

STS Securitisations: a User Guide

A Joint Webinar presented by Moody's Analytics and
European DataWarehouse

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EUROPEAN DATAWAREHOUSE



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Target Audience

Originators, Investors, Structuring Desks



Purpose

Demonstrate STS capabilities



Key Objectives

Provide Solutions for Market Participants

Agenda

1. European Structured Finance Update
2. Global Portal & Structured Finance Portal Demonstration
3. EDITOR Demonstration
4. Q&A

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European Structured Finance Update

European Securitisation Regulation

Securitisation Regulation (EU 2017/2402)

STS – Simple, Transparent and Standardised

- » Risk Retention, Transparency and Due Diligence (requirements on issuers and investors)
- » Third party certification of compliance
- » STS labelling notification to regulators
- » STS preferential treatment

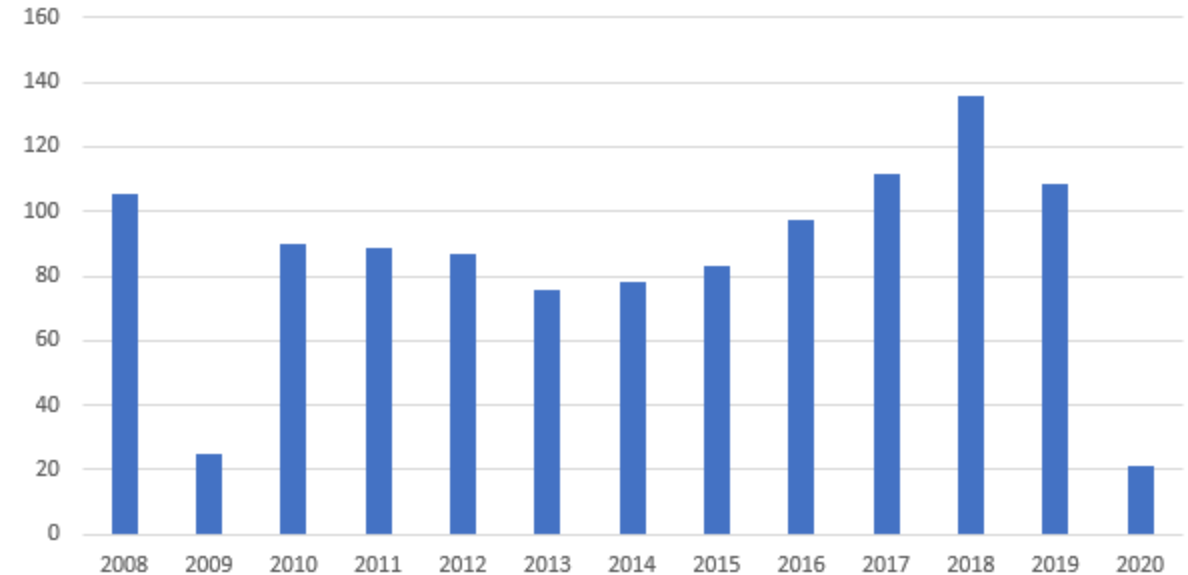
Deal Issuance 2020

Q1 slightly below 2019

Issuance levels

- » Estimated range €55-75 bil.
- » Retained deals percentage lower
- » 5 STS deals current in the pipeline
- » 160 STS deals issued since 2019

