



## STS VERIFICATIONS

and

## ASSESSMENTS

### PCS EU Terms and Conditions

Applicable from 4th April 2024

**These terms and conditions are amended from the terms and conditions applicable from 15<sup>th</sup> October 2021. The only amendments made reflect the removal of references to the Procedures Manual and applicants' obligations to abide by the terms of that document. This is because this document no longer exists. All other terms and conditions applicable to STS verifications and LCR and CRR assessments are identical to the earlier terms and conditions**

The Applicant acknowledges and agrees to the terms and conditions set out below.

#### **Definitions**

**"Agent"** means, in respect of the Applicant any person or entity, including legal counsel or the Arranger, who act for or on behalf of Applicant and Arrangers in any capacity related to that STS Verification;

**"Applicant"** means the originator or sponsor in respect of a Transaction named on the relevant Application;

**"Application"** means an application to PCS for an STS Verification and, as the case may be, one or more Assessments;

**"Arranger"** means the bank that arranges, structures, underwrites or places one or more transactions in respect of which an STS Verification is being conducted;

**"Assessment"** means any of a CRR Assessment or an LCR Assessment;

**"Assessment Checklist"** means either a Final Assessment Checklist or a Pre-Sale Assessment Checklist;

**"Blacklining"** means the practice of marking a version of a document to indicate any changes made to the drafting since the last version of that document sent to PCS by the Applicant or an Agent;

**"Confidential Information"** means any information provided by or on behalf of the Applicant to PCS during the process of completing an STS Verification (or



Assessment) other than:

- (a) Information which was lawfully in the possession of PCS prior to its receipt pursuant to the relevant Application, provided that the source of such information, insofar as it was known to the recipient, was not prohibited from disclosing the information to the recipient by a contractual, legal or fiduciary obligation to the Applicant;
- (b) Information which is lawfully obtained by PCS from a source other than the Applicant or any of its Agents, provided that such source, insofar as it is known to the recipient, is not prohibited from transmitting the information to the recipient by a contractual, legal or fiduciary obligation to the Applicant; and
- (c) Information which is or becomes generally available to the public other than as a direct or indirect result of a breach of these terms by PCS.

**“CRR Assessment”** means a report compiled by PCS in respect of a Transaction and setting out PCS’ opinion on the additional requirements for lower capital requirements for European banks as set out in the CRR Regulation;

**“Deal Sheet”** means, in respect of a transaction which is private and does not require a prospectus, the document setting out the deal information as contemplated in article 7.1(c) of the STS Regulation;

**“Fees”** means the fees payable to PCS following an Application as set out on the date of the relevant Application in the Fees Schedule;

**“Fees Schedule”** means the fees schedule published from time to time on the PCS Website and setting out the fees payable for various PCS services;

**“Final Assessment Checklist”** means the checklist compiled by or for PCS upon confirmation that the STS Documentation has been finalised, filled out as the means of determining the outcome of a Assessment and signed by an analytical staff member as completed;

**“in writing”** shall include by way of email from a recognised email address of the sender;

**“LCR Assessment”** means a report compiled by PCS regarding a securitisation and setting out PCS’ opinion on the additional requirements for eligibility for the liquidity cover ratio buffers of a European bank as set out in the CRR Regulation;

**“PCS”** means Prime Collateralised Securities (PCS) EU sas, incorporated in France with the Siren 844 410 910 and registered office at 4 Place de l’Opéra, Paris,75002;

**“PCS Logo”** means the stylised PCS lettering and the red box design used on the PCS Website and on the PCS letterhead;



“**PCS UK**” means Prime Collateralised Securities (PCS) UK Limited, a sister company of PCS and a private limited company established in the UK, with registration number 8008729 and registered office at 61 Queen Street, London EC4R 1EB

“**PCS Website**” means [www.pcsmarket.org](http://www.pcsmarket.org).

