acquired during the years 2019 and 2020, which remain existent as of December 31 of each year, which will cover the same attributes reviewed in respect of the Initial Receivables and described in section 2.2.2 of this Additional Information" • It is also represented in 2.3., that the management company will not actively manage the assets. 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. 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. ***PCS has identified the existence of such a covenant in the Prospectus.***		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7)) 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. 26. To facilitate consistent interpretation of this criterion, the following aspects should be clarified: (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; (b) interpretation of the term 'clear' eligibility criteria; (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.		
	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		
	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.		
	STS criteria		
	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.		
	Verified?	**Yes**	
	PCS Comment		
	See section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii) where it is represented by the Seller (9) Each and every Loan has been granted by Banco Santander to individuals (natural persons) resident in Spain supported by personal guarantees from the Borrower for consumption purposes. None of them are employees, managers or directors of Santander. (5) Each and every Loan complies with the credit granting policy of Banco Santander applicable at the time it was granted. (4) Each and every Loan has been and is administered by Banco Santander in accordance with the customary procedures that it has established. ***The asset class is consumer loans complying with Article 1, (a) (iii), b, c, d of the "RTS", no homogeneity factor applies since consumer loans in themselves are considered homogeneous.*** The definition of "homogeneity" in the Regulation is also the subject of a Regulatory Technical Standard ("RTS"). Being set out in an RTS, rather than a guideline or recommendation issued by the EBA, the definition of "homogeneity" will be legally binding on all regulatory authorities. Such RTS has been formally adopted by the European Commission on 28 May 2019. 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. 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. Turning, for guidance, to the RTS adopted by the European Commission, in principle, four elements require examination: (a) "similar underwriting standards", (b) "similar servicing standards", (c) "same asset class" and (d) "relevant risk factors". Consumer loans are though considered sufficiently homogeneous and do not need to meet also a specific homogeneity factor. **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 Banco Santander on the same platform, they are a single asset class – consumer loans – and the loans are all originated in the same jurisdiction and governed by Spanish Law.*** ***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		
	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.		
	STS criteria		
	10. The underlying exposures shall contain obligations that are contractually binding and enforceable.		
	Verified?	**Yes**	
	PCS Comment		
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (1) and (10) where it is confirmed that (1) Each Receivable exists and is valid, binding, collectible and enforceable in accordance with applicable law and all applicable legal provisions have been observed in the provision thereof, in particular and where applicable, Law 7/1995, of 23 March on Consumer Credit and Law 16/2011 of 24 June on consumer credit agreements, Royal Legislative Decree 1/2007 of 16h November approving the consolidated text of the General Law for the Protection of Consumers and Users and any other supplementary laws, and Law 7/1998 of 13th April on General Contracting Conditions. (10) Each and every Loan has been granted by Banco Santander to individuals (natural persons) resident in Spain supported by personal guarantees from the Borrower for consumption purposes. None of them are employees, managers or directors of Santander.		
	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)) 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. 30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to: (a) interpretation of the term 'contractually binding and enforceable obligations';		
	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*** 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.		

11	**Legislative text**		**BACK TO TABLE OF CONTENTS**
	Article 20 - Requirements relating to simplicity		
	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.		
	STS criteria		
	11. With full recourse to debtors and, where applicable, guarantors.		
	Verified?	**Yes**	
	PCS Comment		
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (33) and (16) (33) That the Loans are homogeneous in terms of asset type, cash flow, credit risk and prepayment characteristics and contain obligation that are contractually binding and enforceable, with full recourse to the Borrowers, and where applicable to the guarantors within the meaning of article 20.8 of the EU Securitisation Regulation. (16) Each Borrower is liable for their performance with all of their current or future assets.		
	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)) 30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to: (a) interpretation of the term 'contractually binding and enforceable obligations;		
	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*** 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.		

12	**Legislative text**	[BACK TO TABLE OF CONTENTS](#)
	Article 20 - Requirements relating to simplicity	
	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.	
	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	
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (31) and (32) (31) The instalments payable under each Receivable are composed by principal and interest payments and such instalments are constant. None of the Receivables is a balloon loan. (32) None of the Receivables are free of principal and/or interest payments.	
	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)) 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.	
	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.	

13	**Legislative text**		**BACK TO TABLE OF CONTENTS**
	Article 20 - Requirements relating to simplicity		
	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.		
	STS criteria		
	13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.		
	Verified?	**Yes**	
	PCS Comment		
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (13) (13) None of the Loan is secured by any security. ***PCS has reviewed the underlying assets and has found that the repayment of principal is not dependent on the sale of any financed asset, only as part of recoveries.***		
	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)) 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.		
	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.		

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	Article 20 - Requirements relating to simplicity	
	The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	
	STS criteria	
	14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	
	Verified?	**Yes**
	PCS Comment	
	See Section headed "*Additional Information to be included*", 2. (*The Underlying Assets*) subsection 2.2.13 and 2.2.14 "The Receivables do not include transferable securities, as defined in point (44) of article 4(1) of Directive 2014/65/EU nor any securitization position, whether traded or not. definition in point (44) of Article 4(1) of Directive 2014/65/EU nor any securitization position."	
	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)) 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.	
	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	
	See Section headed "*Additional Information to be included*", 2. (*The Underlying Assets*) subsection 2.2.13 and 2.2.14 "The Receivables do not include transferable securities, as defined in point (44) of article 4(1) of Directive 2014/65/EU nor any securitisation position, whether traded or not. ***PCS notes that there is a clear statement in the Prospectus in Section headed "Additional Information to be included", 2. (The Underlying Assets) subsection 2.2.13 and 2.2.14***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	No resecuritisation (Article 20(9)) 31. The objective of this criterion is to prohibit resecuritisation subject to derogations for certain cases or for resecuritisation as specified in Regulation (EU) 2017/2402. This is a lesson learnt from the financial crisis, when resecuritisations were structured into highly leveraged structures in which notes of lower credit quality could be re-packaged and credit enhanced, resulting in transactions whereby small changes in the credit performance of the underlying assets had severe impacts on the credit quality of the resecuritisation bonds. The modelling of the credit risk arising in these bonds proved very difficult, also due to high levels of correlations arising in the resulting structures. 32. The criterion is deemed sufficiently clear and does not require any further clarification.	
	EBA Final non-ABCP STS Guidelines	

16	**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		
	16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.		
	Verified?	**Yes**	
	PCS Comment		
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (3) The origination of each and every Loan as well as the assignment of the relevant Receivable to the Fund have been and will be carried out on an arms' length basis. (4) Each and every Loan has been and is administered by Banco Santander in accordance with the customary procedures that it has established. (5) Each and every Loan complies with the credit granting policy of Banco Santander applicable at the time it was granted.		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	Underwriting standards (Article 20(10)) 33. The objective of the criterion specified in the first subparagraph of Article 20(10) is to prevent cherry picking and to ensure that the exposures that are to be securitised do not belong to exposure types that are outside the ordinary business of the originator, i.e. types of exposures in which the originator or original lender may have less expertise and/or interest at stake. This criterion is focused on disclosure of changes to the underwriting standards and aims to help the investors assess the underwriting standards pursuant to which the exposures transferred into securitisation have been originated.		
	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 the representation in Section 2.2.7 (*Representations and collateral given to the issuer relating to the assets*), "The Loans of the Preliminary Portfolio have been granted by the Seller according to its usual procedures of analysis and assessment of the credit risk regarding the granting of loans to individuals for consumer purposes ("**Banco Santander Policies**"). 100% of the Outstanding Balance of the Receivables complies with the current Seller's Policies contained in this section 2.2.7. The Additional Receivables to be assigned to the Fund will be granted in accordance with the Seller's Policies described in this section." ***PCS also notes that the portfolio is selected randomly.*** See 2.2.2. General Characteristics Any Receivables (either the Initial Receivables or the Additional Receivables) to be offered to the Fund by the Seller will be randomly selected from existing eligible receivables held by the Seller as at the Date of Incorporation and shall meet the Eligibility Criteria set forth in section 2.2.2.2.3 of the Additional Information.		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	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	
	The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	
	STS criteria	
	18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	
	Verified?	**Yes**
	PCS Comment	
	See Prospectus, THE UNDERLYING ASSETS, Assets backing the Issue, section 2.2.7, 2.2.7.1 for the description of the underwriting standards. The Loans of the Preliminary Portfolio have been granted by the Seller according to its usual procedures of analysis and assessment of the credit risk regarding the granting of loans to individuals for consumer purposes ("**Banco Santander Policies**"). 100% of the Outstanding Balance of the Receivables complies with the current Seller's Policies contained in this section 2.2.7. The Additional Receivables to be assigned to the Fund will be granted in accordance with the Seller's Policies described in this section. The Seller undertakes to disclose to the Management Company without delay any material change in the Banco Santander Policies and to the Noteholders and potential Investors upon such request. **"Banco Santander Policies" ("Políticas de Banco Santander")** means Banco Santander's usual procedures of analysis and assessment of the credit risk as regards the granting of loans to individuals for consumer purposes, described in section 2.2.7 of the Additional Information. See also definition of "Revolving Period End Date" (viii) if the credit granting policy set forth in Section 2.2.7 of the Additional Information is materially modified;	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Underwriting standards (Article 20(10)) 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;	
	EBA Final non-ABCP STS Guidelines	
	4.4 Underwriting standards, originator's expertise (Article 20(10)) ***Disclosure of material changes from prior underwriting standards*** 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. 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: (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;	

