

# Securitisation – services to originators\*



\*connectedthinking

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# Making life easier for originators

Whether you are securitising for the first time or are a repeat issuer, the PricewaterhouseCoopers European Structured Finance Group (The 'ESFG') can provide you with a range of services which are designed to meet your needs and help ensure that the transaction runs smoothly and efficiently.

Companies considering securitisation for the first time often find the process daunting. Evaluating whether securitisation is the right business option and then dealing with the practical problems of implementing a transaction can absorb a considerable amount of management time and detract from the day-to-day running of the business.

## Who we are

The ESFG, part of the Global Structured Finance Group at PricewaterhouseCoopers, is a dedicated team of securitisation specialists based in London with members in all major European countries. The group offers a wide range of services to originators who are considering securitisation for the first time or are experienced repeat issuers.

ESFG provides independent advice and practical solutions using a multi-disciplined team of capital markets, corporate finance, accounting, tax, IT and industry experts who specialise in securitisations.

Working closely throughout each stage of the transaction, ESFG help resolve critical issues as they arise.



## Feasibility reviews

A feasibility review ensures that securitisation supports your funding objectives and business strategy. We can assist you in evaluating the cost and benefits of securitisation, whether a conduit or stand-alone transaction, and ensure that it is appropriate to your particular circumstances. Typically PricewaterhouseCoopers run workshops for client staff involved which help to mobilise rapidly the project and reveal potential issues.

### Key features of the feasibility study may include:

- Identifying critical issues and potential showstoppers**  
 Before too much is invested in your securitisation programme, ESFG will confirm that securitisation is a viable option given the characteristics of your asset pool. We will also identify critical tax issues (corporation tax, stamp duty and VAT), accounting treatments (UK, IFRS, US and other European GAAPs) and regulatory issues.
- Identifying potential rating agency issues**  
 ESFG has been involved in hundreds of securitisation transactions over the last ten years. We have extensive knowledge of specific criteria that rating agencies require when reviewing a transaction.

- Initial assessment of structuring options**  
 Our experience with a wide range of asset classes allows us to provide clients with a variety of suggestions for structuring their transactions. We can identify whether a conduit or term structure is more appropriate and meets your funding requirements and then evaluate the available options and the implications of each.
- Review of potential operational issues**  
 IT and systems problems prevent many transactions from proceeding past this stage. Using industry and rating agency standards, ESFG will identify critical data and systems requirements and propose solutions where needed.
- Identify potential service providers**  
 Using information collected during the feasibility review, ESFG can gauge initial interest from investment banks, resulting in more efficient bidding for a client's securitisation mandate. Additionally, ESFG will assist the client in the selection of conduits, Special Purpose Entity ('SPE') locations, trustees, legal advisors and other third party service providers.

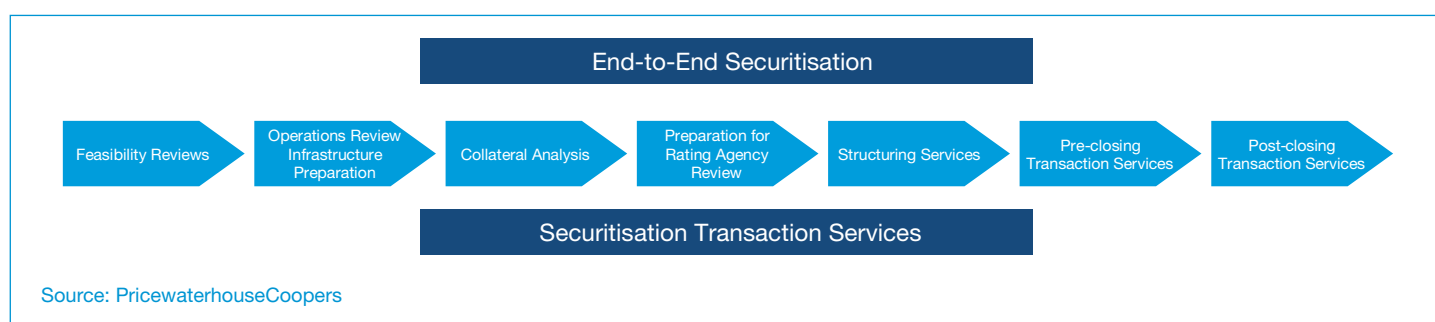
## Operations review and infrastructure preparation

