

Provisional STS On-Balance Sheet (Synthetic) Verification Checklist [Name of Transaction]



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

XX^{xx} [Month] 2022

Analyst: XXX – 012345 | M: XXXX email address

This is the Provisional STS Master Checklist for STS On-Balance Sheet Verifications.

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

This Provisional STS Master Checklist is not the final STS Verification of this On-Balance-Sheet Securitisation and is based on the draft documents and information provided to PCS by or on behalf of the originator as of the date of this assessment.

PCS' comments in this Provisional STS On-Balance Sheet Master Checklist are based on PCS' interpretation of the STS Regulation (the "Regulation") informed by (a) the text of the Regulation itself, (b) the existing EBA guidelines for STS Term Transactions, where applicable, and recommendations, if any, issued in accordance with Article 26(a) 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 anticipated at the date of this Provisional STS On-Balance Sheet Master Checklist a Final STS On-Balance Sheet Master Checklist for STS Verification will be made available at or around closing of the transaction. However, such Final STS On-Balance Sheet Master Checklist for STS Verifications will be based upon the final materials received by PCS and will only be made available on a fully ticked basis if no material adverse changes have been made to the transaction or the relevant material which, upon becoming known to PCS, would not adversely change our analysis. Therefore, no guarantees can be provided that such Final Master Checklist for STS On-Balance Sheet Verification will be made available on a fully ticked basis.

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

XX^{xx} [Month] Year

STS Disclaimer

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When entering any of the “Transaction” sections of the PCS Website, you will be asked to declare that you are allowed to do so under the legislation of your country. The circulation and distribution of information regarding securitisation instruments (including securities) that is available on the PCS Website may be restricted in certain jurisdictions. Persons receiving any information or documents with respect to or in connection with instruments (including securities) available on the PCS Website are required to inform themselves of and to observe all applicable restrictions.

PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Name of Analyst
Date of Verification	[XX] [Month] Year
The transaction to be verified (the "Transaction")	Name of Transaction
Issuer (if applicable) or Transaction/Project Name	
Originator	
Legal Counsel to Originator	
Third-Party Verification Agent	
Rating Agencies (if applicable)	
(Target) Closing Date	XX [Month] Year

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.

Synthetic securitisations that meet the requirements set out in Articles 26b to 26e shall be considered STS on-balance-sheet securitisations. The EBA, in close cooperation with ESMA and EIOPA, may adopt, in accordance with Article 16 of Regulation (EU) No 1093/2010, guidelines and recommendations on the harmonised interpretation and application of the requirements set out in Articles 26b to 26e.

Article	Summary of Article Contents	PCS Verified
Article 26b – Simplicity		
26b(1)-(4)	The originator: own assets or third-party assets, core business, assets on balance-sheet, no further hedges	1-4 ✓
26b(5)	Eligibility of credit protection agreement	5 ✓
26b(6)	Full legal title, credit risk on balance-sheet, compliance with eligibility criteria, enforceability of exposures, underwriting criteria, no defaulted obligor, no false information, no amendment affecting enforceability	6-13 ✓
26b(7)	Eligibility criteria documented, no active portfolio management	14-16 ✓
26b(8)	Homogeneity, obligations of the underlying exposures, enforceability, periodic payment streams, no transferable securities	17-21 ✓
26b(9)	No securitisation position	22 ✓
26b(10)	Origination, underwriting standards, full recourse to obligor, no third-party involvement, no unverified home loans, credit assessment, expertise	23-28 ✓
26b(11)	No exposures in default and to credit-impaired or insolvent debtors/guarantors, portion of restructured debtors, adverse credit history, higher pool risk	29-36 ✓
26b(12)	At least one payment made	37 ✓
Article 26c – Standardisation		
26c(1)	Risk retention	38 ✓
26c(2)	Appropriate mitigation: interest-rate, currency risks, disclosure, collateral currency match, liability/income match, no further derivatives/hedging derivatives to common standards	39-44 ✓
26c(3)	Referenced interest payments	45 ✓
26c(4)	Requirements in the event of enforcement	46-47 ✓
26c(5)	Loss allocation, amortisation, switch to sequential amortisation, returning of collateral, credit protection payments	48-54 ✓
26c(6)	Early amortisation provisions/triggers for termination of revolving period	55-57 ✓
26c(7)	Duties servicer and transaction parties, replacement of servicer and transaction parties, servicing procedures and standards	58-62 ✓
26c(8)-(9)	Servicer expertise, servicing procedures as stringent, reference register	63-65 ✓
26c(10)	Resolution of investor conflicts and fiduciary party responsibilities and duties	66-67 ✓
Article 26d – Transparency		
26d(1)	Historical asset data	68-70 ✓
26d(2)	AUP/asset verification	71 ✓
26d(3)-(4)	Liability cashflow model, environmental performance of asset	72-74 ✓
26d(5)	Responsibility for article 7, information disclosure before pricing and 15 days after closing	75-78 ✓
7(1), 7(2)	Transparency requirements: availability of reports, documentation, underlying loan data, designation of responsible entity, securitisation repository	79-88 ✓
Article 26e - Credit protection, Third-Party Verification and Synthetic Excess Spread		
26e(1)	Credit events, forbearance measures	89-90 ✓
26e(2)	Credit protection payments: calculation, verification, enforceability,	91-104 ✓
26e(3)	Extension period, credit protection premiums	105-106 ✓
26e(4)	Third-party verification agent: appointment, duties	107-118 ✓
26e(5)	Early termination: bankruptcy, default, regulatory call, time call, clean-up call, collateral repayment	119-126 ✓
26e(6)	No termination prior to scheduled maturity	127 ✓
26e(7)	Synthetic excess spread	128-131 ✓
26e(8)	Credit protection agreement	132 ✓
26e(9)-(10)	Collateral, cash and counterparties (if the credit protection provider is a corporate)	133 ✓

Article 26b 1. An originator shall be an entity that is authorised or licenced in the Union.
An originator that purchases a third party’s exposures on its own account and then securitises them shall apply policies with regard to credit, collection, debt workout and servicing that are no less stringent than those that the originator applies to comparable exposures that have not been purchased.

1	<p>STS Criteria</p> <p>1. An originator shall be an entity that is authorised or licenced in the Union. An originator that purchases a third party’s exposures on its own account and then securitises them shall apply policies with regard to credit, collection, debt workout and servicing that are no less stringent than those that the originator applies to comparable exposures that have not been purchased.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	

Article 26b 2. The underlying exposures shall be originated as part of the core business activity of the originator.

2	<p>STS Criteria</p> <p>2. The underlying exposures shall be originated as part of the core business activity of the originator.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	

Article 26b 3. At the closing of a transaction, the underlying exposures shall be held on the balance sheet of the originator or of an entity of the same group to which the originator belongs.
For the purposes of this paragraph, a group shall be either of the following:
(a) a group of legal entities subject to prudential consolidation in accordance with Part One, Title II, Chapter 2 of Regulation (EU) No. 575/2013;
(b) a group as defined in point (c) of Article 212(1) of Directive 2009/138/EC.

3	<p>STS Criteria</p> <p>3 At the closing of a transaction, the underlying exposures shall be held on the balance sheet of the originator or of an entity of the same group to which the originator belongs.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	

Article 26b 4. The originator shall not further hedge its exposure to the credit risk of the underlying exposures of the securitisation beyond the protection obtained through the credit protection agreement.

4	STS Criteria	Verified? YES
	4. The originator shall not further hedge its exposure to the credit risk of the underlying exposures of the securitisation beyond the protection obtained through the credit protection agreement.	

PCS Comments

Article 26b 5. The credit protection agreement shall comply with the credit risk mitigation rules laid down in Article 249 of Regulation (EU) No 575/2013, or where that Article is not applicable, with requirements that are no less stringent than the requirements set out in that Article.

5	STS Criteria	Verified? YES
	5. The credit protection agreement shall comply with the credit risk mitigation rules laid down in Article 249 of Regulation (EU) No 575/2013, or where that Article is not applicable, with requirements that are no less stringent than the requirements set out in that Article.	