“**Pre-Sale Assessment Checklist**” means the checklist compiled by or for PCS before the final documentation has been put in place, filled out as the means of determining the outcome of an Assessment and signed by an analytical staff member as completed;

“**Prospectus**” means the prospectus, if any, relating to the Transaction;

“**STS Documentation**” means all the documents necessary to complete a final determination of the relevant STS Verification and, as the case may require, an Assessment;

“**STS Final Verification Checklist**” means the checklist compiled by or for PCS upon confirmation that the STS Documentation has been finalised, filled out as the means of determining the outcome of an STS Verification and signed by an analytical staff member as completed;

“**STS Pre-Sale Verification Checklist**” means the checklist compiled by or for PCS **before** the final documentation has been put in place, filled out as the means of determining the outcome of an STS Verification and signed by an analytical staff member as completed;

“**STS Verification**” means a verification of the STS status of a transaction, whether true sale or on-balance-sheet, as contemplated in article 27 of the STS Regulation

“**STS Verification Checklist**” means either an STS Final Verification Checklist or an STS Pre-Sale Verification Checklist;

“**STS Regulation**” means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 as amended by Regulation (EU) 2021/557 of the European Parliament and of the Council of 31 March 2021;

“**Transaction**” means the transaction, being an issuance of securities, an ABCP transaction, a loan or any other financing or any synthetic/on-balance-sheet securitisation in respect of which an STS Verification is sought by an Applicant;

“**Value Added Tax**” means (a) any tax imposed in compliance with the Council Directive 2006/112/EC of 28 November 2006 on the common system of Value Added Tax; and (b) any other tax of a similar fiscal nature, whether imposed in a Member State of the European Union in substitution for or in addition to such tax or imposed elsewhere.



## **Application Terms and Conditions**

### **Applicant's Obligations**

1. The Applicant shall provide accurate versions of the STS Documentation where appropriate accurately blacklined to show the changes from the earlier version of the relevant document sent to PCS.
2. The Applicant agrees that it shall not state or imply, nor allow its Agents to state or imply, that the Transaction has benefited from a positive STS Verification or Assessment until PCS confirms in writing that this is the case. In particular, the Applicant shall not include in its STS certification notified to ESMA pursuant to Article 27.1 of the STS Regulation a statement that compliance with the STS criteria was confirmed by PCS unless it has received confirmation in writing that PCS has positively completed the relevant STS Verification.
3. Notwithstanding clause 2, the Applicant and/or its Agents may in marketing material, roadshows and presentations indicate that it is anticipated that the Transaction will benefit from a positive PCS STS Verification and/or Assessment for so long as (a) such statements are made in compliance with all applicable laws and regulations and (b) the Applicant has not received written notice from PCS that this is no longer the case.
4. The Applicant may also circulate with marketing material to potential investors the STS Pre-Sale Verification Checklist and/or a Pre-Sale Assessment Checklist provided to it by PCS for so long as:
  - a) the circulation of such document is made in compliance with all applicable laws and regulations to persons allowed to receive such information;
  - b) when providing such STS Pre-Sale Verification Checklist or Pre-Sale Assessment Checklist, the Applicant and its Agents provide all persons receiving such checklist with the wording provided by PCS and appearing on such checklist, which will include a statement that it is a provisional checklist, is subject to change and does not constitute a PCS verification of the Transaction and that no person receiving such checklist may rely on it when making any investment decision and each must make its own due diligence, as well as a link to relevant pages of the PCS Website; and
  - c) the Applicant has not received written notice from PCS that this checklist is no longer accurate and valid or that, for whatever other reason, PCS has stated that it shall not complete the relevant STS Verification or, as the case may require, an Assessment.

If notification has been received by the Applicant that the relevant STS Pre-Sale Verification Checklist or Pre-Sale Assessment Checklist is no longer accurate or valid or that PCS has stated that it shall not complete the relevant



STS Verification or, as the case may be, PCS Assessment, the Applicant shall immediately inform all potential investors who have received such STS Pre-Sale Verification Checklist and/or Pre-Sale Assessment Checklist of the fact and request them to disregard such checklist.