European Issuance



List of Tranches

Characteristics

Valuation

SSFA

Regulatory Compliance

Show 10

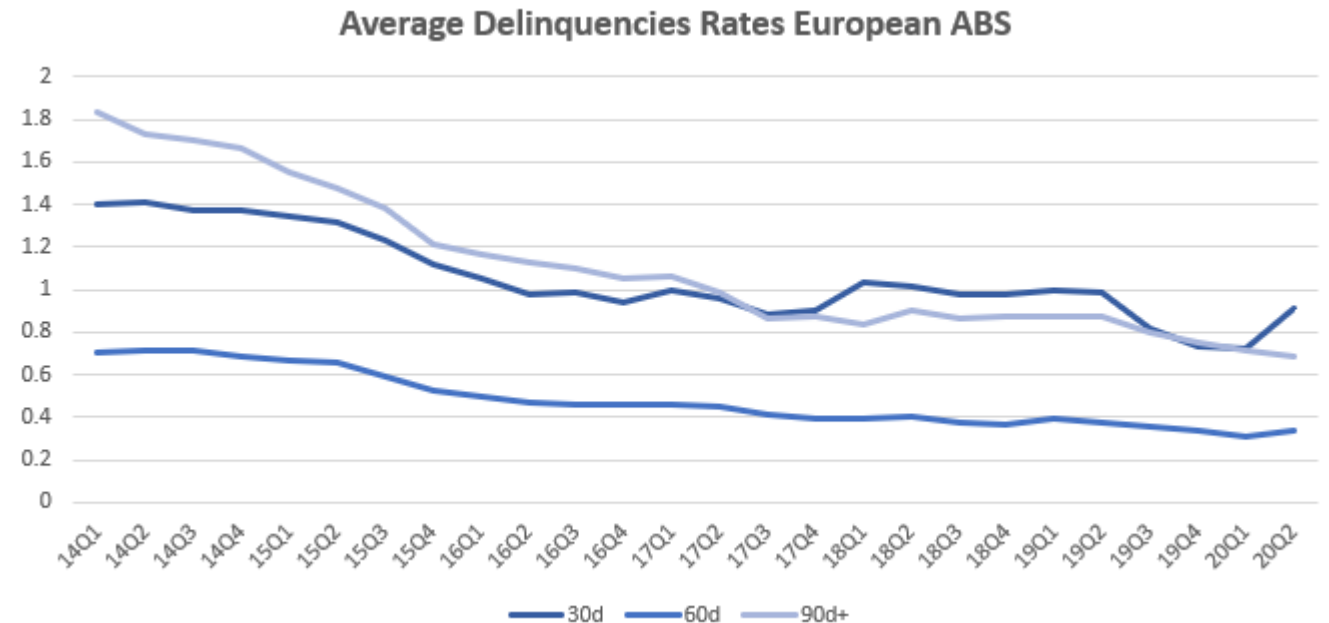
Items

Deal	Class	STS Flag
Silk Road Finance Number Five PLC	A	Yes
SAECURE 18 NHG B.V.	Cl. A	Yes
Oak No.3 PLC	A	Yes
FCT Crédit Agricole Habitat 2019	A	Yes
Cartesian Residential Mortgages 4 S.A.	Cl. A	Yes
BRASS NO. 8 PLC	A1	Yes
Bowbell No. 2 plc	A	Yes
Asti Group RMBS II S.r.l.	A	Yes

Sector Performance to date

Stable

- » Delinquencies remain historically low
- » Slight increase in Q2 2020
- » Payment moratorium take up rates increasing
- » Impact on deals at junior tranche level



Moody's Analytics Response to Regulatory Changes

Over 40 STS deals modelled on behalf of issuers

- » Provide a web platform that allows transaction parties to look at the cashflow model pre-closing
- » Provide data and analytics to investors to comply with due diligence requirement
- » Host and regularly update cashflow model
- » Connect with data repositories (European DataWarehouse)
- » Provide complimentary access to the model for investors

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Global Portal
Structured Finance Portal

Article 22 – Requirements relating to transparency

“The originator or the sponsor shall:

- **before** the pricing of the securitisation, make available to potential investors a **liability cash flow model** which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE
- **after** pricing, make that model **available to investors** on an ongoing basis and to **potential investors** upon request.”