	(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. 27. The disclosure of all changes to underwriting standards should include an explanation of the purpose of such changes. 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.

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

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	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	
	See Prospectus, THE UNDERLYING ASSETS, Assets Backing the issue, section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (1) Each Receivable exists and is valid, binding, collectible and enforceable in accordance with applicable law and all applicable legal provisions have been observed in the provision thereof, in particular and where applicable, Law 7/1995, of 23 March on Consumer Credit and Law 16/2011 of 24 June on consumer credit agreements, Royal Legislative Decree 1/2007 of 16h November approving the consolidated text of the General Law for the Protection of Consumers and Users and any other supplementary laws, and Law 7/1998 of 13th April on General Contracting Conditions. 2.2.1 Legal jurisdiction by which the pool assets is governed. The Receivables are governed by the Spanish laws. In particular, the securitized Receivables are governed by the Spanish banking regulations and, specifically and where applicable, by (i) Law 16/2011 (as regards the Additional Receivables, they will be governed by the aforementioned law or any other relevant regulation that might replace them); The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. As a general principle, European Directives, in contrast to Regulations, do not have direct and immediate effect but must be implemented into national law, country by country. Therefore, if the assets concerned, as in the case of the Transaction, are consumer loans, the relevant Directive is 2008/48/EC. The next step is to determine which Spanish law transcribed this Directive into local law. 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. ***This was done in Spain via an implementation act by Law 16/2011 (see in "The Underlying Assets", the Section 2.2. "Assets backing the issue"). Consumer Protection Law and linked contracts under the Law 16/2011.*** ***Seller has provided a representation that this criterion is met, according to the implementation of the EU Directive into Spanish Law, in 2.2.8 and 2.2.1 (Legal jurisdiction by which the pool of assets is governed).***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Underwriting standards (Article 20(10)) 35. The objective of the criterion specified in the third subparagraph of Article 20(10) is to ensure that the assessment of the borrower's creditworthiness is based on robust processes. It is expected that the application of this article will be limited in practice, given that the STS is limited to originators based in the EU, and the criterion is understood to cover only exposures originated by the EU originators to borrowers in non-EU countries. 37 (e) clarification of the criterion with respect to the assessment of a borrower's creditworthiness based on equivalent requirements in third countries;	
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	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 STRUCTURE AND CASH FLOW, 3.5. Name, address and significant business activities of the Seller. "Banco Santander as Seller and as Servicer has the relevant expertise as an entity being active in the consumer loans market for over 60 years and as servicer of consumer receivables securitisation for over 25 years." ***PCS has also taken comfort in the fact that Banco Santander is a prudentially regulated institution.***		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	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.

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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	
	22. The underlying exposures shall be transferred to the SSPE after selection without undue delay…	
	Verified?	**Yes**
	PCS Comment	
	The receivables are to be assigned to Fund on the Incorporation Date of the Fund, see statement in 3.3.1 (*Formalization of the assignment of the Receivables*) "Assignment of the Initial Receivables" The assignment of the Initial Receivables by the Seller to the Fund will be effected on the Incorporation Date by means of the Master Sale and Purchase Agreement executed simultaneously with the Deed of Incorporation and upon incorporation of the Fund." The subsequent paragraph describes the "assignment of additional receivables". Also, in 2. *THE UNDERLYING ASSETS*, 2.2 *Assets Backing the Issue*, 2.2.2.2.5 (Procedure for the acquisition of Additional Receivables) the procedure for acquiring additional receivables is described. "Procedure for the acquisition of Additional Receivables: No later than on the fifth (5th) Business Day preceding the Payment Date (the "Purchase Date"), the Management Company will send to the Seller a written notice accepting the assignment of all or part of the Additional Receivables, along with a data file with the details of the Additional Receivables accepted and their characteristics, as reported by the Seller." ***PCS notes that in this case "without undue delay" is met by the factual statements above.***	
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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	
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii),(19) (19) The Loans are not in default within the meaning of article 178(1) of CRR Defaulted Receivable(s)" ("Derechos de Crédito Fallidos") means, at any time, the Receivables arising from Loans in respect of which: (i) there are one or more instalments that are more than 90 days overdue; or (ii) the Servicer, in accordance with the Servicing Policies, considers that the relevant Borrower is unlikely to pay the instalments under the Loans as they fall due.	
	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: (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;	
	EBA Final non-ABCP STS Guidelines	
	4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11)) ***Exposures in default*** 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. 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.	

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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	
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (34)(i), (18) (34) That, on the date of their assignment, no Borrower has experienced a deterioration of its credit quality, and to the best of its knowledge, no Borrower: (i) has been declared insolvent or had a court grant his/her/its 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/her/its non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the Fund; (18) No Receivable derives from a Restructured Receivable. "Restructured Receivable" means a Receivable where a Restructuring has occurred. "Restructuring" means, with respect to a Receivable, the forgiveness, reduction or postponement of principal, interest or fees or a change in the ranking, priority or subordination of such obligation (together, the "Restructuring Events"), provided that such decision, with respect to the Restructuring Events, will be made: (i) with regard to the standards of a reasonable and prudent holder of such obligation (disregarding for such purposes the effect of any securitisation of such Receivable but taking into account any security or collateral allocable to that Receivable); and (ii) with the intent that such Restructuring is to minimise any expected loss in respect of such Receivable. The aforementioned representations of the Seller shall be made on the Date of Incorporation as well as on each Purchase Date. The note below applies to points from 24 to 29. Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful. For PCS, the key points of the EBA guidelines on this issue are: a. First that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be "credit impaired". So that it is not necessary to reflect at what the term "credit impaired" could mean above and beyond those three items. b. Secondly, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a "credit impaired" debtor is the example of a failure to pay that can "reasonably be ignored" for the purposes of credit assessment. 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. 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;

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

Exposures to a credit-impaired debtor or guarantor

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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	20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge: (a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.		
	STS criteria		
	25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.		
	Verified?	**Yes**	
	PCS Comment		
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (34) (34) That, on the date of their assignment, no Borrower has experienced a deterioration of its credit quality, and to the best of its knowledge, no Borrower: (i) has been declared insolvent or had a court grant his/her/its 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/her/its non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the Fund; (ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the Seller which are not securitised.		
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	20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge: (a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if: (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.	
	STS criteria	
	26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:	
	Verified?	**Yes**
	PCS Comment	
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (34) (34) That, on the date of their assignment, no Borrower has experienced a deterioration of its credit quality, and to the best of its knowledge, no Borrower: (i) has been declared insolvent or had a court grant his/her/its 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/her/its non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the Fund; (ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the Seller which are not securitised. also see: (18) No Receivable derives from a Restructured Receivable.	
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	No exposures in default and to credit-impaired debtors/guarantors (Article 20(11)) 40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified: (d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time	

	of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;
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	4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11)) ***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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	20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge: (a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if: (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.		
	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		
	PCS understands that there are no restructurings included that have taken place prior to transfer to the SSPE		
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	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 wording quoted in criterion 26 above. ***PCS notes that "Restructured Receivables" are not eligible in this transaction.***	
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	20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge: (a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if: (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.	
	STS criteria	
	29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;	
	Verified?	**Yes**
	PCS Comment	
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (34) See quotation in item 26 above.	
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	No exposures in default and to credit-impaired debtors/guarantors (Article 20(11)) 40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified: (d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;	
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	4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11)) ***Credit registry*** 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: (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	
	20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge: (a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination. or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if: (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; (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.	
	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	
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (iii), (34) See Quotation in item 26, above	
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	No exposures in default and to credit-impaired debtors/guarantors (Article 20(11)) 40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified: (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.	
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	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.