5. The Applicant or its Agents may not make any statements that results in PCS or PCS UK or any of their directors or employees being considered an "expert" for the purposes of the United States Securities Act of 1933 (as amended) and PCS will not accept "expert" liability under this or any other law or regulation.
6. The Applicant will inform PCS immediately and in writing upon making any notification to ESMA under Article 27.4 of the STS Regulation that a Transaction no longer meets the requirements of either Articles 19 to 22 or Articles 23 to 26.
7. By signing the Application, the Applicant confirms that it is either an "originator" or a "sponsor" in respect of the relevant Transaction as defined in the STS Regulation.
8. Where a Transactions involves the issue of any securities, the Applicant undertakes to ensure that the placement and distribution of these securities will not violate any applicable provisions of securities laws or of the selling restrictions contained in the Transaction documents.

### **PCS' Obligations**

9. The Applicant acknowledges that PCS may sub-contract STS Verifications and Assessments to PCS UK. Neither PCS nor PCS UK shall sub-contract any STS Verification or Assessment (or any part thereof) to any other entity. PCS shall remain entirely liable for the performance of the work contracted and the representations and warranties contained in these terms and conditions notwithstanding any sub-contracting.
10. The Applicant acknowledges and accepts that PCS shall complete any STS Verification or Assessment based on its own opinion of whether the Transaction meets the relevant legal and regulatory rules, guidelines and recommendations. The Applicant further acknowledges that PCS shall have complete discretion in determining whether any legal or regulatory criterion is met as well as to what evidence will be deemed to be satisfactory in ascertaining any legal or regulatory criterion. PCS shall have no liability towards the Applicant for any determination that either (a) a Transaction does not meet the legal or regulatory standards relating to STS (or, in the case of an Assessment, to CRR), based on its interpretation of the law and regulatory guidelines or (b) the Applicant (or its Agents) have, in PCS' opinion, failed to provide satisfactory evidence of the Transaction meeting the relevant legal or regulatory standards relating to STS (or, in the case of an Assessment, to CRR). The Applicant acknowledges and accepts that an STS Verification and a PCS Assessment speak only as of the date on which they are issued. PCS has no obligation to monitor (nor any intention to monitor) the Transaction thereafter. PCS has no obligation and does not undertake to update any STS



Verification or PCS Assessment to account for (a) any change of law or regulatory interpretation or (b) any act or failure to act by any person relating to those STS criteria that speak to actions taking place following the close of any transaction such as – without limitation - the obligation to continue to provide certain mandated information. The Applicant acknowledges and accepts that PCS will not monitor any ongoing disclosures required by Article 7 of the STS Regulation.

11. The Applicant acknowledges that PCS has received and will receive any information from the Applicant and any of its Agents in good faith and in the belief that the information received is accurate, complete and up to date. The Applicant acknowledges that PCS has not verified nor will verify the information and has no duty whatsoever to take any steps to ascertain the veracity, accuracy or completeness of any information provided by or on behalf of the Applicant.
12. PCS shall rely on the veracity, accuracy and completeness of the information provided in the STS Documentation for the purposes of determining an STS Verification and/or an Assessment.
13. In particular and without limitation to the generality of Clause 12:
  - a) PCS shall make no searches or enquiries concerning the parties to the Transaction, the debtors under the securitised assets or any other person or examine any corporate records of the aforesaid.
  - b) Although we will review all documents and data that we have considered appropriate for the purposes of an STS Verification or an Assessment, PCS shall assume that there is or are no factual information or documents which have not been disclosed to us of which we should be aware for the purposes of an STS Verification or an Assessment.
  - c) PCS shall assume that all the documents (including the STS Documentation) purported to have been executed (or to be executed) have been (or will be) validly executed in accordance with all applicable laws by parties that have all the necessary corporate powers and authorities to enter into such documents.
  - d) PCS shall assume that all STS Documentation will be executed in the form of the final draft presented to it by or on behalf of the Applicant prior to the issuance of the STS Verification or Assessment.
  - e) PCS shall assume that the blacklining of any document is accurate and no changes have been made to any document of which it has seen a previous draft which are not indicated in such blacklining.
  - f) PCS will make no searches or enquiries concerning the securitised assets. We have no knowledge of and have made no enquiry into the origination process of the securitised assets and/or into the selection process of those assets beyond what is disclosed in the STS Documentation.