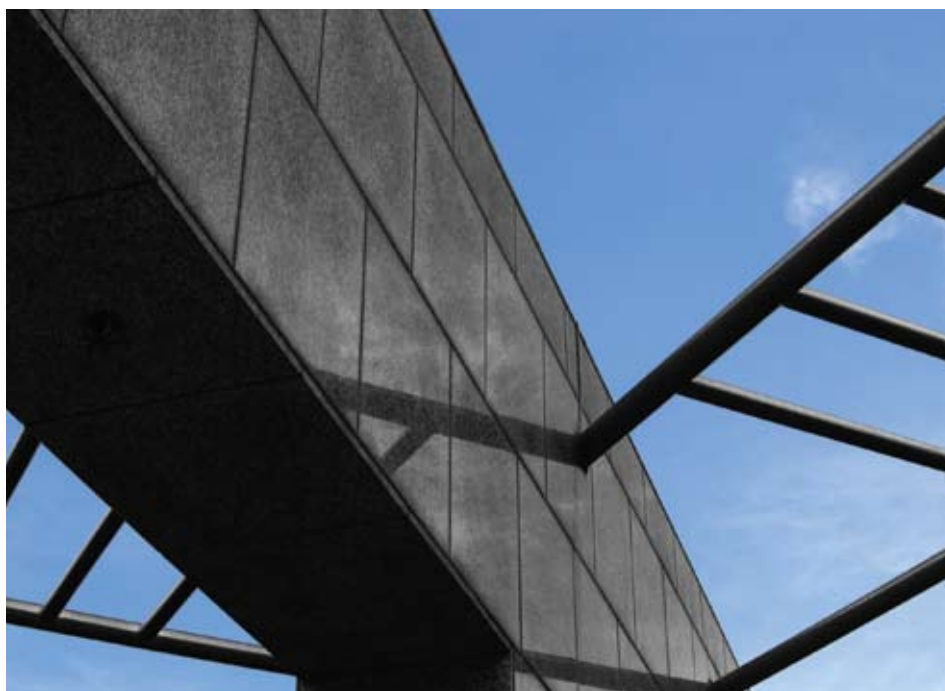
Invariably practical problems arise in a company's ability to provide historical data and information concerning the asset pool with its ongoing ability to meet servicing and reporting requirements.

Drawing on our previous experience of securitisations and extensive IT resources, we can help clients perform a review designed to identify likely problems and implement quick and effective solutions.

### Our services include:

- Systems evaluation**  
 ESFG will determine whether your existing system is sufficiently robust and has the flexibility to address the servicing and reporting requirements of a securitisation. Also, ESFG will ensure that the data can be quickly exchanged with outside parties after a transaction closes (trustees, back-up servicer, rating agencies etc).
- Assessment of underwriting standards and collection policy**  
 ESFG will compare the client's servicing capabilities with the existing requirements and best practices of the market and determine whether the client has sufficient capacity to service a securitisation transaction. If needed, ESFG can design and implement IT servicing solutions that are in line with current market standards.
- Review report generation capabilities**  
 The ability to generate accurate periodic reports is essential to the management of all securitisations. ESFG can review existing systems and, where necessary, design and implement reporting capabilities that are in line with the market standards, and with the Regulation AB Standard for SEC registered issuers.





## Collateral analysis

Before presenting asset-specific information to rating agencies, originators should undertake a complete review to confirm historical performance of the assets being securitised. Transparent review and analysis of underlying collateral for a transaction can save an originator money by translating into a higher rating by the credit agencies.

### Our services include:

- **Portfolio data analysis**  
ESFG will conduct a static pool analysis on the underlying collateral portfolio where we will provide an in-depth look at the portfolio's performance over a specific period of time.
- **Asset file review**  
In addition to the static pool analysis, ESFG will review physical asset files to check for completeness of original loan documentation, and the accuracy of data extraction from the originators IT system.

- **Ensuring saleability of assets**  
Using rating agency eligibility criteria standards and utilising our experience with a wide range of asset types, ESFG will help select the optimal pool to be securitised.
- **Maintaining data confidentiality**  
ESFG is sensitive to our client's concerns for data confidentiality and will keep disclosure of closely held customer information to a minimum.