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	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 the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (21) (21) Each Borrower has paid at least one (1) instalment under the relevant Loan.	
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	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.	
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	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.	

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	Article 20 - Requirements relating to simplicity	
	20.13. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced. The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.	
	STS criteria	
	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	
	See section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*), (ii). (31) (31) The instalments payable under each Receivable are composed by principal and interest payments and such instalments are constant. None of the Receivable is a balloon loan. ***In PCS view, this requirement does not apply to the fully amortising consumer loans.*** 3.1. Description of the structure of the transaction containing an overview of the transaction and the cash flows, including a structure diagram. The Seller will assign the Receivables deriving from the Loans to the Fund. The Fund will acquire the Receivables and will issue the Notes. It will periodically obtain funds from the repayment of the principal and interest on the Loans which will be used to redeem the Notes and to pay interest to the holders thereof.	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	No predominant dependence on the sale of assets (Article 20(13)) 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. 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. 45. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified: (a) the term 'predominant dependence' on the sale of assets securing the underlying exposures should be further interpreted: (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. (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. 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.

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	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		
	See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (i), (5) "In relation to Banco Santander, (5) As stated in section 3.4.3 below, the Seller will comply with the risk retention requirement set out in article 6 of the EU Securitisation Regulation. See point 3.4.3 (*Risk retention requirement)* "Banco Santander, as Originator, will undertake in the Deed of Incorporation to retain, on an ongoing basis, a material net economic interest of at least 5 (five) per cent. in the securitisation transaction described in this Prospectus in accordance with article 6(3)(a) of the EU Securitisation Regulation and article 5(1)(a) of the Delegated Regulation (EU) 625/2014 of 13 March 2014 supplementing CRR by way of regulatory technical standards specifying the requirements for investors, sponsors, original lenders and originator institutions relating to exposures to transferred credit risk (the "Delegated Regulation 625/2014"), applicable until the new regulatory technical standards to be adopted by the Commission apply, pursuant to article 43(7) of the EU Securitisation Regulation. In addition, the Seller has undertaken that the material net economic interest held by it shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging, in accordance with article 6(1) of the EU Securitisation Regulation."		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	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	

See the representation in Section 2.2.8 (*Representations and collateral given to the issuer relating to the assets*) (ii), (31)

(31) The instalments payable under each Receivable are composed by principal and interest payments and such instalments are constant. None of the Receivable is a balloon loan. Regarding the securities, the Class A to Class E notes are floating rate notes while the Class F notes are fixed rate ("*Information Concerning the Securities*"), 4.8.2 Interest Rate. Banco Santander S.A. is Swap Counterparty for all Floating Rate Notes, i.e. classes A to E notes. See 3.4.8.1 for description of Swap Agreement.

The replacement language in case of downgrade of the swap counterparty is also described and defined in 3.4.8.1 Swap Agreement, Termination

If the Swap Agreement is terminated prior to repayment in full of the principal of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, the Fund will be required to enter into an agreement on similar terms with a new Swap Counterparty.

The Fund will endeavour but cannot guarantee to find a replacement Swap Counterparty Provider upon early termination of the Swap Agreement.

The Interest Rate Risk is also described in the Risk Factors (*Risk derived from the Securities*) and can be considered as hedged according to the requirement

See also Risk Factors 1.1.5 Interest Rate Risk

See also Global Eligibility Criteria

(v) The weighted average interest rate of the Receivables (taking into account Receivables to be assigned on the succeeding Payment Date) weighted by the Outstanding Balance of the Receivables is not lower than 7%.

PCS notes that the weighted average interest rate is according to the "Global Eligibility Criterion" (v) an average of 7%.

Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case by case basis. The fact that the Regulation was crafted by the legislators to recognise existing high-quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.

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

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

For the payments on the floating rate classes A to E a Swap Agreement is entered into with Banco Santander.

	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	
	PCS notes that in 4.5 (of "Information Concerning the Securities to be admitted to Trading"), currency of the issue, it is stated that the notes shall be denominated in euros. We also note that pursuant to the representation in 2.2.8 ("Additional Information to be Included"), (12), "each Loan is denominated and payable exclusively in euros." Therefore, in the absence of any currency mismatch, no currency hedging is necessary.	
	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)) 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. 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 point 34 above.		
	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)) 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	
	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.	
	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	
	See Prospectus, ADDITIONAL INFORMATION, The Securities, 3.4.2.1 Credit Enhancements The Fund has not entered into and will not enter into any kind of hedging instrument save as expressly permitted by article 21 (2) of the EU Securitisation Regulation. The Initial Receivables do not include derivatives and the Additional Receivables shall not include derivatives.	
	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)) ***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.	

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	Article 21 - Requirements relating to standardisation	
	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.	
	STS criteria	
	38. …Shall ensure that the pool of underlying exposures does not include derivatives.	
	Verified?	**Yes**
	PCS Comment	
	See Prospectus, ADDITIONAL INFORMATION, The Securities, 3.4.2.1 Credit Enhancements The Fund has not entered into and will not enter into any kind of hedging instrument save as expressly permitted by article 21 (2) of the EU Securitisation Regulation. The Initial Receivables do not include derivatives and the Additional Receivables shall not include derivatives.	
	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)) ***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.	

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	Article 21 - Requirements relating to standardisation		
	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.		
	STS criteria		
	39. Those derivatives shall be underwritten and documented according to common standards in international finance.		
	Verified?	**Yes**	
	PCS Comment		
	See the definition of Swap Agreement (3.4.8.1), which refers to the International Swaps and Derivatives Association 2002 Master Agreement (Multicurrency – Cross Border). ***PCS notes that the Swap Agreements are underwritten according to common standards in international finance.***		
	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)) **Common standards in international finance** 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.		

