

**STS Term Master Checklist**  
**Golden Bar (Securitisation) S.r.l.**  
**2021-1**



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

30 September 2021

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

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

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

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

**30 September 2021**

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## Prime Collateralised Securities (PCS) STS Verification

Individual(s) undertaking the assessment	Daniele Vella
Date of Verification	30 September 2021
<b>The transaction to be verified (the “Transaction”)</b>	<b>GB 2021-1</b>
Issuer	<b>Golden Bar (Securitisation) S.r.l.</b>
Originator	Santander Consumer Bank S.p.A.
Lead Manager(s)	Banco Santander S.A.
Transaction Legal Counsel	Hogan Lovells
Rating Agencies	Fitch and Moody’s
Stock Exchange	Luxembourg Stock Exchange
Closing Date	30 September 2021

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

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

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

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

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

1	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>In this transaction, the rights, title and interests to the assets are assigned and transferred without recourse (<i>pro soluto</i>) by an Italian bank to an Italian SSPE, see section “<i>TRANSFER AND ADMINISTRATION OF THE AGGREGATE PORTFOLIO</i>” where it is stated that &lt;&lt;Under the Master Transfer Agreement the Seller (i) has assigned and transferred to the Issuer, and the Issuer has purchased from the Seller, the Initial Portfolio on the Initial Transfer Date and (ii) may assign and transfer to the Issuer, and the Issuer shall purchase from the Seller, Subsequent Portfolios on each Subsequent Transfer Date during the Revolving Period, subject to the terms and conditions thereunder. The Initial Portfolio has been and each Subsequent Portfolio will be assigned and transferred without recourse (<i>pro soluto</i>) and pursuant to the combined provisions of articles 1 and 4 of the Securitisation Law and the articles of Law 52 referred to therein.&gt;&gt;.</p> <p>PCS has been provided with and has reviewed the draft of the Italian law legal opinion provided by Hogan Lovells. Confirmation of true sale i.e. enforceability of assignment, an assessment of the re-characterisation and claw-back risks are made in the Legal Opinion.</p> <p>“True sale” is not a legal concept but a rating agency creation.</p> <p>The essence of a “true sale” is that the property in the securitised assets has legally moved from the originator(s)/seller to the SSPE in such a way that the SSPE’s ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator(s)/seller. In a “true sale” the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller’s creditor out of the proceeds of the securitised assets. Following a “true sale” there is no legal device by which the assets can automatically revert to the originator/seller’s ownership. Such automatic reversion is associated with security interests and anathema to a “true sale”.</p> <p>This is clearly stated in the wording of the Regulation (20.1). The expression “transfer to the same effect” indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.</p> <p>The issue of “true sale” is separate from the issue of “clawback”. “Clawback” refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a “true sale” has taken place.</p> <p>All European jurisdictions, to PCS’ knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from “defrauding” its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.</p> <p>The Regulation (20.1) therefore does not require STS “true sales” to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to “severe clawback”. The Regulation does not define “severe clawback” but gives an example (20.2) where a clawback may occur.</p> <p>The Regulation (20.3) also explicitly excludes from the definition of “severe clawback” the traditional European basis for such devices which all come under the general category of “preferences”.</p> <p>PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis.</p> <p>Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.</p> <p>Based on the above considerations, PCS believes that transfers from a jurisdiction meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:</p> <ul style="list-style-type: none"> <li>• Clawback requires an unfair preference “defrauding” creditors;</li> <li>• Clawback puts the burden of proof on the insolvency officer or creditors – in other words it cannot be automatic nor require the purchaser to prove their innocence.</li> </ul>	

	<p>Since “severe clawback” is a jurisdictional concept, in analysing this issue, PCS will therefore first seek to determine the Originator’s jurisdiction for the purposes of insolvency law. This would be its centre of main interest (“<b>COMI</b>”) or its “<b>home member state</b>”.</p> <p>The second step would be to determine whether the relevant COMI and/or “home member state” contains severe claw back provisions in its insolvency legislation.</p> <p>Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.</p> <p>The Seller is incorporated in Italy and it is authorised as a bank: furthermore, in the Prospectus it is also stated that &lt;&lt; <i>The Seller’s business is based exclusively in Italy</i> &gt;&gt; (see section “SANTANDER CONSUMER BANK”).</p> <p>Therefore, its COMI and its home member state are the Republic of Italy, which does not contemplate severe clawback provisions.</p> <p>Italian insolvency law provides for clawback in relation to acts made in the suspect period, provided that also other circumstances occur, such as undue preference or transactions at an undervalue, and may require the insolvency officer to prove that case. <u>Therefore</u>, and as generally outlined in the Italian legal opinion and more specifically in the Prospectus, section “CATEGORY OF RISK FACTORS 3: RISK FACTORS RELATED TO THE UNDERLYING ASSETS” – “Claw-back of the sales of the Receivables”, <u>the transfer of the Receivables is not, in our view, subject to “severe clawback”</u>.</p> <p>We also note the statement in “GENERAL INFORMATION” that &lt;&lt; <i>No synthetic securitisation - The Notes are backed only by the Receivables that are purchased by the Issuer and not through the use of credit derivatives or other similar financial instruments.</i> &gt;&gt;.</p> <p>The Seller has its “centre of main interests” as that term is used in the EU Insolvency Regulation in Italy, as represented by the Seller in the Senior and Mezzanine Notes Subscription Agreement.</p> <p>The Legal Opinion confirms that the principle of “substantive consolidation” is not recognised by Italian insolvency law and, accordingly, the insolvency of a parent company does not automatically result in or imply the insolvency of its subsidiary. Therefore, Italian laws would apply in the case of insolvency of the Seller. Nonetheless, even if Spanish laws become for any reason relevant on these matters, PCS has verified that Spanish laws do not contemplate severe claw back provisions.</p>										
2	<table border="1"> <tr> <td data-bbox="208 791 1736 818"><b>STS criteria</b></td><td data-bbox="1736 791 2114 818"><a href="#">SEE RELATED EBA GUIDELINES</a></td></tr> <tr> <td colspan="2" data-bbox="208 818 2114 890">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.</td></tr> <tr> <td data-bbox="208 890 1153 927"><b>Verified?</b></td><td data-bbox="1153 890 2114 927"><b>Yes</b></td></tr> <tr> <td colspan="2" data-bbox="208 927 2114 963"><b>PCS Comment</b></td></tr> <tr> <td colspan="2" data-bbox="208 963 2114 1107"> <p>COMI and home member state of the Seller is Italy (see section “SANTANDER CONSUMER BANK”).</p> <p>The legislation of the Republic of Italy does not contemplate severe claw-back provisions. See section “CATEGORY OF RISK FACTORS 3: RISK FACTORS RELATED TO THE UNDERLYING ASSETS”.</p> </td></tr> </table>	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>	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.		<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>		<p>COMI and home member state of the Seller is Italy (see section “SANTANDER CONSUMER BANK”).</p> <p>The legislation of the Republic of Italy does not contemplate severe claw-back provisions. See section “CATEGORY OF RISK FACTORS 3: RISK FACTORS RELATED TO THE UNDERLYING ASSETS”.</p>	
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2a	Legislative text – Article 20 - Requirements relating to simplicity	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>20.2. For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:</p> <p>(a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;</p> <p>(b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.</p>		
STS criteria		<a href="#">SEE RELATED EBA GUIDELINES</a>
Verified?		Yes
PCS Comment		
<p>Neither provision applies. See section "CATEGORY OF RISK FACTORS 3: RISK FACTORS RELATED TO THE UNDERLYING ASSETS".</p> <p>Clawback of the sales of the Receivables does not constitute severe clawback risks because in all cases of claw back, in addition to the "suspect period", Italian law provides that other circumstances have to be met to allow claw back. These are, as the case may be, the purchase at undervalue and the awareness of the insolvency of the seller.</p> <p>Further, pursuant to the Master Transfer Agreement, the Seller, in respect of the Initial Portfolio, has provided or, in respect of each Subsequent Portfolio, will provide the Issuer with solvency certificates stating that the Seller is not subject to any insolvency proceeding. Furthermore, under the Warranty and Indemnity Agreement, the Seller has represented that it was solvent as at the date thereof and such representation shall be deemed to be repeated on the Issue Date (with respect to the Initial Portfolio) and, in relation to each Subsequent Portfolio, as at each relevant Offer Date, as at each relevant Transfer Date as well as each date on which the Purchase Price for the relevant Subsequent Portfolio is paid.</p> <p>In addition, in case of repurchase by the Seller of the Aggregate Portfolio in accordance with the Master Transfer Agreement, or disposal of the Aggregate Portfolio following the service of a Trigger Notice or in case of redemption of the Notes in accordance with Condition 8.3 (Optional Redemption for clean-up call) or 8.4 (Optional redemption for taxation reasons), the payment of the relevant purchase price may be subject to claw back pursuant to article 67, paragraph 1 or 2, of the Italian civil code. Pursuant to the Master Transfer Agreement, the Seller shall provide the Issuer with updated solvency certificates prior to the date of payment of the relevant repurchase price.</p>		

  

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



3	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.4. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>The Receivables have been exclusively originated by Santander Consumer Bank S.p.A. as lender.</p> <p>See Eligibility Criteria, § (a), which requires that &lt;&lt;The Receivables comprised in the Initial Portfolio and in each Subsequent Portfolio shall, as at the relevant Valuation Date (or the date specified in the relevant criterion), comply with the following Eligibility Criteria: (a) Receivables arising from Loans entered into and fully advanced by Santander Consumer Bank&gt;&gt;.</p>	

4	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>20.5. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to affect such perfection shall, at least include the following events:</p> <p>(a) severe deterioration in the seller credit quality standing;</p> <p>(b) insolvency of the seller; and</p> <p>(c) unremedied breaches of contractual obligations by the seller, including the seller's default.</p>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:</p> <p>(a) severe deterioration in the seller credit quality standing;</p> <p>(b) insolvency of the seller; and</p> <p>(c) unremedied breaches of contractual obligations by the seller, including the seller's default.</p>	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>Article 20.5 does not apply as the transfer is perfected.</p> <p>Criterion 4 requires two steps:</p> <ul style="list-style-type: none"> <li>- To determine whether the transfer of the assets is by means of an unperfected assignment; and</li> <li>- If it is, whether the transaction contains the requisite triggers.</li> </ul> <p>See "SELECTED ASPECTS OF ITALIAN LAW" – "Assignment pursuant to Law 52". In which it is stated that &lt;&lt;the transfer of receivables and related ancillary rights is rendered enforceable against any third party creditors of the seller (including any insolvency receiver of the same) alternatively through (i) the publication of a notice of transfer in the Official Gazette and the registration of the same</p>	

<p><i>in the competent companies' register, or (ii) the annotation of the monies received from the SPV as purchase price for the relevant receivables on the seller's account into which they have been paid, in order for the relevant payment to bear date certain at law (data certa)&gt;&gt;.</i></p> <p>PCS has reached sufficient comfort that pursuant to Italian law, the notification to the obligors of the assignment of the Receivables to the Issuer is not necessary in order to perfect the transfer of such Receivables from the Seller to the Issuer. Such notification, indeed, is necessary to make the assignment of the Receivables enforceable against the relevant debtors and will be made only following the occurrence of certain events.</p> <p><b><i>Although the transfer is not notified to the borrowers, the Italian legal opinion and Prospectus confirm that such notification is not required to fully perfect the transfer of ownership in the Receivables to the SSPE.</i></b></p> <p><b><i>Accordingly, this transaction does not operate by way of an unperfected assignment and, therefore, this requirement shall be deemed satisfied.</i></b></p>
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5 Legislative text – Article 20 - Requirements relating to simplicity <a href="#">GO TO TABLE OF CONTENTS</a>
20.6. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.
STS criteria <a href="#">SEE RELATED EBA GUIDELINES</a>
5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.
Verified? Yes
PCS Comment <p>See "THE AGGREGATE PORTFOLIO" - "OTHER FEATURES OF THE AGGREGATE PORTFOLIO", which states that &lt;&lt;under the Warranty and Indemnity Agreement, the Seller has represented and warranted as follows. (...) (c) To the best of the Seller's knowledge, <u>the Receivables comprised in the Initial Portfolio are not, and the Receivables comprised in each Subsequent Portfolio will not be, encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale to the Issuer pursuant to article 20(6) of the EU Securitisation Regulation.&gt;&gt;.</u></p> <p>See also the representation in §(xiii) as set out in "DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT" – "Representations and warranties" where it is represented that &lt;&lt;(xiii) (Ownership of Receivables) <u>Each Receivable is fully and unconditionally in the ownership and availability of the Seller and is not subject to any attachment or seizure, nor to any other encumbrance in favour of third parties, and is freely transferable to the Issuer. The Seller has the exclusive and free ownership of all the Loans and Receivables and has not transferred, assigned or in any way sold to anyone other than the Issuer (neither in full nor by way of security) any of the Loans or Receivables, nor it has created or permitted others to create or establish any security, pledge, encumbrance or other right, claim or any third parties' right over one or more Loans or Receivables in favour of subjects other than the Issuer. Neither the Loan Agreements nor any other agreement, deed or document relating thereto contain clauses or provisions pursuant to which the owner of the relevant Receivables is prevented from transferring, assigning them or otherwise dispose of such Receivables, even if only in part.&gt;&gt;.</u></p> <p>See also the representation under §(m) in the Warranty and Indemnity Agreement confirming that:</p> <p>&lt;&lt;(Ownership of Receivables) <u>Each Receivable (including, for the avoidance of doubt, any Receivable comprised in any Subsequent Portfolio securitised in a Previous Transaction and repurchased by the Seller) is fully and unconditionally in the ownership and availability of the Seller and is not subject to any attachment or seizure, nor to any other encumbrance in favour of third parties, and is freely transferable to the Issuer. The Seller has the exclusive and free ownership of all the aforementioned Receivables and the relevant Loans and has not transferred, assigned or in any way sold to anyone other than the Issuer under the Securitisation (neither in full nor by way of security) any of such Receivables and Loans, nor it has created or permitted others to create or establish any security, pledge, encumbrance or other right, claim or any third parties' right over one or more of such Receivables and Loans in favour of subjects other than the Issuer under the Securitisation. Neither the Loan Agreements nor any other agreement, deed or document relating thereto contain clauses or provisions pursuant to which the owner of the relevant Receivables is prevented from transferring, assigning them or otherwise dispose of such Receivables, even if only in part.&gt;&gt;.</u></p>

