

Securitisation – working with arrangers and managers

*Making it easier for
arrangers and managers.
In this publication we
discuss our services and
solutions for lead managers
at each stage of the
structured finance cycle.*



Making life easier for arrangers and managers

The Structured Finance Group (SFG) at PwC is a dedicated team of structural finance specialists. The Group offers a wide range of services to investment banks involved in arranging securitisation and structured finance transactions, drawing on years of experience in securitisation and structural finance-related areas in the US and throughout Europe.

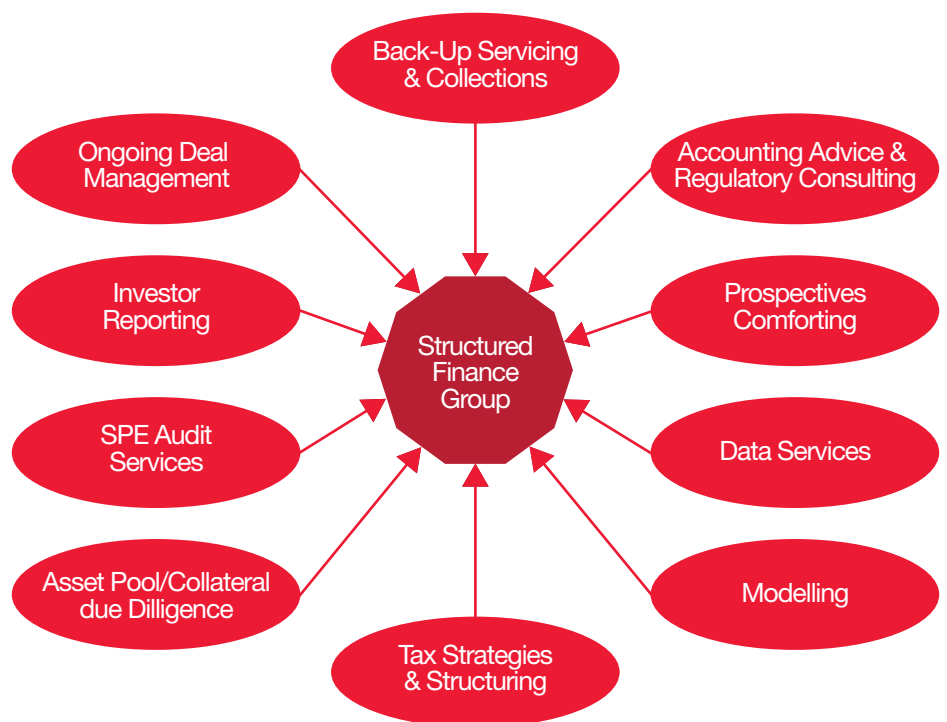
Who we are

We assist our clients in focusing on deal execution and origination, instead of having to handle infrastructure issues or the constant monitoring of the most recent changes in regulatory and due diligence requirements, tax laws or interpretations of accounting rules.

We assist arrangers and managers in focussing on the deal by providing:

- Assistance on an as-needs-basis during each phase of a securitisation transaction, from preparation and structuring advice (including accounting, regulatory and tax structures), collateral and modelling services to post-closing, comfort services, audit services and periodic reporting.
- A single point of contact dedicated to offering high-quality service and a swift response.
- A coordinated, multi-disciplined team tailored to meet their specific needs on each transaction.
- Global expertise allied to a detailed understanding of securitisation markets and the taxation, regulatory and accounting requirements in many countries across the world

Figure 1:



Source: PwC

Proven expertise

We bring together a unique blend of individuals from the areas of structured finance, tax, accounting and capital markets in each European country. We draw on the resources and specialist expertise of one of the world's largest professional services firms. 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.

Relationship-based

We assist investment banks both on an individual transaction basis or, for certain clients, on a retainer basis under which we provide ongoing, on-call advice and services. Retainer clients also receive continuing advice on the latest developments in tax, accounting and regulatory changes that may affect securitisation transactions. Whether working on an individual transaction or on a regular basis with a client, we establish a close working relationship with the team, which ensures we both understand and meet their needs and the demands of the transaction timetable.