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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	
	Assets: see ADDITIONAL INFORMATION, section 2.2.2.2.3 Eligibility Criteria, Global Eligibility Criteria (v) The weighted average interest rate of the Receivables (taking into account Receivables to be assigned on the succeeding Payment Date) weighted by the Outstanding Balance of the Receivables is not lower than 7%. **Liabilities:** see SECURITIES NOTE FOR WHOLESALE NON-EQUITY SECURITIES, section 4.8.2 (*Nominal interest rate and provisions relating to interest payable*), where it is confirmed that the interest rates on the notes will be floating rate for classes A to E and fixed rate for class F. ***PCS notes that the Assets are fixed rate assets and the notes will be floating rate plus a margin (floored at zero %), except for class F which will be fixed rate***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Referenced interest payments (Article 21 (3)) 53. The objective of this criterion is to prevent securitisations from making reference to interest rates that cannot be observed in the commonly accepted market practice. The credit risk and cash flow analysis that investors must be able to carry out should not involve atypical, complex or complicated rates or variables that cannot be modelled on the basis of market experience and practice. 54. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified: (a) the scope of the criterion (by specifying the common types and examples of interest rates captured by this criterion); (b) the term 'complex formulae or derivatives'.	
	EBA Final non-ABCP STS Guidelines	
	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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	21.4. Where an enforcement or an acceleration notice has been delivered: (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;	
	STS criteria	
	41. Where an enforcement or an acceleration notice has been delivered: (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;	
	Verified?	**Yes**
	PCS Comment	
	See Section 3.4.2.2 (Reserve Fund) (ii) Use The Reserve Fund will form part of the Available Funds. ***PCS notes that the Reserve Fund forms part of the "Available Funds". In section 3.4.73 Available Funds are part of the so-called Post-Enforcement Available funds. The Reserve Fund is not replenished any longer, therefore in a post-enforcement situation but becomes part of waterfall. There is no cash trapping.***	
	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)) ***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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	21.4. Where an enforcement or an acceleration notice has been delivered: (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures; (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;	
	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	
	See **Post-Enforcement Priority of Payments** in 3.4.7.3 ("*Additional Information to be included*") and see **Post-Enforcement Priority of Payments** in 4.6.3.2 ("*Information Concerning the Securities to be admitted to trading"*). and see **Early Redemption of all the Notes issued** in 4.9.2 in ("*Information Concerning the Securities to be admitted to trading"*) ***PCS notes, though the notes are amortised pro rata during the Pro-Rata Redemption Period, sequentially during the Sequential Redemption Period, and sequentially in a post-enforcement scenario.***	
	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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	21.4. Where an enforcement or an acceleration notice has been delivered: (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures; (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position; (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and		
	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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	21.4. Where an enforcement or an acceleration notice has been delivered: (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures; (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position; (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	
	STS criteria	
	44. No provisions shall require automatic liquidation of the underlying exposures at market value.	
	Verified?	**Yes**
	PCS Comment	
	See Redemption of the Notes in 4.9.2.1 in ("*Information Concerning the Securities to be admitted to trading"*) Upon the occurrence of any of the events set forth in section 4.4.3 of the Registration Document the Management Company shall carry out the early liquidation of the Fund and, thus, the Early Redemption of all Notes issued, and distribute the Available Funds in accordance with the Post-Enforcement Priority of Payments set out in section 3.4.7.3 of the Additional Information. See 4.4.3.1 "Mandatory early liquidation of the Fund" "In case that the Seller does not exercise its pre-emptive right, the Management Company shall accept the highest bid received for the Receivables. The above procedure does not entitle the automatic liquidation of the underlying receivables for the purposes of Article 21.4 of the EU Securitisation Regulation." See also 4.4.3.2. "Early liquidation of the Fund at the Seller's initiative" Furthermore, the Seller will have the option (but not the obligation) to instruct the Management Company to carry out an Early Liquidation of the Fund and an Early Redemption of the Notes in whole (but not in part) and hence repurchase at its own discretion all outstanding Receivables in any of the following instances: ***PCS notes that the Seller's call options are the Clean-up Call, Time Call, Regulatory Change Call and Tax Change Call, all of them being an option but not an obligation.*** See also 4.4.4 "Cancellation of the Fund" (in case of insolvency of the Management Company) Regarding the Management Company see also: 3.7.2.2 "Administration and representation of the fund": (xxi) to make appropriate decisions in relation to the liquidation of the Fund, including the decision for the early redemption of the Notes and liquidation of the Fund, in accordance with the provisions of this Prospectus; ***PCS has reviewed the relevant triggers, as partially outlined above, and concluded that no provision allows for automatic liquidation.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
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	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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	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	
	The transaction features pro rata priority of payments, during the Revolving Period and during the subsequent Sequential Redemption Period. Triggers reverting to "sequential" are defined as the "Subordination Event". See Prospectus, section 4.9.2 "Date and Forms of Redemption" vents in respect of any Determination Date prior to the Legal Maturity Date, or the Early Redemption of the Notes: The Default (i) Ratio exceeds on the Determination Date immediately preceding the following Payment Dates: a. 18 June 2020: 0.35%; b. 18 September 2020: 0.80%; c. 18 December 2020: 1.05%; d. 18 March 2021: 1.30%; e. 18 June 2021: 1.60%; f. 18 September 2021: 1.95%; g. 18 December 2021: 2.30%; h. 18 March 2022: 2.65%; i. 18 June 2022: 2.90%; j. 18 September 2022: 3.15%; k. 18 December 2022: 3.40%; l. As from 18 March 2023: 3.60%; or (ii) the Outstanding Balance of the Receivable arising from Loans granted to the same Borrower, as at the immediately preceding Determination Date, is equal to, or greater than 0.10% of the Outstanding Balance of the Receivables; or iii) observance of any of its obligations under any of the Transaction Documents to which it is a party (unless such defaults is remedied within the earlier of thirty (30) Business Days or the following Purchase Date); or (iv) an Event of Replacement of the Servicer (as this term is defined in section 3.7.1.1 of the Additional Information) occurs; or (v) a Swap Counterparty Downgrade Event (as this term is defined in this section 4.9.2.1) occurs and none of the remedies provided for in the Swap Agreement and described in section 3.4.8.1 of the Additional Information are put in place within the timeframe required thereunder; or (vi) exercise of Seller's Call Options; or	

