

STS Term Master Checklist
PBD GERMANY AUTO LEASE MASTER S.A.
COMPARTMENT 2021-1



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

26th November 2021



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

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

This STS Term Checklist must be read together with the PCS Procedures Manual and the PCS Term Evidentiary Standards Manual. This document is based upon the materials received by PCS as at the date of this document. Any 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.

26 November 2021



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Prime Collateralised Securities (PCS) STS Verification

Individual(s) undertaking the assessment	Dr Martina Spaeth
Date of Verification	26 November 2021
The transaction to be verified (the “Transaction”)	PBD GERMANY AUTO LEASE MASTER S.A.
Issuer	PBD GERMANY AUTO LEASE MASTER S.A., COMPARTMENT 2021-1
Originator	PSA Bank Deutschland GmbH
Lead Manager(s) for Class A Notes	Santander Corporate & Investment Banking, UniCredit Bank AG, ING Bank N.V.
Transaction Legal Counsel	Hogan Lovells International LLP
Rating Agencies	Fitch and Moody’s
Stock Exchange	Clearstream Luxembourg
Closing Date	26 November 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)	True sale	1, 2	✓
20(2)	Severe clawback (part a)	2a	✓
20(3)	Severe clawback (part b)	2b	✓
20(4)	True sale with intermediate steps	3	✓
20(5)	Assignment perfection	4	✓
20(6)	Encumbrances to enforceability of true sale	5	✓
20(7)	Eligibility criteria, active portfolio management, and exposure transferred after closing	6 - 8	✓
20(8)	Homogeneity, enforceability, full recourse, periodic payment streams, no transferable securities	9 - 14	✓
20(9)	No securitisation positions	15	✓
20(10)	Origination, underwriting standards, unverified residential loans, assessment of creditworthiness, originator expertise	16 - 21	✓
20(11)	No undue delay after selection, no exposures in default or to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk	22 - 30	✓
20(12)	At least one payment made	31	✓
20(13)	No predominant dependence on the sale of asset	32	✓
Article 21 – Standardisation			
21(1)	Risk retention	33	✓
21(2)	Appropriate mitigation of interest-rate and currency risks and disclosure, no further derivatives and hedging derivatives according to common standards	34 - 39	✓
21(3)	Referenced interest payments	40	✓
21(4)	Requirements in the event of enforcement or delivery of acceleration notice: no cash trap, sequential amortisation, no reversal, no automatic liquidation	41 - 44	✓
21(5)	Non-sequential priority of payments	45	✓
21(6)	Early amortisation provisions/triggers for termination of revolving period	46 - 50	✓
21(7)	Duties, responsibilities, and replacement of transaction parties	51 - 53	✓
21(8)	Expertise of the servicer	54, 55	✓
21(9)	Remedies and actions by servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report	56 - 61	✓
21(10)	Resolution of investor conflicts and fiduciary party responsibilities and duties	62, 63	✓
Articles 22 and 7 – Transparency			
22(1)	Historical asset data	64 - 66	✓
22(2)	AUP/asset verification	67, 68	✓
22(3)	Liability cashflow model	69, 70	✓
22(4)	Environmental performance of asset	71	✓
22(5)	Responsibility for article 7, information disclosure before pricing and 15 days after closing	72 - 75	✓
7(1)	Transparency requirements: underlying loan data, documentation, priority of payments, transaction summary, STS notification, investor report, inside information, significant event report, simultaneous, without delay	76 - 101	✓
7(2)	Transparency requirements: securitisation repository, designation of responsible entity,	102, 103	✓

1	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>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.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>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.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE PARTIES, The Transaction.</p> <p>The Seller will sell and assign the initial Purchased Lease Receivables to the Issuer on or before the Issue Date pursuant to a receivables purchase agreement dated 24 November 2021 and entered into between the Issuer and the Seller ("Lease Receivables Purchase Agreement"). During the Replenishment Period the Seller may, subject to certain requirements, at its option, sell and assign additional Lease Receivables to the Issuer pursuant to the Lease Receivables Purchase Agreement. The Lease Receivables are secured by security title to the Leased Vehicles and other collateral (all collateral and the proceeds therefrom, "Lease Collateral").</p> <p>In addition, the Seller will sell and transfer the initial Purchased Expectancy Rights to the Issuer on or before the Issue Date pursuant to an expectancy rights purchase agreement dated 24 November 2021 and entered into between the Issuer and the Seller ("ER Purchase Agreement"). The Expectancy Rights arise from the assignment of title to the Leased Vehicles relating to the Purchased Lease Receivables to the Issuer for security purposes and the automatic retransfer of such title upon satisfaction of the Release Condition. During the Replenishment Period the Seller may, subject to certain requirements, at its option, sell and assign additional Expectancy Rights to the Issuer pursuant to the ER Purchase Agreement.</p> <p>See also Risk Factors, Limited Resources of the Issuer</p> <p>In particular, with respect to any Vehicle Realisation Proceeds, there can be no assurance that the Purchased Expectancy Rights can be realised by or on behalf of the Issuer at their respective Expectancy Right Value, or at all. The Seller has put options (<i>Andienungsrecht</i>) vis-à-vis the Car Dealers under the Leased Vehicle Put Options pursuant to which the relevant Car Dealer has agreed to purchase the Leased Vehicle upon expiry of the related Lease Agreement at a pre-agreed price equal to, in the case of RW Contracts, the lesser of the actual market value and the Expectancy Right Value and, in the case of Kilometer Contracts, the Expectancy Right Value of the relevant Leased Vehicle. The Seller (in its capacity as Realisation Agent under the Realisation Agency Agreement) is obliged to exercise such put options. However, to the extent any Leased Vehicle Put Options cannot be exercised (e.g. due to an insolvency of a Car Dealer) the relevant Leased Vehicles have to be sold by the Realisation Agent in the open market. [...]</p> <p>The Purchased Expectancy Rights and the ER Collateral are transferred and assigned for security purposes to secure the obligations of the Issuer under the Notes to Circumference Services S.à r.l. (the "ER Trustee")</p> <p>See ELIGIBILITY CRITERIA, Part 2 - Receivables Eligibility Criteria</p> <p>(b) (viii) the Seller has full title to the Lease Receivables and the related Lease Collateral immediately prior to their assignment and the status and enforceability of neither the Purchased Lease Receivables nor the related Lease Collateral are subject to, either in whole or in part, any assignment, delegation or pledge, attachment, warranty claims, set-off claim or encumbrance of whatever type such that there is no obstacle, in particular any rights of third parties, to the assignment of the Lease Receivables or any related Lease Collateral;</p> <p>(ix) the Expectancy Right in respect of the related Leased Vehicle will be sold and transferred to the Purchaser under the ER Purchase Agreement;</p> <p>ELIGIBILITY CRITERIA, Part 1, Contracts Eligibility Criteria.</p> <p>(c) payment obligations arising under the Lease Agreement and owed by a Lessee are valid, binding and enforceable and the rights to receive such payments are assignable by the Seller;</p> <p>(m) each Lease Agreement is subject to German law and any related claims are subject to the exclusive jurisdiction of the German courts;</p> <p>(o) the Lease Agreement does not contain any provision limiting the free and valid transfer or assignment of the Lease Receivables by the Seller nor any requirement to give notice or obtain consent from the Lessee in relation to any such transfer and assignment;</p>		

Notice of Assignment; Set-off Risk

The assignment of the Purchased Lease Receivables and the assignment and transfer of the Lease Collateral may only be disclosed to the relevant Lessees at any time by the Issuer or through the Servicer in accordance with the Servicing Agreement or where the Seller agrees otherwise. Until the relevant Lessees have been notified of the assignment of the relevant Purchased Lease Receivables, they may undertake payment with discharging effect to the Seller or enter into any other transaction with regard to such Purchased Lease Receivables which will have binding effect on the Issuer and the Security Trustee.

See also the ER Purchase Agreement, 3.6.

The Parties agree that upon satisfaction of the Release Condition (as defined in the Lease Receivables Purchase Agreement), the Purchaser in its capacity as holder of the Expectancy Right (*Anwartschaftsrechtsinhaber*) shall directly acquire title (*Eigentum*) to the relevant Leased Vehicle by way of direct acquisition (*Direkterwerb*) without transitional acquisition (*Durchgangserwerb*) of the Seller by operation of conversion of the Expectancy Right into full legal title (*Erstarken des Anwartschaftsrechts zum Vollrecht*).

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

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

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

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

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

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

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

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

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

Since “severe clawback” is a jurisdictional concept, in analysing this issue PCS will therefore first seek to determine the Originator’s jurisdiction for the purposes of insolvency law. This would be its centre of main interest or “COMI”.

In the case of PSA Bank Deutschland GmbH, a finance company is situated in Germany, the COMI is considered Germany.

PCS has been provided with a German legal opinion confirming validity and enforceability of the assignment and true sale of the relevant lease receivables and expectancy rights. The Expectancy Rights arise from the assignment of title to the Leased Vehicles relating to the Purchased Lease Receivables to the Issuer for security purposes and the automatic retransfer of such title upon satisfaction of the Release Condition. As confirmed by the legal Opinions, the transfer is not subject to “severe clawback”. There are Release Conditions for Expectancy Right according to the ER Purchase Agreement when the lease receivable has been fully repaid.

2	STS criteria	SEE RELATED EBA GUIDELINES
2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS, Asset Purchase Agreements.</p> <p>"The Expectancy Rights arise from the assignment of title to the Leased Vehicles relating to the Purchased Lease Receivables to the Issuer for security purposes (<i>Sicherungseigentum</i>) under the Lease Receivables Purchase Agreement. and the retransfer of such title by the Issuer to the Seller under the condition precedent of the earlier of the (i) full and final satisfaction of the obligations secured pursuant to clause 2.5 of the Lease Receivables Purchase Agreement, (ii) full and final payment of the relevant Purchased Lease Receivables, or (iii) the (early or regular) termination with payment in full of all amounts owing to it under, or as a result of the early termination of, the relevant Lease Agreement (the "Release Condition")."</p> <p>In the legal opinion under (f) the following statements are made:</p> <p>(a) The right to segregation of either the Expectancy Right or the Leased Vehicle puts the Purchaser in a position to make an offer to the insolvency administrator of the Seller to dispose of the Leased Vehicles in order to enable the insolvency administrator to exercise the put option rights (<i>Andienungsrechte</i>) against the Car Dealers under the Leased Vehicle Put Options. The insolvency administrator, on the contrary, would not be in a position to exercise such put option rights because the Leased Vehicles do not belong to the insolvency estate and thus title thereto cannot be transferred to the relevant Car Dealer without the Purchaser's authorisation (<i>Ermächtigung</i>).</p> <p>(f) upon fulfilment of the Release Condition, the Purchaser as expectancy right holder (<i>Anwartschaftsrechtsinhaber</i>) to the relevant Leased Vehicle directly acquires title (<i>Eigentum</i>) to the respective Leased Vehicle by way of direct acquisition (<i>Direkterwerb</i>) without transitional acquisition (<i>Durchgangserwerb</i>) of the Seller by operation of conversion of the expectancy right into full legal title (<i>Erstarken des Anwartschaftsrechts zum Vollrecht</i>);</p> <p>It is also confirmed in the legal opinion that there is no clawback in the event of the seller's insolvency.</p>		

2a	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<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		SEE RELATED EBA GUIDELINES
Verified?		Yes
PCS Comment		
See item 1 above.		

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

3	Legislative text – Article 20 - Requirements relating to simplicity		GO TO TABLE OF CONTENTS
	20.4. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.		
	STS criteria		SEE RELATED EBA GUIDELINES
	3. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.		
	Verified?		Yes
	PCS Comment		
<i>Not applicable.</i>			

4	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<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>		
STS criteria		SEE RELATED EBA GUIDELINES
<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>		
Verified?		Yes
PCS Comment		
<p><i>The legal Opinion confirms that the transfer from PSA Deutschland GmbH to the Issuer takes place on the Issue Date. There is no perfection at a later stage within the meaning of article 20.5.</i></p>		

5	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>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.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>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.</p>		
Verified?		Yes
PCS Comment		
<p>See Eligibility Criteria, Part 1</p> <p>(o) the Lease Agreement does not contain any provision limiting the free and valid transfer or assignment of the Lease Receivables by the Seller nor any requirement to give notice or obtain consent from the Lessee in relation to any such transfer and assignment;</p> <p>Eligibility Criteria, Part 2</p> <p>(viii) the Seller has full title to the Lease Receivables and the related Lease Collateral immediately prior to their assignment and the status and enforceability of neither the Purchased Lease Receivables nor the related Lease Collateral are subject to, either in whole or in part, any assignment, delegation or pledge, attachment, warranty claims, set-off claim or encumbrance of whatever type such that there is no obstacle, in particular any rights of third parties, to the assignment of the Lease Receivables or any related Lease Collateral;</p>		

6	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....</p>		
Verified?		Yes
<p>PCS Comment</p> <p>See ELIGIBILITY CRITERIA. Part 1 - Contracts Eligibility Criteria Part 2 - Receivables Eligibility Criteria GLOBAL PORTFOLIO LIMITS (iii) each Lessee is a retail customer and in particular not a company for which aggregate financings provided by the Seller exceed a fixed ceiling of EUR 200,000; German Consumer Credit Legislation Some of the Lessees qualify as consumers (<i>Verbraucher</i>) within the meaning of section 13 of the German Civil Code or enter into the Lease Contracts to take up a trade or self-employed occupation (<i>Existenzgründer</i>). In each of these cases, additional rules for the protection of these types of Lessees may apply in accordance with the following principles: See ITM. "Lessee" means a B2B Lessee or a B2C Lessee to whom the Seller has leased one or more Leased Vehicle(s) on the terms of the relevant Lease Agreement(s).</p>		
7	STS criteria	SEE RELATED EBA GUIDELINES
<p>7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p>		
Verified?		Yes
<p>PCS Comment</p> <p>EU Risk Retention and Transparency Requirements under the EU Securitisation Regulation The Seller did not select receivables to be transferred to the Issuer with the aim of rendering losses on the transferred receivables, measured over the life of the Transaction, higher than the losses over the same period on comparable assets held on the balance sheet of the Seller. See Prospectus, THE PORTFOLIO AND DISTRIBUTION OF FUNDS, Deemed Receivables. PCS notes that only non-compliant receivables may be substituted, the selection is performed without the aim actively managing the portfolio, and retained amounts are randomly selected. Any repurchase options are for the whole remaining portfolio and do not constitute active portfolio management.</p>		

8	STS criteria	SEE RELATED EBA GUIDELINES
<p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>		
Verified?		Yes
PCS Comment		
<p>See ITM.</p> <p>"Additional Receivable" means any Receivable which is offered by the Seller and sold and assigned to the Purchaser on a Purchase Date following the first Purchase Date.</p> <p>See Prospectus, 7 REPLENISHMENT AND REDEMPTION</p> <p>7.1 Replenishment</p> <p>No payments of principal in respect of the Notes (other than Class G Notes) shall become due and payable to the Noteholders during the Replenishment Period. On each Payment Date during the Replenishment Period, the Seller may sell and assign to the Issuer Additional Receivables in accordance with the provisions of the Asset Purchase Agreements for an aggregate Purchase Price not exceeding the Replenishment Available Amount. The Issuer shall accept any Offer made by the Seller provided that the following conditions are satisfied as of such Payment Date: (a) in respect of each Additional Receivable the Eligibility Criteria are met and the Global Portfolio Limits are complied with and (b)</p>		