- g) PCS will not perform nor assist in the investigation or verification of the facts or the reasonableness, the accuracy or completeness of any assumptions or statements of opinion or representations and warranties given by the Applicant or any other party to the STS Documentation contained in any of that documentation (including, without limitation, the “agreed upon procedures” (“**AUP**”)), nor will we attempt to determine whether any material fact has been omitted therefrom.
  - h) Although PCS may ask for sight of a liability cash flow model provided for a Transaction to determine its existence, PCS shall not review, nor have we been asked to review, any cash-flows, financial formula or coding involved in such cash flow model and we express no views or opinions (and none is implied or may be inferred) thereon.
  - i) Although PCS may read a legal opinion, PCS shall assume that the statements appearing in such opinion are an accurate statement of the relevant law. PCS shall not perform any additional legal due diligence.
14. The Applicant acknowledges that no PCS (or PCS UK) employee is acting as a lawyer, nor holds itself out as providing legal advice and that nothing in an STS Verification or Assessment constitutes legal advice in any jurisdiction.
15. The Applicant acknowledges that no checklist coming into its possession is an STS Verification Checklist or an Assessment Checklist unless such checklist is signed by a PCS staff member and the Applicant agrees not to treat any such unsigned checklist as confirmation that PCS has positively completed an STS Verification or a Assessment, nor to communicate such unsigned checklist to any party save the Applicant and its Agents.

### **Information Provided**

16. The Applicant confirms that, to the best of its knowledge, the information contained in the Application and the STS Documentation, at the time the relevant document was submitted will be accurate, up to date, not misleading and will not amount to a misrepresentation.
17. The Applicant covenants that, in providing PCS with the necessary STS Documentation, it shall exercise all reasonable efforts not to omit any document that a reasonable originator would consider to be relevant to the determination of the STS status of the Transaction or its status vis-à-vis any Assessment.
18. The Applicant confirms that, to the best of its knowledge, the blacklining of any document will be accurate and that no changes will be made to any document previously sent to PCS by or on behalf of the Applicant that are not indicated in such blacklining and that it has instructed the Agents responsible for such documents to ensure the accuracy of such blacklining.
19. The Applicant agrees to notify PCS promptly if it becomes aware that any information (including blacklining) provided in the STS Documentation or any



other information provided to PCS for the purposes of obtaining a completed STS Verification or any Assessment was, when made, false, inaccurate, incomplete or misleading. The Applicant also confirms that there are, to the best of its knowledge, no documents in its possession which it believes may reasonably have been anticipated to have changed the conclusions of an STS Verification or Assessment had PCS been aware of their existence or content.

20. The Applicant confirms that all the information contained in the Application, the STS Documents and any other information provided to PCS by the Applicant or its Agents can be provided to them without violating any laws or regulations applicable to the Applicant (or the Agent) and that the provision of such information does not breach any duty of confidentiality binding on the Applicant (or the Agent), whether contractual or otherwise.