## Prepare institution for rating agency review

After our in-depth analysis of our clients' collateral, systems and operations, ESFG will work closely with the client to ensure the best presentation of their position to the rating agencies who, in turn, will determine the overall funding costs by assigning ratings to the offered notes.

## Structuring services

Because investor demand decides the structure that will ultimately prevail, we will work with your investment bank to ensure that the structure chosen is the most efficient and cost-effective for all parties involved in the transaction.

### Our services include:

- **Cashflow modelling**  
By developing securitisation cashflow models for our clients, ESFG can clearly illustrate to our clients how the securitisation programme will work.
- **Resolve outstanding tax, accounting and regulatory issues**  
The accounting and regulatory treatment of a transaction is often critical to a client. ESFG has wide experience creating structures which might suit the issuer best from an accounting, tax and regulatory perspective.
- **Customised structuring**  
Given a client's collateral and funding objectives, ESFG will assist in determining the most efficient type of securitisation needed. For example, warehouse versus term, revolving versus non-revolving etc.

## Pre-closing transaction services

ESFG's traditional securitisation services revolve around comforting information contained in the offering circular or marketing materials. These services often begin with data preparation and collateral file due diligence and continue through comforting collateral stratification tables and data attributes listed in these documents.

Our transaction closing services team provides analytical and cashflow modelling services in a timely manner, fully supporting each transaction.

**Our services include:**

- **Agreed-upon procedures**  
For each transaction, we will perform agreed-upon procedures and compile our findings in a report ready for closing.
- **Transaction modelling**  
Using assumptions and methodologies set forth in the offering documentation, we will recalculate the cashflows, the stratification of pool data according to characteristics of the assets, the weighed average life of the securities, and other figures that might appear in offering documentation or marketing materials.
- **Asset pool reviews**  
Physical loan file due diligence, pool sampling and data validation are traditional services that ESFG provides for transaction closing. For deals requiring asset-specific expertise, the group can draw upon collateral specialists within the relevant groups of PricewaterhouseCoopers. For example, professionals from our commercial real estate group are usually included in due diligence projects for CMBS transactions.

**Post-closing services****Our services include:**

- **Regulation AB**  
Our work on one of the first Regulation AB attestation exercises in Europe gives us a detailed insight into the process and enables us to give you the support you need in this complex area.
- **SPE audit services**  
Our pan-European presence allows us to provide audit and taxation compliance services for special purpose entities created for securitisations and structured finance transactions, irrespective of the jurisdiction in which they are located.

- **Back-up servicing and collections**

PricewaterhouseCoopers offers back-up servicing services through its Receivables Management Group. The Group provides a full range of credit management and collections outsourcing, and has particular expertise in acting as standby servicer for a number of European banks. The Group also acts as liquidation or collection agents on several securitisation transactions both in the US and in Europe.

**About the Global Structured Finance Group**

The Global Structured Finance Group at PricewaterhouseCoopers brings together a unique blend of individuals from the areas of securitisation and structured finance, corporate finance, tax, accounting and capital markets in every major European country working closely with our US and Asia Pacific teams. We can bring to bear detailed knowledge of individual industries and expertise in specific types of asset pools, based on our extensive corporate client base. We work closely with other specialist teams within the firm, including the Financial Services Regulatory Practice, the European and US Listings Groups and the Receivables Management Group, which provides standby servicer arrangements and liquidation services.

**About the European Structured Finance Group**

By creating the ESFG in 2000, PricewaterhouseCoopers highlighted its commitment to provide securitisation and structured finance services to its UK and Continental Europe clients. Our objective is to provide a comprehensive range of securitisation and structured finance services including feasibility studies, operational and infrastructure reviews, collateral analysis, structuring advice, accounting advice and post-closing services – by using experienced specialists drawn from across our European practice. Effective and timely delivery of these products has enabled ESFG to establish itself as a major player in the UK and Europe. ESFG comprises individuals with expertise in a variety of functional specialties, including capital markets, investment banking, transaction consulting, tax and accounting. The combination of leveraging this skillset with considerable transaction experience enables the group to offer a well-rounded service to our clients.

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