PCS Comments

Article 249 (from REGULATION EU 2017/2401 amending 575/2013) Recognition of credit risk mitigation for securitisation positions

1. An institution may recognise funded or unfunded credit protection with respect to a securitisation position where the requirements for credit risk mitigation laid down in this Chapter and in Chapter 4 are met.
 2. Eligible funded credit protection shall be limited to financial collateral which is eligible for the calculation of risk-weighted exposure amounts under Chapter 2 as laid down under Chapter 4 and recognition of credit risk mitigation shall be subject to compliance with the relevant requirements as laid down under Chapter 4.
- Eligible unfunded credit protection and unfunded credit protection providers shall be limited to those which are eligible in accordance with Chapter 4 and recognition of credit risk mitigation shall be subject to compliance with the relevant requirements as laid down under Chapter 4.

Regulation (EU) 2021/558 amends the CRR No. 575/2013 (and EU 2017/2041) as follows:

(1) in Article 249(3), the first subparagraph is replaced by the following:

“3. By way of derogation from paragraph 2, of this Article, the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which was credit quality step 2 or above at the time the credit protection was first recognised and is currently credit quality step 3 or above.”

Last paragraph of Article 249 (from REGULATION EU 2017/2401 amending 575/2013)

“Institutions which are allowed to apply the IRB Approach to a direct exposure to the protection provider may assess eligibility in accordance with the first subparagraph based on the equivalence of the PD for the protection provider to the PD associated with the credit quality steps referred to in Article 136.”

Regulation (EU) No 575/2013, Article 200 in Chapter 4, Other funded credit protection

Institutions may use the following other funded credit protection as eligible collateral:

- (a) cash on deposit with, or cash assimilated instruments held by, a third party institution in a non-custodial arrangement and pledged to the lending institution;
- (b) life insurance policies pledged to the lending institution;
- (c) instruments issued by third party institutions which will be repurchased by that institution on request.

Regulation (EU) No 575/2013, Article 201 (1) in Chapter 4, Eligibility of protection providers under all approaches

1. Institutions may use the following parties as eligible providers of unfunded credit protection:

- (a) central governments and central banks;
- (b) regional governments or local authorities;
- (c) multilateral development banks;
- (d) international organisations exposures to which a 0 % risk weight under Article 117 is assigned;
- (e) public sector entities, claims on which are treated in accordance with Article 116;
- (f) institutions, and financial institutions for which exposures to the financial institution are treated as exposures to institutions in accordance with Article 119(5);
- (g) other corporate entities, including parent, subsidiary and affiliate corporate entities of the institution, where either of the following conditions is met:
 - (i) those other corporate entities have a credit assessment by an ECAI
 - (ii) in the case of institutions calculating risk-weighted exposure amounts and expected loss amounts under the IRB Approach, those other corporate entities do not have a credit assessment.

Article 26b.6. The originator shall provide representations and warranties that the following requirements have been met:

- (a) the originator or an entity of the group to which the originator belongs has full legal and valid title to the underlying exposures and their associated ancillary rights;
- (b) where the originator is a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC, the originator or an entity which is included in the scope of supervision on a consolidated basis keeps the credit risk of the underlying exposures on their balance sheet;
- (c) each underlying exposure complies, at the date it is included in the securitised portfolio, with the eligibility criteria and with all conditions, other than the occurrence of a credit event as referred to in Article 26e, for a credit protection payment in accordance with the credit protection agreement contained within the securitisation documentation;
- (d) to the best of originator’s knowledge, the contract for each underlying exposure contains a legal, valid, binding and enforceable obligation to the obligor to pay the sums of money specified in that contract;
- (e) the underlying exposures comply with underwriting criteria that are no less stringent than the standard underwriting criteria that the originator applies to similar exposures that are not securitised;
- (f) to the best of originator’s knowledge, none of the obligors are in material breach or default of any of their obligations in respect of an underlying exposure on the date on which that underlying exposure is included in the securitised portfolio
- (g) to the best of the originator’s knowledge, the transaction documentation does not contain any false information on the details of the underlying exposures;
- (h) at the closing of the transaction or when the underlying exposure is included in the securitised portfolio, the contract between the obligor and the original lender in relation to that underlying exposure has not been amended in such a way that the enforceability or collectability of that underlying exposures has been affected.

6

STS Criteria

6. (a) the originator or an entity of the group to which the originator belongs has full legal and valid title to the underlying exposures and their associated ancillary rights;

**Verified?
YES**

PCS Comments

7	<p>STS Criteria 7. (b) where the originator is a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC, the originator or an entity which is included in the scope of supervision on a consolidated basis keeps the credit risk of the underlying exposures on their balance sheet;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	
8	<p>STS Criteria 8. (c) each underlying exposure complies, at the date it is included in the securitised portfolio, with the eligibility criteria and with all conditions, other than the occurrence of a credit event as referred to in Article 26e, for a credit protection payment in accordance with the credit protection agreement contained within the securitisation documentation;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	
9	<p>STS Criteria 9. (d) to the best of originator’s knowledge, the contract for each underlying exposure contains a legal, valid, binding and enforceable obligation to the obligor to pay the sums of money specified in that contract;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	
10	<p>STS Criteria 10. (e) the underlying exposures comply with underwriting criteria that are no less stringent than the standard underwriting criteria that the originator applies to similar exposures that are not securitised;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	

11	STS Criteria 11. (f) to the best of originator’s knowledge, none of the obligors are in material breach or default of any of their obligations in respect of an underlying exposure on the date on which that underlying exposure is included in the securitised portfolio;	Verified? YES
	PCS Comments	
12	STS Criteria 12. (g) to the best of the originator’s knowledge, the transaction documentation does not contain any false information on the details of the underlying exposures;	Verified? YES
	PCS Comments	
13	STS Criteria 13. (h) at the closing of the transaction or when the underlying exposure is included in the securitised portfolio, the contract between the obligor and the original lender in relation to that underlying exposure has not been amended in such a way that the enforceability or collectability of that underlying exposures has been affected.	Verified? YES
	PCS Comments	

Article 26b 7. The underlying exposures shall meet predetermined, clear and documented eligibility criteria that do not allow for active portfolio management of those exposures on a discretionary basis.
 For the purpose of this paragraph, the substitution of underlying exposures that are in breach of representations or warranties or, where the securitisation includes a replenishment period, the addition of exposures that meet the defined replenishment conditions, shall not be considered active portfolio management.
 Any exposure added after the closing date of the transaction shall meet eligibility criteria that are no less stringent than those applied in the initial selection of the underlying exposures.

14	STS Criteria 14. The underlying exposures shall meet predetermined, clear and documented eligibility criteria that do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, the substitution of underlying exposures that are in breach of representations or warranties or, where the securitisation includes a replenishment period, the addition of exposures that meet the defined replenishment conditions, shall not be considered active portfolio management.	Verified? YES
	PCS Comments	

15	STS Criteria 15. Any exposure added after the closing date of the transaction shall meet eligibility criteria that are no less stringent than those applied in the initial selection of the underlying exposures.	Verified? YES
	PCS Comments	
<p>Article 26b .7. An underlying exposure may be removed from the transaction where that underlying exposure:</p> <p>(a) has been fully repaid or matured otherwise;</p> <p>(b) has been disposed of during the ordinary course of the business of the originator, provided that such disposal does not constitute implicit support as referred to in Article 250 of Regulation (EU) No 575/2013;</p> <p>(c) is subject to an amendment that is not credit driven, such as refinancing or restructuring of debt, and which occurs during the ordinary course of servicing of that underlying exposure;</p> <p>(d) did not meet the eligibility criteria at the time it was included in the transaction</p>		
16	STS Criteria 16. see (a) to (d) above.	Verified? YES
	PCS Comments	
<p>Article 26b 8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of assets 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 comprise only one asset type.</p> <p>The underlying exposures referred to in the first subparagraph shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.</p>		
17	STS Criteria 17. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of assets 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 comprise only one asset type.	Verified? YES
	PCS Comments	
18	STS Criteria	Verified? YES

	18. The underlying exposures referred to in the first subparagraph shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.	
	<u>PCS Comments</u>	

Article 26b 8. The underlying exposures referred to in the first subparagraph 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.

19	<p><u>STS Criteria</u></p> <p>19. The underlying exposures referred to in the first subparagraph shall have defined periodic payment streams, the instalments of which may differ in their amounts,...</p>	<p><u>Verified?</u> YES</p>
	<u>PCS Comments</u>	
20	<p><u>STS Criteria</u></p> <p>20. ...relating to rental, principal or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>	<p><u>Verified?</u> YES</p>
	<u>PCS Comments</u>	

Article 26b 8. The underlying exposures referred to in the first subparagraph of this paragraph shall not include transferable securities, as defined in point (44) of Article 4 (1) of Directive 2014/65/EU, other than corporate bonds that are not listed on a trading venue.