9	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>		
Verified?		Yes
PCS Comment		
<p><i>According to the "Homogeneity RTS", the following applies:</i></p> <p><i>(a) Asset Class according to Article 1: category (v) auto loans and leases applies</i></p> <p><i>According to the Eligibility Criteria, this pool consists of auto leases only.</i></p> <p><i>(b) and (c) similar standards for underwriting and servicing</i></p> <p>See Prospectus, <i>Credit and Collection Policy</i>.</p> <p>"The following is a description of the credit and collection principles (such description, the "Credit and Collection Policy") which must be complied with in respect of origination and servicing of the Purchased Receivables. The Credit and Collection Policy which has been applied by the Seller to the origination of the Purchased Lease Receivables is consistent with the solid and clear credit policies (<i>Kreditvorgabekriterien</i>) which, for the avoidance of doubt, the Seller applies – irrespective of a potential securitisation – to all its German lease receivables."</p> <p><i>RTS, Article 2:</i></p>		

<p>Prospectus, <i>Part 2 - Receivables Eligibility Criteria</i></p> <p>(ii) each Lessee is domiciled or registered (as the case may be) in Germany;</p> <p>See ITM, definitions.</p> <p>"Lessee" means a B2B Lessee or a B2C Lessee to whom the Seller has leased one or more Leased Vehicle(s) on the terms of the relevant Lease Agreement(s).</p> <p>"B2B Lessee" means a retail customer that is a natural or legal person (<i>natürliche oder juristische Person</i>) or a partnership with legal capacity (<i>rechtsfähige Personengesellschaft</i>) and that, when entering into the Lease Agreement, acted in the exercise of its trade, business or profession within the meaning of Section 14 of the German Civil Code (<i>Unternehmer</i>).</p> <p>"B2C Lessee" means a natural person (<i>natürliche Person</i>) who entered into a Lease Agreement for a purpose that is outside its trade, business or profession within the meaning of Section 13 of the German Civil Code (<i>Verbraucher</i>).</p> <p>For compliance with the homogeneity RTS, the transaction relies on the article 2 (4. (b)), the homogeneity factor, that all Lessees are with residence in the same jurisdiction, Germany.</p>							
10	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Verified?</td> <td style="text-align: center; background-color: #d4edda;">Yes</td> </tr> <tr> <td colspan="2">PCS Comment</td> </tr> <tr> <td colspan="2">(c) payment obligations arising under the Lease Agreement and owed by a Lessee are valid, binding and enforceable and the rights to receive such payments are assignable by the Seller;</td> </tr> </table>	Verified?	Yes	PCS Comment		(c) payment obligations arising under the Lease Agreement and owed by a Lessee are valid, binding and enforceable and the rights to receive such payments are assignable by the Seller;	
Verified?	Yes						
PCS Comment							
(c) payment obligations arising under the Lease Agreement and owed by a Lessee are valid, binding and enforceable and the rights to receive such payments are assignable by the Seller;							
11	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>11. With full recourse to debtors and, where applicable, guarantors.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Verified?</td> <td style="text-align: center; background-color: #d4edda;">Yes</td> </tr> <tr> <td colspan="2">PCS Comment</td> </tr> <tr> <td colspan="2"> <p>See Prospectus, Part 2 - Receivables Eligibility Criteria, (b) (vii), (viii).</p> <p>(vii) each Lease Receivable constitutes legal, valid, and enforceable contractual obligations of the relevant Lessee;</p> <p>(viii) the Seller has full title to the Lease Receivables and the related Lease Collateral immediately prior to their assignment and the status and enforceability of neither the Purchased Lease Receivables nor the related Lease Collateral are subject to, either in whole or in part, any assignment, delegation or pledge, attachment, warranty claims, set-off claim or encumbrance of whatever type such that there is no obstacle, in particular any rights of third parties, to the assignment of the Lease Receivables or any related Lease Collateral;</p> </td> </tr> </table>	Verified?	Yes	PCS Comment		<p>See Prospectus, Part 2 - Receivables Eligibility Criteria, (b) (vii), (viii).</p> <p>(vii) each Lease Receivable constitutes legal, valid, and enforceable contractual obligations of the relevant Lessee;</p> <p>(viii) the Seller has full title to the Lease Receivables and the related Lease Collateral immediately prior to their assignment and the status and enforceability of neither the Purchased Lease Receivables nor the related Lease Collateral are subject to, either in whole or in part, any assignment, delegation or pledge, attachment, warranty claims, set-off claim or encumbrance of whatever type such that there is no obstacle, in particular any rights of third parties, to the assignment of the Lease Receivables or any related Lease Collateral;</p>	
Verified?	Yes						
PCS Comment							
<p>See Prospectus, Part 2 - Receivables Eligibility Criteria, (b) (vii), (viii).</p> <p>(vii) each Lease Receivable constitutes legal, valid, and enforceable contractual obligations of the relevant Lessee;</p> <p>(viii) the Seller has full title to the Lease Receivables and the related Lease Collateral immediately prior to their assignment and the status and enforceability of neither the Purchased Lease Receivables nor the related Lease Collateral are subject to, either in whole or in part, any assignment, delegation or pledge, attachment, warranty claims, set-off claim or encumbrance of whatever type such that there is no obstacle, in particular any rights of third parties, to the assignment of the Lease Receivables or any related Lease Collateral;</p>							

12	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
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.		
STS criteria		SEE RELATED EBA GUIDELINES
12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.		
Verified?		Yes
PCS Comment		
<p>See Eligibility Criteria.</p> <p>(i) the Lease Receivables result from Lease Agreements;</p> <p>"Lease Agreement" means each individual lease agreement between the Seller and a Lessee relating to a Leased Vehicle, based on standard business terms (<i>Allgemeine Geschäftsbedingungen</i>) (and as amended from time to time in accordance with the Credit and Collection Policy), either in the form of a Kilometer Contract or an RW Contract.</p> <p>"Lease Instalment" means any lease instalment and final payment (<i>Schlussrate</i>) due and payable by the Lessee pursuant to the relevant Lease Agreement (including VAT).</p> <p>See also Eligibility Criteria,</p> <p>(x) the Lease Agreement is originated in the ordinary course of business of the Seller, per the Credit and Collection Policy and in accordance with applicable laws and regulations and provides, in each case, for payment by a Lessee of (i) fixed monthly instalments (and any applicable higher first or final payment, as the case may be) denominated in Euro; and</p> <p>See also Prospectus, Cash Collection Arrangements</p> <p>Payments by the Lessees under the Purchased Lease Receivables are due on a monthly basis. In addition, upon satisfaction of the Release Condition in respect of a Purchased Expectancy Right, the Realisation Agent will realise the relevant Leased Vehicle and the Vehicle Realisation Proceeds will be paid into the Operating Account as part of the Available Collections provided that any VAT contained in the vehicle sales proceeds will be paid by the Servicer directly into the VAT Account and will be held in the VAT Account to be applied exclusively for repayment of the VAT Bridge Loan outside the Priorities of Payment.</p>		
13	STS criteria	SEE RELATED EBA GUIDELINES
13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, Eligibility Criteria.</p> <p>(n) in relation to each Lease Agreement, the Seller benefits from a Leased Vehicle Put Option from a Car Dealer which, to best knowledge of the Seller, is not insolvent or bankrupt (<i>zahlungsunfähig</i>), including imminent inability to pay its debt (<i>drohende Zahlungsunfähigkeit</i>), or overindebted (<i>überschuldet</i>) and against whom no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction;</p> <p>See also Prospectus, Realisation Agency Agreement</p> <p>Upon satisfaction of the Release Condition in respect of a Leased Vehicle, the Issuer may arrange for the relevant Leased Vehicle to be realised by using the services provided by the Realisation Agent. The Issuer has appointed and authorised the Realisation Agent, until the occurrence of a Servicer Termination Event, to realise the Leased Vehicles in its own name against payment of the Realisation Fee determined in accordance with the provisions of the Realisation Agency Agreement.</p> <p>Under the Realisation Agency Agreement, the Realisation Agent will:</p> <p>(a) subject to the discretion of the Issuer at any time to choose otherwise, upon expiry of a Lease Agreement take possession of the relevant Leased Vehicle unless notified by the Issuer or, after the occurrence of an Enforcement Event, the Security Trustee or the ER Trustee, to do otherwise;</p>		

(b) exercise its put option rights (*Andienungsrechte*) and sell each Leased Vehicle to the relevant Car Dealer under the related Leased Vehicle Put Option subject to and in accordance with the Realisation Policy;

(c) duly and timely deliver the Leased Vehicles and all related accessory parts (*Zubehörteile*) and documents (in particular, but not limited to, all registration documents (*Zulassungsbescheinigungen*)), keys and radio code cards, and certificates of conformity (*EWG-Übereinstimmungserklärungen*) to such third-party buyers, but only if and to the extent provided by the Lessee to the Realisation Agent; and

(d) comply with all obligations under the relevant sales agreement entered into in connection with the realisation of the Leased Vehicles and the Realisation Policy.

See also Risk factors. Limited Resources of the Issuer

[...] The Seller (in its capacity as Realisation Agent under the Realisation Agency Agreement) is obliged to exercise such put options. However, to the extent any Leased Vehicle Put Options cannot be exercised (e.g. due to an insolvency of a Car Dealer) the relevant Leased Vehicles have to be sold by the Realisation Agent in the open market. There is no assurance that in such case the relevant Leased Vehicles can be sold at a price at least equal to their Expectancy Right Value, or at all.

See ITM.

"Leased Vehicle Put Option" means a contract between a Car Dealer or the Brand, as the case maybe, and the Seller in respect of a Leased Vehicle providing for a commitment of the Car Dealer to purchase such Leased Vehicle at a pre-agreed purchase price upon exercise by the Seller of its put option (*Andienungsrecht*) following expiry or, in certain cases termination of the related Lease Agreement.

"Expectancy Right" or "ER" means the residual value component of a Leased Vehicle related to a Lease Receivable, which is securitised by creating an expectancy right (*Anwartschaftsrecht*) that is sold by the Seller to the Purchaser. The expectancy right arises from the conditional retransfer to the Seller of title to the Leased Vehicle, which is transferred to the Purchaser for security purposes as part of the Lease Collateral.

"RW Contract" (*Restwert-Verträge*) means Lease Agreements under which the Lessee has to reimburse the Seller for any difference between the Expectancy Right Value of the Leased Vehicle and its actual market value as at contractual maturity of the Lease Agreement. In addition, the Seller has entered into a Leased Vehicle Put Option with a Car Dealer in respect of the Leased Vehicle pursuant to which the Dealer has to purchase the Leased Vehicle at a price equal to the lesser of its actual market value and its Expectancy Right Value.

"Kilometer Contract" (*Kilometer-Verträge*) means Lease Agreements under which the Lessee (subject to an indemnification payable for excess mileage) only has to return the Leased Vehicle to the Seller upon contractual maturity of the Lease Agreement and the Seller has entered into a Leased Vehicle Put Option with a Car Dealer pursuant to which the Car Dealer has to purchase the Leased Vehicle at its Expectancy Right Value.

See also ITM, definition of Available Collections.

"Available Collections" means, on any Payment Date in respect of the Collection Period ending on the immediately preceding Cut-Off Date:

(a) any amounts received from the Lessees under the Lease Agreements (excluding, prior to the occurrence of a Servicer Termination Event, amounts attributable to VAT or insurance and service components)

(b) any Vehicle Realisation Proceeds;

(c) any prepayments under the Lease Agreements;

(d) any Recovery Proceeds;

(e) payments received from the Seller with respect to the Deemed Receivables; and

(f) on a Clean-up Call Redemption Date or a Tax Call Redemption Date only, the Final Repurchase Price;

(g) on the Regulatory Change Event Redemption Date only, the Mezzanine Loan Disbursement Amount paid by the Seller to the Issuer; and

(h) any Insurance Proceeds.

PCS notes that, for this transaction, the residual values are sold and the vehicles are assigned as security to the SPV. Each lease contract benefits from a so called "Put Option" after the last lease instalment has been paid, i.e. the Seller, in its role as realisation agent has the option (and obligation under the realisation agency agreement) to sell the underlying car to the relevant dealer at a pre-agreed price (or at market value for the RW contracts, the difference being covered by the lessee), and the dealer has the obligation to purchase the vehicle.

PCS concludes that given the contractual arrangements with the realisation agent/seller the sale of the vehicles and generation of proceeds thereof is part of the Transaction's available proceeds.

14	Legislative text – Article 20 - Requirements relating to simplicity		GO TO TABLE OF CONTENTS
	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.		
	STS criteria		SEE RELATED EBA GUIDELINES
	14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.		
	Verified?		Yes
	PCS Comment		
See prospectus, Part 2 - Receivables Eligibility Criteria. (vi) the Lease Receivables are not securitisation positions (as defined in the EU Securitisation Regulation), transferable securities (as defined in point (44) of Article 4(1) of Directive 2014/65/EU) or derivatives;			

15	Legislative text – Article 20 - Requirements relating to simplicity		GO TO TABLE OF CONTENTS
	20.9. The underlying exposures shall not include any securitisation position.		
	STS criteria		SEE RELATED EBA GUIDELINES
	15. The underlying exposures shall not include any securitisation position.		
	Verified?		Yes
	PCS Comment		
See item 14 above.			

16	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.10. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.		
STS criteria		SEE RELATED EBA GUIDELINES
16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.		
Verified?		Yes
PCS Comment		
See Eligibility Criteria, Part 1 – Contracts Eligibility Criteria. (x) the Lease Agreement is originated in the ordinary course of business of the Seller, per the Credit and Collection Policy and in accordance with applicable laws and regulations and provides, in each case, for payment by a Lessee of (i) fixed monthly instalments (and any applicable higher first or final payment, as the case may be) denominated in Euro; and		
17	STS criteria	SEE RELATED EBA GUIDELINES
17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.		
Verified?		Yes
PCS Comment		
See ITM, Part 3, Asset Undertakings of the Issuer, 23. 23. The Seller has complied with the Credit and Collection Policy in all material respects, and there have been no changes to the Credit and Collection Policy since the Signing Date other than any permitted variations. Each Purchased Lease Receivable was originated by the Seller pursuant to underwriting standards that are no less stringent than those applied by the Seller at the time of origination to similar leases that are not securitised. See Prospectus, Servicer's Duties. The Servicer will administer the Portfolio in accordance with its respective standard procedures, set out in its credit and collection policies for the administration and enforcement of its own lease receivables and related collateral, subject to the provisions of the Servicing Agreement, the Realisation Agency Agreement and the Asset Purchase Agreements. In the administration and servicing of the Portfolio, the Servicer will exercise the due care and diligence of a prudent business man (<i>Sorgfalt eines ordentlichen Kaufmannes</i>) as if it was administering receivables on its own behalf. The Servicer will ensure that it has all required licences, approvals, authorisations and consents which are necessary or desirable for the performance of its duties under the Servicing Agreement.		