	(vii) a Clean-Up Call Event occurs. ***Upon the occurrence of a Subordination Event, after the Revolving Period, or during the Sequential Redemption Period, the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes will be redeemed sequentially in accordance with the Pre-Enforcement Priority of Payments, as set forth in section 3.4.7.2 of the Additional Information.*** ***PCS notes that for the Subordination Event performance related triggers apply.***
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*
	Non-sequential priority of payments (Article 21(5)) 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. 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.
	EBA Final non-ABCP STS Guidelines
	5.4 Non-sequential priority of payments (Article 21(5)) **Performance-related triggers** 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: (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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	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		
	"Revolving Period End Date" ("Fecha de Terminación del Periodo Recarga") means the earlier of: (i) the Payment Date falling on 18 March 2021 (included), and (ii) the date on which a Revolving Period Early Termination Event has occurred. During the Pro-Rata Redemption Period and for so long as no Subordination Event has occurred, the ordinary redemption of Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes will be *pari passu* and *pro-rata* without preference or priority amongst themselves holding the eleventh (11th) place in the Pre-Enforcement Priority of Payments as set forth in section 3.4.7.2 of the Additional Information. This redemption will be made in an amount equal to the Pro-Rata Redemption Ratio Amount, as detailed in section 4.6.3.1 of this Securities Note. ***PCS notes that for the Revolving Period End Date triggers apply.***		
	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.		
	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*** 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	
	21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	
	STS criteria	
	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: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	
	Verified?	**Yes**
	PCS Comment	
	The Transaction has a Revolving Period that ends "on the earlier of: (i) the Payment Date falling on 18 March 2021 (included), and (ii) the date on which a Revolving Period Early Termination Event has occurred (the "Revolving Period End Date")." See definition of "**Revolving Period Early Termination Event**" in **DEFINITIONS and in 4.9.2 "Date and forms of redemption"** On any Determination Date during the Revolving Period, the occurrence of any of the following events shall, inter alia, constitute a "**Revolving Period Early Termination Event**" which shall not be subject to any curation once occurred: (i) the Default Ratio exceeds on the Determination Date immediately preceding the following Payment Dates: a. 18 June 2020: 0.35%; b. 18 September 2020: 0.80%; c. 18 December 2020: 1.05%; d. 18 March 2021: 1.30%; or (ix) in case a Subordination Event occurs ***PCS notes that triggers concerning a deterioration in credit quality apply to end the Revolving Period early.***	
	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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	21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold; (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	
	STS criteria	
	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: (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	
	Verified?	**Yes**
	PCS Comment	
	See definition of "**Revolving Period Early Termination Event**" in **DEFINITIONS and in 4.9.2 "Date and forms of redemption"** (v) an Insolvency Event occurs in respect of the Seller; or (vi) the Seller ceases to perform or is replaced as Servicer of the Receivables, or it fails to comply with any of its obligations established in the Deed of Incorporation or under the Prospectus; ***PCS notes that a Seller Insolvency related trigger (v) for early termination of the revolving Period is listed. The Seller being the Originator and Servicer in this transaction, this Insolvency event also applies to the Servicer and in addition in item (vi) a breach of obligations of Banco Santander as Servicer leads to an early termination of the revolving period.***	
	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.	
	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*** 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	
	21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold; (b) the occurrence of an insolvency-related event with regard to the originator or the servicer; (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	
	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	
	See items in definition of "**Revolving Period Early Termination Event**" in DEFINITIONS and in 4.9.2 **"Date and forms of redemption"** (xi) The Principal Amount Outstanding of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes on the preceding Determination Date is higher than the sum of (i) the Outstanding Balance of the Receivables on the Determination Date, (ii) Acquisition Amount of the Additional Receivables to be acquired on that Payment Date, and (iii) the remaining Principal Account balance on that Payment Date after payment of the Additional Receivables." ***PCS notes that a relevant trigger regarding the value of underlying receivables exists.***	
	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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	21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold; (b) the occurrence of an insolvency-related event with regard to the originator or the servicer; (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event); (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	
	STS criteria	
	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: (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	
	See items in definition of "**Revolving Period Early Termination Event**" in "DEFINITIONS and in 4.9.2 **"Date and forms of redemption"** (iii) on the Payment Date immediately preceding the Determination Date, the Outstanding Balance of the Non-Defaulted Receivables shall have been less than 90.00% of the Principal Amount Outstanding of the Notes	
	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	
	21.7. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;	
	STS criteria	
	51. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;	
	Verified?	**Yes**
	PCS Comment	
	We note that this transaction is under Spanish securitisation law and therefore the trustee and many other functions are performed by the Management Company. The main document relating to their duties and responsibilities of the Management Company and the Servicer is the Deed of Incorporation of the Fund under Spanish law. We note that most of the content including Reps and W's of this deed are outlined throughout the Prospectus and that in, INFORMATION ABOUT THE ISSUER, paragraph 4.4.1 (Date of Incorporation) the Management Company represents that the content of the Deed of Incorporation will not contradict that of the Prospectus …. Also, the main obligations duties and responsibilities are listed under 3.7.2.1 and 3.7.2.2. and 3.7.2.3 *(STRUCTURE AND CASH FLOW)* The duties and responsibilities of the Servicer under the Servicing Agreement are described in detail under 3.7.1. Other arrangements regarding payments of interest and principal to investors are described in 3.4.8	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	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		
	21.7. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers; (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and		
	STS criteria		
	52. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and		
	Verified?	**Yes**	
	PCS Comment		
	See section 3.7.1.1 “Term and Replacement of the Servicer”.		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	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	
	21.7. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers; (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.	
	STS criteria	
	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	
	Banco Santander is the Fund's counterparty to the Swap Agreement, described in section 3.4.8.1 of the Prospectus' Additional Information See Section 3.4.8.1 Swap agreements, paragraphs on rating agency requirements and "Early Termination", last paragraph: The Fund will endeavour but cannot guarantee to find a replacement Swap Counterparty upon early termination of the Swap Agreement See Section 3.7.1.1 Term and Replacement of the Servicer See Section 3.7.2.3 Resignation and replacement of the Management Company See Section 3.4.5.1 Fund Accounts Provider Banco Santander and the relevant Downgrade events. See Section 3.7.1.12 Notices : Notwithstanding the foregoing, in the event of insolvency or indications thereof, liquidation or replacement of the Servicer or because the Management Company considers it to be reasonably justified, the Management Company may request the Servicer to notify the Borrowers and, when applicable, the guarantors, of the transfer of the outstanding Loans to the Fund, as well as of the fact that the payments deriving therefrom will only acts as a release if they are made into the Cash Flow Account opened in the name of the Fund. However, both in the case that the Servicer has not notified the Borrowers within three (3) Business Days following receipt of the request, and in the case of insolvency of the Servicer, the Management Company itself, either directly or through a new servicer designated thereby, will notify the Borrower and any respective guarantors thereof. A rating downgrade of Banco Santander will lead to an appropriate guarantee. Banco Santander being the Originator, Servicer and Account Bank Provider at the same time, there is a provision in 3.7.1.12 that in case of a Servicer Default notices would be sent to borrowers including the redirection of payments into a newly opened cash flow account in the name of the management company.	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	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	
	The Servicer is Banco Santander, a Spanish bank and credit institution and this is stated in the Prospectus (see Section 3.1 in "ESSENTIAL INFORMATION") and further description in section 3.7.1 Servicer: "…The Management Company shall be responsible for the servicing and management of the Loans in accordance with article 26.1 b) of Law 5/2015. Notwithstanding, it shall be entitled to subdelegate such duties to third parties in accordance with article 30.4 of Law 5/2015, which shall not affect its responsibility." (ii) "to continue to administer the Loans, dedicating the same time and attention and the same level of expertise, care and diligence in its administration as it would dedicate and exercise in the administration of its own loans. In any case, it will exercise an appropriate level of expertise, care and diligence as regards the provision of the services stipulated in this Additional Information as and in the Deed of Incorporation" See paragraph 3.5 (Name, address and significant business activities of the Seller) of the STRUCTURE AND CASH FLOW*:* Banco Santander as Seller and as Servicer has the relevant expertise as an entity being active in the consumer loans market for over 60 years and as servicer of consumer receivables securitisation for over 25 years." ***Banco Santander is a very experienced and established servicer of this asset class with more than 25 years of experience.***	
	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		
	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		
	55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
	Verified?	**Yes**	
	PCS Comment		
	See documentation of policies/procedures described in THE UNDERLYING ASSETS, Section 2.2.7.1. (Risk policies, methods and procedures in the review and approval of loans and credit facilities) and 2.2.7.2 (Santander Recovery Management) ***The EBA Guidelines specify that a servicer should be considered to have the requisite elements of the criterion if it is a prudentially regulated financial institution.*** ***This requirement is certainly met by Banco Santander, as confirmed.***		
	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		
	Expertise of the Servicer (Article 21 (8)) ***Well-documented and adequate policies, procedures and risk management controls*** 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: (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; (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.		

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	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	
	56. The transaction documentation shall set out in clear and consistent terms definitions	
	Verified?	**Yes**
	PCS Comment	
	See also policies/procedures described in Section 2.2.7.1 and 2.2.7.2 ***PCS has reviewed the relevant documents to satisfy itself that these criteria are met.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Remedies and actions related to delinquency and default of debtor (Article 21 (9)) 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. 69. To facilitate consistent interpretation of this criterion, the terms 'in clear and consistent terms' and 'clearly specify' should be further clarified.	
	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.	

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	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		
	See point 56 above. ***PCS has reviewed the relevant documents to satisfy itself that 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 are described.***		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	Remedies and actions related to delinquency and default of debtor (Article 21 (9)) 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. 69. To facilitate consistent interpretation of this criterion, the terms 'in clear and consistent terms' and 'clearly specify' should be further clarified.		
	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.		