	It is noted that under Condition 5.2.2 it is provided that <<5.2.2 None of the covenants in Condition 5.1 (Covenants by the Issuer) shall prohibit the Issuer from (i) carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to or (ii) performing its obligations under the Previous Transaction Documents in accordance with their terms.>>. In relation to the obligations under the Previous Transaction Documents, PCS has performed a due diligence on the relevant prospectuses as made available by the Seller and verified that none of such obligations is described as possibly implying encumbrances on the Receivables in the context of this transaction.
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6	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....	
	<b>Verified?</b>	<b>Yes</b>
7	<b>PCS Comment</b>	
	See the representation in §(iii) as set out in “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties” where it is represented that <<(Compliance with Eligibility Criteria) All the Receivables comprised in the Initial Portfolio and in each Subsequent Portfolio comply with the Eligibility Criteria, as at the relevant Valuation Date (or the date specified in the relevant criterion).>>	
	The Glossary of Terms defines “Eligibility Criteria” as:  <<the eligibility criteria of each Receivable included in the Initial Portfolio and the Subsequent Portfolios listed in schedule 1 to the Master Transfer Agreement.>>	
	The list of Eligibility Criteria is set out in “THE AGGREGATE PORTFOLIO”, where it is stated that:  <<Eligibility Criteria - The Receivables comprised in the Initial Portfolio and in each Subsequent Portfolio shall, as at the relevant Valuation Date (or the date specified in the relevant criterion), comply with the following Eligibility Criteria: (...)>>.	
	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 Eligibility Criteria in the Prospectus. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus and in the Master Transfer Agreement, they meet the “documented” requirement.  PCS has also concluded that they allow determination in each case, and so meet the “clear” requirement.	
7	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	The repurchase options of the Seller are set out in “TRANSACTION OVERVIEW - TRANSFER AND ADMINISTRATION OF THE AGGREGATE PORTFOLIO”. In particular, the option to repurchase individual Receivables can be exercised by the Seller <<(....) to repurchase individual Receivables comprised in the Aggregate Portfolio only if the repurchase meets all the following conditions: (i) in case of a restructuring involving a debt consolidation or the addition of one or more new obligors, (ii) not for speculative purposes aimed at achieving a better performance for the Securitisation, (iii) if it	

	<p>does not trigger any negative prejudice to the interests of the Noteholders, (iv) with respect to Defaulted Receivables, in order to facilitate the recovery and liquidation process of such Defaulted Receivables, and (v) within the limits set out in the Master Transfer Agreement, by serving a written notice on the Issuer with copy to the Representative of the Noteholders (the Individual Receivables Repurchase Option Exercise Notice), no later than 5 (five) Business Days prior to the relevant legal effective date (as specified in the relevant Individual Receivables Repurchase Option Exercise Notice);&gt;&gt;.</p> <p>Indeed, the EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met.</p> <p>If the transaction should contain a repurchase device that is not included in the EBA’s list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.</p> <p><b>PCS has reviewed all the repurchase devices set out in the Prospectus and these are acceptable within the context of the EBA final guidelines and its principles.</b></p>	
8	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>The transaction is revolving and the Eligibility Criteria, as set out in “THE AGGREGATE PORTFOLIO”, shall apply to the Initial Portfolio and to each Subsequent Portfolio, at the relevant Valuation Date.</p>	
9	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(d) “Other Representations” sub (ii) where it is represented that &lt;&lt;(ii) (Homogeneity) As at the relevant Valuation Date and as at the relevant Transfer Date, the Receivables comprised in the Initial Portfolio are, and the Receivables comprised in each Subsequent Portfolio will be, 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, pursuant to article 20(8), first paragraph, of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, given that:</p> <p>(A) all Receivables have been or will be, as the case may be, originated by the Seller based on similar underwriting standards which apply similar approaches to the assessment of credit risk associated with the underlying exposures;</p> <p>(B) all Receivables have been or will be, as the case may be, serviced by the Seller according to similar servicing procedures;</p>	

	<p>(C) all Receivables fall or will fall, as the case may be, within the same asset category of “auto loans”; and</p> <p>(D) all Receivables reflect or will reflect, as the case may be, at least the homogeneity factor of the “jurisdiction of the obligors”, being all Borrowers resident in Italy as at the relevant Valuation Date.&gt;&gt;.</p> <p>The definition of “homogeneity” in the Regulation is to be the subject of a Regulatory Technical Standard (“RTS”). Being set out in an RTS, rather than a guideline or recommendation issued by the EBA, the definition of “homogeneity” will be legally binding on all regulatory authorities. Such RTS has been formally adopted by the European Commission on 28 May 2019, and published on the EU Official Gazette on 6 November 2019.</p> <p>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 RTS adopted by the European Commission.</p> <p>Based on the above, it seems clear to PCS that the Regulation would not seek to exclude from the STS category securitisations that have performed extremely well and are universally considered “homogenous” by market participants. This does not exonerate any transaction from being analysed against this criterion but does set the background for such analysis.</p> <p>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.</p> <p>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.</p> <p><i>In the Transaction, the loans were underwritten on a similar basis, they are being serviced by Santander Consumer Bank according to similar servicing procedures, they are a single asset class – auto loans – and, based on the EBA’s suggested approach, the loans are all originated in the same jurisdiction.</i></p> <p><i>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.</i></p>	
10	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	10. The underlying exposures shall contain obligations that are contractually binding and enforceable.	
	Verified?	Yes
	PCS Comment	
	<p>See section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(d) “Other Representations” sub (iii):</p> <p><i>&lt;&lt;(iii) (Contractually binding and enforceable obligations) The Receivables comprised in the Initial Portfolio contain, and the Receivables comprised in each Subsequent Portfolio will contain, obligations that are <u>contractually binding and enforceable</u>, with full recourse to Borrowers and, where applicable, Guarantors, pursuant to article 20(8), second paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</i></p> <p>See also section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(a) “Loans, Receivables and Collateral Security” sub (vii):</p> <p><i>&lt;&lt;(vii) (Validity and effectiveness) All Loan Agreements from which the Receivables comprised in the Initial Portfolio arise, and the Receivables comprised in each Subsequent Portfolio will from time to time arise, have been or will be, as the case may be, <u>validly entered into between the Seller and the relevant Borrower. Each Loan Agreement and any other agreement, deed or document relating thereto is valid and effective and the obligations undertaken by each party thereto are valid and effective in their entirety.</u></i></p>	
11	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	11. With full recourse to debtors and, where applicable, guarantors.	
	Verified?	Yes

<b>PCS Comment</b>  See section headed “ <i>DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT</i> ” – “Representations and warranties”, §(d) “Other Representations” sub (iii)  <i>&lt;&lt;(iii) (Contractually binding and enforceable obligations) The Receivables comprised in the Initial Portfolio contain, and the Receivables comprised in each Subsequent Portfolio will contain, obligations that are contractually binding and enforceable, with full recourse to Borrowers and, where applicable, Guarantors, pursuant to article 20(8), second paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</i>			
12	<b>Legislative text – Article 20 - Requirements relating to simplicity</b> <a href="#">GO TO TABLE OF CONTENTS</a>  20.8. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.  <b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a>  12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.  <table> <tr> <td><b>Verified?</b></td><td>Yes</td></tr> </table> <b>PCS Comment</b>  See section headed “ <i>DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT</i> ” – “Representations and warranties”, §(d) “Other Representations” sub (iv)  <i>&lt;&lt;(iv) (Exposures with periodic payment streams) The Receivables comprised in the Initial Portfolio have, and the Receivables comprised in each Subsequent Portfolio will have, defined periodic payment streams consisting of Instalments payable on a monthly basis under the relevant amortisation plan, pursuant to article 20(8), third paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</i>	<b>Verified?</b>	Yes
<b>Verified?</b>	Yes		
13	<b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a>  13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.  <table> <tr> <td><b>Verified?</b></td><td>Yes</td></tr> </table> <b>PCS Comment</b>  See section headed “ <i>DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT</i> ” – “Representations and warranties”, §(d) “Other Representations” sub (iv) <i>&lt;&lt;(iv) (Exposures with periodic payment streams) The Receivables comprised in the Initial Portfolio have, and the Receivables comprised in each Subsequent Portfolio will have, defined periodic payment streams consisting of Instalments payable on a monthly basis under the relevant amortisation plan, pursuant to article 20(8), third paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</i>  See also definitions of Instalment, and of its two components, as set out below:  <i>&lt;&lt;Instalment means the instalments due under a Loan and which consist of an Interest Component (if any) and a Principal Component and Instalment means each of them.&gt;&gt;.</i>  <i>&lt;&lt;Interest Component means the interest component of each Instalment (including commissions for SEPA direct debit payments (SEPA), collection commissions for postal payments and Prepayment Fees) and any other amount which is not a Principal Component.&gt;&gt;</i>  <i>&lt;&lt;Principal Component means the principal component of each Instalment (including the portion of such Instalment corresponding to the pro rata amount of the financed insurance premium).&gt;&gt;.</i>	<b>Verified?</b>	Yes
<b>Verified?</b>	Yes		

14	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.8. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(d) “Other Representations” sub (v).</p> <p>&lt;&lt;(v) (No underlying transferable securities) The Initial Portfolio does not include, and each Subsequent Portfolio will not include, any transferable securities, as defined in point (44) of article 4(1) of Directive 2014/65/EU, pursuant to article 20(8), last paragraph, of the EU Securitisation Regulation.&gt;&gt;.</p>	

15	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.9. The underlying exposures shall not include any securitisation position.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	15. The underlying exposures shall not include any securitisation position.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(d) “Other Representations” sub (vi)</p> <p>&lt;&lt;(vi) (No securitisation position) <u>The Initial Portfolio does not include, and each Subsequent Portfolio will not include, any securitisation position, pursuant to article 20(9) of the EU Securitisation Regulation.&gt;&gt;.</u></p> <p>We also note that the definition of “<u>Eligible Investments</u>” prohibits the inclusion &lt;&lt;actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.&gt;&gt;.</p>	



16	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.10. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.	
	<b>Verified?</b>	Yes
17	<b>PCS Comment</b>	
	See section headed "DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT" – "Representations and warranties", §(d) "Other Representations" sub (vii)	
	<<(vii) (Underwriting standards) The Receivables comprised in the Initial Portfolio are, and the Receivables comprised in each Subsequent Portfolio will be, <u>originated in the ordinary course of the Seller's business</u> pursuant to underwriting standards that are no less stringent than those applied by the Seller at the time of origination to similar exposures that are not or will not, as the case may be, securitised pursuant to article 20(10), first paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.>>.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.	
18	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See section headed "DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT" – "Representations and warranties", §(d) "Other Representations" sub (vii)	
	<<(vii) (Underwriting standards) The Receivables comprised in the Initial Portfolio are, and the Receivables comprised in each Subsequent Portfolio will be, <u>originated in the ordinary course of the Seller's business</u> pursuant to underwriting standards that are no less stringent than those applied by the Seller at the time of origination to similar exposures that are not or will not, as the case may be, securitised pursuant to article 20(10), first paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.>>.	
	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.10. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See "DESCRIPTION OF THE MASTER TRANSFER AGREEMENT" – "Undertakings", where it is stated that:	
	<<The Master Transfer Agreement also contains a number of undertakings by the Seller in respect of its activities relating to the Receivables. The Seller has undertaken, inter alia, not to assign or transfer the Receivables to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables. In addition, the Seller	



	<i>has undertaken to disclose to potential investors, without undue delay, any material change from prior underwriting standards occurred during the Revolving Period, together with an explanation of such change and an assessment of the possible consequences on the new Loans, pursuant to article 20(10) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</i>
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19	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.10. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>This requirement <u>does not apply to auto loans</u>.</p> <p>See in respect of the nature of “auto loans”, the representation on homogeneity the section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(d) “Other Representations” sub §(C) that</p> <p>&lt;&lt;(C) all Receivables fall or will fall, as the case may be, within the same asset category of “<u>auto loans</u>”&gt;&gt;.</p>	

20	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.10. The assessment of the borrower’s creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	20. The assessment of the borrower’s creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. As a general principle, European Directives, in contrast to Regulations, do not have direct and immediate effect but must be implemented into national law, country by country.</p> <p>Therefore, if the assets concerned, as in the case of the Transaction, are consumer loans, the relevant Directive is No. 2008/48/EC. The next step is to determine which Italian law transcribed this Directive into local law.</p> <p>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. The implementation in Italy has occurred through inserting a new Article 124-<i>bis</i> in the Italian consolidated banking act.</p> <p>In any case, the Seller has represented that the assessment of the Borrowers’ creditworthiness was made in compliance with the requirements set out in article 8 of Directive 2008/48/EC. See the section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(d) “Other Representations” sub (viii), where it is represented that:</p>	

	<p>&lt;&lt;(viii) The Seller has assessed the Borrowers' creditworthiness in compliance with the requirements set out in article 8 of Directive 2008/48/EC, pursuant to article 20(10), third paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</p> <p><b>On this basis, PCS is in the condition of considering this requirement satisfied.</b></p>
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21	<p><b>Legislative text – Article 20 - Requirements relating to simplicity</b></p> <p>20.10. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p> <p><b>STS criteria</b></p> <p>21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See section headed "DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT" – "Representations and warranties", §(d) "Other Representations" sub (ix) &lt;&lt;(ix) (Seller's expertise) <u>The Seller has expertise in originating exposures of a similar nature to those securitised pursuant to article 20(10), last paragraph, of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</u></p>	<p><a href="#">GO TO TABLE OF CONTENTS</a></p> <p><a href="#">SEE RELATED EBA GUIDELINES</a></p>
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22	<p><b>Legislative text – Article 20 - Requirements relating to simplicity</b></p> <p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p><b>STS criteria</b></p> <p>22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>The Initial Valuation Date (being the cut-off date of the Initial portfolio) is 23:59 of 9 September 2021 (see definition of "Initial Valuation Date").</p> <p>PCS' view is that any period of up to three and a half months or less between pool cut date and closing will meet the requirements of the criterion. This is in line with market standards.</p> <p>As for subsequent sales, see the definition of Subsequent Transfer Date:</p> <p>&lt;&lt;Subsequent Transfer Date means, during the Revolving Period, the date of acceptance of the relevant Subsequent Portfolio Transfer Proposal by the Issuer; <u>provided that the transfer date of each Subsequent Portfolio shall not fall after 1 (one) month following the relevant Subsequent Valuation Date.&gt;&gt;.</u></p> <p><b>The Prospectus sets out the relevant dates of (i) the initial pool cut (see definition of Initial Valuation Date); (ii) the relevant transfer (see Initial Transfer Date, being 16 September 2021); and (iii) in respect of subsequent transfers (see "Subsequent Transfer Date") and the requirement is satisfied.</b></p>	<p><a href="#">GO TO TABLE OF CONTENTS</a></p> <p><a href="#">SEE RELATED EBA GUIDELINES</a></p>
23	<p><b>STS criteria</b></p>	<p><a href="#">SEE RELATED EBA GUIDELINES</a></p>

23. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...	
Verified?	Yes
PCS Comment	
<p>See section headed “<i>DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT</i>” – “Representations and warranties”, §(d) “Other Representations” sub (x) where it is represented that &lt;&lt;(x) (No exposures in default and to credit-impaired Borrowers/Guarantors) As at the relevant Valuation Date and as at the relevant Transfer Date, <u>the Initial Portfolio does not, and each Subsequent Portfolio will not, include Receivables qualified as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/2013</u> or as exposures to a credit-impaired Borrower or Guarantor, who, to the best of the Seller’s knowledge:</p> <p>(A) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 (three) years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures; or (...)</p> <p>(B) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or</p> <p>(C) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by the Seller which have not been assigned under the Securitisation,</p> <p>in each case pursuant to article 20(11) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</p>	

24	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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;</li> </ul> <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p>	
	<b>Verified?</b>	<b>Yes</b>
	<p><b>PCS Comment</b></p> <p>See section headed “<i>DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT</i>” – “Representations and warranties”, §(d) “Other Representations” sub (x) where it is represented that &lt;&lt;(x) (No exposures in default and to credit-impaired Borrowers/Guarantors) As at the relevant Valuation Date and as at the relevant Transfer Date, the Initial Portfolio does not, and each Subsequent Portfolio will not, include Receivables qualified as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/2013 or as <u>exposures to a credit-impaired Borrower or Guarantor, who, to the best of the Seller's knowledge:</u> (...)</p> <p>(A) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 (three) years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures; or</p> <p>(B) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or</p> <p>(C) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by the Seller which have not been assigned under the Securitisation,</p> <p>in each case pursuant to article 20(11) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</p> <p>The note below applies to points from 24 to 29.</p> <p>Although the text of the STS Regulation is quite vague, the EBA guidelines on defining “credit impaired” debtors are very helpful.</p> <p>For PCS, the key points of the EBA guidelines on this issue are:</p> <ul style="list-style-type: none"> <li>a. <u>First</u> that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be “credit impaired”. So that it is not necessary to reflect at what the term “credit impaired” could mean above and beyond those three items.</li> </ul>	

	<p>b. <u>Secondly</u>, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a “credit impaired” debtor is the example of a failure to pay that can “reasonably be ignored” for the purposes of credit assessment.</p> <p>Therefore, the criterion, to be met, does not require the elimination from the pool of all debtors with any negative entry in a credit registry but only those whose entries it would not be reasonable to ignore for the purposes of credit assessments.</p> <p>Absent any further clarification from the EBA or a national competent authority regarding what it is reasonable to ignore, a judgement would still be necessary in cases where the originator does include in the pool some debtors with some negative entries in a credit registry.</p> <p>In making this judgement, PCS takes comfort from the intent of the legislators – including, crucially, the legislators’ belief that the STS Regulation was justified by the excellent performance of most “plain vanilla” European securitisation. It is clear to PCS that the “credit impaired” prohibition is driven by the desire of legislators to exclude from the STS category deals generally coming under the definition of “sub-prime”. Therefore, it is unreasonable to refuse STS status to a transaction considered by universal consensus to be a “prime/plain vanilla” transaction with no “sub-prime” aspects. Indeed, this approach seems to be the rationale behind the EBA Guidelines on this matter.</p> <p>To determine whether this requirement is met, PCS has discussed this matter with the Seller and uses its knowledge of the market and market stakeholders as well as the explicit statements made in the prospectus and transaction documentation.</p> <p>c. <u>Thirdly</u>, the EBA Guidelines on guaranteed obligations make it clear that the criterion is met so long as either the debtor or the guarantor are not “credit impaired”.</p>						
25	<p><b>STS criteria</b></p> <p>25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.</p> <table border="1"> <tr> <td><b>Verified?</b></td><td><b>Yes</b></td></tr> <tr> <td colspan="2"><b>PCS Comment</b></td></tr> <tr> <td colspan="2">See point 24 above.</td></tr> </table>	<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>		See point 24 above.	
<b>Verified?</b>	<b>Yes</b>						
<b>PCS Comment</b>							
See point 24 above.							
26	<p><b>STS criteria</b></p> <p>26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <p><a href="#">SEE RELATED EBA GUIDELINES</a></p> <table border="1"> <tr> <td><b>Verified?</b></td><td><b>Yes</b></td></tr> <tr> <td colspan="2"><b>PCS Comment</b></td></tr> <tr> <td colspan="2">See point 24 above.</td></tr> </table>	<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>		See point 24 above.	
<b>Verified?</b>	<b>Yes</b>						
<b>PCS Comment</b>							
See point 24 above.							
27	<p><b>STS criteria</b></p> <p>27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p> <table border="1"> <tr> <td><b>Verified?</b></td><td><b>Yes</b></td></tr> <tr> <td colspan="2"><b>PCS Comment</b></td></tr> </table>	<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>			
<b>Verified?</b>	<b>Yes</b>						
<b>PCS Comment</b>							

	See point 24 above: there's no exception to the absence of Borrowers with restructured debts.	
28	<b>STS criteria</b>	
	28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;	
	Verified?	Yes
	PCS Comment	
	See point 24 above: there's no exception to the absence of Borrowers with restructured debts.	
29	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;	
	Verified?	Yes
	PCS Comment	
	See point 24 above.	
30	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	
	Verified?	Yes
	PCS Comment	
	See point 24 above.	

31	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.12. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>The Eligibility Criteria require that at least one Instalment had been paid: see “THE AGGREGATE PORTFOLIO – Eligibility Criteria” §(h):</p> <p>&lt;&lt;(h) Receivables arising from Loans which have at least one Instalment (including a Principal Component and an Interest Component) that has already fallen due and been paid;&gt;&gt;.</p>	

  

32	<b>Legislative text – Article 20 - Requirements relating to simplicity</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	20.13. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.  The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>The Loan Agreements are auto loans whose repayment is not dependent on the sale of the relevant Vehicle, since no mortgage or privilege is registered on any Vehicle, no other title to the Vehicle remains with the Seller.</p> <p>See in particular, the section “CATEGORY OF RISK FACTORS 3: RISK FACTORS RELATED TO THE UNDERLYING ASSETS”- “Right to vehicles”, in which it is stated, <i>inter alia</i>, that &lt;&lt;since the Receivables are not guaranteed by any mortgage or privilege registered on any Vehicle, in the event of a payment default by the Debtors, the Seller’s right to repossess the Vehicle is limited.&gt;&gt;.</p> <p>Further, we note that the Eligibility Criteria require that the Receivables arise from &lt;&lt;Loans which provide for the repayment of principal in several instalments in accordance with the so-called “French method” (as agreed on the date of signing of the relevant Loan Agreement), being the amortisation method pursuant to which all Instalments have a fixed amount and include a principal component determined at the relevant date of disbursement which increases over the time and a variable interest component which decreases over the time&gt;&gt;. In addition, see also section headed “DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT” – “Representations and warranties”, §(d) “Other Representations” sub §(iv) where it is represented that:</p> <p>&lt;&lt;(iv) (Exposures with periodic payment streams) The Receivables comprised in the Initial Portfolio have, and the Receivables comprised in each Subsequent Portfolio will have, <u>defined periodic payment streams consisting of Instalments payable on a monthly basis under the relevant amortisation plan (...)&gt;&gt;.</u></p> <p><b>In the light of the above, PCS is sufficiently satisfied that the repayment of the Notes has not been structured to depend on the sale of any asset.</b></p>	

33	Legislative text – Article 21 - Requirements relating to standardisation	<a href="#">GO TO TABLE OF CONTENTS</a>
	21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	
	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	
	Verified?	Yes
	PCS Comment	
	See “REGULATORY DISCLOSURE AND RETENTION UNDERTAKING” where in section “Retention undertaking” it is stated that << Santander Consumer Bank, as Originator, will: (i) <u>retain a material net economic interest of at least 5 (five) per cent. in the Securitisation in accordance with option (c) of article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;</u> (ii) <u>not change the manner in which the material net economic interest is held, unless expressly permitted by article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;</u> (iii) <u>procure that any change to the manner in which such material net economic interest is held in accordance with paragraph (ii) above will be notified to the Computation Agent to be disclosed in the Investors Report;</u> and (iv) <u>comply with the disclosure obligations imposed on originators under article 7(1)(e)(iii) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, subject always to any requirement of law. In addition, the Originator 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(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards. Such material net economic interest has been determined as at the Issue Date also in accordance with article 6 of the UK Securitisation Regulation (as required for the purposes of article 5(1)(d) of the UK Securitisation Regulation). However, prospective investors that are UK Affected Investors should be aware that, whilst at the Issue Date the requirements under article 6 of the EU Securitisation Regulation and article 6 of the UK Securitisation Regulation are very similar, the requirements under the EU Securitisation Regulation and the UK Securitisation Regulation may diverge in the future.&gt;&gt;.</u>	



34	Legislative text – Article 21 - Requirements relating to standardisation	<a href="#">GO TO TABLE OF CONTENTS</a>
	21.2. The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.	
	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.	
	Verified?	Yes
	PCS Comment	
	<p>See "TRANSACTION OVERVIEW": where the following statement is included: &lt;&lt;Interest Rate Cap Agreement - In order to hedge its interest rate exposure in relation to its floating rate interest obligations under the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes above the Cap Rate and appropriately mitigate the interest rate risk connected therewith pursuant to article 21(2) of the EU Securitisation Regulation, the Issuer shall have, on or about the Issue Date, entered into the Interest Rate Cap Agreement with the Interest Rate Cap Provider in the form of an ISDA 1992 Master Agreement (Multicurrency - Cross Border) (together with the schedule thereto, the relevant credit support annex and the relevant confirmations).&gt;&gt;.</p> <p>Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case by case basis.</p> <p>The fact that the Regulation was crafted by the legislators to recognise existing high-quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.</p> <p>This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:</p> <ul style="list-style-type: none"> <li>• A statement in the Prospectus or other document setting out the boundary conditions of the hedging. This should state in effect how far the hedging stretches and under what scenario's it will break. For example, if interbank rates rise above X%. This will provide a common-sense feel for whether, at first glance, the hedging is reasonable.</li> <li>• Risk Factors section of the prospectus to check that no statements refer to the risks of "unhedged positions". This is based on the legal requirement to disclose any relevant information to investors. If the originator or its advisers believed that the hedging in a transaction was unusually light, this should be disclosed in the Risk Section.</li> <li>• The "pre-sale" report from a recognised credit rating agency (if used) so as to identify any issues with hedging. Again, rating agencies as credit specialists should highlight in their analysis any substantial and unusual hedging risks.</li> </ul> <p><i>In the case of this Transaction, and also based on the analysis above, we note the following elements:</i></p> <ul style="list-style-type: none"> <li>• the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes accrue interest based on an a floating rate of interest</li> <li>• the Class E Notes and Class F Notes have a fixed rate of interest</li> <li>• the Class Z Notes accrue a variable return</li> <li>• interest payable by Borrowers on the Loans is calculated on the basis of a fixed interest rate (see Eligibility Criteria, §(e)).</li> </ul> <p>In the light of the above, PCS notices that the potential mismatch of interest rates for the Class A, Class B, Class C and Class D Notes is hedged through an Interest Rate Cap Agreement. See "DESCRIPTION OF INTEREST RATE CAP AGREEMENT - General".</p> <p>Further, we note that the possible timing mismatch between the receipt of payment of interests in respect of the Receivables from the Debtors and each Scheduled Instalment Date is mitigated, in respect of the Rated Notes, through the establishment of a Cash Reserve (see "RISK FACTORS - Liquidity and Credit Risk").</p>	
35	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	35. Currency risks arising from the securitisation shall be appropriately mitigated.	
	Verified?	Yes

36	<b>PCS Comment</b>	
	See the representation made by the Seller, as set out in "DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT - Representations and warranties", §(xvii), where it is confirmed that <<(Currency) All Loans and Receivables exist and are expressed in Euro.>>.	
	The Notes are denominated in Euro (see Condition 3.3 ( <i>Denomination</i> )).	
	<b>Therefore, on this basis, PCS' view is that in the absence of any currency mismatch, no currency hedging is necessary.</b>	
36	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	36. Any measures taken to that effect shall be disclosed.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See points 34 and 35 above.	
37	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	
	<a href="#">GO TO TABLE OF CONTENTS</a>	
	21.2. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives.	
	Those derivatives shall be underwritten and documented according to common standards in international finance.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...	
	<b>Verified?</b>	Yes
37	<b>PCS Comment</b>	
	We note that no other derivative contract is currently entered into by the Issuer in the context of this transaction.	
	Further, a specific covenant is included in the Terms and Conditions to address this requirement:	
	See Condition 5.1 (Covenants by the Issuer), where it is provided under §§ (vi) and (xiv) that <<For so long as any Note remains outstanding, the Issuer (save, only with respect to paragraphs from (i) to (xiii) (included) below, with the prior written consent of the Representative of the Noteholders or as provided in or envisaged by these Terms and Conditions or any of the Transaction Documents) shall not, nor shall cause or permit (to the extent permitted by Italian law), shareholders' meetings to be convened in order to: (...) (vi) <u>Borrowings or derivatives</u> : incur any indebtedness in respect of borrowed money whatsoever (save for any indebtedness already incurred in relation to the Previous Securitisations or to be incurred in relation to any Further Securitisation), <u>enter into any derivative transactions</u> or give any guarantee in respect of any indebtedness or derivative transactions or of any obligation of any person; (...) (xiv) <u>Derivatives</u> : <u>enter into derivative contracts save as expressly permitted by article 21(2) of the EU Securitisation Regulation.</u> >>.	
37	We also note that the definition of "Eligible Investments" prohibits the inclusion <<actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary	

	<p><i>policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.&gt;&gt;.</i></p> <p><b><i>This requirement relates to the current structure of the transaction and to the future possibility that the relevant issuer enters into derivatives.</i></b></p> <p><b><i>PCS has noticed the current absence of derivatives other than under the Interest Rate Cap Agreement and the presence of specific covenants addressing this requirement.</i></b></p>	
38	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>38. ...Shall ensure that the pool of underlying exposures does not include derivatives.</p>	
	Verified?	Yes
	PCS Comment	
	<p>See "THE AGGREGATE PORTFOLIO", subparagraph "Other features of the Aggregate Portfolio", where it is stated in §(q) that &lt;&lt;(q) The Initial Portfolio does not include, and each Subsequent Portfolio will not include, any derivative, pursuant to article 21(2) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</p> <p>We also note the statement in "GENERAL INFORMATION" that &lt;&lt;No synthetic securitisation - The Notes are backed only by the Receivables that are purchased by the Issuer and not through the use of credit derivatives or other similar financial instruments.&gt;&gt;.</p>	
39	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>39. Those derivatives shall be underwritten and documented according to common standards in international finance.</p>	
	Verified?	Yes
	PCS Comment	
	<p>See "TRANSACTION OVERVIEW – Interest Rate Cap Agreement", where it is specified that the Interest Rate Cap Agreement is entered into in the form of an ISDA 1992 Master Agreement (Multicurrency - Cross Border), which clearly meets the relevant requirement.</p>	
40	Legislative text – Article 21 - Requirements relating to standardisation	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>21.3. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.</p>	
	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.</p>	
	Verified?	Yes
	PCS Comment	
	<p>As for <u>assets</u>:</p> <ul style="list-style-type: none"> <li>Interest payable by Borrowers on the Loans is calculated on the basis of a fixed rate of interest (see Eligibility Criteria, §(e)).</li> </ul> <p>As for <u>liabilities</u>:</p>	