18	Legislative text – Article 20 - Requirements relating to simplicity		GO TO TABLE OF CONTENTS
	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.		
	STS criteria		SEE RELATED EBA GUIDELINES
	18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.		
	Verified?	No	
PCS Comment			
Pursuant to the Servicing Agreement, the Servicer will not materially amend the Credit and Collection Policy unless (i) each Rating Agency and the Noteholders have been notified in writing of such amendment, and (ii) the Purchaser, the Seller (if different) and, (iii) where such amendment would be materially prejudicial (<i>wesentlich nachteilig</i>) in the reasonable opinion of the Servicer to the interests of the holders of the then outstanding Classes, each of the Purchaser and the Security Trustee has consented to such amendment in writing (such consent not to be unreasonably withheld).			

19	Legislative text – Article 20 - Requirements relating to simplicity		GO TO TABLE OF CONTENTS
	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.		
	STS criteria		SEE RELATED EBA GUIDELINES
	19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.		
	Verified?	Yes	
PCS Comment			
<i>Not applicable.</i>			

20	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>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.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>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.</p>		
Verified?		Yes
PCS Comment		
<p>See ITM, Part 3, Asset Undertakings of the Issuer, 24.</p> <p>The Seller confirms that the assessment of each Lessee's creditworthiness was carried out taking into account the following principles, (a) the assessment is performed on the basis of sufficient and current information obtained from the applicant and relevant databases, (b) a new authorisation will take place in the event of any request for a significant increase of a Lease Receivable, in which amongst other things a reassessment of the Lessee's creditworthiness and financial information will be performed,</p> <p>(c) a thorough assessment of the Lessee's creditworthiness was made before entering the Lease Agreement, taking appropriate account of factors relevant to verifying the prospect of the Lessee meeting its obligations under the relevant Lease Agreement, (d) the procedures and information on which the assessment is based are documented and maintained, (e) any application for a Lease Agreement will only be approved where the result of the creditworthiness assessment indicates that the obligations resulting from the Lease Agreement are likely to be met in the manner required under that Lease Agreement and (f) the Seller is not able to cancel or alter the relevant Lease Agreement once concluded to the detriment of the Lessee on the grounds that the assessment of creditworthiness was incorrectly conducted.</p>		

21	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.10. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER.</p> <p>"The Seller results from the cooperation between Banque PSA Finance S.A. BPF and Santander Consumer Finance SCF in Germany and is established as a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>) organised and existing under the laws of Germany with its registered office at Siemensstraße 10, 63263 Neu-Isenburg, Germany, registered with the commercial register of the local court (<i>Amtsgericht</i>) of Offenbach under the identification number HRB 48096 ("PSA Bank Deutschland GmbH")."</p> <p>The Seller is licensed under the German Banking Act (<i>Kreditwesengesetz</i>) to carry out deposit taking business (<i>Einlagengeschäft</i>), lending business (<i>Kreditgeschäft</i>) and financial leasing (<i>Finanzierungsleasing</i>) pursuant to Section 1 paragraph 1 sentence 2 nos. 1 and 2 and Section 1 paragraph 1a sentence 2 no. 10 of the German Banking Act (<i>Kreditwesengesetz</i>) as well as own account business (<i>Eigengeschäft</i>) under Section 32 paragraph 1a of the German Banking Act (<i>Kreditwesengesetz</i>).</p> <p>It qualifies as a credit institution under the CRR. The Seller reports under German GAAP (HGB).</p> <p>The members of the Seller's management body and the senior staff of the Seller, other than members of the management body, who are responsible for managing the Seller's originating of exposures</p>		

similar to those securitised, have had adequate qualifications, knowledge and experience in the origination and servicing of receivables of a similar nature to those sold to the Issuer under the Transaction Documents for more than five years.

22	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:		
STS criteria		
22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...		
Verified?		Yes
PCS Comment		
<p>See Prospectus, Asset Purchase Agreements. See also ITM.</p> <p>"Selection Date" means the ninth (9th) Business Day of each calendar month.</p> <p>"Offer Date" means 24 November 2021, being the initial Offer Date and, thereafter, any date during the Replenishment Period on which the Seller offers Lease Receivables and related Expectancy Rights to the Purchaser to be purchased on the immediately following Purchase Date, such date being three (3) Business Days prior to a Purchase Date.</p> <p><i>PCS has assumed that any period of 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.</i></p>		
23	STS criteria	SEE RELATED EBA GUIDELINES
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 Eligibility Criteria. Part 2 - Receivables Eligibility Criteria.</p> <p>(c) In relation to the Lessees, as of the relevant Selection Date:</p> <p>(i) to the best knowledge of the Seller, the Lease Receivable does not qualify as an exposure in default within the meaning of Article 178(1) of Regulation (EU) 575/2013 [...]</p>		

24	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:</p> <p>(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p> <ul style="list-style-type: none"> (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; <p>(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or</p> <p>(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<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>		
Verified?		Yes
<p>PCS Comment</p> <p>See Eligibility Criteria, Part 2 - Receivables Eligibility Criteria (c) (i). [...] and is due from a Lessee who, to the best of the Seller's knowledge, is not a credit-impaired debtor, who on the basis of information obtained (i) from the debtor of the Purchased Receivables, (ii) in the course of the servicing of the Purchased Receivables or the Seller's risk management procedures or (iii) from a third party [...]</p>		
25	STS criteria	
<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>		
Verified?		Yes
<p>PCS Comment</p> <p>See Eligibility Criteria, Part 2 - Receivables Eligibility Criteria (c) In relation to the Lessees, as of the relevant Selection Date: (i) (1)</p> <p>(1) 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 of the respective Receivable by the Seller to the Purchaser, except if a restructured Receivable 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 Receivables by the Seller to the Purchaser; and the information provided by the Seller and the Purchaser in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation explicitly sets out the proportion of restructured receivables, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>		

26	STS criteria	SEE RELATED EBA GUIDELINES
26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:		
Verified?		Yes
PCS Comment		
<i>See item 25 above.</i>		
27	STS criteria	
27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and		
Verified?		Yes
PCS Comment		
<i>See item 25 above.</i>		
28	STS criteria	
28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;		
Verified?		Yes
PCS Comment		
<i>See item 25 above.</i>		
29	STS criteria	SEE RELATED EBA GUIDELINES
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		
<p>See Eligibility Criteria, Part 2 - Receivables Eligibility Criteria (c) (i).</p> <p>(2) 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 Seller; or</p>		

30	STS criteria	SEE RELATED EBA GUIDELINES
	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 Eligibility Criteria, Part 2 - Receivables Eligibility Criteria (c) (i).	
	(3) 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 receivables held by the Seller and which are not assigned to the Purchaser.	

31	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
	20.12. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.	
	STS criteria	SEE RELATED EBA GUIDELINES
	31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.	
	Verified?	Yes
	PCS Comment	
	See Eligibility Criteria, Part 2 - Receivables Eligibility Criteria	
	(vi) at least one (1) Lease Instalment has been paid in full by the relevant Lessee.	

32	Legislative text – Article 20 - Requirements relating to simplicity	GO TO TABLE OF CONTENTS
<p>20.13. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.</p> <p>The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>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.</p>		
Verified?	Yes	
PCS Comment		
<p>See Eligibility Criteria, Part 1 - Contracts Eligibility Criteria.</p> <p>(n) in relation to each Lease Agreement, the Seller benefits from a Leased Vehicle Put Option from a Car Dealer which, to best knowledge of the Seller, is not insolvent or bankrupt (<i>zahlungsunfähig</i>), including imminent inability to pay its debt (<i>drohende Zahlungsunfähigkeit</i>), or overindebted (<i>überschuldet</i>) and against whom no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction;</p> <p>See also GLOBAL PORTFOLIO LIMITS.</p> <p>"Global Portfolio Limits" means the concentration limits defined below in respect of the Initial Receivables and the Additional Receivables to be complied with on the Initial Cut-Off Date or on any subsequent Selection Date, respectively:</p> <p>(a) the aggregate Net Present Value of all Purchased Expectancy Rights that relate to Performing Receivables under a Kilometer Contract does not exceed 48.0% of the Aggregate Discounted Receivables Balance as of initial Cut-Off Date;</p> <p>(b) the aggregate Net Present Value of all Purchased Expectancy Rights that relate to a RW Contract does not exceed 32.0% of the Aggregate Discounted Receivables Balance as of the Initial Cut-Off Date;</p> <p>"Kilometer Contract" (<i>Kilometer-Verträge</i>) means Lease Agreements under which the Lessee (subject to an indemnification payable for excess mileage) only has to return the Leased Vehicle to the Seller upon contractual maturity of the Lease Agreement and the Seller has entered into a Leased Vehicle Put Option with a Car Dealer pursuant to which the Car Dealer has to purchase the Leased Vehicle at its Expectancy Right Value.</p> <p>"RW Contract" (<i>Restwert-Verträge</i>) means Lease Agreements under which the Lessee has to reimburse the Seller for any difference between the Expectancy Right Value of the Leased Vehicle and its actual market value as at contractual maturity of the Lease Agreement. In addition, the Seller has entered into a Leased Vehicle Put Option with a Car Dealer in respect of the Leased Vehicle pursuant to which the Dealer has to purchase the Leased Vehicle at a price equal to the lesser of its actual market value and its Expectancy Right Value.</p> <p>"Leased Vehicle Put Option" means a contract between a Car Dealer and the Seller in respect of a Leased Vehicle providing for a commitment of the Car Dealer to purchase such Leased Vehicle at a pre-agreed purchase price upon exercise by the Seller of its put option (<i>Andienungsrecht</i>) following expiry or, in certain cases termination of the related Lease Agreement.</p> <p>See also Prospectus, description of the Realisation Agency Agreement.</p> <p>Realisation Agency Agreement</p> <p>Upon satisfaction of the Release Condition in respect of a Leased Vehicle, the Issuer may arrange for the relevant Leased Vehicle to be realised by using the services provided by the Realisation Agent. The Issuer has appointed and authorised the Realisation Agent, until the occurrence of a Servicer Termination Event, to realise the Leased Vehicles in its own name against payment of the Realisation Fee determined in accordance with the provisions of the Realisation Agency Agreement.</p> <p>Under the Realisation Agency Agreement, the Realisation Agent will:</p>		

<p>(a) subject to the discretion of the Issuer at any time to choose otherwise, upon expiry of a Lease Agreement take possession of the relevant Leased Vehicle unless notified by the Issuer or, after the occurrence of an Enforcement Event, the Security Trustee or the ER Trustee, to do otherwise;</p> <p>(b) exercise its put option rights (<i>Andienungsrechte</i>) and sell each Leased Vehicle to the relevant Car Dealer under the related Leased Vehicle Put Option subject to and in accordance with the Realisation Policy;</p> <p>(c) duly and timely deliver the Leased Vehicles and all related accessory parts (<i>Zubehörteile</i>) and documents (in particular, but not limited to, all registration documents (<i>Zulassungsbescheinigungen</i>)), keys and radio code cards, and certificates of conformity (<i>EWG-Übereinstimmungserklärungen</i>) to such third-party buyers, but only if and to the extent provided by the Lessee to the Realisation Agent; and</p> <p>(d) comply with all obligations under the relevant sales agreement entered into in connection with the realisation of the Leased Vehicles and the Realisation Policy.</p> <p>See also Prospectus, Risk factors.</p> <p>[...] The Seller (in its capacity as Realisation Agent under the Realisation Agency Agreement) is obliged to exercise such put options.</p> <p>See also the section on the risk factor "Residual Value Risk"</p> <p>See ITM.</p> <p><i>PCS notes that, for this transaction, the residual values are sold to the SPV, in an overall concentration of up to 80.0%, i.e. the sum of the Kilometer and RW contracts. However, each lease contract benefits from a so called "Put Option" after the last lease instalment has been paid, which is the "release condition", the title to the vehicle gets re-transferred to the Seller and the Seller, in its role as realisation agent has the option to sell the underlying car to the relevant dealer at a pre-agreed price, for which the dealer has the obligation to purchase the vehicle. The sale of the vehicle in the market is possible but there is not dependence of the SPV on such sale. For the RW Contracts the price difference between the actual market value and the Expectancy Right value has to be borne by the lessees.</i></p> <p><i>PCS concludes that given the contractual arrangements with the realisation agent/seller there is the option of the sale of the vehicles but no RV risk. The structure does not predominantly depend on the sale of the vehicles.</i></p>
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33	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
	21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	
	STS criteria	SEE RELATED EBA GUIDELINES
	33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.	
	Verified?	Yes
	PCS Comment	
	See ITM, SELLER AND SERVICER COVENANTS.	
	20. Retain, for the life of the transaction, a net economic interest through an interest in randomly selected exposures. Such interest in randomly selected exposures will be equivalent to no less than 5 per cent. of the nominal value of the securitised exposures in accordance with Article 6(3)(c) of the EU Securitisation Regulation (including any successor or replacement of these provisions), provided that the level of retention may reduce over time in compliance with the Applicable Risk Retention Commission Delegated Regulation. On the Issue Date, such interest will, in accordance with Article 6(3)(c) of the EU Securitisation Regulation, be comprised of an interest in no less than 100 randomly selected exposures. The Seller undertakes not to sell such material net economic interest (within the meaning of the EU Securitisation Regulation) or make it subject to any credit risk mitigation, short position or any other hedge except to the extent permitted under or pursuant to the EU Securitisation Regulation (which does not take into account any implementing rules of the EU Securitisation Regulation in a relevant jurisdiction). The Seller did not select receivables to be transferred	

to the Issuer with the aim of rendering losses on the transferred receivables, measured over the life of the Transaction, higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.

See also Prospectus, EU Risk Retention Requirements.

With respect to the commitment of the Seller to retain a material net economic interest in relation to this transaction, following the issuance of the Notes the Seller will retain for the life of the transaction a net economic interest through an interest in randomly selected exposures as contemplated by Article 6(3)(c) of the EU Securitisation Regulation. Such interest in randomly selected exposures will be equivalent to no less than 5 per cent. of the nominal value of the securitised exposures in accordance with Article 6(3)(c) of the EU Securitisation Regulation (including any successor or replacement of these provisions), provided that the level of retention may reduce over time in compliance with the Applicable Risk Retention Commission Delegated Regulation. On the Issue Date, such interest will, in accordance with Article 6(3)(c) of the EU Securitisation Regulation, be comprised of an interest in no less than 100 randomly selected exposures. The Seller undertakes not to sell such material net economic interest (within the meaning of the EU Securitisation Regulation) or make it subject to any credit risk mitigation, short position or any other hedge except to the extent permitted under or pursuant to the EU Securitisation Regulation (which does not take into account any implementing rules of the EU Securitisation Regulation in a relevant jurisdiction). The Seller did not select receivables to be transferred to the Issuer with the aim of rendering losses on the transferred receivables, measured over the life of the Transaction, higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.