21	<p><u>STS Criteria</u></p> <p>21. The underlying exposures referred to in the first subparagraph of this paragraph shall not include transferable securities, as defined in point (44) of Article 4 (1) of Directive 2014/65/EU, other than corporate bonds that are not listed on a trading venue.</p>	<p><u>Verified?</u> YES</p>
	<u>PCS Comments</u>	

Article 26b. 9. Underlying exposures shall not include any securitisation positions.

22	STS Criteria 22. Underlying exposures shall not include any securitisation positions.	Verified? YES
	PCS Comments	

Article 26b 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.

23	STS Criteria 23. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.	Verified? YES
	PCS Comments	

Article 26b 10. The underlying exposures shall be underwritten with full recourse to an obligor that is not an SSPE. No third parties shall be involved in the credit or underwriting decisions concerning the underlying exposures.
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.

24	STS Criteria 24. The underlying exposures shall be underwritten with full recourse to an obligor that is not an SSPE.	Verified? YES
	PCS Comments	
25	STS Criteria 25. No third parties shall be involved in the credit or underwriting decisions concerning the underlying exposures.	Verified? YES
	PCS Comments	

26	STS Criteria 26. 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 Comments	

Article 26b 10. The assessment of the borrower’s creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or Article 18(1) to (4), point (a) of Article 18(5) and Article 18(6), of Directive 2014/17/EU, or where applicable, equivalent requirements in third countries.		
27	STS Criteria 27. The assessment of the borrower’s creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or Article 18(1) to (4), point (a) of Article 18(5) and Article 18(6), of Directive 2014/17/EU, or where applicable, equivalent requirements in third countries.	Verified? YES
	PCS Comments	

Article 26b 10. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.		
28	STS Criteria 28. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	Verified? YES
	PCS Comments	

Article 26b 11. The underlying exposures 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:

29	STS Criteria	Verified? YES
	29 The underlying exposures shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...	
PCS Comments		

Article 26b 11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator’s or original lender’s knowledge:

- (a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except where:
 - (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 the selection of the underlying exposures; and
 - (ii) the information provided by the originator in accordance with point (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;
- (b) was, at the time of origination of the underlying exposure, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or
- (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.

30	STS Criteria	Verified? YES
	30. [...] or exposures to a credit-impaired debtor or guarantor who to the best of the originator’s or original lender’s knowledge:	
PCS Comments		
31	STS Criteria	Verified? YES
	31.(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	
PCS Comments		

32	STS Criteria 32. 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 where:	Verified? YES
	PCS Comments	
33	STS Criteria 33. (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 the selection of the underlying exposures; and	Verified? YES
	PCS Comments	
34	STS Criteria 34. (ii) the information provided by the originator, 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 Comments	
35	STS Criteria 35. (b) was, at the time of origination of the underlying exposure, 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	Verified? YES
	PCS Comments	
36	STS Criteria 36. (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 Comments	

<p>Article 26b 12. Debtors shall, at the time of the inclusion of the underlying exposures, have made at least one payment, except where:</p> <p>(a) the securitisation is a revolving securitisation, 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; or</p> <p>(b) the exposure represents the refinancing of an exposure that is already included in the transaction</p>		
37	<p><u>STS Criteria</u></p> <p>37. Debtors shall, at the time of the inclusion of the underlying exposures, have made at least one payment, except where:</p> <p>(a) the securitisation is a revolving securitisation, 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; or</p> <p>(b) the exposure represents the refinancing of an exposure that is already included in the transaction</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p>	

Article 26c.1. The originator or original lender shall satisfy the risk retention requirements in accordance with Article 6.

38	STS Criteria 38.The originator or original lender shall satisfy the risk retention requirement in accordance with Article 6.	Verified? YES
	PCS Comments	

Article 26c. 2. The interest rate and currency risks arising from the securitisation and their possible effects on the payments to the originator and the investors shall be described in the transaction documentation. Those risks shall be appropriately mitigated, and any measures taken to that effect shall be disclosed. Any collateral securing the obligations of the investor under the credit protection agreement shall be denominated in the same currency in which the credit protection payment is denominated.
In case of a securitisation using a SSPE, the amount of liabilities of the SSPE concerning the interest payments to the investors shall at each payment date be equal to or be less than the amount of the SSPE's income from the originator and any collateral arrangements.

39	STS Criteria 39. The interest rate ...risks arising from the securitisation and their possible effects on the payments to the originator and the investors shall be described in the transaction documentation.	Verified? YES
	PCS Comments	
40	STS Criteria 40. Currency risks arising from the securitisation and their possible effects on the payments to the originator and the investors shall be described in the transaction documentation	Verified? YES
	PCS Comments	
41	STS Criteria 41. Those risks shall be appropriately mitigated, and any measures taken to that effect shall be disclosed.	Verified? YES
	PCS Comments	

42	STS Criteria 42. Any collateral securing the obligations of the investor under the credit protection agreement shall be denominated in the same currency in which the credit protection payment is denominated.	Verified? YES
	PCS Comments	
43	STS Criteria 43. In case of a securitisation using a SSPE, the amount of liabilities of the SSPE concerning the interest payments to the investors shall at each payment date be equal to or be less than the amount of the SSPE's income from the originator and any collateral arrangements.	Verified? YES
	PCS Comments	

Article 26c.2. Except for the purpose of hedging currency risk or interest rate risks of the underlying exposures, the pool of underlying exposures shall not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.

44	STS Criteria 44. Except for the purpose of hedging currency risk or interest rate risks of the underlying exposures, the pool of underlying exposures shall not include derivatives. Those derivatives shall be underwritten and documented according to common standards in international finance.	Verified? YES
	PCS Comments	

Article 26c 3. Any referenced interest rate payments in relation to the transaction shall be based on any of the following:
 (a) generally used market interest rates, or generally used sectoral rates that are reflective of the costs of funds, and shall not reference complex formulae or derivatives;
 (b) income generated by the collateral securing the obligations of the investor under the protection agreement.
 Any referenced interest payments due under the underlying exposures 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

45	<u>STS Criteria</u> 45. See above.	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 26c 4. Following the occurrence of an enforcement event in respect of the originator, the investor shall be permitted to take enforcement action.
 In case of a securitisation using a SSPE, where an enforcement or termination notice of the credit protection agreement is delivered, no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of that SSPE, the payment of the protection payments for defaulted underlying exposures that are still being worked out at the time of the termination, or the orderly repayment of investors in accordance with the contractual terms of the securitisation.

46	<u>STS Criteria</u> 46. Following the occurrence of an enforcement event in respect of the originator, the investor shall be permitted to take enforcement action.	<u>Verified?</u> YES
	<u>PCS Comments</u>	
47	<u>STS Criteria</u> 47. In case of a securitisation using a SSPE, where an enforcement or termination notice of the credit protection agreement is delivered, no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of that SSPE, the payment of the protection payments for defaulted underlying exposures that are still being worked out at the time of the termination, or the orderly repayment of investors in accordance with the contractual terms of the securitisation.	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 26c 5. Losses shall be allocated to the holders of a securitisation position in the order of seniority of the tranches, starting with the most junior tranche. Sequential amortisation shall be applied to all tranches to determine the outstanding amount of the tranches at each payment date, starting from the most senior tranche.		
48	STS Criteria 48. Losses shall be allocated to the holders of a securitisation position in the order of seniority of the tranches, starting with the most junior tranche.	Verified? YES
	PCS Comments	
49	STS Criteria 49. Sequential amortisation shall be applied to all tranches to determine the outstanding amount of the tranches at each payment date, starting from the most senior tranche.	Verified? YES
	PCS Comments	

Article 26c 5. By way of derogation from the second subparagraph, transactions which feature non-sequential priority of payments shall include triggers related to the performance of the underlying exposures resulting in the priority of payments reverting the amortisation to sequential payments in order of seniority. Such performance-related triggers shall include as a minimum: (a) either the increase in the cumulative amount of defaulted exposures <u>or</u> the increase in the cumulative losses greater than a given percentage of the outstanding amount of the underlying portfolio; (b) one additional backward-looking trigger and (c) one forward-looking trigger.		
50	STS Criteria 50. (a) either the increase in the cumulative amount of defaulted exposures or the increase in the cumulative losses greater than a given percentage of the outstanding amount of the underlying portfolio;	Verified? YES
	PCS Comments	
51	STS Criteria 51. (b) one additional backward-looking trigger and.	Verified? YES
	PCS Comments	

52	STS Criteria 52. (c) one forward-looking trigger	Verified? YES
	PCS Comments	
EBA has published on 19 September 2022 the “EBA Final draft regulatory technical standards specifying the performance-related triggers pursuant to Article 26c(5) of Regulation (EU) 2017/2402 as amended by Regulation (EU) 2021/557”.		