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Structured Finance Portal

- **STS Cash Flow Model Engine**

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ANALYTICS

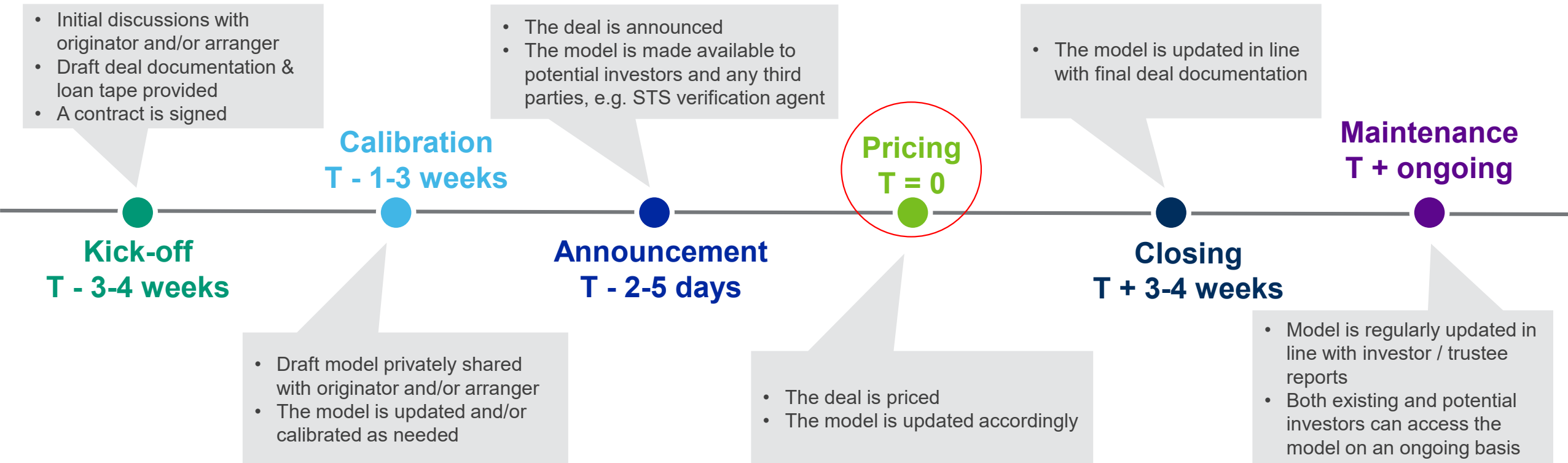
Global Portal

- **STS Cash Flow Model Registry**

(emphasis added)

Full regulation available at <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017R2402&from=en>