34	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
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		SEE RELATED EBA GUIDELINES
34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.		
Verified?		Yes
PCS Comment		
<p>See Prospectus, CREDIT STRUCTURE, Lease Interest Rates.</p> <p>The Lease Receivables which will be purchased by the Issuer include annuity leases under which instalments are calculated on the basis of equal monthly periods during the life of each lease. Each instalment is comprised of a portion allocable to interest (based on an internal rate of return as applied by the Seller) and a portion allocable to principal under such lease. In general, the interest portion of each instalment under annuity leases decreases in proportion to the principal portion over the life of such lease whereas towards maturity of such lease a greater part of each monthly instalment is allocated to principal.</p> <p>The Expectancy Rights will be purchased by the Issuer at their Net Present Value, taking into account the remaining term of the related Lease Agreement and the internal rate of return applied by the Seller.</p> <p>Interest Rate Cap</p> <p>The Issuer has entered into an interest rate cap transaction under the Hedge Agreement in order to hedge certain interest rate risks arising in connection with the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes.</p> <p>See also Hedge Agreement.</p> <p>Pursuant to the Hedge Agreement, the Issuer has hedged its interest rate exposure resulting from fixed rate interest revenue under the Purchased Receivables and floating rate interest obligations under the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and the Class F Notes.</p> <p>Under the Hedge Agreement, the Issuer will enter into an interest rate cap transaction with the Hedge Counterparty with a cap strike in case EURIBOR exceeds 0.00%.</p> <p>The Hedge Agreement will remain in full force until the earlier of (i) the Legal Maturity Date and (ii) the full redemption of Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and the Class F Notes, unless it is terminated early by one of the parties thereto in accordance with its terms</p> <p><i>PCS has reviewed hedge agreement and the Interest Rate Cap seems to adequately protect the Noteholders from interest rate mismatches, the cap notional being based on a conservative amortisation schedule with adjustment possibilities.</i></p>		
35	STS criteria	SEE RELATED EBA GUIDELINES
35. Currency risks arising from the securitisation shall be appropriately mitigated.		
Verified?		Yes
PCS Comment		
<p>(a) the Lease Agreement is originated in the ordinary course of business of the Seller, per the Credit and Collection Policy and in accordance with applicable laws and regulations and provides, in each case, for payment by a Lessee of (i) fixed monthly instalments (and any applicable higher first or final payment, as the case may be) denominated in Euro; and</p> <p><i>PCS notes that all contracts are denominated in EUR and the Notes issued are denominated in EUR as well.</i></p>		

36	STS criteria	SEE RELATED EBA GUIDELINES
36. Any measures taken to that effect shall be disclosed.		
Verified?		Yes
PCS Comment		
<p>See item 34 above.</p> <p>See ITM.</p> <p>"Transaction Documents" means the Lease Receivables Purchase Agreement, the ER Purchase Agreement, the Servicing Agreement, the Realisation Agency Agreement, the Data Trust Agreement, the Trust Agreement, the ER Trust Agreement, the Incorporated Terms Memorandum, the Corporate Services Agreement, the Account Bank Agreement, the Agency Agreement, the Subscription Agreement, the Notes, the VAT Bridge Loan Agreement, the Seller Loan Agreement, the Hedge Agreement, the French Pledge Agreement, the English Security Deed and any other document designated as such by the respective Transaction Parties after the Signing Date, and "Transaction Document" shall mean any of them.</p> <p>PCS notes that the Hedge Agreement is included amongst the Transaction Document that are made available to Investors.</p>		

37	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>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.</p> <p>Those derivatives shall be underwritten and documented according to common standards in international finance.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...		
Verified?		Yes
PCS Comment		
<p>See ITM, Part 3 Asset Undertakings of the Issuer.</p> <p>The Issuer shall:</p> <p>INTEREST RATE HEDGING</p> <p>Not enter into any derivative contracts except in order to hedge the portion of the Aggregate Discounted Receivables Balance of Purchased Receivables financed by the Rated Notes with respect to interest rate risks by entering into the Hedge Agreement with the Hedge Counterparty at the latest on the Signing Date, or by entering into an Eligible Hedge replacing the Hedge Agreement.</p> <p>See also ITM, Schedule 3, ISSUER REPRESENTATIONS AND WARRANTIES, Part1.</p> <p>9. ISSUER'S ACTIVITIES</p> <p>The Issuer has not engaged in any material activities relating to its Compartment 2021-1 since its incorporation other than those disclosed in the Transaction Documents or directly related to the establishment of such Compartment 2021-1.</p>		

38	STS criteria	SEE RELATED EBA GUIDELINES
38. ...Shall ensure that the pool of underlying exposures does not include derivatives.		
Verified?		Yes
PCS Comment		
See prospectus, Part 2 - Receivables Eligibility Criteria. (vi) the Lease Receivables are not securitisation positions (as defined in the EU Securitisation Regulation), transferable securities (as defined in point (44) of Article 4(1) of Directive 2014/65/EU) or derivatives;		
39	STS criteria	SEE RELATED EBA GUIDELINES
39. Those derivatives shall be underwritten and documented according to common standards in international finance.		
Verified?		Yes
PCS Comment		
See ITM. "Hedge Agreement" means an interest rate cap agreement documented under a 1992 or 2002 ISDA Master Agreement (together with a schedule, credit support annex, and any confirmation) entered into between the Issuer and a Hedge Counterparty.		
40	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.3. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.		
STS criteria		SEE RELATED EBA GUIDELINES
40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.		
Verified?		Yes
PCS Comment		
Regarding the Assets: See Prospectus, CREDIT STRUCTURE. Lease Interest Rates The Lease Receivables which will be purchased by the Issuer include annuity leases under which instalments are calculated on the basis of equal monthly periods during the life of each lease. Each instalment is comprised of a portion allocable to interest (based on an internal rate of return as applied by the Seller) and a portion allocable to principal under such lease. In general, the interest portion of each instalment under annuity leases decreases in proportion to the principal portion over the life of such lease whereas towards maturity of such lease a greater part of each monthly instalment is allocated to principal.		

<p>The Expectancy Rights will be purchased by the Issuer at their Net Present Value as of the Selection Date immediately preceding the Purchase Date on which the respective Expectancy right is purchased, plus VAT on the relevant amount, taking into account the remaining term of the related Lease Agreement and the internal rate of return applied by the Seller.</p> <p>Regarding interest payments on the Notes: see Prospectus, cover pages</p> <p>Interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will accrue on the outstanding principal amount of each Note at a per annum rate equal to the sum of the European Interbank Offered Rate ("EURIBOR") which is provided by the European Money Markets Institute ("EMMI") plus the applicable margin.</p> <p>PCS notes that the lease instalments contain an interest portion which is connected to the seller's internal rate of return, and does not change over the lifetime of the lease agreement. The Notes are based on Euribor plus a margin.</p>
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41	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.4. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p> <p>(b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p> <p>(c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p> <p>(d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, Post-Enforcement Priority of Payments.</p> <p>Upon the occurrence of an Issuer Event of Default prior to the full discharge of all Secured Obligations, any amounts payable by the Issuer will be paid in accordance with the Post-Enforcement Priority of Payments set out in Schedule 2 (<i>Post-Enforcement Priority of Payments</i>) of the Trust Agreement.</p> <p>Post-Enforcement Priority of Payments is in SCHEDULE 2 OF THE TRUST AGREEMENT and ITM, Schedule 11, PRIORITIES OF PAYMENTS, Part C, Post-Enforcement Priority of Payments</p> <p>See definition of "Post-Enforcement Available Distribution Amount" in ITM</p> <p>"Post-Enforcement Available Distribution Amount" means, with respect to any Payment Date following the occurrence of an Issuer Event of Default, an amount equal to the sum of:</p> <p>(a) the Pre-Enforcement Available Interest Amount;</p> <p>(b) the Pre-Enforcement Available Principal Amount;</p> <p>(c) the enforcement proceeds standing to the credit of the Operating Account (to the extent not included in (a) or (b)); and</p> <p>(d) any other credit balance standing to the credit of the Operating Account (to the extent not included in (a) or (b) or (c)).</p>		

	<p>PCS confirms that no cash is trapped in the SSPE in accordance with the Regulation.</p> <p>See THE PARTIES, Transaction Security.</p> <p>“Upon the occurrence of an Issuer Event of Default, the Security Trustee will enforce or will arrange for the enforcement of the Transaction Security and any credit in the Operating Account, the Liquidity Reserve Account, and the Purchase Shortfall Account (but excluding any credit in the VAT Account and the Hedge Collateral Account) and any proceeds obtained from the enforcement of the Transaction Security pursuant to the Trust Agreement will be applied exclusively in accordance with the Post-Enforcement Priority of Payments.”</p>	
42	<p>STS criteria</p> <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>	<p>SEE RELATED EBA GUIDELINES</p>
	<p>Verified?</p>	<p>Yes</p>
	<p>PCS Comment</p> <p>See ITM, Schedule 11, PRIORITIES OF PAYMENTS, Part C, Post-Enforcement Priority of Payments.</p> <p>PCS notes that post enforcement, interest and principal are redeemed in sequential order of priority.</p>	
43	<p>STS criteria</p> <p>43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p>	
	<p>Verified?</p>	<p>Yes</p>
	<p>PCS Comment</p> <p>PCS confirms that there is no reversal with regard to seniority.</p>	
44	<p>STS criteria</p> <p>44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>	<p>SEE RELATED EBA GUIDELINES</p>
	<p>Verified?</p>	<p>Yes</p>
	<p>PCS Comment</p> <p>See ITM.</p> <p>"Enforcement Notice" means a notice delivered by the Security Trustee to the Purchaser and each of the other Secured Parties upon the occurrence of an Issuer Event of Default in accordance with clause 10.1 (<i>Trustee's rights upon occurrence of an Issuer Event of Default</i>) of the Trust Agreement.</p>	

45	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.5. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.		
STS criteria		SEE RELATED EBA GUIDELINES
45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.		
Verified?		Yes
PCS Comment		
<p>See Terms and Conditions of the Notes.</p> <p>6.5 Pre-Enforcement Interest Priority of Payments</p> <p>7.7 Pre-Enforcement Principal Priority of Payments “[...] before the occurrence of a Sequential Payment Trigger Event: [...]”</p> <p>See ITM, definition of the Sequential Payment Trigger Event.</p> <p>Sequential Payment Trigger Event</p> <p>"Sequential Payment Trigger Event" means the occurrence of any of the following events:</p> <ul style="list-style-type: none"> (a) the Cumulative Loss Ratio exceeds <ul style="list-style-type: none"> (i) 1.1% until (and including) the 12th Payment Date after expiry of the Replenishment Period; or (ii) 2.2% until (and including) the 24th Payment Date after expiry of the Replenishment Period; or (iii) 3.5% after the 24th Payment Date after expiry of the Replenishment Period until (and including) the Legal Maturity Date; or (b) the aggregate Net Present Value of all Purchased Expectancy Rights that relate to a Kilometer Contract exceeds 70% of the Aggregate Discounted Receivables Balance; or (c) on any Payment Date the Class G Principal Deficiency Sub-Ledger has a debit balance in an amount equal to 50% of the Aggregate Outstanding Note Principal Amount of the Class G Notes as of the Issue Date (for the avoidance of doubt, after the application of the Pre-Enforcement Interest Priority of Payments); or (d) a Servicer Termination Event (e) PSA Bank Deutschland GmbH ceasing to act as Realisation Agent; or (f) an Issuer Event of Default; or (g) a Seller Event of Default; or (h) a Clean-up Call Event; or (i) the Tax Call Redemption Date; or (j) the Regulatory Change Redemption Date. <p>PCS notes that the transaction features non-sequential repayment of principal, and sequential payment of Interest. The pro-rata repayment of principal is subject to the occurrence of the Sequential Payment Trigger Event, which includes performance related triggers.</p>		

46	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:</p> <ul style="list-style-type: none"> (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold; (b) the occurrence of an insolvency-related event with regard to the originator or the servicer; (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event); (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period). 		
STS criteria		SEE RELATED EBA GUIDELINES
<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:</p>		
Verified?	Yes	
PCS Comment		
<p>See ITM, definition of “Early Amortisation Event”.</p> <p>“Early Amortisation Event” means the occurrence of any of the following events:</p> <ul style="list-style-type: none"> (a) a Purchase Shortfall Event; (b) on any Payment Date the Class G Principal Deficiency Sub-Ledger has a debit balance in an amount larger than zero (for the avoidance of doubt, after the application of the Pre-Enforcement Interest Priority of Payments); (c) the non-payment of Available Collections (including by way of set-off) for two (2) Business Days after becoming due; (d) the Liquidity Reserve is not funded up to the Required Liquidity Reserve Amount at the relevant Purchase Date and such deficiency cannot be cured on the immediately following Purchase Date; (e) any material breach of the Seller, Servicer or Realisation Agent of its respective obligations under the Transaction Documents, including any breach of the Seller and Servicer Representations and Warranties, which remains unremedied for thirty (30) calendar days; (f) the termination of the Hedge Agreement; or (g) a Sequential Payment Trigger Event. <p>For the definition of the “Sequential Payment Trigger Event”, see the definition in the ITM</p> <p>See ITM, definition of “Sequential Payment Trigger Event”.</p> <p>“Sequential Payment Trigger Event” means the occurrence of any of the following events:</p> <ul style="list-style-type: none"> (a) the Cumulative Performance Ratio exceeds <ul style="list-style-type: none"> (i) 1.1% until (and including) the 12th Payment Date after expiry of the Replenishment Period; or (ii) 2.2% until (and including) the 24th Payment Date after expiry of the Replenishment Period; or (iii) 3.5% after expiry of the Replenishment Period until (and including) the Legal Maturity Date; or (b) the aggregate Net Present Value of all Purchased Expectancy Rights that relate to a Kilometer Contract exceeds 70% of the Aggregate Discounted Receivables Balance; or 		

	<p>(c) on any Payment Date the Class G Principal Deficiency Sub-Ledger has a debit balance in an amount equal to 50% of the Aggregate Outstanding Note Principal Amount of the Class G Notes as of the Issue Date (for the avoidance of doubt, after the application of the Pre-Enforcement Interest Priority of Payments); or</p> <p>(d) a Servicer Termination Event; or</p> <p>(e) PSA Bank Deutschland GmbH ceasing to act as Realisation Agent; or</p> <p>(f) an Issuer Event of Default; or</p> <p>(g) a Seller Event of Default; or</p> <p>(h) a Clean-Up Call Event; or</p> <p>(i) the Tax Call Redemption Date; or</p> <p>(j) the Regulatory Change Redemption Date.</p>
47	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>47. (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See item 46 above, in particular "Early Amortisation Event" (g) and "Sequential Payment Trigger Event" (a).</p>
48	<p>STS criteria SEE RELATED EBA GUIDELINES</p> <p>48. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p> <p>Verified? Yes</p> <p>PCS Comment</p> <p>See item 46, in particular "Early Amortisation Event" (g) and "Sequential Payment Trigger Event" (g) and (d). PCS notes that the definition of "Servicer Termination Event" includes the insolvency of the Servicer under (d).</p>
49	<p>STS criteria SEE RELATED EBA GUIDELINES</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>Verified? Yes</p> <p>PCS Comment</p> <p>See item 46 above, in particular "Early Amortisation Event" (b).</p>
50	<p>STS criteria SEE RELATED EBA GUIDELINES</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).	
Verified?	Yes
PCS Comment	
See item 46 above, in particular "Early Amortisation Event" (a).	
"Purchase Shortfall Event" means an event that shall have occurred if, on three (3) consecutive Cut-Off Dates, the amount standing to the credit of the Purchase Shortfall Account is higher than 10% of the Aggregate Note Principal Amount of all Class of Notes on the Issue Date.	