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	Article 21 - Requirements relating to standardisation	
	21.9…The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	
	STS criteria	
	58. The transaction documentation shall clearly specify the priorities of payment,	
	Verified?	**Yes**
	PCS Comment	
	See Sections 3.4.7.2 and 3.4.7.3 (*The order of priority of payments made by the issuer to the holders of the class of securities in question*). ***PCS has reviewed the relevant documents to satisfy itself that these criteria are met.***	
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	Article 21 - Requirements relating to standardisation	
	The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	
	STS criteria	
	59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	
	Verified?	**Yes**
	PCS Comment	
	PCS notes that the transaction features pro rata priority of payments and includes triggers like the "Revolving Period Early Termination Event" ending the Revolving Period early into a pro rata redemption period and the "Subordination Event" relating to the performance and other events (insolvency) ending the revolving period and reverting the priority of payments to sequential. See definition of "Revolving Period Early Termination Event" in "Revolving Period" in 2.2.2.2.1 items (i) to (ix) in ("*THE UNDERLYING ASSETS*") or in 4.9.2 "Redemption of the Notes" in ("*Information Concerning the Securities to be admitted to trading*") 4.9.2 (ii) "During the Pro Rata Redemption Period" In the absence of a Subordination Event, to the extent there are sufficient Available Funds, redemption of Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, and Class F Notes will be pro-rata in accordance with the Pre-Enforcement Priority of Payments set forth in section {3.4.7.2} of the Additional Information See definition of "Subordination Event" in "Redemption of the Notes" in 4.9.2. items (i) to (vi) in ("*Information Concerning the Securities to be admitted to trading*") "Upon the occurrence of a Subordination Event, redemption of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes will be sequential in accordance with the Pre-Enforcement Priority of Payments set forth in section {3.4.7.2} of the Additional Information ***PCS notes that both "Events" described above are clearly documented and defined.***	
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	Article 21 - Requirements relating to standardisation		
	The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.		
	STS criteria		
	60. The transaction documentation shall clearly specify the obligation to report such events.		
	Verified?	**Yes**	
	PCS Comment		
	See Prospectus, Additional Information ***In section 4.4.3.1 (Mandatory Early Redemption) it is established that*** "Notice of the liquidation of the Fund will be provided to the CNMV by publishing the appropriate material event (hecho relevante) and thereafter to the Noteholders in the manner established in section 4.2.3 of the Additional Information, at least thirty (30) Business Days in advance of the date on which the Early Liquidation is to take place." ***In Section 4.4.3.2 (Early liquidation of the Fund at the Seller's initiative) reference is made to the notices served on the CNMV, to noteholders, not less than 30 Business Days before Early Liquidation of the Fund.*** ***See also Prospectus, Section 4, POST-ISSUANCE REPORTING, 4.2.2. (Extraordinary notices), second paragraph:*** "In particular, material facts will include any relevant modification to the assets or liabilities of the Fund, the occurrence of any of the events referred to in the definition of the Revolving Period Early Termination Event, any amendment to the Deed of Incorporation, and, if applicable, the resolution on the setting-up of the Fund or any eventual decision regarding the Early Liquidation of the Fund and Early Redemption of the Notes for any of the causes established in this Prospectus. In the case of the latter, the Management will also submit to the CNMV the certificate executed before a public notary evidencing the winding-up of the Fund and subsequent liquidation procedure described in section 4.4.5 of the Registration Document." **PCS has reviewed the relevant documents to satisfy itself that these criteria are met.**		
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	Article 21 - Requirements relating to standardisation	
	The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	
	STS criteria	
	61. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	
	Verified?	**Yes**
	PCS Comment	
	PCS has identified in "Extraordinary Notices by the Management Company to Noteholders" (described in POST ISSUANCE REPORTING, 4.2.2, pursuant to Article Law 5/2015) regarding "material events" that this covenant exists, also in the context of being listed at AIAF. This a future event***:*** 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. 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. ***PCS has identified the existence of such covenant but its attention has also been drawn to the fact that, since the notes are listed on the AIAF in Madrid, there anyway is an obligation to inform investors of events of this nature***	
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	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	
	See section 4.11 Representation of security holders "Pursuant to the provisions of article 26 of Law 5/2015, the Management Company shall act with utmost diligence and transparency in defence of the best interests of the Noteholders and the financial creditors of the Fund. In addition, in accordance with article 26.2 of Law 5/2015, the Management Company shall be liable to the Noteholders and other creditors of the Fund for all losses caused to them by a breach of its duties. No meeting of Noteholders and other creditors of the Fund shall be established in the Deed of Incorporation." We note in 4.7.2.1 (*Description of the rights, including any limitations of these, attached to the securities and procedure for the exercise of said rights)* Under section (v) it is established that: "no meeting of creditors (*junta de acreedores*) will be, established. Various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and the interests of any of the Transaction Parties, on the other hand, as a result of the various businesses and activities of the Transaction Parties, and none of such persons is required to resolve such conflicts of interest in favour of the Noteholders except for the obligations legally vested on the Management Company, who, pursuant to article 26.1.f) of Law 5/2015 must have in place procedural and organisational measures to prevent potential conflicts of interests." The Management Company will be liable to the Noteholders and other creditors of the Fund for all damages caused thereto by a breach of its obligations." It will be liable for the penalties applicable thereto pursuant to the provisions of Law 5/2015." ***PCS has reviewed the special legal framework in Spain regulating the role and duties of the Management Company and the relevant statements and provisions specified in relation to the creditors and the management company in the legal opinion, as well as in the transaction documents. PCS has come to the conclusion, that in this case, it is acceptable, from an STS perspective, not to establish specific contractual provisions regulating noteholders' meetings, as otherwise required in all other cases pursuant to the STS regulation and the EBA Guidelines.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	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.	
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	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.

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	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		
	63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
	Verified?	**Yes**	
	PCS Comment		
	See Criterion 62 above.		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
	Resolution of conflicts between different classes of investors (Article 20 (10)) 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.		
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	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	
	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,	
	Verified?	**Yes**
	PCS Comment	
	Static loss and dynamic delinquency data have been provided in section 2.2.7.3. Arrears, recovery and prepayment information for consumer and financing loans originated by Santander, in *THE UNDERLYING ASSETS*. The data relates to the performance of consumer loans originated by Banco Santander. ***The data, available at the EDW Data Warehouse as well as the Prospectus, is described as follows:*** "with similar characteristics to selected loans with the aim to inform potential investors of the performance of the consumer loan portfolio." ***The Prospectus contains static and dynamic gross default and recovery as well as dynamic delinquency data and covers a period of five years.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Data on historical default and loss performance (Article 22(1)) 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.	

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	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	
	65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	
	Verified?	**Yes**
	PCS Comment	
	See Prospectus, section 2.2.7.3. Arrears, recovery and prepayment information for consumer and financing loans originated by Santander, in *THE UNDERLYING ASSETS* The following table shows the historical performance of consumer loans originated by Banco Santander with similar characteristics to selected loans with the aim to inform potential investors of the performance of the consumer loan portfolio. See also, section 4 (*POST ISSUANCE REPORTING*), 4.2.1 (iv) Information referred to EU Securitisation Regulation Furthermore, in accordance with article 22 of the EU Securitisation Regulation, the Reporting Entity (or any agent on its behalf) will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: (1) delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, for a period no shorter than 5 years; ***Historical information (2.2.7.3) is derived from Banco Santander's own consumer loan portfolio and is provided to investors before pricing.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Data on historical default and loss performance (Article 22(1)) 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 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.	

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 EDW Data Warehouse, as described above, covers a period of 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.	