	<ul style="list-style-type: none"> <li>the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have a <u>floating</u> rate of interest. In this respect we note that pursuant to Condition 7.3 (<i>Rate of Interest of the Senior Notes and the Mezzanine Notes</i>) the floating rate is calculated based on Euribor;</li> <li>the Class E Notes and the Class F Notes have a <u>fixed</u> rate of interest;</li> <li>the Class Z Notes accrue a contingent variable return equal to the excess spread.</li> </ul> <p>Based on the above, PCS is prepared to verify that this criterion is satisfied.</p>
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41	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p> <p>(b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p>(d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See Post-Acceleration Priority of Payments (in TRANSACTION OVERVIEW), items from (i) to (v).</p> <p>We note that in a Post-Acceleration scenario, no amount of cash shall be trapped in the Issuer beyond what is necessary to ensure the payment of “Expenses” and that for such purpose a Retention Amount is to be held in the Expenses Account (and replenished on each Payment Date). See also item first of the “Post-Acceleration Priority of Payments”. Other payments are made in priority to the repayment of the Notes, but these relate to the payment of the Issuer’s ongoing costs for services or termination fees.</p> <p>Expenses are defined as &lt;&lt;<u>any documented fees, costs, expenses and taxes required to be paid by the Issuer to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation (including, without limitation, all costs and taxes required to be paid to maintain the listing of the Senior Notes and the Mezzanine Notes and the rating of the Rated Notes and in connection with the deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents), and any other documented costs, expenses and taxes required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable laws and regulations.</u>&gt;&gt;.</p> <p>PCS is satisfied that these Expenses are therefore only amounts necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors.</p>	
42	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p>	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	

	<p>We note that the “Post-Acceleration Priority of Payments”, applicable in a post enforcement scenario, contemplates only sequential payments (see items from sixth onwards).</p> <p>PCS notices that, following a “Regulatory Call Early Redemption Date”, the Notes that rank junior to the Class A Notes shall be redeemed in full before the Class A Notes are also redeemed. Therefore, this redemption would not be made on a sequential basis. Article 21(4) of the STS Regulation requires that, in a post enforcement scenario, repayment of principal is made sequentially. PCS has considered if a Regulatory Call Early Redemption Date could in any way elude this requirement. In this respect, PCS notices that the documentation provides that in case of early redemption of the Notes (which rank junior to the Class A Notes) pursuant to Condition 8.5 (<i>Optional redemption for regulatory reasons</i>), the Issuer may obtain the funds necessary to finance such early redemption of the Notes solely from a subordinated Seller Loan that the Seller may elect to advance to the Issuer for an amount equal to the Seller Loan Redemption Amount, in accordance with the Intercreditor Agreement. Therefore, the Aggregate Portfolio would not be disposed, and would still remain with the Issuer to collateralise the Class A Notes and repayment (ranking junior) of the Seller Loan. The Seller Loan is redeemed junior to the Class A Notes both pre and post enforcement.</p> <p>PCS notices that the occurrence of a “Regulatory Call Early Redemption Date” is just a possible future event that may or may not occur, and that the relevant provisions do not affect - <i>per se</i> - compliance with STS provisions at the date of issuance.</p> <p><b>On this basis, PCS is prepared to verify this requirement.</b></p>	
43	<b>STS criteria</b>  43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>  See point 42 above.	
44	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>  See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT” where it is stated in the sub-paragraph entitled “ <i>Disposal of the Aggregate Portfolio following the occurrence of a Trigger Event</i> ” that <<Pursuant to the Intercreditor Agreement, following the delivery of a Trigger Notice and in accordance with the Terms and Conditions, the Issuer (or the Representative of the Noteholders on its behalf) may (with the consent of an Extraordinary Resolution of the Most Senior Class of Noteholders) or shall (if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders) dispose of the Portfolio or any part thereof in accordance with the provisions of the Intercreditor Agreement, it being understood that no provisions shall require the automatic liquidation of the Aggregate Portfolio pursuant to article 21(4) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.>>.	
45	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	21.5. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>

	<p>45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.</p>
	<p><b>Verified?</b> <span style="float: right;"><b>Yes</b></span></p>
	<p><b>PCS Comment</b></p>
	<p>The first step in analysing this criterion is to determine whether the transaction features non-sequential priorities of payment. This is the case in a pre-acceleration scenario.</p> <p>See in particular the section contained in “RISK FACTORS - Ranking and subordination” describing the obligation of the Issuer to repay principal on the Notes prior to the delivery of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (<i>Final redemption</i>), Condition 8.3 (<i>Optional redemption for clean-up call</i>), Condition 8.4 (<i>Optional redemption for taxation reasons</i>) or Condition 8.5 (<i>Optional redemption for regulatory reasons</i>), before and during the Sequential Redemption Period.</p> <p>Therefore, the further step is to verify what is a Sequential Redemption Period. For this purpose, please see the relevant definition, outlined below:</p> <p><u>&lt;&lt;Sequential Redemption Period means, in respect of any Payment Date prior to the delivery of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (Final Redemption), Condition 8.3 (Optional Redemption for clean-up call), Condition 8.4 (Optional redemption for taxation reasons) or Condition 8.5 (Optional redemption for regulatory reasons), the period starting from (and including) the Payment Date immediately following the delivery of a Sequential Redemption Notice and ending on (and including) the earlier of (i) the Cancellation Date, and (ii) the Payment Date on which the Rated Notes will be redeemed in full.&gt;&gt;</u></p> <p>Then, the definition of Sequential Redemption Notice needs to be verified:</p> <p><u>&lt;&lt;Sequential Redemption Notice means the notice served by the Representative of the Noteholders upon the occurrence of a Sequential Redemption Event, in accordance with Condition 8.7 (Sequential Redemption Events).&gt;&gt;</u></p> <p>As for the events that constitute a Sequential Redemption Event, see below the ones that are related to the credit deterioration, as outlined in the relevant definition:</p> <p><u>&lt;&lt;(ii) Cumulative Loss Ratio: the Cumulative Loss Ratio, as at the immediately preceding Collection End Date, is equal or higher than, 1.00% at the first Calculation Date, 1.50% at the second Calculation Date, 2.00% at the third Calculation Date, and 2.50% at the fourth and remaining Calculation Dates;; or</u></p> <p><u>(iii) Delinquency Ratio Rolling Average: the Delinquency Ratio Rolling Average, as at the immediately preceding Collection End Date, is equal to, or higher than, 5 (five) per cent.;</u></p> <p><u>(iv) Defaulted Receivables: the aggregate Outstanding Principal, as at the relevant Default Date, of all Receivables comprised in the Aggregate Portfolio which have become Defaulted Receivables from (and excluding) the relevant Valuation Date up to (and including) the immediately preceding Collection End Date is equal to, or higher than, 5 (five) per cent. of the aggregate Outstanding Principal of the Initial Portfolio as at the Issue Date; (...)&gt;&gt;.</u></p> <p>Therefore, the above requirement is satisfied in a pre-Acceleration scenario.</p> <p>Further, we note that in the post-Acceleration PoP, payments are made sequentially (see Condition 6.3 (<i>Post-Acceleration Priority of Payments</i>)) and therefore this requirement is satisfied.</p>
<p>46</p>	<p><b>Legislative text – Article 21 - Requirements relating to standardisation</b> <span style="float: right;"><a href="#">GO TO TABLE OF CONTENTS</a></span></p>
	<p>21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <ul style="list-style-type: none"> <li>(a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</li> <li>(b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</li> <li>(c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</li> <li>(d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</li> </ul>
	<p><b>STS criteria</b> <span style="float: right;"><a href="#">SEE RELATED EBA GUIDELINES</a></span></p>

	46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:	
	Verified?	Yes
	PCS Comment	
	<p>This provision applies to transactions with a revolving period.</p> <p>This transaction contemplates a revolving period that may terminate upon the occurrence of a Purchase Termination Event, as set out in Condition 15.1 (<i>Purchase Termination Events</i>).</p>	
47	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	47. (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	
	Verified?	Yes
	PCS Comment	
	<p>The occurrence of any of the following events will constitute a Purchase Termination Event (see Condition 15.1):</p> <p>&lt;&lt;(…) (c) <i>Breach of ratios</i>:</p> <p>(i) the <i>Default Ratio Rolling Average</i>, calculated on the relevant <i>Servicer Report Date</i>, is higher than the <i>Default Ratio Rolling Average Threshold</i>; or</p> <p>(ii) the <i>Delinquency Ratio</i> for the immediately preceding <i>Collection Period</i>, calculated on the relevant <i>Servicer Report Date</i>, is higher than the <i>Delinquency Ratio Threshold</i>; or</p> <p>(iii) the <i>Collateral Ratio</i> for the 3 (three) immediately preceding <i>Collection Periods</i>, calculated on the relevant <i>Servicer Report Date</i>, is lower than the <i>Collateral Ratio Threshold</i>; or</p> <p>(d) <i>Principal Deficiency</i>: on any <i>Payment Date</i>, a debit balance remains outstanding on the <i>Class A Principal Deficiency Sub-Ledger</i> or the <i>Class B Principal Deficiency Sub-Ledger</i> following the relevant payments and/or provisions required to be made by the <i>Issuer</i> on such date in accordance with the <i>Pre-Acceleration Interest Priority of Payments</i>; (...)&gt;&gt;.</p> <p>See also the relevant definitions included in the “GLOSSARY OF TERMS”, including those of:</p> <p><u>Default Ratio Rolling Average Threshold</u> means 1.50 per cent.</p> <p><u>Delinquency Ratio Threshold</u> means 5.00 per cent.</p>	
48	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	48. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	
	Verified?	Yes
	PCS Comment	
	<p>See Condition 15.1:</p> <p>&lt;&lt;<i>The occurrence of any of the following events will constitute a Purchase Termination Event: (a) Sequential Redemption Event: a Sequential Redemption Event occurs;</i>&gt;&gt;</p> <p>The Definition of Sequential Redemption Event includes also the insolvency of the originator/servicer:</p>	

	<p>&lt;&lt;(i) Insolvency of Santander Consumer Bank: an Insolvency Event occurs in respect of Santander Consumer Bank or any third party Servicer; (...)&gt;&gt;.</p> <p>This requirement is therefore satisfied.</p>	
49	<p><b>STS criteria</b></p> <p>49. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>This requirement is satisfied by the following Purchase Termination Event:</p> <p>&lt;&lt;(c) Breach of ratios: (...) (iii) the Collateral Ratio for the 3 (three) immediately preceding Collection Periods, calculated on the relevant Servicer Report Date, is lower than the Collateral Ratio Threshold; (...) &gt;&gt;</p> <p>&lt;&lt;(d) Principal Deficiency: on any Payment Date, a debit balance remains outstanding on the Class A Principal Deficiency Sub-Ledger or the Class B Principal Deficiency Sub-Ledger following the relevant payments and/or provisions required to be made by the Issuer on such date in accordance with the Pre-Acceleration Interest Priority of Payments;&gt;&gt;.</p> <p>See also the definition of Collateral Ratio and Collateral Ratio Threshold:</p> <p>&lt;&lt;<b>Collateral Ratio</b> means, with reference to each Collection End Date during the Revolving Period, the ratio expressed as a percentage between:</p> <p>(i) the aggregate of the Outstanding Principal of all the Receivables comprised in the Collateral Aggregate Portfolio as of the relevant Collection End Date, calculated taking into account also the Receivables comprised in the relevant Subsequent Portfolio to be purchased by the Issuer on the immediately following Transfer Date plus any balance standing to the credit of the Collection Account, the Cash Reserve Account and the Expenses Account; and</p> <p>(ii) the Principal Amount Outstanding of the Notes as of the relevant Collection End Date.&gt;&gt;.</p> <p>&lt;&lt;<b>Collateral Ratio Threshold</b> means 97 per cent.&gt;&gt;.</p>	<p><a href="#">SEE RELATED EBA GUIDELINES</a></p>
50	<p><b>STS criteria</b></p> <p>50. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>This requirement is satisfied by the following Purchase Termination Event:</p> <p>&lt;&lt;(h) Subsequent Portfolios: the Seller fails, during the Revolving Period, to offer for sale Subsequent Portfolios to the Issuer for 3 (three) consecutive Offer Dates;&gt;&gt;.</p>	<p><a href="#">SEE RELATED EBA GUIDELINES</a></p>
51	<p><b>Legislative text – Article 21 - Requirements relating to standardisation</b></p> <p>21.7. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p> <p>(b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	



	(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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>51. The transaction documentation shall clearly specify:</p> <p>(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>For the <u>Servicer</u>, see “<i>DESCRIPTION OF THE SERVICING AGREEMENT</i>”.</p> <p>For the <u>Representative of the Noteholders</u> (that performs fiduciary services for the secured creditors, as the trustee) see the “<i>Rules of the Organisation of the Noteholders</i>”, Article 26 (<i>Duties and powers of the Representative of the Noteholders</i>). See also see “<i>DESCRIPTION OF THE INTERCREDITOR AGREEMENT</i>” and, in particular, the two following duties of the Representative of the Noteholders:</p> <p>&lt;&lt;<i>Directions of the Representative of the Noteholders following the service of a Trigger Notice</i></p> <p><i>Under the terms of the Intercreditor Agreement, the Issuer has undertaken, upon the service of a Trigger Notice, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Terms and Conditions, in relation to the management and administration of the Aggregate Portfolio.</i></p> <p><i>Disposal of the Aggregate Portfolio following the occurrence of a Trigger Event</i></p> <p><i>Pursuant to the Intercreditor Agreement, following the delivery of a Trigger Notice and in accordance with the Terms and Conditions, the Issuer (or the Representative of the Noteholders on its behalf) may (with the consent of an Extraordinary Resolution of the Most Senior Class of Noteholders) or shall (if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders) dispose of the Portfolio or any part thereof in accordance with the provisions of the Intercreditor Agreement, it being understood that no provisions shall require the automatic liquidation of the Aggregate Portfolio pursuant to article 21(4) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</i></p>	
52	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	<p>52. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See “<i>DESCRIPTION OF THE SERVICING AGREEMENT</i>” and in particular the sub-section headed “<i>Termination and resignation of the Servicer</i>”. This section summarises the provisions of the Servicing Agreement, including the Servicer Termination Events and the procedure for the replacement of the Servicer. More in detail, we note that Santander Consumer Finance S.A. will act as a Back-up Servicer Facilitator. Unless Santander Consumer Bank is replaced by the Back-up Servicer (if any) in its role of Servicer, the Issuer shall, within 30 (thirty) days of delivery of a notice of termination or receipt of a notice of resignation, appoint (with the assistance of the Back-up Servicer Facilitator) as substitute servicer (the Substitute Servicer) any person who meets certain specified requirements, including &lt;&lt;<i>expertise in servicing exposures of a similar nature to the Receivables and has well documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures, in accordance with article 21(8) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.&gt;&gt;.</i></p> <p>As for servicing continuity in case of termination or resignation, see the statement that &lt;&lt;<i>The termination of the appointment of the Servicer or its resignation pursuant to the Servicing Agreement shall be effective from the date on which the Back-up Servicer (if any) (or the Substitute Servicer, as the case may be) assumes the role of servicer pursuant to the Back-up Servicing Agreement (or a new servicing agreement entered into in accordance with the following provisions) and adheres to the Intercreditor Agreement (to the extent it is not already a party to it) and the other Transaction Documents to which Santander Consumer Bank as Servicer is a party. The Servicer shall continue to act as Servicer and meet its obligations hereunder until such date. Under no circumstances shall such termination release Santander Consumer Bank from its obligations in relation to the Receivables under the Master Transfer Agreement and the Warranty and Indemnity Agreement.&gt;&gt;.</i></p>	
53	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>

53. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.	
Verified?	Yes
PCS Comment	
<p>In respect of the replacement of the Interest Rate Cap Provider: see “DESCRIPTION OF THE INTEREST RATE CAP AGREEMENT” and, in particular, the sub-section headed “<i>Early Termination</i>”.</p> <p>This section summarises the provisions of the Interest Rate Cap Agreement, including the relevant early termination events and the procedure for the replacement of the Interest Rate Cap Counterparty. We note the statement that:</p> <p><i>&lt;&lt;If the Interest Rate Cap Agreement is terminated prior to repayment in full of the principal of not the Class A Notes, the Class B Notes and the Class C Notes, as the case may be, the Issuer will be required to enter into an agreement on similar terms with a new Interest Rate Cap Provider. Any upfront payment to any replacement Interest Rate Cap Provider under the Interest Rate Cap Agreement (Replacement Cap Premium) payable by the Issuer, as the case may be, will be done either (i) from the Issuer Available Funds that come from the Cap Collateral Account, or (ii) from Issuer Available Funds deposited in the other Accounts, in accordance with the applicable Priority of Payments. Any costs, expenses, fees and taxes (including stamp taxes) arising in respect of any such transfer to be made by the replacement Interest Rate Cap Provider will be borne by the Interest Rate Cap Provider when such transfer is decided by the Interest Rate Cap Provider pursuant to paragraph 11 (h) (ii) of the Credit Support Annex. The Issuer will endeavour but cannot guarantee to find a replacement Interest Rate Cap Provider upon early termination of the Interest Rate Cap Agreement.&gt;&gt;.</i></p> <p>In respect of the replacement of the account banks: see statement in the “DESCRIPTION OF THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT” that <i>&lt;&lt;the Cash Allocation, Management and Payment Agreement also contains provisions for the replacement of the Agents upon default or the occurrence of certain specified events&gt;&gt;.</i> See also in such agreement, the downgrading language contained in clauses 5.5 and 5.6, regulating the consequences of the loss by the Spanish Account Bank and the Italian Account Bank of status of Eligible Institution.</p> <p>See also, in the Prospectus, the section “Termination or resignation of the appointment of the Agents”, where it is stated that: <i>&lt;&lt;The appointment of any of the Computation Agent, the Italian Account Bank, Spanish Account Bank and the Paying Agent may be terminated by the Issuer, subject to the prior written approval of the Representative of the Noteholders, upon 3 (three) months written notice provided that the Issuer at all times maintains an agent carrying out the duties provided under the Cash Allocation, Management and Payment Agreement. Each of the Computation Agent, the Italian Account Bank, the Spanish Account Bank and the Paying Agent may resign from its appointment under the Cash Allocation, Management and Payment Agreement, upon giving not less than 3 (three) months (or such shorter period as the Representative of the Noteholders may agree) prior written notice of termination to the Representative of the Noteholders, the Issuer and the other relevant parties thereto subject to and conditional upon, inter alia, a substitute Computation Agent, Account Bank or Paying Agent, as the case may be, being appointed by the Issuer, with the prior written approval of the Representative of the Noteholders, on substantially the same terms set out in the Cash Allocation, Management and Payment Agreement.&gt;&gt;.</i></p>	

54	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>The Servicer is Santander Consumer Bank that is a bank authorised in Italy.</p> <p>As such it is an entity that is subject to prudential and capital regulation and supervision in the European Union, as required by EBA Guidelines, §72(a).</p> <p>See also “DESCRIPTION OF THE SERVICING AGREEMENT” subsection “Obligations of the Servicer” where it is stated that &lt;&lt;(…) <i>The Servicer has represented and warranted that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement. In addition, the Servicer has represented and warranted it has expertise in servicing exposures of a similar nature to those securitised and has well-documented and adequate policies, procedures and risk-management controls relating to the servicing of exposures (article 21(8) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria).</i>&gt;&gt;.</p> <p>Additionally, it is noted that, in case of replacement, the Successor Servicer shall have to meet similar requirements (see statements quoted in point 52 above)</p>	
55	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See point 54 above.</p> <p>See also policies/procedures described in “THE CREDIT AND COLLECTION POLICIES” and the section “SANTANDER CONSUMER BANK”.</p> <p>It is also noted that</p> <p>&lt;&lt;<i>The Servicer may grant and make in respect of the Loan Agreements, payments suspension, moratoria deferrals, amortisation plans rescheduling, debt forgiveness, forbearance, payment holidays, losses, charge offs, amendment or adjustments (including to the interest rate), settlement agreements with the Borrowers and other asset performance remedies against the Borrowers, in each case, provided that and insofar as (i) any such actions is (a) compliant with and contemplated by the Servicer’s clear and consistent documented customary business procedures in effect from time to time and (b) aimed at maximising the collection and/or recovery of the Receivables, and (ii) in case of amortisation plan rescheduling, the rescheduling does not cause an extension of the final repayment date of the relevant Receivable beyond the first Payment Date of third year preceding the Final Maturity Date. Without prejudice to the above, the Servicer shall be permitted to change those customary business procedures from time to time in its own discretion.</i>&gt;&gt;.</p> <p>Additionally, &lt;&lt;<i>Pursuant to the Intercreditor Agreement, if Santander Consumer Bank makes any amendment to its customary business procedures which may affect any information or document made available to the Noteholders, the competent authorities referred to in article 29 of the EU Securitisation Regulation and the potential investors in the Notes, then Santander Consumer Bank shall make available details of such amendment pursuant to article 7(1) of the EU Securitisation Regulation.</i>&gt;&gt;.</p> <p>The EBA Guidelines specify that the relevant servicer should be considered to have the requisite elements of the criterion if it is “an entity that is subject to prudential and capital regulation and supervision in the Union”.</p> <p>This requirement is certainly met by Santander Consumer Bank, as confirmed in the statements contained in the sections mentioned in point 54 and above.</p>	

56	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	56. The transaction documentation shall set out in clear and consistent terms definitions	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See point 54 above. See also policies/procedures set out in in "THE CREDIT AND COLLECTION POLICIES". <b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b>	
57	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See point 56 above. <b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b>	
58	<b>Legislative text – Article 21 - Requirements relating to standardisation</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	
	58. The transaction documentation shall clearly specify the priorities of payment,	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See "Priority of Payments" in "TRANSACTION OVERVIEW" and the same provisions as contained in Condition 6 of the "TERMS AND CONDITIONS OF THE NOTES". See in particular: Condition 6.1 ( <i>Pre-Acceleration Interest Priority of Payments</i> ), Condition 6.2 ( <i>Pre-Acceleration Principal Priority of Payments</i> ) and Condition 6.3 ( <i>Post-Acceleration Priority of Payments</i> ). <b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b>	
59	<b>STS criteria</b>	

59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	
Verified?	Yes
PCS Comment	
<p>See Condition 13 setting out the Trigger Events that trigger changes in the PoP to be applied.</p> <p>See also Condition 8.7 (<i>Sequential Redemption Events</i>) and see also point 45 above.</p> <p><b>PCS has reviewed the relevant documents to satisfy itself that these criteria are met.</b></p>	
60	STS criteria
60. The transaction documentation shall clearly specify the obligation to report such events.	
Verified?	Yes
PCS Comment	
<p>See "DESCRIPTION OF THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT", subsection "Computation Agent", where it is stated, inter alia that &lt;&lt; <i>The Computation Agent has agreed to prepare, inter alia, the following reports: (...) (c) on or prior to each Investors Report Date, the Investors Report setting out certain information with respect to the Notes (including the information referred to in article 7(1)(i), (ii) and (iii) of the EU Securitisation Regulation), in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards, provided that the occurrence of any Sequential Redemption Event and any other event which trigger changes in the Priorities of Payments shall be reported to the Noteholders in accordance with Condition 17 (Notices) without undue delay (...)&gt;&gt;.</i></p> <p>This is a future event. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>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 whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</p> <p><b>PCS notes the existence of such covenant in the Prospectus.</b></p>	
61	STS criteria
61. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.	
Verified?	Yes
PCS Comment	
<p>See "DESCRIPTION OF THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT", subsection "Computation Agent", where it is stated, inter alia that &lt;&lt; <i>The Computation Agent has agreed to prepare, inter alia, the following reports: (...) (c) on or prior to each Investors Report Date, the Investors Report setting out certain information with respect to the Notes (including the information referred to in article 7(1)(i), (ii) and (iii) of the EU Securitisation Regulation), in compliance with the EU Securitisation Regulation and the applicable Regulatory Technical Standards, provided that the occurrence of <u>any Sequential Redemption Event and any other event which trigger changes in the Priorities of Payments shall be reported to the Noteholders</u> in accordance with Condition 17 (Notices) without undue delay (...)&gt;&gt;.</i></p> <p>See also the "Rules of the Organisation of the Noteholders", definition of "Basic Terms Modifications" where it provided that any change that would &lt;&lt; <i>alter the priority of payments affecting the payment of interest and/or the repayment of principal in respect of any of the Notes of any Class;</i>&gt;&gt; would be a Basic Term Modification. The relevant amendment may be adopted exclusively by Noteholders' Extraordinary Resolution in accordance with the said Rules. See also Article 29.3 of such Rules, where it is stated that &lt;&lt; <i>Any modification made in accordance with this Condition 29.2 shall be binding</i></p>	

<p><i>on all Noteholders and shall be notified by the Issuer (or the Paying Agent on its behalf) without undue delay to, so long as any of the Rated Notes remains outstanding, each Rating Agency and, in any event, the Other Issuer Creditors and the Noteholders in accordance with Condition 17 (Notices).&gt;&gt;</i></p> <p>This criterion requires notification to investors of events occurring in the future. Therefore, this criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</p> <p><b><i>PCS has identified the existence of such a covenant and its attention has also been drawn to the fact that, since the notes are listed on the Luxembourg Stock Exchange, there is also an obligation to inform investors of events of this nature in accordance with the relevant listing rules.</i></b></p>
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62	Legislative text – Article 21 - Requirements relating to standardisation	<a href="#">GO TO TABLE OF CONTENTS</a>
	21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	
	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>
	62. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders	
	Verified?	Yes
	PCS Comment	
	<p>See “<i>Rules of the Organisation of the Noteholders</i>” included as an Exhibit 1 to the Terms and Conditions of the Notes.</p> <p>(a) the method for calling meetings: as for method, see Article 6.1 (<i>Notice of meeting</i>) and 5.3 (<i>Time and place of the Meeting</i>)</p> <p>(b) the maximum timeframe for setting up a meeting: Article 6.1 (<i>Notice of meeting</i>) and 9 (<i>Adjournment for lack of quorum</i>)</p> <p>(c) the required quorum: Article 8 (<i>Quorum</i>)</p> <p>(d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision: Article 8.2 (<i>Passing of a Resolution</i>)</p> <p>(e) where applicable, a location for the meetings which should be in the EU. Article 5.4(e), 6.1 and 10 (<i>Adjourned Meeting</i>).</p> <p>Although the wording of the Regulation as to what constitutes the “facilitation of timely resolution of conflicts” is quite vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.</p> <p><b><i>PCS has reviewed the underlying documents to ascertain that all the five requirements above are indeed present.</i></b></p>	

63	Legislative text – Article 21 - Requirements relating to standardisation	<a href="#">GO TO TABLE OF CONTENTS</a>
	21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	
	STS criteria	<a href="#">SEE RELATED EBA GUIDELINES</a>

63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.	
Verified?	Yes
PCS Comment	
<p>A role similar to the one of the trustee, as entity with fiduciary duties to investors, is carried out by the Representative of the Noteholders.</p> <p>As for its responsibilities and duties, see the “<i>Rules of the Organisation of the Noteholders</i>”, Article 26 (<i>Duties and Powers of the Representative of the Noteholders</i>).</p> <p>See also “<i>Description of the Intercreditor Agreement</i>” and point 51 above.</p>	

64	<b>Legislative text – Article 22 - Requirements relating to transparency</b> <a href="#">GO TO TABLE OF CONTENTS</a>
22.1. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period no shorter than five years.	
<b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a>	
64. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,	
Verified?	Yes
PCS Comment	
<p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;As to pre-pricing information, the Seller has confirmed that:</p> <p>(a) it has made available to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes, before pricing, (i) through the website of European DataWarehouse (being, as at the date of this Prospectus, <a href="http://www.eurodw.eu">www.eurodw.eu</a>), the information under point (a) of the first subparagraph of article 7(1) upon request and the information under points (b) and (d) of the first subparagraph of article 7(1) of the EU Securitisation Regulation, (ii) through the section of this Prospectus headed “The Aggregate Portfolio - Historical Data” and the website of European DataWarehouse (being, as at the date of this Prospectus, <a href="http://www.eurodw.eu">www.eurodw.eu</a>), 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, covering a period of at least 5 (five) years, pursuant to article 22(1) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, and (iii) through the website of Bloomberg (being, as at the date of this Prospectus, <a href="http://www.bloomberg.com">www.bloomberg.com</a>) and Intex (being, as at the date of this Prospectus, <a href="http://www.intex.com">www.intex.com</a>), a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Seller, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria; (...)&gt;&gt;.</p> <p>See “THE INITIAL PORTFOLIO” where it is stated &lt;&lt;The tables are derived from information supplied by the Seller in connection with the acquisition of the Initial Portfolio by the Issuer on the Initial Transfer Date.&gt;&gt;.</p>	
65	<b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a>
65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	
Verified?	Yes
PCS Comment	

	See point 64 above.	
66	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	66. Those data shall cover a period no shorter than five years.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See point 64 above.	