51	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.7. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers; (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.		
STS criteria		SEE RELATED EBA GUIDELINES
51. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;		
Verified?	Yes	
PCS Comment		
See Servicing Agreement, Security Trustee Agreement.		
52	STS criteria	SEE RELATED EBA GUIDELINES
52. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and		
Verified?	Yes	
PCS Comment		
See Prospectus, Termination of the Servicing Agreement, see also the events described as "Servicer Termination Event".		
Substitute Servicer Facilitator" or "Substitute Realisation Agent Facilitator" means Circumference FS (Luxembourg) S.A. or its successor.		
"Eligible Substitute Servicer" or "Eligible Substitute Realisation Agent" means a credit institution licensed to do banking business in the European Economic Area and supervised in accordance with EU directives that (i) has the experience or capability of administering assets similar to the Purchased Receivables and the Collateral for at least five (5) years prior to its appointment and has well-documented policies, procedures and risk-management controls relating to the servicing of the Purchased Receivables and (ii) is registered under the German Legal Services Act (<i>Rechtsdienstleistungsgesetz</i>) to collect and enforce receivables and related collateral.		



	<p>Pursuant to the Servicing Agreement, if a Servicer Termination Event has occurred, the Issuer may at any time terminate the appointment of the Servicer and appoint a substitute servicer and/or notify or require the Servicer to notify the relevant Lessees of the assignment of the Purchased Lease Receivables to the Issuer such that all payments in respect to such Purchased Lease Receivables are to be made to the Issuer or a substitute servicer appointed by the Issuer.</p> <p>See also Servicing Agreement, clause 11 Change of Servicer.</p> <p>PCS notes that after occurrence of a Servicer Termination Event the Servicer is replaced and that the Realisation Agent may be replaced using a Substitute Realisation Agent Facilitator..</p>	
53	<p>STS criteria</p>	<p>SEE RELATED EBA GUIDELINES</p>
	<p>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.</p>	
	<p>Verified?</p>	<p>Yes</p>
	<p>PCS Comment</p>	
	<p>Replacement of agents:</p> <p>The Issuer shall procure that for as long as any Notes are outstanding there shall always be a Paying Agent, a Calculation Agent, a Reporting Agent and an Interest Determination Agent to perform the functions assigned to it in these Terms and Conditions. The Issuer may at any time, by giving not less than thirty (30) calendar days' notice by publication in accordance with Condition 13 (Form of Notices), replace any of the Agents by one or more other banks or other financial institutions or other suitable service providers which assume such functions, provided that (i) the Issuer shall maintain at all times an agent having a specified office in the European Union for as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and (ii) no agent located in the United States of America will be appointed. Each of the Agents shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Noteholders.</p> <p>See Prospectus, Hedge Agreement.</p> <p>Pursuant to the Hedge Agreement the Hedge Counterparty is required to post collateral under the Hedge Agreement if the rating of the Hedge Counterparty falls below a minimum rating.[..]</p> <p>The Issuer may terminate the Hedge Agreement if, among other things, the Hedge Counterparty becomes insolvent, the Hedge Counterparty fails to make a payment under the Hedge Agreement when due and such failure is not remedied within five local business days of notice of such failure being given, performance of the Hedge Agreement becomes illegal or payments to the Issuer are reduced or payments from the Issuer are increased due to tax for a period of time.</p> <p>See also Prospectus, Risk Factors.</p> <p>In the event of early termination of the Interest Rate Cap Transaction, including any termination upon failure by the Hedge Counterparty to perform its obligations, the Issuer will endeavour but cannot guarantee to find a replacement Hedge Counterparty.</p> <p>See Prospectus, THE ACCOUNTS AND THE ACCOUNT BANK AGREEMENT.</p> <p>The Issuer shall (and the Security Trustee acting on behalf of the Issuer may) terminate the account relationship with the Account Bank within no more than sixty (60) calendar days if the Account Bank ceases to have the Account Bank Required Rating or the Account Bank is no longer rated by any of the Rating Agencies, as further specified in the Account Bank Agreement. The short-term issuer default rating of the Account Bank by Fitch is currently F1+ and short-term rating of the Account Bank by Moody's is currently P-1.</p> <p>Following the occurrence of an Account Bank Downgrade, the Account Bank will continue to operate the Accounts until the Issuer has appointed a new bank with at least the Account Bank Required Rating and any and all amounts credited to any of the Accounts (including the Operating Account, the Liquidity Reserve Account, the VAT Account, the Hedge Collateral Account and the Purchase Shortfall Account) have been transferred into the new corresponding accounts with that new bank and until the Issuer has granted security over such new accounts (other than any new VAT account) and any balances standing to their credit from time to time as contemplated by the Trust Agreement, the French Pledge Agreement and the Account Bank Agreement in a form satisfactory to the Security Trustee.</p>	

54	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
STS criteria		SEE RELATED EBA GUIDELINES
54. The servicer shall have expertise in servicing exposures of a similar nature to those securitised		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE SELLER.</p> <p>"The Seller results from the cooperation between BPF and SCF in Germany and is established as a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>) organised and existing under the laws of Germany with its registered office at Siemensstraße 10, 63263 Neu-Isenburg, Germany, registered with the commercial register of the local court (<i>Amtsgericht</i>) of Offenbach under the identification number HRB 48096 ("PSA Bank Deutschland GmbH")."</p> <p>The Seller is licensed under the German Banking Act (<i>Kreditwesengesetz</i>) to carry out deposit taking business (<i>Einlagengeschäft</i>), lending business (<i>Kreditgeschäft</i>) and financial leasing (<i>Finanzierungsleasing</i>) pursuant to Section 1 paragraph 1 sentence 2 nos. 1 and 2 and Section 1 paragraph 1a sentence 2 no. 10 of the German Banking Act (<i>Kreditwesengesetz</i>) as well as own account business (<i>Eigengeschäft</i>) under Section 32 paragraph 1a of the German Banking Act (<i>Kreditwesengesetz</i>).</p> <p>It qualifies as a credit institution under the CRR. The Seller reports under German GAAP (HGB).</p> <p>The members of the Seller's management body and the senior staff of the Seller, other than members of the management body, who are responsible for managing the Seller's originating of exposures similar to those securitised, have had adequate qualifications, knowledge and experience in the origination and servicing of receivables of a similar nature to those sold to the Issuer under the Transaction Documents for more than five years.</p> <p>"Eligible Substitute Servicer" or "Eligible Substitute Realisation Agent" means a credit institution licensed to do banking business in the European Economic Area and supervised in accordance with EU directives that (i) has the experience or capability of administering assets similar to the Purchased Receivables and the Collateral for at least five (5) years prior to its appointment and has well-documented policies, procedures and risk-management controls relating to the servicing of the Purchased Receivables and (ii) is registered under the German Legal Services Act (<i>Rechtsdienstleistungsgesetz</i>) to collect and enforce receivables and related collateral.</p>		
55	STS criteria	SEE RELATED EBA GUIDELINES
55. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.		
Verified?		Yes
PCS Comment		
PSA Bank is prudentially regulated and is deemed to comply with this point of the Regulation.		

56	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
21.9. The transaction documentation shall set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.		
STS criteria		SEE RELATED EBA GUIDELINES
56. The transaction documentation shall set out in clear and consistent terms definitions		
Verified?		Yes
PCS Comment		
<i>PCS has reviewed the Bank's Credit and Collection Policy, which is part of the Prospectus.</i>		
57	STS criteria	SEE RELATED EBA GUIDELINES
57. The transaction documentation shall set out in clear and consistent terms, remedies and actions relating to delinquency and default of debtors debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.		
Verified?		Yes
PCS Comment		
See Prospectus, CREDIT AND COLLECTION POLICY.		
<i>PCS has reviewed the credit and collection policies description in the documentation and the concepts are set out as they apply to the specific asset class.</i>		

58	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.9. The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		
STS criteria		
<p>58. The transaction documentation shall clearly specify the priorities of payment,</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, Pre-Enforcement Priority of Payments, Trust Agreement, Schedule 2 and ITM, Schedule 11, Pre- and Post- Priorities of Payment.</p>		
59	STS criteria	
<p>59. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.</p>		
Verified?		Yes
PCS Comment		
<p>See ITM, definitions of “Early Amortisation Event”, “Sequential Payment Trigger Event”.</p>		
60	STS criteria	
<p>60. The transaction documentation shall clearly specify the obligation to report such events.</p>		
Verified?		Yes
PCS Comment		
<p>See ITM, 5. Part 2, Transaction Document Undertakings of the Issuer, NOTIFICATION OF SEQUENTIAL PAYMENT TRIGGER EVENT, ISSUER EVENT OF DEFAULT OR, SELLER EVENT OF DEFAULT OR EARLY AMORTISATION EVENT Deliver notice to the Transaction Trustees and the Noteholders forthwith upon becoming aware of any Sequential Payment Trigger Event, Issuer Event of Default, Seller Event of Default or Early Amortisation Event without waiting for the Transaction Trustees or the Noteholders to take any further action, and if so requested by any of the Transaction Trustees, deliver to the Transaction Trustees a Compliance Certificate certifying that (to the best of its knowledge and belief) no Early Amortisation Event has occurred and is continuing. See also Prospectus, 12. REMEDIES AVAILABLE TO SECURED PARTIES, 12.1 Notification of Issuer Event of Default The parties to this Agreement, other than the Security Trustee, covenant to notify the Security Trustee immediately upon becoming aware of the occurrence of an event constituting or likely to constitute (including without limitation by the giving of notice or the passage of time) an Issuer Event of Default or any other event or circumstance that would require the Security Trustee to act under this Agreement.</p>		
61	STS criteria	
<p>61. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>		

Verified?	Yes
PCS Comment	
<p>See ITM, Part 2, Transaction Document Undertakings of the Issuer,</p> <p>5. NOTIFICATION OF SEQUENTIAL PAYMENT TRIGGER EVENT, ISSUER EVENT OF DEFAULT, SELLER EVENT OF DEFAULT OR EARLY AMORTISATION EVENT</p> <p>Deliver notice to the Transaction Trustees and the Noteholders forthwith upon becoming aware of any Sequential Payment Trigger Event, Issuer Event of Default, Seller Event of Default or Early Amortisation Event without waiting for the Transaction Trustees or the Noteholders to take any further action, and if so requested by any of the Transaction Trustees, deliver to the Transaction Trustees a Compliance Certificate certifying that (to the best of its knowledge and belief) no Early Amortisation Event has occurred and is continuing.</p>	

62	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
<p>21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>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</p>		
Verified?	Yes	
PCS Comment		
<p>See Schedule 7 to the Agency Agreement.</p> <p>See Prospectus, OVERVIEW OF RULES REGARDING RESOLUTION OF NOTEHOLDERS</p> <p>Rules on Noteholders' Meetings under the German Act on Debt Securities</p> <p>(a) the method for calling meetings, as for method:</p> <p>"Meetings of Noteholders may be convened by the Issuer and the Noteholders' Representative if such a representative has been appointed. Meetings of Noteholders must be convened if one of more Noteholders holding 5 per cent. or more of the outstanding Notes so require for specified reasons permitted by statute."</p> <p>(b) the maximum timeframe for setting up a meeting: "Meetings may be convened not less than fourteen (14) calendar days before the date of the meeting. Attendance"</p> <p>(c) the required quorum: "A quorum exists if Noteholders representing by value not less than 50% of the outstanding Notes are present or represented at the meeting. If the quorum is not reached, a second meeting may be called at which quorum will be required, provided that where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25% of the principal amount of outstanding Notes."</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: extraordinary: "If a resolution constitutes a breach of the statute or the Terms and Conditions of the Notes, Noteholders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution."</p> <p>(e) where applicable, a location for the meetings which should be in the EU:</p> <p>The rules according to the German debenture act prevail over the text of the EU regulation. The rules, as quoted above are similar and are described in the prospectus in summary form, referred to in the terms and conditions of the notes and described in more detail in the Agency agreement.</p>		

63	Legislative text – Article 21 - Requirements relating to standardisation	GO TO TABLE OF CONTENTS
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		SEE RELATED EBA GUIDELINES
63. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.		
Verified?		Yes
PCS Comment		
See Prospectus, THE MAIN PROVISIONS OF THE TRUST AGREEMENT. The full Trust Agreement will be attached to the prospectus.		

64	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
22.1. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period no shorter than five years.		
STS criteria		SEE RELATED EBA GUIDELINES
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		
See Prospectus, Reporting under the EU Securitisation Regulation. In order to comply with the transparency requirements provided for by Article 7 and Article 22 of the EU Securitisation Regulation, the originator: (a) has made available – via www.eurodw.eu – to any potential investor in the Notes before pricing of the Notes data on historical default performance relating to more than ten years period starting in Q1 2011 and ending in Q2 2021 in respect of lease receivables substantially similar to the Purchased Receivables; Dynamic delinquencies: 10 years of buckets from 30 to 150 days delinquent Cumulative defaults by vintages: 10 years of data, on a quarterly basis, <ul style="list-style-type: none"> • for the total portfolio, • RW leasing, Kilometer Leasing and • Consumer Leases, Commercial Leases, • New cars and Demo cars. The same data is presented showing gross recoveries. PCS notes that the data presented by the originator and arrangers fulfils the requirements of the Regulation.		