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	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, ADDITIONAL INFORMATION, (General Characteristics of the Borrowers), section 2.2.2, Review of the selected assets securitized thought the Fund upon being established: Deloitte has reviewed a sample of 464 loans randomly selected out of the Preliminary Portfolio. Additionally, Deloitte has verified the data disclosed in the following stratification tables in respect of the Preliminary Portfolio. The results, applying a confidence level of at least 99%, are set out in a special securitisation report prepared by Deloitte for the purposes of complying with article 22.2 of the EU Securitisation Regulation. The Seller, as originator, confirms that no significant adverse findings have been detected. See Prospectus. Securities Note for Wholesale Non-Equity Securities**,** Statement of the capacity in which the advisors have acted, 7. ADDITIONAL INFORMATION, (iii) DELOITTE has issued a Special Securitisation Report on the Preliminary Portfolio for the purposes of complying with the provisions of article 22 of the EU Securitisation Regulation, on the fulfilment of the Eligibility Criteria set forth in section 2.2.2 of the Additional Information. In addition, Deloitte has verified the accuracy of the data disclosed in the stratification tables included in section 2.2.2.1 of the Additional Information, and the CPR tables included in section 4.10 of this Securities Notes. ***PCS notes that Deloitte has reviewed a sample of randomly selected loans applying a 99% confidence level, as well as verified the stratification tables and checked the fulfilment of the Eligibility Criteria. The audit requirements are thus fulfilled.***	
	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	
	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.***	
	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	
	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.	
	STS criteria	
	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.	
	Verified?	**Yes**
	PCS Comment	
	See Prospectus, section 4, *POST ISSUANCE REPORTING*, 4.2. (iv) Information referred to EU Securitisation Regulation (iv) (iv) Furthermore, in accordance with article 22 of the EU Securitisation Regulation, the Reporting Entity (or any agent on its behalf) will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: (2) a liability cash flow model, elaborated and published by INTEX and/or Bloomberg, which precisely represents the contractual relationship of the Receivables and the payments flowing between the Originator, the Fund and the Noteholders, (and shall, after pricing, make that model available to Noteholders on an ongoing basis and to potential investors upon request); The criterion requires an **accurate** liability model to be circulated to prospective investors pre-pricing must be made publicly available on-going. 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. ***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.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	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)) **Precise representation of the contractual relationship** 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. **Third parties** 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	
	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.	
	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	
	See Prospectus, section 4, *POST ISSUANCE REPORTING*, 4.2. (iv) Information referred to EU Securitisation Regulation (iv) Furthermore, in accordance with article 22 of the EU Securitisation Regulation, the Reporting Entity (or any agent on its behalf) will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: (2) a liability cash flow model, elaborated and published by INTEX and/or Bloomberg, which precisely represents the contractual relationship of the Receivables and the payments flowing between the Originator, the Fund and the Noteholders, (and shall, after pricing, make that model available to Noteholders on an ongoing basis and to potential investors upon request); ***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.*** ***PCS notes the existence of such covenant in the Prospectus, see above.***	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	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)) ***Precise representation of the contractual relationship*** 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. ***Third parties*** 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	
	22.4. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).	
	STS criteria	
	71. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).	
	Verified?	**Yes**
	PCS Comment	
	See Prospectus, ADDITIONAL INFORMATION TO BE INCLUDED IN RELATION TO ASSET-BACKED SECURITIES, 3.7.1.5 Information In particular, the Servicer shall provide in a timely manner to the Originator, as Reporting Entity, any reports, data and other information in the correct format to fulfil the reporting requirements of article 7 of the Securitisation Regulation (including, inter alia, the information, if available, related to the environmental performance of the vehicles).	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Environmental performance of assets (Article 22(4)) 78. It should be clarified that this is a requirement of disclosure about the energy efficiency of the assets when this information is available to the originator, sponsor or SSPE, rather than a requirement for a minimum energy efficiency of the assets. 79. To facilitate consistent interpretation of this criterion, the term 'available information related to the environmental performance' should be further clarified.	
	EBA Final non-ABCP STS Guidelines	
	Environmental performance of assets (Article 22(4)) ***Available information related to the environmental performance*** 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.	

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	Article 22 - Requirements relating to transparency	
	22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	
	STS criteria	
	72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.	
	Verified?	**Yes**
	PCS Comment	
	See Prospectus, Section 3 ESSENTIAL INFORMATION 3.1, Interest of the natural and legal persons involved in the issue In addition, Banco Santander (i) as Originator, shall be liable for compliance with articles 19 to 22 of the EU Securitisation Regulation and the applicable legislation; and (ii) shall be appointed as the Reporting Entity in charge of the fulfilment of the disclosure obligations as set forth in section 4.2.1 of the Additional Information.	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	Compliance with transparency requirements 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. 81. The criterion is deemed sufficiently clear and not requiring any further clarification.	
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	Article 22 - Requirements relating to transparency		
	22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.		
	STS criteria		
	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.		
	Verified?	**Yes**	
	PCS Comment		
	See Prospectus, section 4, *POST ISSUANCE REPORTING*, 4.2. (iv) Information referred to EU Securitisation Regulation (iv) Furthermore, in accordance with article 22 of the EU Securitisation Regulation, the Reporting Entity (or any agent on its behalf) will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: (3) upon request, the loan-by-loan information required by point (a) of the first subparagraph of article 7(1) of the Securitisation Regulation;		
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	EBA Final non-ABCP STS Guidelines		

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	Article 22 - Requirements relating to transparency	
	22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	
	STS criteria	
	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.	
	Verified?	**Yes**
	PCS Comment	
	See Prospectus, section 4, *POST ISSUANCE REPORTING*, 4.2. (iv) Information referred to EU Securitisation Regulation (iv) Furthermore, in accordance with article 22 of the EU Securitisation Regulation, the Reporting Entity (or any agent on its behalf) will make available (or has made available in this Prospectus) to potential investors, before pricing, the following information: (4) draft versions of the Transaction Documents and the STS Notification (5) the Special Securitisation Report on the Preliminary Portfolio issued by Deloitte.	
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*	
	EBA Final non-ABCP STS Guidelines	