Article 26c 5. As tranches amortise, the amount of the collateral equal to the amount of the amortisation of those tranches shall be returned to the investors, provided the investors have collateralised those tranches.

53	STS Criteria 53. As tranches amortise, the amount of the collateral equal to the amount of the amortisation of those tranches shall be returned to the investors, provided the investors have collateralised those tranches.	Verified? YES
	PCS Comments	

Article 26c 5. Where a credit event as referred to in Article 26e has occurred in relation to underlying exposures and the debt workout process for those exposures has not been completed, the amount of credit protection remaining at any payment date shall be at least equivalent to the outstanding nominal amount of those underlying exposures, minus the amount of any interim payment made in relation to those underlying exposures.

54	STS Criteria 54. Where a credit event as referred to in Article 26e has occurred in relation to underlying exposures and the debt workout process for those exposures has not been completed, the amount of credit protection remaining at any payment date shall be at least equivalent to the outstanding nominal amount of those underlying exposures, minus the amount of any interim payment made in relation to those underlying exposures.	Verified? YES
	PCS Comments	

<p>Article 26c 6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period, where a securitisation is a revolving securitisation, including at least the following:</p> <p>(a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold;</p> <p>(b) a rise in losses above a predetermined threshold;</p> <p>(c) a failure to generate sufficient new underlying exposures that meet the predetermined credit quality during a specified period.</p>		
55	<p>STS Criteria</p> <p>55. (a) a deterioration in the credit quality of the underlying exposures to or below a predetermined threshold;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	
56	<p>STS Criteria</p> <p>56. (b) a rise in losses above a predetermined threshold;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	
57	<p>STS Criteria</p> <p>57. (c) a failure to generate sufficient new underlying exposures that meet the predetermined credit quality during a specified period.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	

Article 26c 7. The transaction documentation shall clearly specify:		
<ul style="list-style-type: none"> (a) the contractual obligations, duties and responsibilities of the servicer, the trustee and other ancillary service providers, as applicable, and the third-party verification agent referred to in Article 26e(4); (b) the provisions that ensure the replacement of the servicer, trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4) in the event of default or insolvency of either of those service providers, where those service providers differ from the originator, in a manner that does not result in the termination of the provision of those services; (c) the servicing procedures that apply to the underlying exposures at the closing date and thereafter and the circumstances under which those procedures may be modified; (d) the servicing standards that the servicer is obliged to adhere to in servicing the underlying exposures within the entire maturity of securitisation. 		
58	STS Criteria 58. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer, the trustee and other ancillary service providers, as applicable, and the third-party verification agent referred to in Article 26e(4);	Verified? YES
	PCS Comments	
59	STS Criteria 59. The transaction documentation shall clearly specify: (b) the provisions that ensure the replacement of the servicer, trustee, other ancillary service providers or the third-party verification agent referred to in Article 26e(4) in the event of default or insolvency of either of those service providers, where those service providers differ from the originator, in a manner that does not result in the termination of the provision of those services;	Verified? YES
	PCS Comments	
60	STS Criteria 60. The transaction documentation shall clearly specify: (c)...the servicing procedures that apply to the underlying exposures at the closing date and thereafter...	Verified? YES
	PCS Comments	
61	STS Criteria 61. The transaction documentation shall clearly specify: ...and the circumstances under which those procedures may be modified;	Verified? YES
	PCS Comments	

62	STS Criteria 62. The transaction documentation shall clearly specify: (d) the servicing standards that the servicer is obliged to adhere to in servicing the underlying exposures within the entire maturity of securitisation.	Verified? YES
	PCS Comments	

Article 26c 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.

63	STS Criteria 63. 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	Verified? YES
	PCS Comments	

Article 26c 8. The servicer shall apply servicing procedures to the underlying exposures that are at least as stringent as the ones applied by the originator to similar exposures that are not securitised

64	STS Criteria 64. The servicer shall apply servicing procedures to the underlying exposures that are at least as stringent as the ones applied by the originator to similar exposures that are not securitised	Verified? YES
	PCS Comments	

Article 26c 9. The originator shall maintain an up-to-date reference register to identify the underlying exposures at all times. That register shall identify the reference obligors, the reference obligations from which the underlying exposures arise, and, for each underlying exposure, the nominal amount that is protected and that is outstanding

65	STS Criteria 65. The originator shall maintain an up-to-date reference register to identify the underlying exposures at all times.	Verified? YES
	PCS Comments	

	<p>That register shall identify</p> <ul style="list-style-type: none"> • the reference obligors, • the reference obligations from which the underlying exposures arise, and, • for each underlying exposure, the nominal amount that is protected and that is outstanding. 	
	<p>PCS Comments</p>	
	<p>See preamble to Regulation (EU) 2021/557 amending (EU) 2017/2402 (18) To avoid conflicts between the originator and the investor, and to ensure legal certainty in terms of the scope of the credit protection purchased for underlying exposures, such credit protection should reference clearly identified reference obligations, giving rise to the underlying exposures, of clearly identified entities or obligors. Therefore, the reference obligations on which protection is purchased should be clearly identified at all times, via a reference register, and kept up to date. That requirement should also be indirectly part of the criteria defining the STS on-balance- sheet securitisation and excluding arbitrage securitisation from the STS framework.</p>	
<p>Article 26c 10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors. In the case of a securitisation using a SSPE, 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>		
66	<p>STS Criteria</p> <p>66. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors. In the case of a securitisation using a SSPE, voting rights shall be clearly defined and allocated to bondholders...</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	
67	<p>STS Criteria</p> <p>67. In the case of a securitisation using a SSPE ... the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p>	

Article 26d 1. The originator 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 of at least five years.		
68	STS Criteria 68. The originator 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 Comments	
69	STS Criteria 69. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	Verified? YES
	PCS Comments	
70	STS Criteria 70. Those data shall cover a period of at least five years.	Verified? YES
	PCS Comments	

Article 26d 2. A sample of the underlying exposures shall be subject to external verification prior to the closing of the transaction by an appropriate and independent party, including verification that the underlying exposures are eligible for credit protection under the credit protection agreement.		
71	STS Criteria 71. A sample of the underlying exposures shall be subject to external verification prior to the closing of the transaction by an appropriate and independent party, including verification that the underlying exposures are eligible for credit protection under the credit protection agreement.	Verified? YES
	PCS Comments <i>PCS has reviewed the draft report on "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS can confirm that this was done by an appropriate and independent third party.</i>	

Article 26d 3. The originator 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, investors, other third parties and, where applicable, the SSPE and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.

72	STS Criteria 72. The originator 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, investors, other third parties and, where applicable, the SSPE.	Verified? YES
	PCS Comments	
73	STS Criteria 73. ... and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.	Verified? YES
	PCS Comments	

Article 26d 4. In case of a securitisation where the underlying exposures are residential loans or auto loans or leases, the originator shall publish the available information related to the environmental performance of the assets financed by such residential loans, auto loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).

By 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 the underlying exposures on sustainability factors.