67	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	22.2. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	67. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See statement in “THE AGGREGATE PORTFOLIO”, subsection “Pool Audit” confirming that:</p> <p><i>&lt;&lt;Pool Audit - Pursuant to Article 22(2) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, an external verification (including verification that the data disclosed in this Prospectus in respect of the Receivables is accurate) has been made in respect of the Initial Portfolio prior to the Issue Date by an appropriate and independent party and no significant adverse findings have been found.</i></p> <p><i>The above external verification has confirmed:</i></p> <p><i>(a) that the data disclosed in this Prospectus in respect of the Receivables are accurate;</i></p> <p><i>(b) the accuracy of the information provided in the documentation and in the IT systems, in respect of each selected position of the sample of the Initial Portfolio – with confidence levels and error rates in line with the EBA Guidelines on STS Criteria; and</i></p> <p><i>(c) that the data of the Receivables included in the Initial Portfolio contained in the loan-by-loan data tape prepared by the Servicer are compliant with the Eligibility Criteria that are able to be tested prior to the Issue Date.&gt;&gt;.</i></p> <p>As for the nature of “appropriate and independent party” of the entity executing the relevant verification, PCS has assessed if the relevant entity meets the requirements set out in §79 of the EBA Guidelines and obtained sufficient ground that the relevant company meets such requirements.</p> <p><b>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, PCS has reviewed the results of the verification exercise made by the “appropriate and independent party”, including the analysis of the “agreed upon procedures” (AUP) commonly known as a “pool audit” with the aim of determining whether, on its face, it appears to cover the items required by the criterion.</b></p>	



	<b>Based solely on the words of the AUP and without any additional due diligence or interaction with the “independent party” responsible for the AUP, PCS has concluded that the AUP appears to meet the requirements of the criterion. PCS also notes the representation to that effect made by the originator in the Prospectus.</b>	
68	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	68. Including verification that the data disclosed in respect of the underlying exposures is accurate.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	See point 67 above.	

  

69	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	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.	
	<b>STS criteria</b>	<a href="#">SEE RELATED EBA GUIDELINES</a>
	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.	
	<b>Verified?</b>	Yes
	<b>PCS Comment</b>	
	<p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p><i>&lt;&lt;As to pre-pricing information, the Seller has confirmed that:</i></p> <p><i>(a) it has made available to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes, before pricing, (i) through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu), the information under point (a) of the first subparagraph of article 7(1) upon request and the information under points (b) and (d) of the first subparagraph of article 7(1) of the EU Securitisation Regulation, (ii) through the section of this Prospectus headed “The Aggregate Portfolio - Historical Data” and the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu), 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, covering a period of at least 5 (five) years, pursuant to article 22(1) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, and (iii) through the website of Bloomberg (being, as at the date of this Prospectus, www.bloomberg.com) and Intex (being, as at the date of this Prospectus, www.intex.com), a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Seller, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria; (...)&gt;&gt;</i></p> <p>To verify this criterion, PCS will require to see the model. It will then require a statement by the originator that the model was circulated as required by the criterion.</p> <p>PCS is not a modelling firm nor has any modelling expertise. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.</p>	

<p><b>Having seen excel files extracted by using the model, having read a statement in the Prospectus that the model will be made available in accordance with the requirements of the criteria and assessed the firm responsible for the model, PCS is prepared to verify this criterion.</b></p>	
70	<p><b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a></p> <p>70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See "DESCRIPTION OF THE INTERCREDITOR AGREEMENT", subsection "Transparency requirements under the EU Securitisation Regulation" where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;(…), pursuant to the Intercreditor Agreement the Seller has undertaken to make available to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request, through the website of Bloomberg (being, as at the date of this Prospectus, <a href="http://www.bloomberg.com">www.bloomberg.com</a>) and Intex (being, as at the date of this Prospectus, <a href="http://www.intex.com">www.intex.com</a>), a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Seller, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria. Moreover, the Seller has undertaken to update the above liability cash flow model in case of significant changes of the information on the Securitisation contained thereunder.&gt;&gt;.</p> <p>Although technically covering the period between pricing and close, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant - although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</p> <p><b>PCS notes the existence of such covenant in the Intercreditor Agreement, as evidenced in the Prospectus.</b></p>
71	<p><b>Legislative text – Article 22 - Requirements relating to transparency</b> <a href="#">GO TO TABLE OF CONTENTS</a></p> <p>22.4. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1). By way of derogation from the first subparagraph, originators may, from 1 June 2021, decide to publish the available information related to the principal adverse impacts of the assets financed by underlying exposures on sustainability factors.</p> <p>22.6 By 10 July 2021, the ESAs shall develop, through the Joint Committee of the European Supervisory Authorities, draft regulatory technical standards in accordance with Articles 10 to 14 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 on the content, methodologies and presentation of information referred to in the second subparagraph of paragraph 4 of this Article, in respect of the sustainability indicators in relation to adverse impacts on the climate and other environmental, social and governance-related adverse impacts.</p> <p><b>STS criteria</b> <a href="#">SEE RELATED EBA GUIDELINES</a></p> <p>71. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p>

	<p>This requirement does apply to this Transaction since it is an Auto loan securitisation.</p> <p>See “DESCRIPTION OF THE SERVICING AGREEMENT - Reporting requirements”, where it is stated that:</p> <p><i>&lt;&lt;In addition, the Servicer shall: (a) prepare the Loan by Loan Report setting out information relating to each Loan in respect of the immediately preceding Collection Period (including, inter alia, the information, if available, related to the environmental performance of the Vehicles), in compliance with point (a) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Loan by Loan Report (simultaneously with the Investor Report) to the investors in the Notes by no later than one month after each Payment Date;&gt;&gt;.</i></p> <p>As to the impacts on sustainability factors, PCS was informed that, for the time being, no specific publication is envisaged.</p>
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72	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>	
	<b>STS criteria</b>	
	<p>72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p><i>&lt;&lt;Under the Intercreditor Agreement, the parties thereto have acknowledged that the Seller shall be responsible for compliance with article 7 of the EU Securitisation Regulation. Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation). (...)&gt;&gt;.</i></p>	

73	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>	
	<b>STS criteria</b>	
	<p>73. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	

	<p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;<u>As to pre-pricing information, the Seller has confirmed that:</u></p> <p>(a) <u>it has made available to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes, before pricing, (i) through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu), the information under point (a) of the first subparagraph of article 7(1) upon request and (...)&gt;&gt;.</u></p>					
74	<p><b>STS criteria</b></p> <p>74. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p> <table><tr><td><b>Verified?</b></td><td><b>Yes</b></td></tr><tr><td colspan="2"><b>PCS Comment</b></td></tr></table> <p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;<u>As to pre-pricing information, the Seller has confirmed that:</u></p> <p>(a) <u>it has made available to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes, before pricing, (i) through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu), the information under point (a) of the first subparagraph of article 7(1) upon request and the information under points (b) and (d) of the first subparagraph of article 7(1) of the EU Securitisation Regulation, (ii) through the section of this Prospectus headed “The Aggregate Portfolio - Historical Data” and the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu), (...)&gt;&gt;.</u></p> <p>We note that the information under point (c) of the first subparagraph of Article 7(1) shall be made available only in the cases where the Prospectus is not drawn up in compliance with the Prospectus regulation, therefore the requirement of providing the information under 7(1)(c) does not apply to this transaction.</p>		<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>	
<b>Verified?</b>	<b>Yes</b>					
<b>PCS Comment</b>						

75	<p><b>Legislative text – Article 22 - Requirements relating to transparency</b></p> <p>22.5. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p> <p><b>STS criteria</b></p> <p>75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p> <table><tr><td><b>Verified?</b></td><td><b>Yes</b></td></tr><tr><td colspan="2"><b>PCS Comment</b></td></tr></table> <p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;<u>As to post-closing information, the relevant parties to the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows: (...)</u></p> <p>(c) <u>the Issuer shall deliver to the Reporting Entity (A) a copy of the final Prospectus and the other final Transaction Documents in a timely manner in order for the Reporting Entity to make available such documents to the investors in the Notes by no later than 15 (fifteen) days after the Issue Date, and (B) any other document or information that may be required to be disclosed to the Noteholders,</u></p>	<b>Verified?</b>	<b>Yes</b>	<b>PCS Comment</b>		<p><a href="#">GO TO TABLE OF CONTENTS</a></p>
<b>Verified?</b>	<b>Yes</b>					
<b>PCS Comment</b>						

<p>the competent authorities referred to in Article 29 of the EU Securitisation Regulation or, upon request, potential investors in the Notes pursuant to the EU Securitisation Regulation and the applicable Regulatory Technical Standards in a timely manner (to the extent not already provided by other parties),&gt;&gt;</p> <p>See also the obligation of the Reporting Entity of making the relevant information available, in the same section mentioned above, where it is stated:</p> <p>&lt;&lt;Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, <a href="http://www.eurodw.eu">www.eurodw.eu</a>) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation).&gt;&gt;.</p> <p>We note that a covenant to make available copies of the relevant transaction documents is contained in the Intercreditor Agreement.</p> <p>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.</p> <p>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</p> <p>However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</p> <p><b>PCS notes the existence of such covenant in the Prospectus.</b></p>
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76	Legislative text – Article 22 - Requirements relating to transparency	<a href="#">GO TO TABLE OF CONTENTS</a>
7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;		
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		
<p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p><i>&lt;&lt;As to post-closing information, the relevant parties to the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:</i></p> <p><i>&lt;&lt;(a) the Servicer shall: (i) prepare the Loan by Loan Report setting out information relating to each Loan in respect of the immediately preceding Collection Period (including, inter alia, the information, if available, related to the environmental performance of the Vehicles), in compliance with point (a) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Loan by Loan Report (simultaneously with the Investors Report) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes by no later than one month after each Payment Date; and;&gt;&gt;.</i></p> <p>See also the obligation of the Reporting Entity of making the relevant information available, in the same section mentioned above, where it is stated:</p> <p><i>&lt;&lt;Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to points (a), (b), (d), (e), (f) and</i></p>		

	<p>(g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, <a href="http://www.eurodw.eu">www.eurodw.eu</a>) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation).&gt;&gt;.</p> <p>All the criteria from 76 onwards are future event criteria, as to which we refer you to PCS' analysis in Note 75 above.</p>
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77	<p><b>Legislative text – Article 22 - Requirements relating to transparency</b></p> <p><a href="#">GO TO TABLE OF CONTENTS</a></p> <p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <ul style="list-style-type: none"> <li>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</li> <li>(ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</li> <li>(iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;</li> <li>(iv) the servicing, back-up servicing, administration and cash management agreements;</li> <li>(v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;</li> <li>(vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;</li> </ul> <p><b>STS criteria</b></p> <p>77. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:</p> <ul style="list-style-type: none"> <li>(i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;</li> </ul> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;As to post-closing information, the relevant parties to the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows: (...)</p> <p>(c) the Issuer shall deliver to the Reporting Entity (A) a copy of the final Prospectus and the other final Transaction Documents in a timely manner in order for the Reporting Entity to make available such documents to the investors in the Notes by no later than 15 (fifteen) days after the Issue Date, and (B) any other document or information that may be required to be disclosed to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation or, upon request, potential investors in the Notes pursuant to the EU Securitisation Regulation and the applicable Regulatory Technical Standards in a timely manner (to the extent not already provided by other parties),&gt;&gt;</p> <p>See also the obligation of the Reporting Entity of making the relevant information available, in the same section mentioned above, where it is stated:</p> <p>&lt;&lt;Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, <a href="http://www.eurodw.eu">www.eurodw.eu</a>) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation).&gt;&gt;.</p>
78	<p><b>STS criteria</b></p> <p>78. (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</p>

	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See point 77 above.	
	See also the definition of "Transaction Documents", as follows:  <<Transaction Documents means the Master Transfer Agreement, the Transfer Agreements, the Subscription Agreements, the Warranty and Indemnity Agreement, the Servicing Agreement, the Subordinated Loan Agreement, the Corporate Services Agreement, the Stichtingen Corporate Services Agreement, the Quotaholders Agreement, the Cash Allocation, Management and Payment Agreement, the Monte Titoli Mandate Agreement, the Intercréditor Agreement, the Spanish Deed of Pledge, the English Deed of Charge and Assignment, the Mandate Agreement, the Master Definitions Agreement, the Interest Rate Cap Agreement, the Terms and Conditions, the Prospectus and any other deed, act, document or agreement executed in the context of the Securitisation.>>.  <b>PCS has considered the definition of Transaction Documents as encompassing all the transaction documents that are necessary to regulate the transaction, also on the basis of the draft of Legal Opinion provided.</b>	
<b>79</b>	<b>STS criteria</b>	
	79. (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See points 77 and 78 above.	
<b>80</b>	<b>STS criteria</b>	
	80. (iv) the servicing, back-up servicing, administration and cash management agreements;	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See points 77 and 78 above.	
<b>81</b>	<b>STS criteria</b>	
	81. (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	See points 77 and 78 above.	
<b>82</b>	<b>STS criteria</b>	
	82. (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;	

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



85	<b>STS criteria</b>
	85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> See point 84 above: this requirement is, therefore, satisfied.
86	<b>STS criteria</b>
	86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> See point 84 above: this requirement is, therefore, satisfied.
87	<b>STS criteria</b>
	87. (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;
	<b>Verified?</b> Yes
	<b>PCS Comment</b> See point 84 above: this requirement is, therefore, satisfied.

88	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (d) in the case of STS securitisations, the STS notification referred to in Article 27;	
	<b>STS criteria</b>	
	88. (d) in the case of STS securitisations, the STS notification referred to in Article 27;	
	<b>Verified?</b> Yes	
	<b>PCS Comment</b> Reference to compliance with Article 7(1)(d) is contained in the Intercreditor Agreement.	