### **Confidentiality and Use of Information and Logo**

21. PCS undertakes that all Confidential Information will be held and treated by it and, where relevant, PCS UK in strict confidence and will be protected with security measures and a degree of care that would apply to its own confidential information. PCS further agree that the Confidential Information will not, except as hereinafter provided, without the prior written consent of the Applicant, be disclosed by PCS or PCS UK, in any manner whatsoever, in whole or in part, and will not be used by PCS, for any purpose whatsoever other than for the purpose of completing an STS Verification or an Assessment (the “**Permitted Purpose**”). Moreover, PCS agrees to disclose Confidential Information only to those persons who are required in the course of their duties to receive and consider the same for the Permitted Purpose. PCS confirms that PCS UK has been informed of the nature of the Confidential Information and has agreed to keep such information confidential on the same terms as set out in this clause.
22. Notwithstanding clause 22, in the event that PCS (or, if relevant, PCS UK) is requested or required (pursuant to any law or regulation, or any court of competent jurisdiction, or any competent judicial, governmental, supervisory or regulatory organisation or body with whose rules PCS (or, if relevant, PCS UK) is required to comply) to disclose any Confidential Information, PCS agrees that it shall (to the extent legally permissible) provide the Applicant with prompt notice in writing of the existence, terms and circumstances of any such request or requirement so that the Applicant may seek an appropriate protective order or take other appropriate action and, if possible, before complying with any such requirement, PCS shall notify the Applicant in writing of the same and of the action which is proposed to be taken in response thereto. In such event, PCS shall take full account of any reasonable representations made by the Applicant, whether concerning resistance to the requirement or the form, manner or extent of disclosure, and if a protective order has not been obtained, PCS shall only disclose Confidential Information to the extent that PCS has been advised by written opinion of its legal advisors that PCS is so legally compelled to disclose, and PCS will exercise its best efforts to obtain an order or reasonable assurance that confidential treatment will be accorded to the Confidential



Information. PCS further agrees to notify the Applicant immediately, to the extent legally permissible, upon discovery, of the full circumstances of any unauthorised use or disclosure of Confidential Information, or any other breach of this agreement by PCS or PCS UK, and to cooperate with the Applicant in every reasonable way to prevent further unauthorised use. PCS further confirms that PCS UK has undertaken to comply with the same requirements as set out in respect of PCS in this clause 23 and has contracted to accept PCS' instructions on the same basis with regards to any disclosure.

23. Notwithstanding clause 22, the Applicant agrees that, subject to the Applicant's prior written consent, if PCS positively completes the STS Verification and attendant Assessments, PCS may publish on its website and in any other lawful manner the Final STS Verification Checklist and the Final Assessment Checklist together with such information about the Transaction as appears in the Application unless the Applicant has informed PCS in the Application that the Transaction is a "private transaction" information in respect of which will not be made available to the public on the STS website maintained by the European Securities Markets Authority pursuant to the STS Regulation.
24. Subject to the Applicant having made an Application and having received written Assessment from PCS that PCS is reviewing such Application (and subject to not having received written notification that PCS had declined to complete the STS Verification sought in that Application), PCS permits the Applicant to use the PCS Logo solely for the purposes of promoting the Transaction, including but not limited to promotions at any investor roadshow and in the Prospectus or Deal Sheet. The Applicant acknowledges and agrees that it has no permission to use the PCS Logo in any other manner and that it shall use the PCS Logo in accordance with these terms and conditions. The Applicant acknowledges that PCS grants the rights detailed in this clause 25 subject to the terms of a licence agreement with a Belgian association and that as such, these rights may not be sub-licensed by the Applicant to a third party and shall expire upon the expiry or termination of PCS's licence agreement.
25. PCS agrees that, if the STS Verification or Assessment is not completed with a positive outcome, it shall not disclose that fact to any person unless required to do so by law or regulation or at the request of a regulatory organisation.

## **Liabilities**

26. The Applicant acknowledges that neither PCS, nor PCS UK, nor any of their directors or employees shall have any liability for any losses suffered by the Applicant or any associated body (other than in respect of death or personal injury) arising from or in relation to the submission of this Application or from the completion or failure to complete any STS Verification or Assessment including any completion or failure to complete an STS Pre-Sale Verification Checklist or a Pre-Sale Assessment Checklist in excess of the fees paid to PCS for such STS Verification and/or Assessment.