74	STS Criteria 74. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).	Verified? YES
	PCS Comments <i>PCS notes that environmental data is not required at this stage. The consultation paper ("Draft Regulatory Technical Standards with regard to the content, methodologies and presentation of disclosures of Article 22(4) and 26(4) of Regulation (EU)2017/2402) was published on 2 May 2022.</i>	

Article 26d 5. The originator 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. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

75	<u>STS Criteria</u> 75. The originator shall be responsible for compliance with Article 7.	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 26d 5. The originator 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. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

76	<u>STS Criteria</u> 76. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	<u>Verified?</u> YES
	<u>PCS Comments</u>	
77	<u>STS Criteria</u> 77. 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.	<u>Verified?</u> YES
	<u>PCS Comments</u>	
78	<u>STS Criteria</u> 78. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 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;
- (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
 - (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
 - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
 - (iii) the derivatives and guarantee 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;

That underlying documentation shall include a detailed description of the priority of payments of the securitisation; *(where applicable)*

79	STS Criteria	Verified? YES
	79. 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,	
	PCS Comments	
80	STS Criteria	Verified? YES
	80. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents: (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust; (iii) the derivatives and guarantee 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;	
	PCS Comments	

81	STS Criteria 81. That underlying documentation shall include a detailed description of the priority of payments of the securitisation; <i>(where applicable)</i>	Verified? YES
	PCS Comments	

Article 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:

(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

82	STS Criteria 82. (c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable: (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;	Verified? YES
	PCS Comments	

Article 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;

83	STS Criteria	Verified? YES
	83. (d) in the case of STS securitisations, the STS notification referred to in Article 27;	
	PCS Comments	

Article 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:

(e) **quarterly investor reports**, or, in the case of ABCP, monthly investor reports, containing the following:

- (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.

(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;

(g) where point (f) does not apply, **any significant event** such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (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.

84	STS Criteria	Verified? YES
	84. (e) quarterly investor reports (<i>as described above</i>) (f) any inside information (<i>where applicable</i>) (g) any significant event (<i>as described above</i>)	
	PCS Comments	

Article 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]

85	STS Criteria 85. 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 Comments	

Article 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
When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and Union law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.
In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.
Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.

86	STS Criteria 86. 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 Comments	

Article 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.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

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

87	<p><u>STS Criteria</u> 87. 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><u>Verified?</u> YES</p>
	<p><u>PCS Comments</u></p>	
88	<p><u>STS Criteria</u> 88. The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository. Or The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC. 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>	<p><u>Verified?</u> YES</p>
	<p><u>PCS Comments</u></p>	

Article 26e 1. All credit events shall be documented. Forbearance measures within the meaning of Article 47b of Regulation (EU) No 575/2013* that are applied to the underlying exposures shall not preclude the triggering of eligible credit events.

89	STS Criteria 89. All credit events shall be documented.	Verified? YES
	PCS Comments	
90	STS Criteria 90. Forbearance measures within the meaning of Article 47b of Regulation (EU) No 575/2013* that are applied to the underlying exposures shall not preclude the triggering of eligible credit events.	Verified? YES
	PCS Comments	

* Article 47b of Regulation (EU) 2019/630 amending Regulation (EU) No 575/2013 from 17 April 2019.

Article 26e 2. The credit protection payment following the occurrence of a credit event shall be calculated based on the actual realised loss suffered by the originator or the original lender, as worked out in accordance with their standard recovery policies and procedures for the relevant exposure types and recorded in their financial statements at the time the payment is made. The final credit protection payment shall be payable within a specified period of time after the debt workout process for the relevant underlying exposure where the end of the debt workout has been completed before the scheduled legal maturity or early termination of the credit protection agreement.

91	STS Criteria 91. The credit protection payment following the occurrence of a credit event shall be calculated based on the actual realised loss suffered by the originator or the original lender, as worked out in accordance with their standard recovery policies and procedures for the relevant exposure types and recorded in their financial statements at the time the payment is made.	Verified? YES
	PCS Comments	
92	STS Criteria 92. The final credit protection payment shall be payable within a specified period of time after the debt workout process for the relevant underlying exposure where the end of the debt workout has been completed before the scheduled legal maturity or early termination of the credit protection agreement.	Verified? YES
	PCS Comments	

Article 26e 2. An interim credit protection payment shall be made at the latest six months after a credit event as referred to in paragraph 1 has occurred in cases where the debt workout of the losses for the relevant underlying exposure has not been completed by the end of that six months period.

93	STS Criteria	Verified? YES
	93. An interim credit protection payment shall be made at the latest six months after a credit event as referred to in paragraph 1 has occurred in cases where the debt workout of the losses for the relevant underlying exposure has not been completed by the end of that six months period.	
PCS Comments		

Article 26e 2. The interim credit protection payment shall be at least the higher of the following:

(a) the expected loss amount that is equivalent to the impairment recorded by the originator in its financial statements in accordance with the applicable accounting framework at the time the interim payment is made under the assumption that the credit protection agreement does not exist and does not cover any losses;

(b) where applicable, the expected loss amount as determined in accordance with Chapter 3 of Title II of Part Three of Regulation (EU) No 575/2013.

94	STS Criteria	Verified? YES
	94. The interim credit protection payment shall be at least the higher of the following: (a) the expected loss amount that is equivalent to the impairment recorded by the originator in its financial statements in accordance with the applicable accounting framework at the time the interim payment is made on the assumption that the credit protection agreement does not exist and does not cover any losses; (b) where applicable, the expected loss amount as determined in accordance with Chapter 3 of Title II of Part Three of Regulation (EU) No 575/2013.	
PCS Comments		

Article 26e 2. Where an interim credit protection payment is made, the final credit protection payment referred to in the first subparagraph shall be made in order to adjust the interim settlement of losses to the actual realised loss.

The method for the calculation of interim and final credit protection payments shall be specified in the credit protection agreement. The credit protection payment shall be proportional to the share of the outstanding nominal amount of the corresponding underlying exposure that is covered by the credit protection agreement.

95	STS Criteria 95. Where an interim credit protection payment is made, the final credit protection payment referred to in the first subparagraph shall be made in order to adjust the interim settlement of losses to the actual realised loss.	Verified? YES
	PCS Comments	
96	STS Criteria 96. The method for the calculation of interim and final credit protection payments shall be specified in the credit protection agreement. The credit protection payment shall be proportional to the share of the outstanding nominal amount of the corresponding underlying exposure that is covered by the credit protection agreement.	Verified? YES
	PCS Comments	

Article 26e 2. The right of the originator to receive the credit protection payment shall be enforceable.

97	STS Criteria 97. The right of the originator to receive the credit protection payment shall be enforceable. <i>(legal opinion required)</i>	Verified? YES
	PCS Comments	

Article 26e 2. The amounts payable by investors under the credit protection agreement shall be clearly set out in the credit protection agreement and limited. It shall be possible to calculate those amounts in all circumstances. The credit protection agreement shall clearly set out the circumstances under which investors shall be required to make payments.

98	STS Criteria 98. The amounts payable by investors under the credit protection agreement shall be clearly set out in the credit protection agreement and limited. It shall be possible to calculate those amounts in all circumstances.	Verified? YES
	PCS Comments	
99	STS Criteria 99. The credit protection agreement shall clearly set out the circumstances under which investors shall be required to make payments.	Verified? YES
	PCS Comments	

Article 26e 2. The third-party verification agent referred to in paragraph 4 shall assess whether such circumstances have occurred. The amount of the credit protection payment shall be calculated at the level of the individual underlying exposure for which a credit event has occurred

100	STS Criteria 100. The third-party verification agent referred to in paragraph 4 shall assess whether such circumstances have occurred.	Verified? YES
	PCS Comments	
101	STS Criteria 101. The amount of the credit protection payment shall be calculated at the level of the individual underlying exposure for which a credit event has occurred.	Verified? YES
	PCS Comments	

Article 26e 3. The credit protection agreement shall specify the maximum extension period that shall apply for the debt workout process for the underlying exposures in relation to which a credit event as referred to in paragraph 1 has occurred, but where the debt workout has not been completed upon the scheduled legal maturity or early termination of the credit protection agreement. Such an extension period shall not be longer than two years.

102	<u>STS Criteria</u> 102. The credit protection agreement shall specify the maximum extension period that shall apply for the debt workout process for the underlying exposures in relation to which a credit event as referred to in paragraph 1 has occurred, but where the debt workout has not been completed upon the scheduled legal maturity or early termination of the credit protection agreement. Such an extension period shall not be longer than two years.	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 26e 3. The credit protection agreement shall provide that by the end of that extension period, a final credit protection payment shall be made on the basis of the originator’s final loss estimate that would have to be recorded by the originator in its financial statements at that time on the assumption that the credit protection agreement does not exist and does not cover any losses.