	See "DESCRIPTION OF THE INTERCREDITOR AGREEMENT" - "Transparency requirements under the EU Securitisation Regulation" in which it is stated that <<under the Intercreditor Agreement, the parties thereto have acknowledged that the Seller shall be responsible for compliance with article 7 of the EU Securitisation Regulation. Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, <u>it has fulfilled before pricing and/or shall fulfil after the Issue Date</u> , as the case may be, the information requirements pursuant to points (a), (b), <u>(d)</u> , (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (...)>>.
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89	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p> <ul style="list-style-type: none"> <li>(i) all materially relevant data on the credit quality and performance of underlying exposures;</li> <li>(ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;</li> <li>(iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.</li> </ul>	
	<b>STS criteria</b>	
	89. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See "DESCRIPTION OF THE INTERCREDITOR AGREEMENT", subsection "Transparency requirements under the EU Securitisation Regulation" where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows: (...)</p> <p><u>(b) the Computation Agent shall prepare the Investors Report pursuant to point (e) of the first subparagraph of article 7(1) of the EU Securitisation and the applicable Regulatory Technical Standards (including the information referred to in items (i), (ii) and (iii) of such point (e)) and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Investors Report (simultaneously with the Loan by Loan Report) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes by no later than one month after each Payment Date; and (...)&gt;&gt;.</u></p> <p>See also the obligation of the Reporting Entity of making the relevant information available, in the same section mentioned above, where it is stated:</p> <p>&lt;&lt;Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or <u>shall fulfil after the Issue Date</u>, as the case may be, the information requirements pursuant to points (a), (b), <u>(d)</u>, <u>(e)</u>, (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation).&gt;&gt;.</p>	
90	<b>STS criteria</b>	
	90. (i) all materially relevant data on the credit quality and performance of underlying exposures;	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	

	<p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT” - “Transparency requirements under the EU Securitisation Regulation”, where it is stated:</p> <p>&lt;&lt;As to post-closing information, the relevant parties to the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:</p> <p><i>(b) the Computation Agent shall prepare the Investors Report pursuant to point (e) of the first subparagraph of article 7(1) of the EU Securitisation and the applicable Regulatory Technical Standards (including the information referred to in items (i), (ii) and (iii) of such point (e)) and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Investors Report (simultaneously with the Loan by Loan Report) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes by no later than one month after each Payment Date; and (...)&gt;&gt;.</i></p>	
91	<p><b>STS criteria</b></p> <p>91. (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties,</p>	
	Verified?	Yes
	PCS Comment	
	See point 90 above.	
92	<p><b>STS criteria</b></p> <p>92. (ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;</p>	
	Verified?	Yes
	PCS Comment	
	See point 90 above.	
93	<p><b>STS criteria</b></p> <p>93. (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.</p>	
	Verified?	Yes
	PCS Comment	
	<p>See point 90 above.</p> <p>See also “REGULATORY DISCLOSURE AND RETENTION UNDERTAKING”, paragraph “Retention undertaking” where it is stated that:</p> <p><i>&lt;&lt;Santander Consumer Bank, as Originator, will: (i) retain a material net economic interest of at least 5 (five) per cent. in the Securitisation in accordance with option (c) of article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards; (ii) not change the manner in which the material net economic interest is held, unless expressly permitted by article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards; (iii) procure that any change to the manner in which such material net economic interest is held in accordance with paragraph (ii) above will be notified to the Computation Agent to be disclosed in the Investors Report; and (iv) comply with the disclosure obligations imposed on originators under article 7(1)(e)(iii) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, subject always to any requirement of law. In addition, the Originator 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(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards. Such material net economic interest has been determined as at the Issue Date also in accordance with article 6 of the UK Securitisation Regulation (as required for the purposes of article 5(1)(d) of the UK Securitisation Regulation). However, prospective investors that are UK Affected Investors should be aware that, whilst at the Issue Date the</i></p>	

	requirements under article 6 of the EU Securitisation Regulation and article 6 of the UK Securitisation Regulation are very similar, the requirements under the EU Securitisation Regulation and the UK Securitisation Regulation may diverge in the future.>>.
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94	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;</p>	
	<b>STS criteria</b>	
	94. (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See “DESCRIPTION OF THE SERVICING AGREEMENT”, sub-section “Reporting requirements” where it is stated that</p> <p>&lt;&lt;As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:</p> <p>(a) the Servicer shall: (...)</p> <p>(ii) prepare the <i>Inside Information Report and the Significant Event Report</i>, in compliance with points (f) and (g) respectively of the first subparagraph of article 7(1) of the EU Securitisation and deliver them to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Inside Information Report and the Significant Event Report (simultaneously with the Investors Report) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes by no later than one month after each Payment Date and, in any case, without undue delay following the occurrence of the relevant event triggering the delivery of such reports;&gt;&gt;.</p> <p>See also the definition of “<b>Inside Information Report</b>”, being the report named as such to be prepared and delivered by the Servicer in accordance with the Servicing Agreement, reporting any event triggering the existence of any inside information provided for by letter point (f) of article 7(1) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.</p> <p>Further, see also the obligation of the Reporting Entity of making the relevant information available, in the same section mentioned above, where it is stated:</p> <p>&lt;&lt;Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or <u>shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation).</u>&gt;&gt;.</p>	

95	<b>Legislative text – Article 22 - Requirements relating to transparency</b>	<a href="#">GO TO TABLE OF CONTENTS</a>
	<p>7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(g) where point (f) does not apply, any significant event such as:</p> <ul style="list-style-type: none"> <li>(i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</li> <li>(ii) a change in the structural features that can materially impact the performance of the securitisation;</li> <li>(iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;</li> <li>(iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;</li> <li>(v) any material amendment to transaction documents.</li> </ul>	
	<b>STS criteria</b>	
	<p>95. (g) where point (f) does not apply, any significant event such as:</p> <p>(i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	
	<p>See “DESCRIPTION OF THE SERVICING AGREEMENT”, sub-section “Reporting requirements” where it is stated that</p> <p>&lt;&lt;As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:</p> <p>(a) the Servicer shall: (...)</p> <p style="padding-left: 40px;">(ii) prepare the Inside Information Report and <u>the Significant Event Report, in compliance with points (f) and (g) respectively of the first subparagraph of article 7(1) of the EU Securitisation and deliver them to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Inside Information Report and the Significant Event Report (simultaneously with the Investors Report) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes by no later than one month after each Payment Date and, in any case, without undue delay following the occurrence of the relevant event triggering the delivery of such reports.&gt;&gt;.</u></p> <p>See also the definition of “<b>Significant Event Report</b>”, being the report named as such to be prepared and delivered by the Servicer in accordance with the Servicing Agreement reporting any event provided for by point (g) of article 7(1) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.</p> <p>Further, see also the obligation of the Reporting Entity of making the relevant information available, in the same section mentioned above, where it is stated:</p> <p>&lt;&lt;Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, <u>the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation).&gt;&gt;.</u></p>	
96	<b>STS criteria</b>	
	<p>96. (ii) a change in the structural features that can materially impact the performance of the securitisation;</p>	
	<b>Verified?</b>	<b>Yes</b>
	<b>PCS Comment</b>	

	See point 95 above.
97	<b>STS criteria</b> 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; <b>Verified?</b> Yes <b>PCS Comment</b> See point 95 above.
98	<b>STS criteria</b> 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; <b>Verified?</b> Yes <b>PCS Comment</b> See point 95 above.
99	<b>STS criteria</b> 99. (v) any material amendment to transaction documents. <b>Verified?</b> Yes <b>PCS Comment</b> See point 95 above.

100	<b>Legislative text – Article 22 - Requirements relating to transparency</b> <a href="#">GO TO TABLE OF CONTENTS</a>
	7.1. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]
	<b>STS criteria</b> 100. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]
	<b>Verified?</b> Yes <b>PCS Comment</b>

	<p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:</p> <p>(a) the Servicer shall:</p> <p>(i) prepare the <u>Loan by Loan Report</u> setting out information relating to each Loan in respect of the immediately preceding Collection Period (including, inter alia, the information, if available, related to the environmental performance of the Vehicles), in compliance with point (a) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the <u>Loan by Loan Report</u> (simultaneously with the <u>Investors Report</u>) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes by no later than one month after each <u>Payment Date</u>; and (...)</p> <p>in each case in accordance with the requirements provided by the EU Securitisation Regulation and the applicable Regulatory Technical Standards.&gt;&gt;.</p>
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101	<p><b>Legislative text – Article 22 - Requirements relating to transparency</b></p> <p><a href="#">GO TO TABLE OF CONTENTS</a></p> <p>7.1. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay</p> <p>When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.</p> <p>In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.</p> <p>Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.</p> <p><b>STS criteria</b></p> <p>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</p> <p><b>Verified?</b> Yes</p> <p><b>PCS Comment</b></p> <p>See points 94 and 95 above</p> <p>See “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation” where certain covenants and acknowledgements in respect of transparency compliance included in the Intercreditor Agreement are set out. In particular, it is stated that:</p> <p>&lt;&lt;As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:</p> <p>(a) the Servicer shall: (...)</p> <p>(ii) prepare the <u>Inside Information Report and the Significant Event Report</u>, in compliance with points (f) and (g) respectively of the first subparagraph of article 7(1) of the EU Securitisation and deliver them to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the <u>Inside Information Report and the Significant Event Report</u> (simultaneously with the <u>Investors Report</u>) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes by no later than one month after each <u>Payment Date</u> and, <u>in any case, without undue delay following the occurrence of the relevant event triggering the delivery of such reports</u>; (...)</p> <p>in each case in accordance with the requirements provided by the EU Securitisation Regulation and the applicable Regulatory Technical Standards.&gt;&gt;.</p>
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102	<p><b>Legislative text – Article 22 - Requirements relating to transparency</b></p> <p><a href="#">GO TO TABLE OF CONTENTS</a></p> <p>7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.</p> <p>The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p>Or</p> <p>The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.</p> <p><b>STS criteria</b></p> <p>102. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.</p> <p>The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.</p> <p><b>Verified?</b></p> <p><b>Yes</b></p> <p><b>PCS Comment</b></p> <p>See statement in “DESCRIPTION OF THE INTERCREDITOR AGREEMENT” - “Transparency requirements under the EU Securitisation Regulation” where Santander Consumer Bank is designated as Reporting Entity, and in such capacity, agrees to make available the relevant information and documents through European DataWarehouse.</p>



103	Legislative text – Article 22 - Requirements relating to transparency	<a href="#">GO TO TABLE OF CONTENTS</a>
<p>7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (c), (e), (f) and (g) of the first subparagraph of paragraph 1.</p> <p>The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>		
<b>STS criteria</b>		
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.		
<b>Verified?</b>		<b>Yes</b>
<b>PCS Comment</b>		
<p>Santander Consumer Bank is designated as Reporting Entity (see “DESCRIPTION OF THE INTERCREDITOR AGREEMENT”, subsection “Transparency requirements under the EU Securitisation Regulation”) and it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements:</p> <p>&lt;&lt; <u>Each of the Issuer and the Seller has agreed that Santander Consumer Bank is designated as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and, in such capacity as Reporting Entity, it has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation by making available the relevant information through the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) (or, in respect of post-closing information, any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation).</u>&gt;&gt;.</p> <p>See also the following definition, confirming European DataWarehouse as securitisation repository.</p> <p>&lt;&lt;<b>Securitisation Repository</b> means the website of European DataWarehouse (being, as at the date of this Prospectus, www.eurodw.eu) or any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation as notified by the Issuer to the investors in the Notes.&gt;&gt;.</p>		

## Definitions:

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

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

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

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

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

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

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

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

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

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

## EBA Final non-ABCP STS Guidelines:

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

2a	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<p>17. The criterion in Article 20(2) is designed to ensure the enforceability of the transfer of legal title in the event of the seller's insolvency. More specifically, if the underlying exposures sold to the SSPE could be reclaimed for the sole reason that their transfer was effected within a certain period before the seller's insolvency, or if the SSPE could prevent the reclaim only by proving that it was unaware of the seller's insolvency at the time of transfer, such clauses would expose investors to a high risk that the underlying exposures would not effectively back their contractual claims. For this reason, Article 20(2) specifies that such clauses constitute severe clawback provisions, which may not be contained in STS securitisation.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<b><i>True sale, assignment or transfer with the same legal effect</i></b>	
	<p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p>	
	<p>(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;</p>	
	<p>(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;</p>	
	<p>(c) assessment of clawback risks and re-characterisation risks.</p>	
	<p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p>	
	<p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p>	

2b	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b> 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).	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b> <b>True sale, assignment or transfer with the same legal effect</b>	
	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	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p>19. Article 20(4) specifies that, where the transfer of title occurs not directly between the seller and the SSPE but through one or more intermediary steps involving further parties, the requirements relating to the true sale, assignment or other transfer with the same legal effect, apply at each step.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<b><i>True sale, assignment or transfer with the same legal effect</i></b>	
	<p>10. For the purposes of Article 20(1) of Regulation (EU) 2017/2402 and in order to substantiate the confidence of third parties, including third parties verifying simple, transparent and standardised (STS) compliance in accordance with Article 28 of that Regulation and competent authorities meeting the requirements specified therein, all of the following should be provided:</p>	
	<p>(a) confirmation of the true sale or confirmation that, under the applicable national framework, the assignment or transfer segregate the underlying exposures from the seller, its creditors and its liquidators, including in the event of the seller's insolvency, with the same legal effect as that achieved by means of true sale;</p>	
	<p>(b) confirmation of the enforceability of the true sale, assignment or transfer with the same legal effect referred to in point (a) against the seller or any other third party, under the applicable national legal framework;</p>	
	<p>(c) assessment of clawback risks and re-characterisation risks.</p>	
	<p>11. The confirmation of the aspects referred to in paragraph 10 should be achieved by the provision of a legal opinion provided by qualified external legal counsel, except in the case of repeat issuances in standalone securitisation structures or master trusts that use the same legal mechanism for the transfer, including instances in which the legal framework is the same.</p>	
	<p>12. The legal opinion referred to in paragraph 11 should be accessible and made available to any relevant third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402 and any relevant competent authority from among those referred to in Article 29 of that regulation.</p>	

  

4	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<p>20. The objective of the criterion in Article 20(5) is to minimise legal risks related to unperfected transfers in the context of an assignment of the underlying exposures, by specifying a minimum set of events subsequent to closing that should trigger the perfection of the transfer of the underlying exposures.</p>	
	<p>22. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p>	
	<p>(a) how to substantiate the confidence of third parties with respect to compliance with Article 20(1): it is understood that this should be achieved by providing a legal opinion. While the guidance does not explicitly require the provision of a legal opinion in all cases, the guidance expects a legal opinion to be provided as a general rule, and omission to be an exception;</p>	
	<p>(b) the triggers to effect the perfection of the transfer if assignments are perfected at a later stage than at the closing of the transaction.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</b>	
	<b><i>Severe deterioration in the seller credit quality standing</i></b>	
	<p>13. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the transaction documentation should identify, with regard to the trigger of 'severe deterioration in the seller credit quality standing', credit quality thresholds that are objectively observable and related to the financial health of the seller.</p>	
	<b><i>Insolvency of the seller</i></b>	
	<p>14. For the purposes of Article 20(5) of Regulation (EU) 2017/2402, the trigger of 'insolvency of the seller' should refer, at least, to events of legal insolvency as defined in national legal frameworks.</p>	