STS Cash Flow Model – A Typical Process



Global Portal & SF Portal Demonstration

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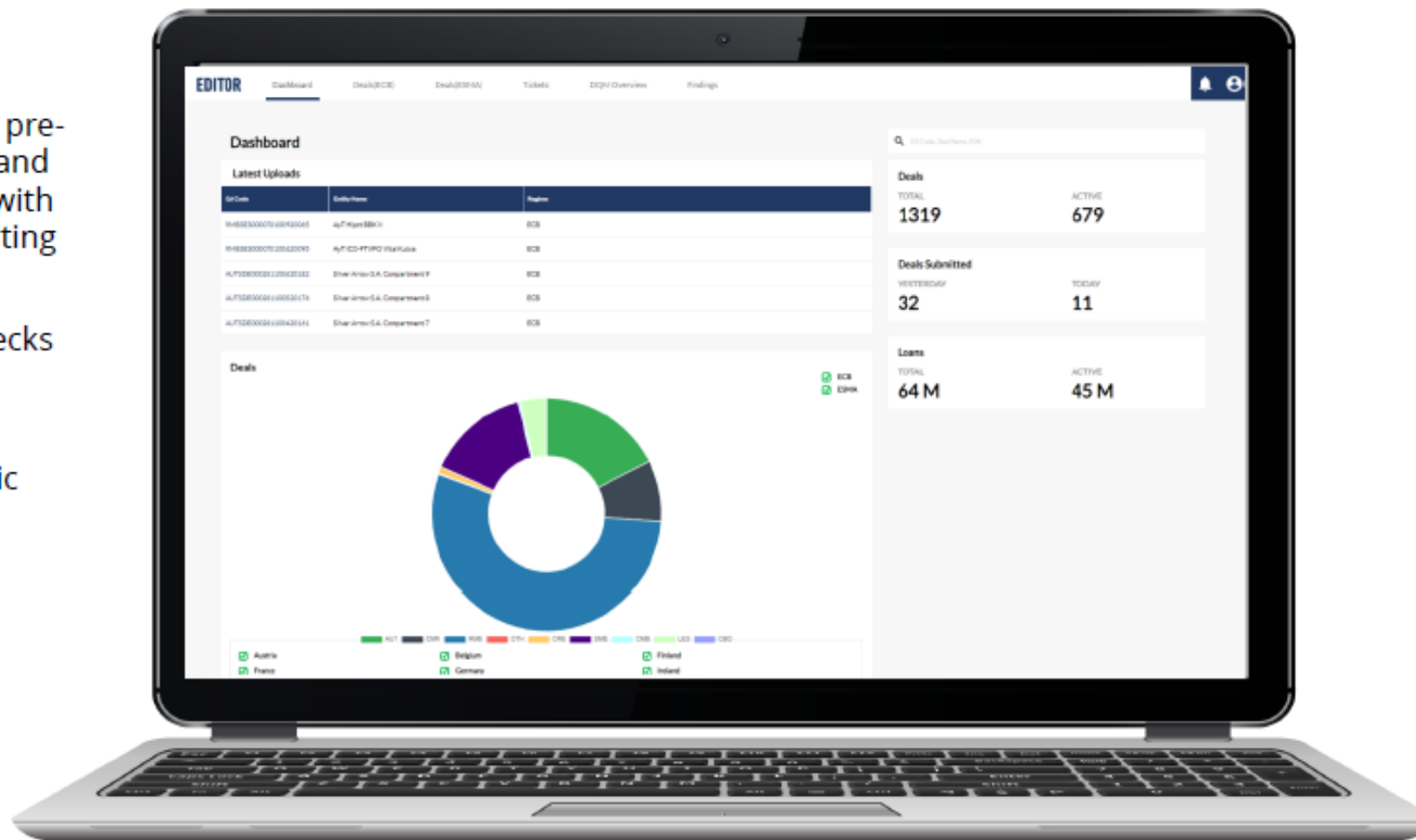
EDITOR

EDITOR

An integrated web application for the analysis and upload of loan level data (LLD) and documentation

Key Features:

- Allows Data Providers to pre-screen and analyse LLD and upload it in compliance with the ESMA and ECB reporting requirements
- In-depth data quality checks using over 2,500 rules
- Centralised rule repository with automatic updates
- Integrated Data Quality Tracking System (DQTS)



WHY EDITOR?

Pre-screen and analyse LLD files in our industry-leading platform

- Secure, integrated platform for all regulatory reporting requirements
- Meets all ESMA requirements around security, encryption, data quality and completeness
- Secure FTP and Website interfaces for data upload and data download
- Data made available to investors and other relevant stakeholders as per regulatory requirements
- Technical and data preparation support
- Dedicated private area
 - Issuers (Data Owners) have full control of who can see their data
 - Grant and revoke access to specific people or organisations
 - Private area can also be used for public deals (e.g. pre-marketing phase)

EDITOR REPORTING REGIMES

Fulfil regulatory and eligibility reporting requirements under different regimes



- ECB repository for issuers to fulfil their Eurosystem eligibility requirements for ABS and private whole loan portfolios



- Dedicated website fulfilling the ESMA reporting criteria during the interim period under the CRA III/ESMA XML reporting regime
- Plan to be an ESMA securitisation repository once the application process begins later in 2020



- Issuers are now able to fulfil their Bank of England (BoE) eligibility requirements by reporting their loan-level data, cashflow models and documentation to European DataWarehouse
- ED intends to become a securitisation repository in the UK

EDITOR

Demonstration

Questions & Answers

We Want to Hear From You!

Please complete our survey

A survey will appear on your screen at the end of our presentation. Please take a few moments to complete it and let us know how we can continue to improve.

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*Better
Faster
Decisions*

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