103	<u>STS Criteria</u> 103. The credit protection agreement shall provide that by the end of that extension period, a final credit protection payment shall be made on the basis of the originator’s final loss estimate that would have to be recorded by the originator in its financial statements at that time on the assumption that the credit protection agreement does not exist and does not cover any losses.	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 26e 3. In the event that the credit protection agreement is terminated, the debt workout process shall continue in respect of any outstanding credit events that occurred prior to that termination in the same way as that described in the first subparagraph.

104	<u>STS Criteria</u> 104. In the event that the credit protection agreement is terminated, the debt workout process shall continue in respect of any outstanding credit events that occurred prior to that termination in the same way as that described in the first subparagraph.	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 26e 3. The credit protection premiums to be paid under the credit protection agreement shall be structured as contingent on the outstanding nominal amount of the performing securitised exposures at the time of the payment and reflect the risk of the protected tranche. For those purposes, the credit protection agreement shall not stipulate guaranteed premiums, upfront premium payments, rebate mechanisms or other mechanisms that may avoid or reduce the actual allocation of losses to the investors or return part of the paid premiums to the originator after the maturity of the transaction.

By way of derogation from the previous subparagraph, upfront premium payments shall be allowed, provided state aid rules are complied with, where the guarantee scheme is specifically provided for in the national law of a Member State and benefits from a counter-guarantee of any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013.

The transaction documentation shall describe how the credit protection premium and any note coupons, if any, are calculated in respect of each payment date over the maturity of the securitisation.

The rights of the investors to receive credit protection premiums shall be enforceable.

105	STS Criteria	105. The credit protection premiums to be paid under the credit protection agreement shall be structured as contingent on the outstanding nominal amount of the performing securitised exposures at the time of the payment and reflect the risk of the protected tranche. (see also paragraphs above). The transaction documentation shall describe how the credit protection premium and any note coupons, if any, are calculated in respect of each payment date over the maturity of the securitisation.	Verified? YES
	PCS Comments		
106	STS Criteria	106. The rights of the investors to receive credit protection premiums shall be enforceable.	Verified? YES
	PCS Comments		

Article 26e 4. The originator shall appoint a third-party verification agent before the closing date of the transaction.

107	STS Criteria	107. The originator shall appoint a third-party verification agent before the closing date of the transaction	Verified? YES
	PCS Comments		

Article 26e 4. For each of the underlying exposures for which a credit event notice is given, the third party verification agent shall verify, as a minimum, all of the following

- (a) that the credit event referred to in the credit event notice is a credit event as specified in the terms of the credit protection agreement;
- (b) that the underlying exposure was included in the reference portfolio at the time of the occurrence of the credit event concerned;
- (c) that the underlying exposure met the eligibility criteria at the time of its inclusion in the reference portfolio;
- (d) where an underlying exposure has been added to the securitisation as a result of a replenishment, that such a replenishment complied with the replenishment conditions;
- (e) that the final loss amount is consistent with the losses recorded by the originator in its profit and loss statement;
- (f) that, at the time the final credit protection payment is made, the losses in relation to the underlying exposures have correctly been allocated to the investors.

108	STS Criteria 108. (a) that the credit event referred to in the credit event notice is a credit event as specified in the terms of the credit protection agreement;	Verified? YES
	PCS Comments	
109	STS Criteria 109. (b) that the underlying exposure was included in the reference portfolio at the time of the occurrence of the credit event concerned;	Verified? YES
	PCS Comments	
110	STS Criteria 110. (c) that the underlying exposure met the eligibility criteria at the time of its inclusion in the reference portfolio;	Verified? YES
	PCS Comments	
111	STS Criteria 111. (d) where an underlying exposure has been added to the securitisation as a result of a replenishment, that such a replenishment complied with the replenishment conditions;	Verified? YES
	PCS Comments	
112	STS Criteria 112. (e) that the final loss amount is consistent with the losses recorded by the originator in its profit and loss statement;	Verified? YES
	PCS Comments	

113	STS Criteria 113. (f) that, at the time the final credit protection payment is made, the losses in relation to the underlying exposures have correctly been allocated to the investors.	Verified? YES
	PCS Comments	
Article 26e 4. The third-party verification agent shall be independent from the originator and investors, and, where applicable, from the SSPE and shall have accepted the appointment as third-party verification agent by the closing date of the transaction.		
114	STS Criteria 114.The third-party verification agent shall be independent from the originator and investors, and, where applicable, from the SSPE...	Verified? YES
	PCS Comments	
115	STS Criteria 115. ... and shall have accepted the appointment as third-party verification agent by the closing date of the transaction.	Verified? YES
	PCS Comments	

Article 26e 4. The third-party verification agent may perform the verification on a sample basis instead of on the basis of each individual underlying exposure for which credit protection payment is sought. Investors may however request the verification of the eligibility of any particular underlying exposure where they are not satisfied with the sample-basis verification. The originator shall include a commitment in the transaction documentation to provide the third-party verification agent with all the information necessary to verify the requirements set out in the first subparagraph.

116	STS Criteria 116. The third-party verification agent may perform the verification on a sample basis instead of on the basis of each individual underlying exposure for which credit protection payment is sought.	Verified? YES
	PCS Comments	
117	STS Criteria 117. Investors may however request the verification of the eligibility of any particular underlying exposure where they are not satisfied with the sample-basis verification.	Verified? YES
	PCS Comments	
118	STS Criteria 118. The originator shall include a commitment in the transaction documentation to provide the third-party verification agent with all the information necessary to verify the requirements set out in the first subparagraph.	Verified? YES
	PCS Comments	

Article 26e 5. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:

- (a) the insolvency of the investor;
 - (b) the investor's failures to pay any amounts due under the credit protection agreement or a breach by the investor of any material obligation laid down in the transaction documents;
 - (c) relevant regulatory events, including:
 - (i) relevant changes in Union or national law, relevant changes by competent authorities to officially published interpretations of such laws, where applicable, or relevant changes in the taxation or accounting treatment of the transaction that have a material adverse effect on the economic efficiency of a transaction, in each case compared with that anticipated at the time of entering into the transaction and which could not reasonably be expected at that time;
 - (ii) a determination by a competent authority that the originator or any affiliate of the originator is not or is no longer permitted to recognise significant risk transfer in accordance with Article 245(2) or (3) of Regulation (EU) No 575/2013 in respect of the securitisation;
 - (d) the exercise of an option to call the transaction at a given point in time (time call), when the time period measured from the closing date of the transaction is equal to or greater than the weighted average life of the initial reference portfolio at the closing date of the transaction;
 - (e) the exercise of a clean-up call option as defined in point (1) of Article 242 of Regulation (EU) No 575/2013;
 - (f) in the case of unfunded credit protection the investor does no longer qualifies as an eligible protection provider in accordance with the requirements set out in paragraph 8.
- The transaction documentation shall specify whether any of the call rights referred to in points (d) and (e) are included in the transaction concerned and how such call rights are structured. For the purposes of point (d), the time call shall not be structured to avoid allocating losses to credit enhancement positions or other positions held by investors and shall not be otherwise structured to provide credit enhancement.
- Where the time call is exercised, originators shall notify competent authorities how the requirements referred to in the second and third subparagraphs are fulfilled, including with a justification of the use of the time call and a plausible account showing that the reason to exercise the call is not a deterioration in the quality of the underlying assets.