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	Article 22 - Requirements relating to transparency		
	The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
	STS criteria		
	75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
	Verified?	**Yes**	
	PCS Comment		
	See Prospectus, section 4.2.1, (*Post Issuance Reporting*) Ordinary periodic notices, (iv) Information referred to EU Securitisation Regulation Pursuant to the obligations set forth in article 7(2) of the EU Securitisation Regulation, the originator, the securitisation special purpose entity (SSPE) of a securitisation shall designate amongst themselves one entity to submit the information set out in points (a), (b), (d), (e), (f) and (g) of article 7(1) to a registered securitisation repository of the EU Securitisation Regulation. The Reporting Entity, directly or delegating to any other agent on its behalf, will: (1) from the Date of Incorporation and until the date in which the final disclosure templates for the purpose of compliance with article 7 of the EU Securitisation Regulation become applicable under the relevant Commission Delegated Regulation (the "Transparency Template Effective Date"): (5) make available in accordance with the article 7(1)(b) and article 22.5 of the EU Securitisation Regulation, in any case within fifteen (15) calendar days of the Date of Incorporation, copies of the relevant Transaction Documents and this Prospectus. ***This criterion requires document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Seller 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.*** ***PCS notes the existence of such covenant in the Prospectus.***		
	EBA Final non-ABCP STS Guidelines – statements on *background and rationale*		
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	Article 22 - Requirements relating to transparency	
	7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position**,** to the competent authorities referred to in Article 29 and, upon request, to potential investors: (a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;	
	STS criteria	
	76. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (a) information on the underlying exposures on a quarterly basis,	
	Verified?	**Yes**
	PCS Comment	
	See section 4.2.1, (*Post Issuance Reporting*) Ordinary periodic notices, (iv) Information referred to EU Securitisation Regulation (1) (ii) "publish on a quarterly basis certain loan-by-loan information in relation to the Receivables in respect of each Interest Accrual Period, as required by and in accordance with article 7(1)(a) of the EU Securitisation Regulation, which shall be provided substantially in the form of the CRA3 Data Tape, no later than one (1) month after the relevant Payment Date and simultaneously with the report in paragraph (i) immediately above;" All the criteria from 76 onwards are future event criteria, as to which we refer you to PCS' analysis in Note 75 above. ***PCS notes the existence in the Prospectus of a covenant to provide all the Article 7 information.***	
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77	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph **2 of this Article,** make at least the following information available to holders of a securitisation position**,** to the competent authorities referred to in Article 29 **and, upon request, to potential investors:** (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents: (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;	
	STS criteria	
	77. All underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents: (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;	
	Verified?	**Yes**
	PCS Comment	
	See section 4.2.1, (*Post Issuance Reporting*) Ordinary periodic notices, (iv) Information referred to EU Securitisation Regulation (5) make available in accordance with the article 7(1)(b) and article 22.5 of the EU Securitisation Regulation, in any case within fifteen (15) calendar days of the Date of Incorporation, copies of the relevant Transaction Documents and this Prospectus.	
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78	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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	
	See point 77 above, all part of the Transaction Documents. In addition to the EU Securitisation Regulation Requirements, and just for further information, see Prospectus, section 9, (*DOCUMENTS AVAILABLE*) The following documents (or a copy thereof) shall be on display during the period of validity of this Registration Document and/or throughout the life of the Fund: (i) This Prospectus. (ii) The Deed of Incorporation of the Fund and the Master Sale and Purchase Agreement. (iii) Letters disclosing final ratings to the Notes issued by DBRS, Moody's and S&P. A copy of all the aforementioned documents may be consulted at the website of the Management Company (www. https://www.santanderdetitulizacion.com). A copy of the Prospectus will be available to the public on the web page of the CNMV (www.cnmv.es) and on the web page of AIAF (www.aiaf.es). Information and reports required under the EU Securitisation Regulation and their processes of reporting are described in section 4.2.1 (iv) of the Additional Information. ***The processes of reporting information and reports required under the EU Securitisation Regulation are described in section 4.2.1 (iv) of the Additional Information.***	
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79	Legislative text	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(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	
	See point 77 above, all part of the definition of Transaction Documents.	
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80	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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	
	See point 77 above	
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81	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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	
	See point 77 above	
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82	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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	
	See point 77 above	
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83	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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	
	See Sections 3.4.7.2 and 3.4.7.3 (*The order of priority of payments made by the issuer to the holders of the class of securities in question*) of the Prospectus	
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84	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable: (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;	
	STS criteria	
	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: (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;	
	Verified?	**Yes**
	PCS Comment	
	Not applicable.	
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85	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable: (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;	
	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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86	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable: (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (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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87	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable: (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (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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88	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(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	
	STS notification is part of the information provided before pricing as stated in *Post-Issuance Reporting* 4.1.2., (iv) ,last paragraph (4) Information referred to EU Securitisation Regulation (4) draft versions of the Transaction Documents and the STS Notification The final STS Notification will be made available to Noteholders on or about the Date of Incorporation or the Disbursement Date. “STS Notification” (“Notificación STS”) means the STS notification to be submitted by the Originator to ESMA in accordance with article 27 of the EU Securitisation Regulation	
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89	**Legislative text**	[BACK TO TABLE OF CONTENTS](#)
	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	
	See Prospectus, POST ISSUANCE REPORTING, 4.2 (iv) Information referred to EU Securitisation Regulation, (1) (i) and (2) (i) (1) from the Date of Incorporation and until the date in which the final disclosure templates for the purpose of compliance with article 7 of the EU Securitisation Regulation become applicable under the relevant Commission Delegated Regulation (the "Transparency Template Effective Date"): (i) publish a quarterly investor report in respect of each Interest Accrual Period, as required by and in accordance with article 7(1)(e) of the EU Securitisation Regulation, which shall be provided substantially in the form of the CRA3 Investor Report, no later than one (1) month after the relevant Payment Date; and (2) following the Transparency Template Effective Date: (i) publish a quarterly investor report in respect of each Interest Accrual Period, as required by and in accordance with article 7(1)(e) of the EU Securitisation Regulation and the disclosure templates finally adopted, no later than one (1) month after the relevant Payment Date; and	
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90	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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, reference to article 7 (1) (e) is made in statement about of investor reports under 4.2.1. (Post-Issuance Reporting) (iv), (1) (i) Information in Relation to the Notes	
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91	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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	
	4.2.1. (*Post-Issuance Reporting*) (iv), (4) publish without delay any significant event including any significant events described in article 7(1)(g) of the EU Securitisation Regulation.	
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92	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	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	
	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	
	Intex and Bloomberg will provide cash flow models. See 4.2.1. (*Post-Issuance Reporting*) (iv), (2) as quoted for criterion 70 above.	
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93	**Legislative text**		**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency		
	(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		
	See Prospectus (*ADDITIONAL INFORMATION)*, 3.4.3 *risk retention requirement*, EU Retention Requirement ***This section describes the initial risk retention and includes Originator's undertakings in relation to keeping to the risk retention requirements on an ongoing basis*** See also 4.2.1 (iv) "The quarterly investor reports shall include, in accordance with article 7(1), subparagraph (e)(iii) of the EU Securitisation Regulation, information about the risk retention, including information on which of the modalities provided for in article 6(3) has been applied, in accordance with article 6 of the EU Securitisation Regulation."		
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94	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(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	
	A covenant to publish without delay any inside information make public in accordance with Article 17 of Regulation (EU) No 596/2014 is contained in Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv), (3) "publish, in accordance with article 7(1)(f) of the EU Securitisation Regulation, without delay any inside information made 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;"	
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95	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(g) where point (f) does not apply, any significant event such as: (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;	
	STS criteria	
	95. (g) where point (f) does not apply, any significant event such as: (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;	
	Verified?	**Yes**
	PCS Comment	
	A covenant to publish without delay any significant event including any significant events described in article 7(1)(g) of the STS Regulation is contained in Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv), (4) "publish without delay any significant event including any significant events described in article 7(1)(g) of the EU Securitisation Regulation;"	
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96	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(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	
	Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv), (4) "publish without delay any significant event including any significant events described in article 7(1)(g) of the EU Securitisation Regulation;"	
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97	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(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	
	Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv), (4) "publish without delay any significant event including any significant events described in article 7(1)(g) of the EU Securitisation Regulation;"	
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98	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(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	
	Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv), (4) "publish without delay any significant event including any significant events described in article 7(1)(g) of the EU Securitisation Regulation;"	
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99	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	(v) any material amendment to transaction documents.	
	STS criteria	
	99. (v) any material amendment to transaction documents.	
	Verified?	**Yes**
	PCS Comment	
	Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv), (4) "publish without delay any significant event including any significant events described in article 7(1)(g) of the EU Securitisation Regulation;"	
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100	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	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	
	Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv), (1) The wording in (1) (i) and (1) (ii) describes reports under (7) (1) (a) and (7) (1) (e) to be available "…no later than one (1) month after the relevant Payment Date and simultaneously with the report in paragraph (i) immediately above;"	
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101	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated. In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation. Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.	
	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	
	Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv) (3) and (4).	
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102	**Legislative text**	[BACK TO TABLE OF CONTENTS](#)
	Article 22 - Requirements relating to transparency	
	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. Or The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC. Or 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: (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	
	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: (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	
	Section 4 (*Post-Issuance Reporting*) 4.2.1 (iv) last paragraphs of section. ***See also statement on EDW, as quoted for criterion 103, below.***	
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103	**Legislative text**	**BACK TO TABLE OF CONTENTS**
	Article 22 - Requirements relating to transparency	
	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	
	See Prospectus, Securities Note for Wholesale Non-Equity Securities, Section 3 (*ESSENTIAL INFORMATION*),3.1 In addition, Banco Santander (i) as Originator, shall be liable for compliance with articles 19 to 22 of the EU Securitisation Regulation and the applicable legislation; and (ii) shall be appointed as the Reporting Entity in charge of the fulfilment of the disclosure obligations as set forth in section 4.2.1 of the Additional Information. See also Prospectus, ADDITIONAL INFORMATION, Section 4 (*Post-Issuance Reporting*) 4.2.1, Ordinary Periodic Notices (iv), last section with numbering (2) “while no SR Repository has been registered and appointed by the Reporting Entity, the external website https://editor.eurodw.eu/, being an external website that conforms to the requirements set out in the fourth paragraph of article 7(2) of the EU Securitisation Regulation.” See Prospectus, Section 3 (ESSENTIAL INFORMATION), Securities Note for Wholesale Non-Equity Securities, 3.1 EuropeanDataWarehouse (“EDW”) EDW has been appointed by the Management Company, on behalf of the Fund, as provider of the website which conforms to the requirements set out in article 7.2 of the EU Securitisation Regulation and, when registered by ESMA as securitisation repository in accordance with articles 10 and 12 of the EU Securitisation Regulation, as securitisation repository to satisfy the reporting obligations under article 7 of the EU Securitisation Regulation. In this regard, EDW has stated its intention to become registered as a securitisation repository authorised and supervised by ESMA. However, as of the date of registration of this Prospectus, no official securitisation repository has been named or registered with ESMA in accordance with article 10 and 12 of EU Securitisation Regulation.	
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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.