65	STS criteria	SEE RELATED EBA GUIDELINES
65. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.		
Verified?		Yes
PCS Comment		
<i>The data shown is from the Seller, PSA Deutschland.</i>		
66	STS criteria	SEE RELATED EBA GUIDELINES
66. Those data shall cover a period no shorter than five years.		
Verified?		Yes
PCS Comment		
<i>The data covers 10 years of origination.</i>		

67	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
22.2. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.		
STS criteria		SEE RELATED EBA GUIDELINES
67. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE EU RISK RETENTION AND EU TRANSPARENCY REQUIREMENTS.</p> <p>For the purpose of compliance with Article 22(2) of the EU Securitisation Regulation, the originator confirms that a sample of Lease Agreements has been externally verified by an appropriate and independent party prior to the date of this Prospectus (see also the section "Description of the Portfolio as at 16 November 2021") (as well as an agreed upon procedures review, amongst other things, of the conformity of the Lease Agreements in the Portfolio with certain of the Contracts Eligibility Criteria and the Receivables Eligibility Criteria in relation to the Sale of the Purchased Lease Receivables (where applicable)). For the purposes of the verification a confidence level of at least 95% was applied. The originator confirms no significant adverse findings have been found. The independent party has also performed agreed upon procedures on the data included in the stratification tables in the section "Description of the Portfolio as at 16 November 2021" in order to verify that the stratification tables are accurate. The originator confirms no significant adverse findings have been found. Based on the review by the independent party, the Originator confirms that to the best of its knowledge such information is accurate and in accordance with the facts and does not omit anything likely to affect its import.</p> <p>PCS has been provided with the audit report which has been performed by an appropriate and independent party. The audits performed include the audit of loan files, the eligibility criteria check, and the stratification tables, as required by the regulation.</p>		

68	STS criteria	SEE RELATED EBA GUIDELINES
68. Including verification that the data disclosed in respect of the underlying exposures is accurate.		
Verified?		Yes
PCS Comment		
<i>See above.</i>		

69	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
22.3. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE, and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.		
STS criteria		SEE RELATED EBA GUIDELINES
69. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.		
Verified?		Yes
PCS Comment		
<i>A proof of Cash Flow Model has been provided to PCS.</i>		

70	STS criteria	SEE RELATED EBA GUIDELINES
70. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.		
Verified?		Yes
PCS Comment		
In order to comply with the transparency requirements provided for by Article 7 and Article 22 of the EU Securitisation Regulation, the originator:		
(a) has made available – via www.eurodw.eu – to any potential investor in the Notes before pricing of the Notes data on historical default performance relating to more than ten years period starting in Q1 2011 and ending in Q2 202 in respect of lease receivables substantially similar to the Purchased Receivables;		
(b) has made available – via Bloomberg (www.bloomberg.com) – to any potential investor in the Notes before pricing of the Notes an accurate liability cash flow model representing precisely the contractual relationship between the Purchased Receivables and the payments flowing between the Seller, the Noteholders, the Issuer and any other party to the Transaction which contained an amount of information sufficient to allow such potential investor to price the Notes;		

71	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>		
STS criteria		SEE RELATED EBA GUIDELINES
<p>71. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p>		
Verified?		Yes
PCS Comment		
<p>See Prospectus, THE EU RISK RETENTION AND EU TRANSPARENCY REQUIREMENTS.</p> <p>For the purpose of compliance with Article 22(4) of the EU Securitisation Regulation, the originator confirms that, so far as it is aware, information on environmental performance of the Leased Vehicles relating to the Purchased Lease Receivables is not available to be reported pursuant to Article 22(4). The originator confirms that once information on environmental performance of the Leased Vehicles relating to the Purchased Lease Receivables is available and able to be reported, it will make such information available to investors on an ongoing basis in order to comply with the requirements of Article 22(4) of the Securitisation Regulation.</p>		
72	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>		
STS criteria		
<p>72. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.</p>		
Verified?		Yes
PCS Comment		
<p>See the Prospectus, THE EU RISK RETENTION AND EU TRANSPARENCY REQUIREMENTS.</p> <p>The originator shall be responsible for compliance with Article 7 of the EU Securitisation Regulation. Any failure by the Issuer or the Servicer to fulfil the obligations under the EU Securitisation Regulation Disclosure Requirements may cause this Transaction to be non-compliant with the EU Securitisation Regulation.</p> <p>None of the Issuer, PSA Bank Deutschland GmbH (in its capacity as Seller and Servicer), the Joint Lead Managers, the Arrangers, any other Transaction Party, their respective Affiliates nor any other person makes any representation, warranty or guarantee that the information provided by any party (other than such party itself) with respect to the transactions described in the Prospectus are compliant with the requirements of the EU Securitisation Regulation and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated by the Prospectus to satisfy or otherwise comply with the requirements of the EU Securitisation Regulation.</p>		

<p>EU Transparency Requirements</p> <p>Pursuant to Article 7(1) of the EU Securitisation Regulation, the "originator", "sponsor" and "securitisation special purpose entity" of a "securitisation" (each as defined in the EU Securitisation Regulation) shall make available to the Noteholders, to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, to potential investors certain information in relation to a securitisation transaction. Pursuant to Article 7(2) of the EU Securitisation Regulation, the originator, sponsor and securitisation special purpose entity of a securitisation (each as defined in the EU Securitisation Regulation) 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 of Article 7 of the EU Securitisation Regulation.</p> <p>Designation</p> <p>For the purposes of Article 7(2) of the EU Securitisation Regulation, the Issuer has been designated as the entity responsible for compliance with the EU Securitisation Regulation Disclosure Requirements and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf by the Servicer.</p>

73	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	<p>22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.</p>	
	STS criteria	
	73. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	
	Verified?	Yes
	PCS Comment	
	<p>See Prospectus, Reporting under the EU Securitisation Regulation.</p> <p>In order to comply with the transparency requirements provided for by Article 7 and Article 22 of the EU Securitisation Regulation, the originator:</p> <p>(c) has made available – via www.eurodw.eu – to any potential investor in the Notes before pricing of the Notes information on the underlying exposures;</p>	
74	STS criteria	
	74. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	
	Verified?	Yes
	PCS Comment	
	<p>See Prospectus, Reporting under the EU Securitisation Regulation.</p> <p>(d) has made available – via www.eurodw.eu – to any potential investor in the Notes before pricing of the Notes the Transaction Documents (other than the Subscription Agreement) and this Prospectus in a draft form;</p> <p>(e) has made available – via www.eurodw.eu – to any potential investor in the Notes before pricing of the Notes a draft of the STS notification referred to in Article 27 of the EU Securitisation Regulation; and</p>	

75	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
22.5. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
STS criteria		
75. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.		
Verified?		Yes
PCS Comment		
(f) will make available in final versions of this Prospectus, the Transaction Documents (other than the Subscription Agreement) and the STS notification referred to in Article 27 of the EU Securitisation Regulation within 15 days from the Issue Date.		

76	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;		
STS criteria		
76. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (a) information on the underlying exposures on a quarterly basis,		
Verified?		Yes
PCS Comment		
See Prospectus, Reporting under the EU Securitisation Regulation. Under the Agency Agreement, the Reporting Agent agreed to commit the information required pursuant to Article 7 of the EU Securitisation Regulation for the Issuer. In particular, after the Issue Date, the Reporting Agent will prepare monthly Investor Reports wherein relevant information with regard to the Purchased Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller for the purposes of which the Seller will provide the Issuer with all information required in accordance with Article 7 of the EU Securitisation Regulation (based on the template prescribed by Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards with regard to the format and standardised templates for making available the information and details of a securitisation by the originator, sponsor and SSPE). PCS notes that the RTS and standardised templates require both, the investor report and information on the underlying exposures to be reported.		

77	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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"> (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions; (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust; (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator; (iv) the servicing, back-up servicing, administration and cash management agreements; (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value; (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements; 		
STS criteria		
<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"> (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions; 		
Verified?		Yes
PCS Comment		
<i>See item 75 above.</i>		
78	STS criteria	
<p>78. (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;</p>		
Verified?		Yes
PCS Comment		
<i>See item 75 above.</i>		
79	STS criteria	
<p>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;</p>		
Verified?		Yes
PCS Comment		
<i>See item 75 above.</i>		

80	STS criteria	
	80. (iv) the servicing, back-up servicing, administration and cash management agreements;	
	Verified?	Yes
	PCS Comment	
	<i>See item 75 above.</i>	
81	STS criteria	
	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;	
	Verified?	Yes
	PCS Comment	
	<i>See item 75 above.</i>	
82	STS criteria	
	82. (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;	
	Verified?	Yes
	PCS Comment	
	<i>See item 75 above.</i>	
83	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	7.1. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	
	STS criteria	
	83. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	
	Verified?	Yes
	PCS Comment	
	<i>See item 75 above.</i>	

84	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:</p> <ul style="list-style-type: none"> (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position; 		
STS criteria		
<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>		
Verified?		Yes
PCS Comment <i>Not applicable.</i>		
85 STS criteria		
<p>85. (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;</p>		
Verified?		Yes
PCS Comment <i>Not applicable.</i>		
86 STS criteria		
<p>86. (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;</p>		
Verified?		Yes
PCS Comment <i>Not applicable.</i>		

87	STS criteria	
	87. (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;	
	Verified?	Yes
	PCS Comment	
<i>Not applicable.</i>		

88	Legislative text – Article 22 - Requirements relating to transparency	
	GO TO TABLE OF CONTENTS	
	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;	
	STS criteria	
	88. (d) in the case of STS securitisations, the STS notification referred to in Article 27;	
	Verified?	Yes
	PCS Comment	
<p>Prospectus, Securitisation Regulation – Regulatory Disclosure</p> <p>Pursuant to Article 27(1) of the EU Securitisation Regulation, the Seller intends to notify the European Securities Markets Authority ("ESMA") that the Transaction will meet the requirements of Articles 20 to 22 of the EU Securitisation Regulation (the "STS Notification"). The purpose of the STS Notification is to set out how in the opinion of the Seller each requirement of Articles 19 to 22 of the EU Securitisation Regulation has been complied with. Where the Transaction is classified STS, the STS Notification would then be available for download on the website of ESMA. The STS Notification will be made in accordance with the requirements of Commission Delegated Regulation (EU) 2020/1226. ESMA is obliged to maintain on its website a list of all securitisations which the originators and sponsors have notified as meeting the STS Requirements in accordance with Article 27(5) of the EU Securitisation Regulation. For this purpose, ESMA has set up a register on an interim basis under https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-sts-securitisation. According to ESMA, a more established register is to be launched in due course and placed on the dedicated section of its website under https://registers.esma.europa.eu/publication/.</p>		

89	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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"> (i) all materially relevant data on the credit quality and performance of underlying exposures; (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6. 		
STS criteria		
<p>89. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p>		
Verified?		Yes
PCS Comment		
<p><i>See item 76 above.</i></p>		
90	STS criteria	
<p>90. (i) all materially relevant data on the credit quality and performance of underlying exposures;</p>		
Verified?		Yes
PCS Comment		
<p><i>See item 76 above.</i></p>		
<p>See also Schedule 1, Part B (<i>Sample Investor Report</i>) of the Servicing Agreement.</p>		
91	STS criteria	
<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		
<p><i>See item 76 above.</i></p>		
<p>See also Schedule 1, Part B (<i>Sample Investor Report</i>) of the Servicing Agreement.</p>		

92	STS criteria
	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;
	Verified? Yes
	PCS Comment <i>See item 76 above.</i> See also Schedule 1, Part B (Sample Investor Report) of the Servicing Agreement.
93	STS criteria
	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.
	Verified? Yes
	PCS Comment Reporting under the EU Securitisation Regulation Under the Agency Agreement, the Reporting Agent agreed to commit the information required pursuant to Article 7 of the EU Securitisation Regulation for the Issuer. In particular, after the Issue Date, the Reporting Agent will prepare monthly Investor Reports wherein relevant information with regard to the Purchased Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller for the purposes of which the Seller will provide the Issuer with all information required in accordance with Article 7 of the EU Securitisation Regulation (based on the template prescribed by Commission Implementing Regulation (EU) 2020/1225 of 29 October 2019 laying down implementing technical standards with regard to the format and standardised templates for making available the information and details of a securitisation by the originator, sponsor and SSPE). The Issuer shall be entitled to decide in its own reasonable discretion in consultation with the Servicer whether it will produce two investor reports for the relevant monthly period, i.e. an Investor Report substantially in the form and with the contents set out in Schedule 9 (Sample Investor Report) of the Agency Agreement and an investor report containing the information required pursuant to the EU Securitisation Regulation Disclosure Requirements,

94	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors: (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;	
	STS criteria	
	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;	
	Verified? Yes	
	PCS Comment <i>See item 93, above.</i> PCS notes that Inside Information and Signification Event Reporting is part of the standardised template.	

95	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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"> (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach; (ii) a change in the structural features that can materially impact the performance of the securitisation; (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation; (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions; (v) any material amendment to transaction documents. 		
STS criteria		
<p>95. (g) where point (f) does not apply, any significant event such as:</p> <p>(i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;</p>		
Verified?		Yes
PCS Comment		
<p><i>See item 94 above.</i></p>		
96	STS criteria	
<p>96. (ii) a change in the structural features that can materially impact the performance of the securitisation;</p>		
Verified?		Yes
PCS Comment		
<p><i>See item 94 above.</i></p>		
97	STS criteria	
<p>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;</p>		
Verified?		Yes
PCS Comment		
<p><i>See item 94 above.</i></p>		
98	STS criteria	
<p>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;</p>		

	Verified?	Yes
	PCS Comment	
	See item 94 above.	
99	STS criteria	
	99. (v) any material amendment to transaction documents.	
	Verified?	Yes
	PCS Comment	
	See item 94 above.	

100	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
	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]	
	STS criteria	
	100. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]	
	Verified?	Yes
	PCS Comment	
	<p>Reporting under the EU Securitisation Regulation</p> <p>For the avoidance of doubt, the Issuer (or the Servicer on the Issuer's behalf) shall even be entitled to replace the monthly investor report in full to comply with the EU transparency requirements provided that the information described in points (a) and (e) of the first subparagraph of Article 7 shall be made available simultaneously each quarter at the latest one month after the Payment Date. The Servicer will also provide, upon request by the Issuer, such further information as requested by the Noteholders for the purposes of compliance of such Noteholder with the requirements under the EU Securitisation Regulation and the implementation into the relevant national law, subject to applicable law and availability.</p>	

101	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>		
STS criteria		
101. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay		
Verified?		Yes
PCS Comment		
<i>See item 93 above.</i>		

102	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>Or</p> <p>Where no securitisation repository is registered in accordance with Article 10, the entity designated to fulfil the requirements set out in paragraph 1 of this Article shall make the information available by means of a website that:</p> <ul style="list-style-type: none"> (a) includes a well-functioning data quality control system; (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website; (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk; (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation. 		
STS criteria		
<p>102. 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>		
Verified?		Yes
PCS Comment		
<p>EU Transparency Requirements</p> <p>Pursuant to Article 7(1) of the EU Securitisation Regulation, the "originator", "sponsor" and "securitisation special purpose entity" of a "securitisation" (each as defined in the EU Securitisation Regulation) shall make available to the Noteholders, to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, to potential investors certain information in relation to a securitisation transaction. Pursuant to Article 7(2) of the EU Securitisation Regulation, the originator, sponsor and securitisation special purpose entity of a securitisation (each as defined in the EU Securitisation Regulation) 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 of Article 7 of the EU Securitisation Regulation.</p> <p>Designation</p> <p>For the purposes of Article 7(2) of the EU Securitisation Regulation, the Issuer has been designated as the entity responsible for compliance with the EU Securitisation Regulation Disclosure Requirements and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf by the Servicer.</p> <p>EU Risk Retention and Transparency Requirements under the EU Securitisation Regulation</p> <p>Pursuant to the obligations set forth in Article 7(2) of the EU Securitisation Regulation, PSA Bank Deutschland GmbH and the Issuer have designated the Issuer as reporting entity. The Issuer will provide all relevant information to the holders of the Notes, to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, to potential investors in accordance with the EU Securitisation Regulation Disclosure Requirements.</p> <p>Reporting under the EU Securitisation Regulation</p> <p>The Issuer (or the Servicer on its behalf) will make the information required under the EU Securitisation Regulation Disclosure Requirements available to the Repository.</p>		