119	STS Criteria 119. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events: (a) the insolvency of the investor;	Verified? YES
	PCS Comments	
120	STS Criteria 120. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events: (b) the investor's failures to pay any amounts due under the credit protection agreement or a breach by the investor of any material obligation laid down in the transaction documents;	Verified? YES
	PCS Comments	
121	STS Criteria 121. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events: (c) relevant regulatory events, including:	Verified? YES
	PCS Comments	

	<p>(i) relevant changes in Union or national law, relevant changes by competent authorities to officially published interpretations of such laws, where applicable, or relevant changes in the taxation or accounting treatment of the transaction that have a material adverse effect on the economic efficiency of a transaction, in each case compared with that anticipated at the time of entering into the transaction and which could not reasonably be expected at that time;</p> <p>(ii) a determination by a competent authority that the originator or any affiliate of the originator is not or is no longer permitted to recognise significant risk transfer in accordance with Article 245(2) or (3) of Regulation (EU) No 575/2013 in respect of the securitisation;</p>	
	<u>PCS Comments</u>	
122	<p><u>STS Criteria</u></p> <p>122. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:</p> <p>(d) the exercise of an option to call the transaction at a given point in time (time call), when the time period measured from the closing date of the transaction is equal to or greater than the weighted average life of the initial reference portfolio at the closing date of the transaction;</p>	<p><u>Verified?</u> YES</p>
	<u>PCS Comments</u>	
123	<p><u>STS Criteria</u></p> <p>123. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:</p> <p>(e) the exercise of a clean-up call option as defined in point (1) of Article 242 of Regulation (EU) No 575/2013;</p>	<p><u>Verified?</u> YES</p>
	<u>PCS Comments</u>	
124	<p><u>STS Criteria</u></p> <p>124. The originator may not terminate a transaction prior to its scheduled maturity for any other reason than any of the following events:</p> <p>(f) in the case of unfunded credit protection, the investor no longer qualifies as an eligible protection provider in accordance with the requirements set out in paragraph 8.</p>	<p><u>Verified?</u> YES</p>
	<u>PCS Comments</u>	
125	<p><u>STS Criteria</u></p> <p>125. The transaction documentation shall specify whether any of the call rights referred to in points (d) and (e) are included in the transaction concerned and how such call rights are structured.</p> <p>For the purposes of point (d), the time call shall not be structured to avoid allocating losses to credit enhancement positions or other positions held by investors and shall not be otherwise structured to provide credit enhancement.</p>	<p><u>Verified?</u> YES</p>

Where the time call is exercised, originators shall notify competent authorities how the requirements referred to in the second and third subparagraphs are fulfilled, including with a justification of the use of the time call and a plausible account showing that the reason to exercise the call is not a deterioration in the quality of the underlying assets.

PCS Comments

Article 26e 5. In the case of funded credit protection, upon termination of the credit protection agreement, collateral shall be returned to investors in order of the seniority of the tranches subject to the provisions of the relevant insolvency law, as applicable to the originator.

126	STS Criteria 126. In the case of funded credit protection, upon termination of the credit protection agreement, collateral shall be returned to investors in order of the seniority of the tranches subject to the provisions of the relevant insolvency law, as applicable to the originator.	Verified? YES
	PCS Comments	

Article 26e 6. The investors may not terminate a transaction prior to its scheduled maturity for any other reason than a failure to pay the credit protection premium or any other material breach of contractual obligations by the originator.

127	STS Criteria 127. The investors may not terminate a transaction prior to its scheduled maturity for any other reason than a failure to pay the credit protection premium or any other material breach of contractual obligations by the originator.	Verified? YES
	PCS Comments	

Article 26e 7. The originator may commit synthetic excess spread, which shall be available as credit enhancement for the investors, where all of the following conditions are met:

(a) the amount of the synthetic excess spread that the originator commits to using as credit enhancement at each payment period is specified in the transaction documentation and expressed as a fixed percentage of the total outstanding portfolio balance at the start of the relevant payment period (fixed synthetic excess spread);

(b) the synthetic excess spread which is not used to cover credit losses that materialise during each payment period shall be returned to the originator;

(c) for originators using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the total committed amount per year shall not be higher than the one-year regulatory expected loss amounts on all underlying exposures for that year, calculated in accordance with Article 158 of that Regulation;

(d) for originators not using the IRB Approach referred to in Article 143 of Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio shall be clearly determined in the transaction documentation;

(e) the transaction documentation specifies the conditions laid down in this paragraph.

128	<p><u>STS Criteria</u></p> <p>128. The originator may commit synthetic excess spread, which shall be available as credit enhancement for the investors, <u>where all of the following conditions are met:</u></p> <p>(a) the amount of the synthetic excess spread that the originator commits to using as credit enhancement at each payment period is specified in the transaction documentation and expressed as a fixed percentage of the total outstanding portfolio balance at the start of the relevant payment period (fixed synthetic excess spread);</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p>	
129	<p><u>STS Criteria</u></p> <p>129. (b) the synthetic excess spread which is not used to cover credit losses that materialise during each payment period shall be returned to the originator;</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p>	

130	STS Criteria 130. (c) for originators <i>using the IRB Approach</i> referred to in Article 143 of Regulation (EU) No 575/2013, the total committed amount per year shall not be higher than the one-year regulatory expected loss amounts on all underlying exposures for that year, calculated in accordance with Article 158 of that Regulation; (d) for originators <i>not using the IRB Approach</i> referred to in Article 143 of Regulation (EU) No 575/2013, the calculation of the one-year expected loss of the underlying portfolio shall be clearly determined in the transaction documentation;	Verified? YES
	PCS Comments	
131	STS Criteria 131. (e) the transaction documentation specifies the conditions laid down in this paragraph.	Verified? YES
	PCS Comments	
<p>See REGULATION (EU) 2021/558 amending (EU) No 575/2013 (“CRR”), where Article 248 is amended as follows*:</p> <p>(2) (a) in paragraph 1, the following point is added:</p> <p>(e) the exposure value of a synthetic excess spread shall include, as applicable, the following:</p> <p>(i) any income from the securitised exposures already recognised by the originator institution in its income statement under the applicable accounting framework that the originator institution has contractually designated to the transaction as synthetic excess spread and that is still available to absorb losses;</p> <p>(ii) any synthetic excess spread that is contractually designated by the originator institution in any previous periods and that is still available to absorb losses;</p> <p>(iii) any synthetic excess spread that is contractually designated by the originator institution for the current period and that is still available to absorb losses;</p> <p>(iv) any synthetic excess spread contractually designated by the originator institution for future periods.</p> <p>For the purposes of this point, any amount that is provided as collateral or credit enhancement in relation to the synthetic securitisation and that is already subject to an own funds requirement in accordance with this Chapter shall not be included in the exposure value.;</p> <p>(2) (b) the following paragraph is added:</p> <p>4. EBA shall develop draft regulatory technical standards to specify how originator institutions are to determine the exposure value referred to in point (e) of paragraph 1, taking into account the relevant losses expected to be covered by the synthetic excess spread.</p> <p>EBA shall submit those draft regulatory technical standards to the Commission by 10 October 2021.</p> <p>Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.”;</p> <p>(4) in Article 256, the following paragraph is added: ‘6.For the purposes of calculating the attachment points (A) and detachment points (D) of a synthetic securitisation, the originator institution of the securitisation shall treat the exposure value of the securitisation position corresponding to synthetic excess spread referred to in point (e) of Article 248(1) as a tranche, and adjust the attachment points (A) and detachment points (D) of the other tranches it retains by adding that exposure value to the outstanding balance of the pool of underlying exposures in the securitisation. Institutions other than the originator institution shall not make this adjustment.’;</p> <p>See also, Regulation (EU) No 575/2013 (“CRR”), Article 158, Treatment of Exposure Type</p> <p>The calculation of expected loss amounts shall be based on the same input figures of PD, LGD and the exposure value for each exposure as are used for the calculation of risk- weighted exposure amounts in accordance with Article 151.</p>		

Article 26e 8. The credit protection agreements shall take the form of:

(a) a guarantee meeting the requirements set out in Chapter 4 of Title II of Part Three, of Regulation (EU) No 575/2013, by which the credit risk is transferred to any of the entities listed in points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013, provided that the exposures to the investor qualify for a 0 % risk weight under Chapter 2 of Title II of Part Three of that Regulation;

(b) a guarantee meeting the requirements set out in Chapter 4 of Title II of Part Three of that Regulation, which benefits from a counter-guarantee of any of the entities referred to in point (a) of this paragraph; or

(c) another credit protection not referred to in points (a) and (b) in the form of guarantees, credit derivatives or a credit linked note that meet the requirements set out in Article 249 of Regulation (EU) No 575/2013, provided that the obligations of the investor are secured by collateral meeting the requirements laid down in paragraphs 9 and 10 of this Article.

132 **STS Criteria**

Verified?
YES

132. **The credit protection agreements shall take one of the three forms (a), (b) or (c), as described in legislative text above.**

If the credit protection agreement meets condition (c), see items 133-138, which need to be checked in such a case. If it takes form of (a) or (b) the checklist ends with this article.