Our services and solutions

Whilst our services are tailored to the specific requirements of each client we commonly provide assistance in the following areas:

Structuring phase

Accounting advice & regulatory consulting

We can provide advice on the accounting treatment of individual



structures under IFRS, US GAAP or the local accounting standards of various countries. We can also provide guidance on the latest developments in accounting rules and their potential impact on individual structures. Our extensive experience in dealing with financial services regulators across Europe means that we are well positioned to advise on the likely regulatory treatment of each structure for originators, sponsors and other parties to a transaction.

Tax strategies & structuring

We offer investment banks and issuers value added tax strategies and advice, backed by years of local and cross-border experience. By the nature of its core business, PwC has developed very close relationships with the local tax authorities within European jurisdictions, and has been involved in numerous crossborder transactions involving Special Purpose Entities (SPEs). This proximity to the tax authorities ensures our clients the best possible response time with respect to tax opinions and tax advice related to securitisations. We are well experienced in combining our knowledge across jurisdictions and in optimising tax structures for securitisations.

Data services

One of our main objectives is to resolve the data problems that often arise when investment banks deal with new issuers, allowing securitisation arrangers to focus on the execution of the deal rather than going through the minutiae of collateral data, or dealing with improperly prepared data tapes. This data typically includes:

- Stratification of pool data according to characteristics of the assets.
- Weighed average life calculation.
- Cashflow analysis.

We work directly with originators to ensure the integrity and validity of the data provided to the investment bankers. Drawing on our experience, we can quickly apply IT and project management expertise to solve data production and delivery problems. In preparation for post-closing, we can also help issuers develop systems components and solutions needed to ensure the timely delivery of data required for the periodic reporting of outstanding transactions.

The Group works directly with issuers to ensure the integrity and validity of the data provided to the investment bankers. Drawing on its experience, the Group can quickly apply IT and project management expertise to solve data production and delivery problems.

Pre-closing phase

Our 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.

We can provide analytical and cashflow modelling services in a timely manner, fully supporting your transaction.

Our services typically include:

- **Agreed-upon procedures**
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, we can draw upon collateral specialists within the relevant groups of PwC. For example, professionals from our commercial real estate group are usually included in due diligence projects for CMBS transactions.

Offering circular comfort

Collateral information

We routinely comfort collateral data provided in offering circulars, such as stratification tables, static pool analysis and other pool statistics and information.

Cash flow modelling & bond data

We provide modelling and reverse engineering services, which, using assumptions and methodologies determined by organisations, provide assurance on a variety of data. This includes comfort on bond waterfalls, durations and average lives, yields, and cash flows presented in offering circulars or other marketing materials. We have experience in the full range of asset classes and structures including true sale asset-backed and conduit transactions, as well as cash and synthetic CDOs.

Post-closing phase

Investor reporting and ongoing deal management

We provide comfort to trustees and CDO collateral managers on the accuracy of ongoing reports provided to investors. This usually includes the provision of comfort on the underlying periodic cash flow disbursements.

Regulation AB

For SEC and probably in the future 144A registered issues, we provide attestation services in respect of Regulation AB.

SPE audit services

Our pan-European presence allows us to provide audit and taxation compliance for special purpose entities created for securitisations and structured finance transactions, irrespective of the jurisdiction in which they are located. The Group has worked on numerous cross-border deals.

Back-up servicing & collections

PwC 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. When suggested by investment banks, the Group will work closely with new issuers to design solutions to unique problems in securitisation as they arise. To ensure priority response to our investment banking clients, we work either on specific transactions or on a retainer basis.

PwC worldwide

The Group draws on securitisation professionals in each European country. It is part of the PwC Global Structured Finance Group and is a recognised leader in all aspects of securitisation from tax structuring and accounting advice to acting as liquidation agent.

Contacts

To discuss any of the issues raised in more detail, please speak to your usual PwC contact or one of our structured finance leadership team listed below:

Global & European



Peter Jeffrey
+44 (0)20 7212 5214
peter.c.jeffrey@uk.pwc.com

UK



James Hewer
+44 (0)20 7804 9605
james.hewer@uk.pwc.com

Australia



Colin Heath
+61 (2) 8266 1124
colin.heath@au.pwc.com

Americas



Frank Serravalli
+1 646 471 2669
frank.serravalli@us.pwc.com



David Lukach
+1 646 471 3150
david.m.lukach@us.pwc.com

www.pwc.com/banking

© 2011 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.