103	Legislative text – Article 22 - Requirements relating to transparency	GO TO TABLE OF CONTENTS
<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>		
STS criteria		
103. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.		
Verified?		Yes
PCS Comment		
<p>See ITM, SCHEDULE 6, SELLER AND SERVICER COVENANTS.</p> <p>23. In its capacity as Servicer (acting on behalf of the Issuer) and as originator:</p> <p>(a) make all such information available to the Noteholders, to competent authorities as referred to in Article 29 of the EU Securitisation Regulation and to potential Noteholders as and when required pursuant to Article 7(1) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards and, during the Standstill Period, Article 7(1) of the UK Securitisation Regulation. The Servicer will make the relevant information available via European DataWarehouse at https://eurodw.eu or another securitisation repository registered as such from time to time in accordance with Article 10 of the EU Securitisation Regulation; [...]</p> <p>or, in each case, procure that the Reporting Agent fulfils the above obligations on behalf of the Reporting Entity and makes all required information available in a timely manner via a securitisation repository registered as such from time to time in accordance with Article 10 of the EU Securitisation Regulation</p> <p>See also ITM, SCHEDULE 7, REPORTING AGENT COVENANTS.</p> <p>The Reporting Agent shall, subject to and in accordance with the terms and conditions of the Agency Agreement:</p> <ol style="list-style-type: none"> 1. on a continuous basis during the life of the Transaction, prepare an Investor Report; and 2. on each Investor Report Date, make the relevant Investor Report available to the Noteholders via European DataWarehouse at https://eurodw.eu or another securitisation repository registered as such from time to time in accordance with Article 10 of the EU Securitisation Regulation. <p>See ITM,</p> <p>"Repository" means European DataWarehouse GmbH, in its capacity as securitisation repository and registered in accordance with Article 10 of the Securitisation Regulation.</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,	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
2	EBA Final non-ABCP STS Guidelines – statements on background and rationale	
<p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</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>		
EBA Final non-ABCP STS Guidelines		
<p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>True sale, assignment or transfer with the same legal effect</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	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>17. The criterion in Article 20(2) is designed to ensure the enforceability of the transfer of legal title in the event of the seller's insolvency. More specifically, if the underlying exposures sold to the SSPE could be reclaimed for the sole reason that their transfer was effected within a certain period before the seller's insolvency, or if the SSPE could prevent the reclaim only by proving that it was unaware of the seller's insolvency at the time of transfer, such clauses would expose investors to a high risk that the underlying exposures would not effectively back their contractual claims. For this reason, Article 20(2) specifies that such clauses constitute severe clawback provisions, which may not be contained in STS securitisation.</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>True sale, assignment or transfer with the same legal effect</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> <ul style="list-style-type: none"> (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. <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	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p>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).</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p><i>True sale, assignment or transfer with the same legal effect</i></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>		

3	<p>Article 20 - Requirements relating to simplicity</p> <p>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></p> <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> <p>EBA Final non-ABCP STS Guidelines</p> <p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p><i>True sale, assignment or transfer with the same legal effect</i></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>	<p>BACK TO CHECKLIST</p>
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4	<p>Article 20 - Requirements relating to simplicity</p> <p>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></p> <p>True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <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> <p>EBA Final non-ABCP STS Guidelines</p> <p>4.1 True sale, assignment or transfer with the same legal effect, representations and warranties (Article 20(1)-(6))</p> <p><i>Severe deterioration in the seller credit quality standing</i></p> <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> <p><i>Insolvency of the seller</i></p> <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>	<p>BACK TO CHECKLIST</p>
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5	<i>Article 20 - Requirements relating to simplicity</i>	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>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.</p>		
EBA Final non-ABCP STS Guidelines		

6	<i>Article 20 - Requirements relating to simplicity</i>	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<p>23. The objective of this criterion in Article 20(7) is to ensure that the selection and transfer of the underlying exposures in the securitisation is done in a manner which facilitates in a clear and consistent fashion the identification of which exposures are selected for/transferred into the securitisation, and to enable the investors to assess the credit risk of the asset pool prior to their investment decisions.</p>		
EBA Final non-ABCP STS Guidelines		
4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))		
<i>Clear eligibility criteria</i>		
<p>17. For the purposes of Article 20(7) of Regulation (EU) 2017/2402, the criteria should be understood to be 'clear' where compliance with them is possible to be determined by a court or tribunal, as a matter of law or fact or both.</p>		

7	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</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>		
EBA Final non-ABCP STS Guidelines		
<p>4.2 Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</p> <p>Active portfolio management</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	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Eligibility criteria for the underlying exposures, active portfolio management (Article 20(7))</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>		
EBA Final non-ABCP STS Guidelines		
<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	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</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,	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
11	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</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>		
EBA Final non-ABCP STS Guidelines		
<p>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p><i>Contractually binding and enforceable obligations</i></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,	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
13	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</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>		
EBA Final non-ABCP STS Guidelines		
<p>4.3 Homogeneity, obligations of the underlying exposures, periodic payment streams, no transferable securities (Article 20(8))</p> <p><i>Exposures with periodic payment streams</i></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 style="padding-left: 20px;">(i) the remaining principal is repaid at the maturity;</p> <p style="padding-left: 20px;">(ii) the repayment of the principal is dependent on the sale of assets securing the exposure, in accordance with Article 20(13) of Regulation (EU) 2017/2402 and paragraphs 47 to 49;</p> <p>(e) exposures with temporary payment holidays as contractually agreed between the debtor and the lender.</p>		

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

15	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
No resecuritisation (Article 20(9))		
31. The objective of this criterion is to prohibit resecuritisation subject to derogations for certain cases or for resecuritisation as specified in Regulation (EU) 2017/2402. This is a lesson learnt from the financial crisis, when resecuritisations were structured into highly leveraged structures in which notes of lower credit quality could be re-packaged and credit enhanced, resulting in transactions whereby small changes in the credit performance of the underlying assets had severe impacts on the credit quality of the resecuritisation bonds. The modelling of the credit risk arising in these bonds proved very difficult, also due to high levels of correlations arising in the resulting structures.		
32. The criterion is deemed sufficiently clear and does not require any further clarification.		
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16	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Underwriting standards (Article 20(10))		
33. The objective of the criterion specified in the first subparagraph of Article 20(10) is to prevent cherry picking and to ensure that the exposures that are to be securitised do not belong to exposure types that are outside the ordinary business of the originator, i.e. types of exposures in which the originator or original lender may have less expertise and/or interest at stake. This criterion is focused on disclosure of changes to the underwriting standards and aims to help the investors assess the underwriting standards pursuant to which the exposures transferred into securitisation have been originated.		
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17	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Underwriting standards (Article 20(10))		
37. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:		
(a) the term ‘similar exposures’, with reference to requirements specified in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402;		
(b) the term ‘no less stringent underwriting standards’: independently of the guidance provided in these guidelines, it is understood that, in the spirit of restricting the ‘originate-to-distribute’ model of underwriting, where similar exposures exist on the originator’s balance sheet, the underwriting standards that have been applied to the securitised exposures should also have been applied to similar exposures that have not been securitised, i.e. the underwriting standards should have been applied not solely to securitised exposures;		
EBA Final non-ABCP STS Guidelines		
4.4 Underwriting standards, originator’s expertise (Article 20(10))		
<i>No less stringent underwriting standards</i>		
23. For the purposes of Article 20(10) of Regulation (EU) 2017/2402, the underwriting standards applied to securitised exposures should be compared to the underwriting standards applied to similar exposures at the time of origination of the securitised exposures.		
24. Compliance with this requirement should not require either the originator or the original lender to hold similar exposures on its balance sheet at the time of the selection of the securitised exposures or at the exact time of their securitisation, nor should it require that similar exposures were actually originated at the time of origination of the securitised exposures.		

18	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Underwriting standards (Article 20(10))</p> <p>37 (c) clarification of the requirement to disclose material changes from prior underwriting standards to potential investors without undue delay: the guidance clarifies that this requirement should be forward-looking only, referring to material changes to the underwriting standards after the closing of the securitisation. The guidance clarifies the interactions with the requirement for similarity of the underwriting standards set out in the Delegated Regulation further specifying which underlying exposures are deemed to be homogeneous in accordance with Articles 20(8) and 24(15) of Regulation (EU) 2017/2402, which requires that all the underlying exposures in securitisation be underwritten according to similar underwriting standards;</p>		
EBA Final non-ABCP STS Guidelines		
<p>4.4 Underwriting standards, originator's expertise (Article 20(10))</p> <p>Disclosure of material changes from prior underwriting standards</p> <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	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Underwriting standards (Article 20(10))	
<p>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.</p> <p>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;</p>	
EBA Final non-ABCP STS Guidelines	
4.4 Underwriting standards, originator’s expertise (Article 20(10))	
Residential loans	
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	

20	BACK TO CHECKLIST
Article 20 - Requirements relating to simplicity	
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
Underwriting standards (Article 20(10))	
<p>35. The objective of the criterion specified in the third subparagraph of Article 20(10) is to ensure that the assessment of the borrower’s creditworthiness is based on robust processes. It is expected that the application of this article will be limited in practice, given that the STS is limited to originators based in the EU, and the criterion is understood to cover only exposures originated by the EU originators to borrowers in non-EU countries.</p> <p>37. (e) clarification of the criterion with respect to the assessment of a borrower’s creditworthiness based on equivalent requirements in third countries;</p>	
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21	Article 20 - Requirements relating to simplicity	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
Underwriting standards (Article 20(10))		
<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>		
EBA Final non-ABCP STS Guidelines		
4.4 Underwriting standards, originator's expertise (Article 20(10))		
Similar exposures		
<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.

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

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<p>No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</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>(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>		
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<p>4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))</p> <p>Exposures to a credit-impaired debtor or guarantor</p> <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> <p>To the best of the originator’s or original lender’s knowledge</p> <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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No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:		
(d) Interpretation of the criterion with respect to the debtors and guarantors found on the credit registry: it is important to interpret this requirement in a narrow sense to ensure that the existence of a debtor or guarantor on the credit registry of persons with adverse credit history should not automatically exclude the exposure to that debtor/guarantor from compliance with this criterion. It is understood that this criterion should relate only to debtors and guarantors that are, at the time of origination of the exposure, considered entities with adverse credit history. Existence on a credit registry at the time of origination of the exposure for reasons that can be reasonably ignored for the purposes of the credit risk assessment (for example due to missed payments which have been resolved in the next two payment periods) should not be captured by this requirement. Therefore, this criterion should not automatically exclude from the STS framework exposures to all entities that are on the credit registries, taking into account that this would unintentionally exclude a significant number of entities given that different practices exist across EU jurisdictions with respect to entry requirements of such credit registries, and the fact that credit registries in some jurisdictions may contain both positive and negative information about the clients;		
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4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
Exposures to credit-impaired debtors or guarantors that have undergone a debt-restructuring process		
42. For the purposes of Article 20(11)(a) of Regulation (EU) 2017/2402, the requirement to exclude exposures to credit-impaired debtors or guarantors who have undergone a debt-restructuring process with regard to their non-performing exposures should be understood to refer to both the restructured exposures of the respective debtor or guarantor and those of its exposures that were not themselves subject to restructuring. For the purposes of this Article, restructured exposures which meet the conditions of points (i) and (ii) of that Article should not result in a debtor or guarantor becoming designated as credit-impaired.		

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

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No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
40. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:		
(e) Interpretation of the term 'significantly higher risk of contractually agreed payments not being made for comparable exposures': the term should be interpreted with a similar meaning to the requirement aiming to prevent adverse selection of assets referred to in Article 6(2) of Regulation (EU) 2017/2402, and further specified in the Article 16(2) of the Delegated Regulation specifying in greater detail the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/24027, given that in both cases the requirement (i) aims to prevent adverse selection of underlying exposures and (ii) relates to the comparison of the credit quality of exposures transferred to the SSPE and comparable exposures that remain on the originator's balance sheet. To facilitate the interpretation, a list is given of examples of how to achieve compliance with the requirement.		
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4.5 No exposures in default and to credit-impaired debtors/guarantors (Article 20(11))		
Risk of contractually agreed payments not being made being significantly higher than for comparable exposures		
44. For the purposes of Article 20(11)(c) of Regulation (EU) 2017/2402, the exposures should not be considered to have a 'credit assessment of a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised' when the following conditions apply:		
(a) the most relevant factors determining the expected performance of the underlying exposures are similar;		
(b) as a result of the similarity referred to in point (a) it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the transaction or over a maximum of four years, where the life of the transaction is longer than four years, their performance would not be significantly different.		
45. The requirement in the previous paragraph should be considered to have been met where either of the following applies:		
(a) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or classified to the similar effect under the relevant accounting principles;		
(b) the underlying exposures do not include exposures whose credit quality, based on credit ratings or other credit quality thresholds, significantly differs from the credit quality of comparable exposures that the originator originates in the course of its standard lending operations and credit risk strategy.		
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At least one payment made (Article 20(12))		
41. STS securitisations should minimise the extent to which investors are required to analyse and assess fraud and operational risk. At least one payment should therefore be made by each underlying borrower at the time of transfer, since this reduces the likelihood of the loan being subject to fraud or operational issues, unless in the case of revolving securitisations in which the distribution of securitised exposures is subject to constant changes because the securitisation relates to exposures payable in a single instalment or with an initial legal maturity of an exposure of below one year.		
42. To facilitate consistent interpretation of this criterion, its scope and the types of payments referred to therein should be further clarified.		
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4.6 At least one payment made (Article 20(12))		
Scope of the criterion		
46. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, further advances in terms of an exposure to a certain borrower should not be deemed to trigger a new 'at least one payment' requirement with respect to such an exposure.		
At least one payment		
47. For the purposes of Article 20(12) of Regulation (EU) 2017/2402, the payment referred to in the requirement according to which 'at least one payment' should have been made at the time of transfer should be a rental, principal or interest payment or any other kind of payment.		