PCS Comments

Refer to points (a) to (d) of Article 214(2) of Regulation (EU) No 575/2013,

The treatment set out in paragraph 1 shall apply to exposures protected by a guarantee which is counter-guaranteed by any of the following entities:

(a) a central government or central bank;

(b) a regional government or local authority;

(c) a public sector entity, claims on which are treated as claims on the central government in accordance with Article 116(4);

(d) a multilateral development bank or an international organisation, to which a 0 % risk weight is assigned under or by virtue of Articles 117(2) and 118 respectively;

Article 249 of Regulation (EU) No 575/2013, as amended by Regulation (EU) 2021/558

By way of derogation from paragraph 2 of this Article, the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which was credit quality step 2 or above at the time the credit protection was first recognised and is currently credit quality step 3 or above.

Refer to points (g) of Article 201 of Regulation (EU) No 575/2013,

(g) other corporate entities, including parent, subsidiary and affiliate corporate entities of the institution, where either of the following conditions is met:

(i) those other corporate entities have a credit assessment by an ECAI;

(ii) in the case of institutions calculating risk-weighted exposure amounts and expected loss amounts under the IRB Approach, those other corporate entities do not have a credit assessment by a recognised ECAI and are internally rated by the institution;

Article 26e 9. Another credit protection referred to in point (c) of paragraph 8 shall meet the following requirements:

- (a) the right of the originator to use the collateral to meet protection payment obligations of the investors is enforceable and the enforceability of that right is ensured through appropriate collateral arrangements;
- (b) the right of the investors, when the securitisation is unwound or as the tranches amortise, to return any collateral that has not been used to meet protection payments is enforceable;
- (c) where the collateral is invested in securities, the transaction documentation sets out the eligibility criteria and custody arrangement for such securities.

The transaction documentation shall specify whether investors remain exposed to the credit risk of the originator.

The originator shall obtain an opinion from a qualified legal counsel confirming the enforceability of the credit protection in all relevant jurisdictions.

133	<u>STS Criteria</u> 133. Another credit protection referred to in point (c) of paragraph 8 shall meet the following requirements: (a) the right of the originator to use the collateral to meet protection payment obligations of the investors is enforceable and the enforceability of that right is ensured through appropriate collateral arrangements; (b) the right of the investors, when the securitisation is unwound or as the tranches amortise, to return any collateral that has not been used to meet protection payments is enforceable; (c) where the collateral is invested in securities, the transaction documentation sets out the eligibility criteria and custody arrangement for such securities.	<u>Verified?</u> YES
	<u>PCS Comments</u>	
134	<u>STS Criteria</u> 134. The transaction documentation shall specify whether investors remain exposed to the credit risk of the originator.	<u>Verified?</u> YES
	<u>PCS Comments</u>	
135	<u>STS Criteria</u> 135. The originator shall obtain an opinion from a qualified legal counsel confirming the enforceability of the credit protection in all relevant jurisdictions..	<u>Verified?</u> YES
	<u>PCS Comments</u>	

Article 26e 10. Where another credit protection is provided in accordance with point (c) of paragraph 8 of this Article, the originator and the investor shall have recourse to high-quality collateral, which shall be either of the following:

(a) collateral in the form of 0 % risk-weighted debt securities referred to in Chapter 2 of Title II of Part Three of Regulation (EU) No 575/2013 that meet all of the following conditions:

(i) those debt securities have a remaining maximum maturity of three months which shall be no longer than the remaining period up to the next payment date;

(ii) those debt securities can be redeemed into cash in an amount equal to the outstanding balance of the protected tranche;

(iii) those debt securities are held by a custodian independent of the originator and the investors;

(b) collateral in the form of cash held with a third-party credit institution with credit quality step 3 or above in line with Article 136 of Regulation (EU) No 575/2013..

By way of derogation from the first subparagraph of this paragraph, subject to the explicit consent in the final transaction documentation by the investor after having conducted its due diligence according to Article 5 of this regulation, including an assessment of any relevant counterparty credit risk exposure, only the originator may have recourse to high quality collateral in the form of cash on deposit with the originator, or one of its affiliates, if the originator or one of its affiliates qualifies as a minimum for credit quality step 2 in line with the mapping set out in Article 136 of Regulation (EU) No 575/2013.

The competent authorities designated pursuant to Article 29(5) may, after consulting EBA, allow collateral in the form of cash on deposit with the originator, or one of its affiliates, if the originator or one of its affiliates qualifies for credit quality step 3 provided that market difficulties, objective impediments related to the credit quality step assigned to the Member State of the institution or significant potential concentration problems in the Member State concerned due to the application of a minimum credit quality step 2 requirement referred to in the second subparagraph can be documented.

136	STS Criteria 136. Where another credit protection is provided in accordance with point (c) of paragraph 8 (refer to item 154), the originator and the investor shall have recourse to high-quality collateral, as described in (a) or (b) above.	Verified? YES
	PCS Comments	
137	STS Criteria 137. [...] subject to explicit consent in the final transaction documentation by the investor [...], only the originator may have recourse to high quality collateral in the form of cash on deposit with the originator, or one of its affiliates, if the originator or one of its affiliates qualifies as a minimum for credit quality step 2 in line with the mapping set out in Article 136 of Regulation (EU) No 575/2013.	Verified? YES
	PCS Comments	

Article 26e 10. Where the third-party credit institution or the originator or one of its affiliates no longer qualifies for the minimum credit quality step, the collateral shall be transferred within nine months to a third-party credit institution with credit quality step 3 or above or the collateral shall be invested in securities meeting the criteria laid down in point (a) of the first subparagraph.

The requirements set out in this paragraph shall be deemed satisfied in the case of investments in credit linked notes issued by the originator, in accordance with Article 218 of Regulation (EU) No 575/2013.

138	<u>STS Criteria</u>	<p>138. Where the third-party credit institution or the originator or one of its affiliates no longer qualifies for the minimum credit quality step, the collateral shall be transferred within nine months to a third-party credit institution with a credit quality step of 3 or above or the collateral shall be invested in securities meeting the criteria laid down in point (a) of the first subparagraph (for the criteria see item158 (a))</p> <p>The requirements set out in this paragraph shall be deemed satisfied in the case of investments in credit linked notes issued by the originator, in accordance with Article 218 of Regulation (EU) No 575/2013.</p>	<p><u>Verified?</u> YES</p>
	<u>PCS Comments</u>		

Definitions:

“AUP”: Audit Report to comply with Article 26d (“A sample of the underlying exposures shall be subject to external verification prior to the closing of the transaction by an appropriate and independent party, including verification that the underlying exposures are eligible for credit protection under the credit protection agreement”)

“STS Notification”: Article 27 has been amended as follows: “In case of synthetic securitisation, only the originator shall be responsible for the notification”.

“Legal Opinion”: an opinion issued by a law firm qualified in the relevant jurisdiction and acting for the Originator where the law firm sets out the reasons why, in its opinion and subject to customary assumptions and qualifications, the credit protection payments and premium payments are enforceable in such jurisdiction.

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

“Credit Protection Payment” means the amount the investor has committed to pay to the originator under the credit protection agreement in the event that a credit event defined in the credit protection agreement occurs;

“Credit Protection Premium” means the amount the originator has committed to pay to the investor under the credit protection agreement for the credit protection promised by the investor;

“Synthetic Excess Spread” means the amount that, according to the documentation of a synthetic securitisation, is contractually designated by the originator to absorb losses of the securitised exposures that might occur before the maturity date of the transaction - ‘synthetic excess spread’ means a synthetic excess spread as defined in point (29) of Article 2 of Regulation (EU) 2017/2402.

“Credit Events” that trigger payments under the credit protection agreement should include at least those referred to in Chapter 4 of Title II of Part Three, of Regulation (EU) No 575/2013. Such events are well-known and recognisable from the market’s perspective and should serve to ensure consistency with the prudential framework. Forbearance measures, which consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments, should not preclude the triggering of the credit event.

“Credit protection agreement” means an agreement concluded between the originator and the investor to transfer the credit risk of securitised exposures from the originator to the investor by means of credit derivatives or guarantees, whereby the originator commits to pay an amount, known as a credit protection payment, to the originator in the event that one of the contractually defined credit events occurs;

“EBA Guidelines” The EBA, in close cooperation with ESMA and EIOPA, may adopt, in accordance with Article 16 of Regulation (EU) No 1093/2010, guidelines and recommendations on the harmonised interpretation and application of the requirements set out in Articles 26b to 26e.

“Sustainability factors” mean sustainability factors as defined in point (24) of Article 2 of Regulation (EU) 2019/2088 of the European Parliament and of the Council.