27. Without limitation to Clause 27, the Applicant specifically acknowledges that the final interpretation of the STS status of any Transaction or the regulatorily required capital allocation under the CRR or the eligibility of a Transaction for the LCR pools under CRR falls to be determined by national competent authorities, in the first instance, and, in the last instance, by the courts of relevant jurisdiction. Therefore, PCS can provide no guarantee that any national competent authority nor any court will agree with its conclusions in an STS Verification or any Assessment. The provision of a positive STS Verification or Assessment is only an opinion by PCS and not a statement of fact. It is not a guarantee or warranty that any national competent authority, court, investor or any other person will accept the STS status of the relevant Transaction or the relevant CRR treatment. PCS shall have no liability for any losses suffered by the Applicant or any associated body arising from any national competent authority, court, investor or any other person determining that a Transaction does not meet the requirements of STS or of the CRR (for Assessments).
28. The Applicant hereby waives any rights it may have against PCS or PCS UK other than rights in respect of acts of fraud, willful breach of contract or gross negligence (other than in respect of death or personal injury).
29. The Applicant shall not have any recourse against, nor shall any personal liability attach, to any shareholder, officer, agent, employee or director of PCS or PCS UK in his/her capacity as such, by any proceedings or otherwise, in respect of any obligation, covenant, or agreement of PCS contained in these terms and conditions.
30. The Applicant acknowledges that an STS Verification or an Assessment is not a recommendation to buy, sell or hold the securities; that it is not "investment advice" whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC); that it is not a "credit rating" whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006), in each case as amended and supplemented from time to time; that by completing an STS Verification or a Assessment, PCS expresses no views about the creditworthiness of any debt or debt instrument issued or credit protection instrument entered into as part of the relevant Transaction or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for such debt or debt instruments. The Applicant agrees that neither it nor its Agents shall make any statement, orally or in writing, that indicates or implies otherwise.

## Fees

32. ***The Applicant agrees that its obligations to pay the Fees shall arise from receipt by the Applicant of written confirmation of acceptance by PCS of the engagement. As required by the STS Regulation relating to third party verification agents, the Fees are payable in full notwithstanding whether a STS Verification or***

***Assessment has been completed save in the case where PCS determines that the Application was withdrawn before any work had been done by PCS (or PCS UK) or any conversations had occurred between PCS (or PCS UK) and the Applicant or any of its Agents relating to the STS status of the Transaction. For the avoidance of doubt, all the Fees are payable irrespective of the absence of a completed positive STS Verification, including – in the case of a Transaction that closes – all ongoing annual fees.***

33. The Fees payable shall be increased by any applicable Value Added Tax.
34. The Fees shall be paid on the closing of the relevant Transaction provided PCS has provided the Applicant with an invoice at least two business days before such closing. If PCS has not provided an invoice to the Applicant within two business days of closing, then the fees shall be payable within 30 days of the receipt of the relevant invoice from PCS. In all cases, the fees shall be paid in free and cleared funds in Euro or Sterling Account (as required) without set-off or counterclaim, to the accounts set out in the invoice.
35. The Applicant may elect to have the fees paid by a third party, such as the special purpose vehicle, and request PCS to bill such third party. For the avoidance of doubt, such arrangements shall be payments arrangements only and shall not affect any other part of these terms and conditions and more particularly shall not affect the Applicant's legal status as the contracting party.

### **General Provisions**

36. PCS confirms that it has been authorised and remains authorised by the French Autorité des Marchés Financiers pursuant to article 28 of the STS Regulation to act as a third party verifying STS compliance. Accordingly, an STS Verification completed pursuant to an Application constitutes services provided by a third party authorised under Article 28 to check whether a securitisation complies with Articles 19 to 22 or Articles 23 to 26 or articles 26a to 26e as set out in Article 27.2 of the STS Regulation.
37. These terms and conditions are governed by the laws of France and the Applicant submits to the exclusive jurisdiction of the French Courts.
38. Other than the Applicant and the employees and directors of PCS and PCS UK, no other party shall have any right to enforce these terms and conditions. Notwithstanding anything in these terms and conditions, the consent of any person who is not a party is not required to rescind or vary this agreement at any time.
39. PCS shall comply with all applicable laws that apply to the provision of the services under or in connection with an Application.