32	<p>Article 20 - Requirements relating to simplicity</p> <p>EBA Final non-ABCP STS Guidelines – statements on background and rationale</p> <p>No predominant dependence on the sale of assets (Article 20(13))</p> <p>43. Dependence of the repayment of the holders of the securitisation positions on the sale of assets securing the underlying exposures increases the liquidity risks, market risks and maturity transformation risks to which the securitisation is exposed. It also makes the credit risk of the securitisation more difficult for investors to model and assess.</p> <p>44. The objective of this criterion is to ensure that the repayment of the principal balance of exposures at the contract maturity – and therefore repayment of the holders of the securitisation positions – is not intended to be predominantly reliant on the sale of assets securing the underlying exposures, unless the value of the assets is guaranteed or fully mitigated by a repurchase obligation.</p> <p>45. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the term ‘predominant dependence’ on the sale of assets securing the underlying exposures should be further interpreted:</p> <p>(i) when assessing whether the repayment of the holders of the securitisation positions is or is not predominantly dependent on the sale of assets, the following three aspects should be taken into account: (i) the principal balance at contract maturity of underlying exposures that depend on the sale of assets securing those underlying exposures to repay the balance; (ii) the distribution of maturities of such exposures across the life of the transaction, which aims to reduce the risk of correlated defaults due to idiosyncratic shocks; and (iii) the granularity of the pool of exposures, which aims to promote sufficient distribution in sale dates and other characteristics that may affect the sale of the underlying exposures.</p> <p>(i) no types of securitisations should be excluded ex ante from the compliance with this criterion and from the STS securitisation as long as they meet all the requirements specified in the guidance. For example, this criterion does not aim to exclude leasing transactions and interest-only residential mortgages from STS securitisation, provided they comply with the guidance provided and all other applicable STS requirements. However, it is expected that commercial real estate transactions, or securitisations where the assets are commodities (e.g. oil, grain, gold), or bonds whose maturity dates fall after the maturity date of the securitisation, would not meet these requirements, as in all these cases it is expected that the repayment is predominantly reliant on the sale of the assets, that other possible ways to repay the securitisation positions are substantially limited, and that the granularity of the portfolio is low.</p> <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>	BACK TO CHECKLIST
	<p>EBA Final non-ABCP STS Guidelines</p> <p>4.7 No Predominant dependence on the sale of assets</p> <p>Predominant dependence on the sale of assets</p> <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> <p>Exemption provided in the second subparagraph of Article 20(13) of Regulation (EU) 2017/2402</p> <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>	

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Risk retention (Article 21(1))		
47. The main objective of the risk retention criterion is to ensure an alignment between the originators'/sponsors'/original lenders' and investors' interests, and to avoid application of the originate-to-distribute model in securitisation.		
48. The content of the criterion is deemed sufficiently clear that no further guidance in addition to that provided by the Delegated Regulation further specifying the risk retention requirement in accordance with Article 6(7) of Regulation (EU) 2017/2402 is considered necessary.		
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Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.		
50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.		
51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.		
52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:		
(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;		
(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;		
(c) clarification of the term 'common standards in international finance'.		
EBA Final non-ABCP STS Guidelines		
5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
Appropriate mitigation of interest-rate and currency risks		
51. For the purposes of Article 21(2) of Regulation (EU) 2017/2402 in order for the interest-rate and currency risks arising from the securitisation to be considered 'appropriately mitigated', it should be sufficient that a hedge or mitigation is in place, on condition that it is not unusually limited with the effect that it covers a major share of the respective interest-rate or currency risks under relevant scenarios, understood from an economic perspective. Such a mitigation may also be in the form of derivatives or other mitigating measures including reserve funds, over collateralisation, excess spread or other measures.		
52. Where the appropriate mitigation of interest-rate and currency risks is carried out through derivatives, all of the following requirements should apply:		
(a) the derivatives should be used only for genuine hedging of asset and liability mismatches of interest rates and currencies, and should not be used for speculative purposes;		
(b) the derivatives should be based on commonly accepted documentation, including International Swaps or Derivatives Association (ISDA) or similar established national documentation standards;		
(c) the derivative documentation should provide, in the event of the loss of sufficient creditworthiness of the counterparty below a certain level, measured either on the basis of the credit rating or otherwise, that the counterparty is subject to collateralisation requirements or makes a reasonable effort for its replacement or guarantee by another counterparty.		

	53. Where the mitigation of interest-rate and currency risks referred to in Article 21(2) of Regulation (EU) 2017/2402 is carried out not through derivatives but by other risk-mitigating measures, those measures should be designed to be sufficiently robust. When such risk-mitigating measures are used to mitigate multiple risks at the same time, the disclosure required by Article 21(2) of Regulation (EU) 2017/2402 should include an explanation of how the measures hedge the interest-rate risks and currency risks on one hand, and other risks on the other hand.
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Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
<p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks;</p> <p>(b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion;</p> <p>(c) clarification of the term ‘common standards in international finance’.</p>		
EBA Final non-ABCP STS Guidelines		
5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))		
Appropriate mitigation of interest-rate and currency risks		
<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>		

36	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <ul style="list-style-type: none"> (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks; (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion; (c) clarification of the term 'common standards in international finance'. 		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</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	BACK TO CHECKLIST
38	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>49. The objective of this criterion is to reduce any payment risk arising from different interest-rate and currency profiles of assets and liabilities. Mitigating or hedging interest-rate and currency risks arising in the transaction enhances the simplicity of the transaction, since it helps investors to model those risks and their impact on the credit risk of the securitisation investment.</p> <p>50. It should be clarified that hedging (through derivative instruments) is only one possible way of addressing the risks mentioned. Whichever measure is applied for the risk mitigation, it should, however, be subject to specific conditions so that it can be considered to appropriately mitigate the risks mentioned.</p> <p>51. One of these conditions aims to prohibit derivatives that do not serve the purpose of hedging interest-rate or currency risk from being included in the pool of underlying exposures or entered into by the SSPE, given that derivatives add to the complexity of the transaction and to the complexity of the risk and due diligence analysis to be carried out by the investor. Derivatives hedging interest-rate or currency risk enhance the simplicity of the transaction, since hedged transactions do not require investors to engage in the modelling of currency and interest-rate risks.</p> <p>52. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <ul style="list-style-type: none"> (a) conditions that the measures should comply with so that they can be considered to appropriately mitigate the interest-rate and currency risks; (b) clarification with respect to the scope of derivatives that should and should not be captured by this criterion; (c) clarification of the term ‘common standards in international finance’. 		
EBA Final non-ABCP STS Guidelines		
<p>5.1 Appropriate mitigation of interest-rate and currency risks (Article 21(2))</p> <p>Derivatives</p> <p>55. For the purpose of Article 21(2) of Regulation (EU) 2017/2402, exposures in the pool of underlying exposures that merely contain a derivative component exclusively serving the purpose of directly hedging the interest-rate or currency risk of the respective underlying exposure itself, which are not themselves derivatives, should not be understood to be prohibited.</p>		

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

40	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on background and rationale		
<p>Referenced interest payments (Article 21(3))</p> <p>53. The objective of this criterion is to prevent securitisations from making reference to interest rates that cannot be observed in the commonly accepted market practice. The credit risk and cash flow analysis that investors must be able to carry out should not involve atypical, complex or complicated rates or variables that cannot be modelled on the basis of market experience and practice.</p> <p>54. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) the scope of the criterion (by specifying the common types and examples of interest rates captured by this criterion);</p> <p>(b) the term ‘complex formulae or derivatives’.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.2 Referenced interest payments (Article 21(3))</p> <p>Referenced rates</p> <p>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:</p> <p>(a) interbank rates including the Libor, Euribor and other recognised benchmarks;</p> <p>(b) rates set by monetary policy authorities, including FED funds rates and central banks’ discount rates;</p> <p>(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.</p> <p>Complex formulae or derivatives</p> <p>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.</p>		

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

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

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

45	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
Non-sequential priority of payments (Article 21(5))		
<p>59. The objective of this criterion is to ensure that non-sequential (pro rata) amortisation should be used only in conjunction with clearly specified contractual triggers that determine the switch of the amortisation scheme to a sequential priority, safeguarding the transaction from the possibility that credit enhancement is too quickly amortised as the credit quality of the transaction deteriorates, thereby exposing senior investors to a decreasing amount of credit enhancement.</p>		
<p>60. To facilitate consistent interpretation of this criterion, a non-exhaustive list of examples of performance-related triggers that may be included is provided in the guidance.</p>		
EBA Final non-ABCP STS Guidelines		
5.4 Non-sequential priority of payments (Article 21(5))		
Performance-related triggers		
<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,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
47,	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
48,	Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))	
49,	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.	
50	62. In order to facilitate the consistent interpretation of this criterion, interactions of this criterion with the criterion under Article 21(7)(b) with respect to the insolvency-related event with respect to the servicer should be further clarified.	
EBA Final non-ABCP STS Guidelines		
5.5 Early amortisation provisions/triggers for termination of the revolving period (Article 21(6))		
<i>Insolvency-related event with regard to the servicer</i>		
67. For the purposes of Article 21(6)(b) of Regulation (EU) 2017/2402, an insolvency-related event with respect to the servicer should lead to both of the following:		
(a) it should enable the replacement of the servicer in order to ensure continuation of the servicing;		
(b) it should trigger the termination of the revolving period.		

51,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
52,	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
53	Transaction Documentation (Article 21(7))	
63. The objective of this criterion is to help provide full transparency to investors, assist investors in the conduct of their due diligence and prevent investors from being subject to unexpected disruptions in cash flow collections and servicing, as well as to provide investors with certainty about the replacement of counterparties involved in the securitisation transaction.		
64. This criterion is considered sufficiently clear and no further guidance is considered necessary.		
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54	<p>Article 21 - Requirements relating to standardisation</p> <p>EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i></p> <p>Expertise of the Servicer (Article 21(8))</p> <p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p> <p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) criteria for determining the expertise of the servicer;</p> <p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p> <p>67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>	<p>BACK TO CHECKLIST</p>
	<p>EBA Final non-ABCP STS Guidelines</p> <p>5.8 Expertise of the servicer (Article 21(8))</p> <p><i>Criteria for determining the expertise of the servicer</i></p> <p>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:</p> <p>(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;</p> <p>(b) any of the following principles on the quality of the expertise should be taken into account in the determination of the expertise:</p> <p>(i) the role and duties of the members of the management body and the senior staff and the required capabilities should be adequate;</p> <p>(ii) the experience of the members of the management body and the senior staff gained in previous positions, education and training should be sufficient;</p> <p>(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;</p> <p>(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.</p> <p>69. A servicer should be deemed to have the required expertise where either of the following applies:</p> <p>(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;</p> <p>(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:</p> <p>(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;</p> <p>(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;</p> <p>(iii) the servicing function of the entity is backed by the back-up servicer compliant with point (a).</p> <p>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.</p> <p><i>Exposures of similar nature</i></p> <p>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.</p>	

55	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>		
<p>Expertise of the Servicer (Article 21(8))</p> <p>65. The objective of this criterion is to ensure that all the conditions are in place for the proper functioning of the servicing function, taking into account the crucial importance of servicing in securitisation and the central nature of this function within any securitisation transaction.</p> <p>66. To facilitate consistent interpretation of this criterion, the following aspects should be further clarified:</p> <p>(a) criteria for determining the expertise of the servicer;</p> <p>(b) criteria for determining well-documented and adequate policies, procedures and risk management controls of the servicer.</p> <p>67. The criteria for the expertise of the servicer should correspond to those for the expertise of the originator or the original lender. Newly established entities should be allowed to perform the tasks of servicing, as long as the back-up servicer has the appropriate experience. It is expected that information on the assessment of the expertise is provided in sufficient detail in the STS notification.</p>		
EBA Final non-ABCP STS Guidelines		
<p>Expertise of the Servicer (Article 21(8))</p> <p><i>Well-documented and adequate policies, procedures and risk management controls</i></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	BACK TO CHECKLIST
57	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Remedies and actions related to delinquency and default of debtor (Article 21(9))</p> <p>68. Investors should be in a position to know, when they receive the transaction documentation, what procedures and remedies are planned in the event that adverse credit events affect the underlying exposures of the securitisation. Transparency of remedies and procedures, in this respect, allows investors to model the credit risk of the underlying exposures with less uncertainty. In addition, clear, timely and transparent information on the characteristics of the waterfall determining the payment priorities is necessary for the investor to correctly price the securitisation position.</p> <p>69. To facilitate consistent interpretation of this criterion, the terms ‘in clear and consistent terms’ and ‘clearly specify’ should be further clarified.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.7 Remedies and actions related to delinquency and default of debtor (Article 21(9))</p> <p><i>Clear and consistent terms</i></p> <p>For the purposes of Article 21(9) of Regulation (EU) 2017/2402, to ‘set out clear and consistent terms’ and to ‘clearly specify’ should be understood as requiring that the same precise terms are used throughout the transaction documentation in order to facilitate the work of investors.</p>		

62,	Article 21 - Requirements relating to standardisation	BACK TO CHECKLIST
63	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Resolution of conflicts between different classes of investors</p> <p>70. The objective of this criterion is to help ensure clarity for securitisation noteholders of their rights and ability to control and enforce on the underlying credit claims or receivables. This should make the decision-making process more effective, for instance in circumstances where enforcement rights on the underlying assets are being exercised.</p> <p>71. To facilitate consistent interpretation of this criterion, the term ‘clear provisions that facilitate the timely resolution of conflicts between different classes of investors’ should be further interpreted.</p>		
EBA Final non-ABCP STS Guidelines		
<p>5.8 Resolution of conflicts between different classes of investors (Article 20(10))</p> <p><i>Clear provisions facilitating the timely resolution of conflicts between different classes of investors</i></p> <p>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:</p> <ul style="list-style-type: none"> (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. <p>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.</p>		

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

67,	Article 22 - Requirements relating to transparency	BACK TO CHECKLIST
68	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Verification of a sample of the underlying exposures (Article 22(2))</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"> (a) requirements on the sample of the underlying exposures subject to external verification; (b) requirements on the party executing the verification; (c) scope of the verification; (d) requirement on the confirmation of the verification. 		
EBA Final non-ABCP STS Guidelines		
<p>6.2 Verification of a sample of the underlying exposures (Article 22(2))</p> <p>Sample of the underlying exposures subject to external verification</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>Party executing the verification</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"> (a) it has the experience and capability to carry out the verification; (b) it is none of the following: <ul style="list-style-type: none"> (i) a credit rating agency; (ii) a third party verifying STS compliance in accordance with Article 28 of Regulation (EU) 2017/2402; (iii) an entity affiliated to the originator. <p>Scope of the verification</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"> (a) verification of the compliance of the underlying exposures in the provisional portfolio with the eligibility criteria that are able to be tested prior to issuance; (b) verification of the fact that the data disclosed to investors in any formal offering document in respect of the underlying exposures is accurate. <p>Confirmation of the verification</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,	Article 22 - Requirements relating to transparency	BACK TO CHECKLIST
70	EBA Final non-ABCP STS Guidelines – statements on <i>background and rationale</i>	
<p>Liability cashflow model (Article 22(3))</p> <p>76. The objective of this criterion is to assist investors in their ability to appropriately model the cash flow waterfall of the securitisation on the liability side of the SSPE.</p> <p>77. To facilitate consistent interpretation of this criterion, the following aspects should be clarified:</p> <p>(a) interpretation of the term ‘precise’ representation of the contractual relationships;</p> <p>(b) implications when the model is provided by third parties.</p>		
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<p>Liability cash flow model (Article 22(3))</p> <p>Precise representation of the contractual relationship</p> <p>82. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, the representation of the contractual relationships between the underlying exposures and the payments flowing among the originator, sponsor, investors, other parties and the SSPE should be considered to have been done ‘precisely’ where it is done accurately and with an amount of detail sufficient to allow investors to model payment obligations of the SSPE and to price the securitisation accordingly. This may include algorithms that permit investors to model a range of different scenarios that will affect cash flows, such as different prepayment or default rates.</p> <p>Third parties</p> <p>83. For the purposes of Article 22(3) of Regulation (EU) 2017/2402, where the liability cash flow model is developed by third parties, the originator or sponsor should remain responsible for making the information available to potential investors.</p>		

71	Article 22 - Requirements relating to transparency	BACK TO CHECKLIST
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<p>Environmental performance of assets (Article 22(4))</p> <p>78. It should be clarified that this is a requirement of disclosure about the energy efficiency of the assets when this information is available to the originator, sponsor or SSPE, rather than a requirement for a minimum energy efficiency of the assets.</p> <p>79. To facilitate consistent interpretation of this criterion, the term ‘available information related to the environmental performance’ should be further clarified.</p>		
EBA Final non-ABCP STS Guidelines		
<p>Environmental performance of assets (Article 22(4))</p> <p>Available information related to the environmental performance</p> <p>84. This requirement should be applicable only if the information on the energy performance certificates for the assets financed by the underlying exposures is available to the originator, sponsor or the SSPE and captured in its internal database or IT systems. Where information is available only for a proportion of the underlying exposures, the requirement should apply only in respect of the proportion of the underlying exposures for which information is available.</p>		