5	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	

6	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	

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



8	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</b></p> <p>25. Revolving periods and other structural mechanisms resulting in the inclusion of exposures in the securitisation after the closing of the transaction may introduce the risk that exposures of lesser quality can be transferred into the pool. For this reason, it should be ensured that any exposure transferred into the securitisation after the closing meets the eligibility criteria, which are no less strict than those used to structure the initial pool of the securitisation.</p> <p>26. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) the purpose of the requirement on the portfolio management, and the provision of examples of techniques which should not be regarded as active portfolio management: this criterion should be considered without prejudice to the existing requirements with respect to the similarity of the underwriting standards in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in a securitisation be underwritten according to similar underwriting standards;</p> <p>(b) interpretation of the term 'clear' eligibility criteria;</p> <p>(c) clarification with respect to the eligibility criteria that need to be met with respect to the exposures transferred to the SSPE after the closing.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p><i>Eligibility criteria to be met for exposures transferred to the SSPE after the closing of the transaction</i></p> <p>18. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, 'meeting the eligibility criteria applied to the initial underlying exposures' should be understood to mean eligibility criteria that comply with either of the following:</p> <p>(a) with regard to normal securitisations, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the closing of the transaction;</p> <p>(b) with regard to securitisations that issue multiple series of securities including master trusts, they are no less strict than the eligibility criteria applied to the initial underlying exposures at the most recent issuance, with the results that the eligibility criteria may vary from closing to closing, with the agreement of securitisation parties and in accordance with the transaction documentation.</p> <p>19. Eligibility criteria to be applied to the underlying exposures in accordance with paragraph 18 should be specified in the transaction documentation and should refer to eligibility criteria applied at exposure level.</p>	
9	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p>27. The criterion on the homogeneity as specified in the first subparagraph of Article 20(8) has been further clarified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402.</p>	
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10,	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
11	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p>28. The objective of the criterion specified in the third sentence in the first subparagraph and in the second subparagraph of Article 20(8) is to ensure that the underlying exposures contain valid and binding obligations of the debtor/guarantor, including rights to payments or to any other income from assets supporting such payments that result in a periodic and well-defined stream of payments to the investors.</p> <p>30. To facilitate consistent interpretation of this criterion, a clarification should be provided with respect to:</p> <p>(a) interpretation of the term 'contractually binding and enforceable obligations';</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p><b><i>Contractually binding and enforceable obligations</i></b></p> <p>20. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, 'obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors' should be understood to refer to all obligations contained in the contractual specification of the underlying exposures that are relevant to investors because they affect any obligations by the debtor and, where applicable, the guarantor to make payments or provide security.</p>	
12,	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
13	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<p><b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p>30 (b) a non-exhaustive list of examples of exposures types that should be considered to have defined periodic payment streams. The individual examples are without prejudice to applicable requirements, such as the requirement with respect to the defaulted exposures in accordance with Article 20(11) of Regulation (EU) 2017/2402 and the requirement with respect to the residual value in accordance with Article 20(13) of that regulation.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b></p> <p><b><i>Exposures with periodic payment streams</i></b></p> <p>21. For the purposes of Article 20(8) of Regulation (EU) 2017/2402, exposures with defined periodic payment streams should include:</p> <p>(a) exposures payable in a single instalment in the case of revolving securitisation, as referred to in Article 20(12) of Regulation (EU) 2017/2402;</p> <p>(b) exposures related to credit card facilities;</p> <p>(c) exposures with instalments consisting of interest and where the principal is repaid at the maturity, including interest-only mortgages;</p> <p>(d) exposures with instalments consisting of interest and repayment of a portion of the principal, where either of the following conditions is met:</p> <p>(i) the remaining principal is repaid at the maturity;</p> <p>(ii) the repayment of the principal is dependent on the sale of assets securing the exposure, in accordance with Article 20(13) of Regulation (EU) 2017/2402 and paragraphs 47 to 49;</p> <p>(e) exposures with temporary payment holidays as contractually agreed between the debtor and the lender.</p>	

14	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</b>	
	29. The objective of the criterion specified in the third subparagraph is that the underlying exposures do not include transferable securities, as they may add to the complexity of the transaction and of the risk and due diligence analysis to be carried out by the investor.	
	<b>EBA Final non-ABCP STS Guidelines</b>	

15	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>No resecuritisation (Article 20(9))</b>	
	31. The objective of this criterion is to prohibit resecuritisation subject to derogations for certain cases or for resecuritisation as specified in Regulation (EU) 2017/2402. This is a lesson learnt from the financial crisis, when resecuritisations were structured into highly leveraged structures in which notes of lower credit quality could be re-packaged and credit enhanced, resulting in transactions whereby small changes in the credit performance of the underlying assets had severe impacts on the credit quality of the resecuritisation bonds. The modelling of the credit risk arising in these bonds proved very difficult, also due to high levels of correlations arising in the resulting structures.	
	32. The criterion is deemed sufficiently clear and does not require any further clarification.	
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16	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	33. The objective of the criterion specified in the first subparagraph of Article 20(10) is to prevent cherry picking and to ensure that the exposures that are to be securitised do not belong to exposure types that are outside the ordinary business of the originator, i.e. types of exposures in which the originator or original lender may have less expertise and/or interest at stake. This criterion is focused on disclosure of changes to the underwriting standards and aims to help the investors assess the underwriting standards pursuant to which the exposures transferred into securitisation have been originated.	
	<b>EBA Final non-ABCP STS Guidelines</b>	

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

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

19	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	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;	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.4 Underwriting standards, originator's expertise (Article 20(10))</b>	
	<b>Residential loans</b>	
	29. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the pool of underlying exposures should not include residential loans that were both marketed and underwritten on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender.	
	30. Residential loans that were underwritten but were not marketed on the premise that the loan applicant or intermediaries were made aware that the information provided might not be verified by the lender, or become aware after the loan was underwritten, are not captured by this requirement.	
	31. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the 'information' provided should be considered to be only relevant information. The relevance of the information should be based on whether the information is a relevant underwriting metric, such as information considered relevant for assessing the creditworthiness of a borrower, for assessing access to collateral and for reducing the risk of fraud.	
	32. Relevant information for general non-income-generating residential mortgages should normally be considered to constitute income, and relevant information for income-generating residential mortgages should normally be considered to constitute rental income. Information that is not useful as an underwriting metric, such as mobile phone numbers, should not be considered relevant information.	

20	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	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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21	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Underwriting standards (Article 20(10))</b>	
	<p>36. The objective of the criterion specified in the fourth subparagraph of Article 20(10) is for the originator or original lender to have an established performance history of credit claims or receivables similar to those being securitised, and for an appropriately long period of time.</p>	
	<p>37. (f) identification of criteria on which the expertise of the originator or the original lender should be determined:</p>	
	<p>(i) when assessing if the originator or the original lender has the required expertise, some general principles should be set out against which the expertise should be assessed. The general principles have been designed to allow a robust qualitative assessment of the expertise. One of these principles is the regulatory authorisation: this is to allow for more flexibility in such qualitative assessments of the expertise if the originator or the original lender is a prudentially regulated institution which holds regulatory authorisations or permissions that are relevant with respect to origination of similar exposures. The regulatory authorisation in itself should, however, not be a guarantee that the originator or original lender has the required expertise;</p>	
	<p>(ii) irrespective of such general principles, specific criteria should be developed, based on specifying a minimum period for an entity to perform the business of originating similar exposures, compliance with which would enable the entity to be considered to have a sufficient expertise. Such expertise should be assessed at the group level, so that possible restructuring at the entity level would not automatically lead to non-compliance with the expertise criterion. It is not the intention of such specific criteria to form an impediment to the entry of new participants to the market. Such entities should also be eligible for compliance with the expertise criterion, as long as their management body and senior staff with managerial responsibility for origination of similar exposures, have sufficient experience over a minimum specified period.</p>	
	<p>38. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.4 Underwriting standards, originator's expertise (Article 20(10))</b>	
	<b>Similar exposures</b>	
	<p>22. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, exposures should be considered to be similar when one of the following conditions is met:</p>	
	<p>(a) the exposures belong to one of the following asset categories referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402:</p>	
	<p>(i) residential loans secured with one or several mortgages on residential immovable property, or residential loans fully guaranteed by an eligible protection provider among those referred to in Article 20(1) of Regulation (EU) No 575/2013 qualifying for credit quality step 2 or above as set out in Part Three, Title II, Chapter 2 of that regulation;</p>	
	<p>(ii) commercial loans secured with one or several mortgages on commercial immovable property or other commercial premises;</p>	
	<p>(iii) credit facilities provided to individuals for personal, family or household consumption purposes;</p>	
	<p>(iv) auto loans and leases;</p>	
	<p>(v) credit card receivables;</p>	
	<p>(vi) trade receivables;</p>	
	<p>(b) the exposures fall under the asset category of credit facilities provided to micro-, small-, medium-sized and other types of enterprises and corporates including loans and leases, as referred to in Article 2(d) of the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, as underlying exposures of a certain type of obligor;</p>	
	<p>(c) where they do not belong to any of the asset categories referred to in points (a) and (b) of this paragraph and as referred to in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous for the purposes of Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, the underlying exposures share similar characteristics with respect to the type of obligor, ranking of security rights, type of immovable property and/or jurisdiction.</p>	
	<p><i>Criteria for determining the expertise of the originator or original lender</i></p>	
	<p>34. For the purposes of determining whether an originator or original lender has expertise in originating exposures of a similar nature to those securitised in accordance with Article 20(10) of Regulation (EU) 2017/2402, both of the following should apply:</p>	

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



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

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

	to sound credit granting criteria as specified in Article 9 of Regulation (EU) 2017/2402. This is with the exception of trade receivables that are not originated in the form of a loan, with respect to which credit-granting criteria do not need to be met.
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26	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	<p>40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<p><b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b></p> <p><b><i>Exposures to credit-impaired debtors or guarantors that have undergone a debt-restructuring process</i></b></p> <p>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.</p>	

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

30	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>	
	<b>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:	
	(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) 2017/2402, 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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</b>	
	<b>Risk of contractually agreed payments not being made being significantly higher than for comparable exposures</b>	
	44. For the purposes of Article 20(11)(c) of Regulation (EU) 2017/2402, the exposures should not be considered to have a 'credit assessment of a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised' when the following conditions apply:	
	(a) the most relevant factors determining the expected performance of the underlying exposures are similar;	
	(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.	
	45. The requirement in the previous paragraph should be considered to have been met where either of the following applies:	
	(a) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or classified to the similar effect under the relevant accounting principles;	
	(b) the underlying exposures do not include exposures whose credit quality, based on credit ratings or other credit quality thresholds, significantly differs from the credit quality of comparable exposures that the originator originates in the course of its standard lending operations and credit risk strategy.	

  

31	<b>Article 20 - Requirements relating to simplicity</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on background and rationale</b>	
	<b>At least one payment made (Article 20(12))</b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>4.6 At least one payment made (Article 20(12))</b>	
	<b>Scope of the criterion</b>	
	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.	
	<b>At least one payment</b>	
	47. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, the payment referred to in the requirement according to which 'at least one payment' should have been made at the time of transfer should be a rental, principal or interest payment or any other kind of payment.	

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

33	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Risk retention (Article 21(1))</b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	

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

37,	Article 21 - Requirements relating to standardisation	<a href="#">BACK TO CHECKLIST</a>
38	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<div>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</div> <div>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.</div> <div>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.</div> <div>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.</div> <div>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</div> <div><div>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</div><div>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</div><div>(c) clarification of the term 'common standards in international finance'.</div></div>		
EBA Final non-ABCP STS Guidelines		
<div>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</div> <div>Derivatives</div> <div>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.</div>		

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

40	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Referenced interest payments (Article 21(3))</b>	
	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'.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.2 Referenced interest payments (Article 21(3))</b>	
	<b><i>Referenced rates</i></b>	
	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.	
	<b><i>Complex formulae or derivatives</i></b>	
	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.	

41	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b>	
	<b><i>Exceptional circumstances</i></b>	
	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.	
	<b><i>Amount trapped in the SSPE in the best interests of investors</i></b>	
	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.	

42	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Requirements in case of enforcement or delivery of an acceleration notice (Article 21(4))</b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b>	
	<b><i>Repayment</i></b>	
	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.	

44	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.3 Requirements in the event of enforcement or delivery of an acceleration notice (Article 21(4))</b>	
	<b><i>Liquidation of the underlying exposures at market value</i></b>	
	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.	

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

46, 47, 48, 49, 50	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>	
	<p>61. The objective of this criterion is to ensure that, in the presence of a revolving period mechanism, investors are sufficiently protected from the risk that principal amounts may not be fully repaid. In all such transactions, irrespective of the nature of the revolving mechanism, investors should be protected by a minimum set of early amortisation triggers or triggers for the termination of the revolving period that should be included in the transaction documentation.</p> <p>62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	

<b>5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))</b>		
<b><i>Insolvency-related event with regard to the servicer</i></b>		
<p>67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:</p> <p>(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;</p> <p>(b) it should trigger the termination of the revolving period.</p>		

51, 52, 53	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Transaction Documentation (Article 21(7))</b>	
	<p>63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.</p> <p>64. This criterion is considered sufficiently clear and no further guidance is considered necessary.</p>	
	<b>EBA Final non-ABCP STS Guidelines</b>	



54	<b>Article 21 - Requirements relating to standardisation</b>	<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>	
	<b>Expertise of the Servicer (Article 21(8))</b>	
	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.	
	<b>EBA Final non-ABCP STS Guidelines</b>	
	<b>5.8 Expertise of the servicer (Article 21(8))</b>	
	<b><i>Criteria for determining the expertise of the servicer</i></b>	
	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.	
	<i>Exposures of similar nature</i>	
	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.	

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

56,	Article 21 - Requirements relating to standardisation	<a href="#">BACK TO CHECKLIST</a>
57	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
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.		

62,	Article 21 - Requirements relating to standardisation	<a href="#">BACK TO CHECKLIST</a>
63	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Resolution of conflicts between different classes of investors		
70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.		
71. To facilitate consistent interpretation of this criterion, the term ‘clear provisions that facilitate the timely resolution of conflicts between different classes of investors’ should be further interpreted.		
EBA Final non-ABCP STS Guidelines		
5.8 Resolution of conflicts between different classes of investors (Article 20(10))		
Clear provisions facilitating the timely resolution of conflicts between different classes of investors		
73. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, provisions of the transaction documentation that ‘facilitate the timely resolution of conflicts between different classes of investors’, should include provisions with respect to all of the following:		
(a) the method for calling meetings or arranging conference calls;		
(b) the maximum timeframe for setting up a meeting or conference call;		
(c) the required quorum;		
(d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision;		
(e) where applicable, a location for the meetings which should be in the Union.		
74. For the purposes of Article 21(10) of Regulation (EU) 2017/2402, where mandatory statutory provisions exist in the applicable jurisdiction that set out how conflicts between investors have to be resolved, the transaction documentation may refer to these provisions.		

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

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

69, 70	<b>Article 22 - Requirements relating to transparency</b>		<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>		
<b>Liability cashflow model (Article 22(3))</b>			
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.			
<b>EBA Final non-ABCP STS Guidelines</b>			
<b>Liability cash flow model (Article 22(3))</b>			
<b>Precise representation of the contractual relationship</b>			
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.			
<b>Third parties</b>			
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.			
71	<b>Article 22 - Requirements relating to transparency</b>		<a href="#">BACK TO CHECKLIST</a>
	<b>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></b>		
<b>Environmental performance of assets (Article 22(4))</b>			
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.			
<b>EBA Final non-ABCP STS Guidelines</b>			
<b>Environmental performance of assets (Article 22(4))</b>			
<b>Available information related to the environmental performance</b>			
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.			