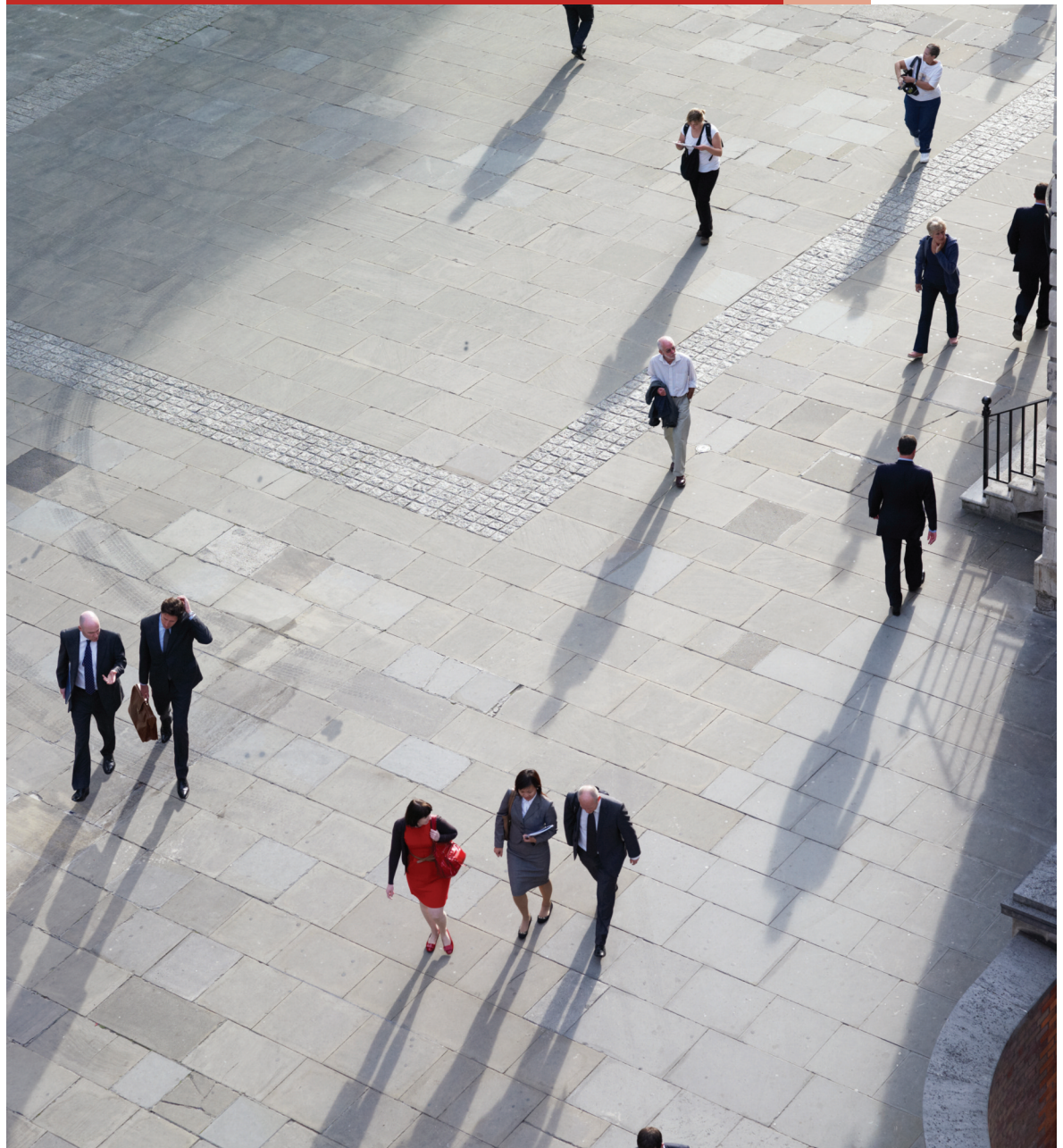
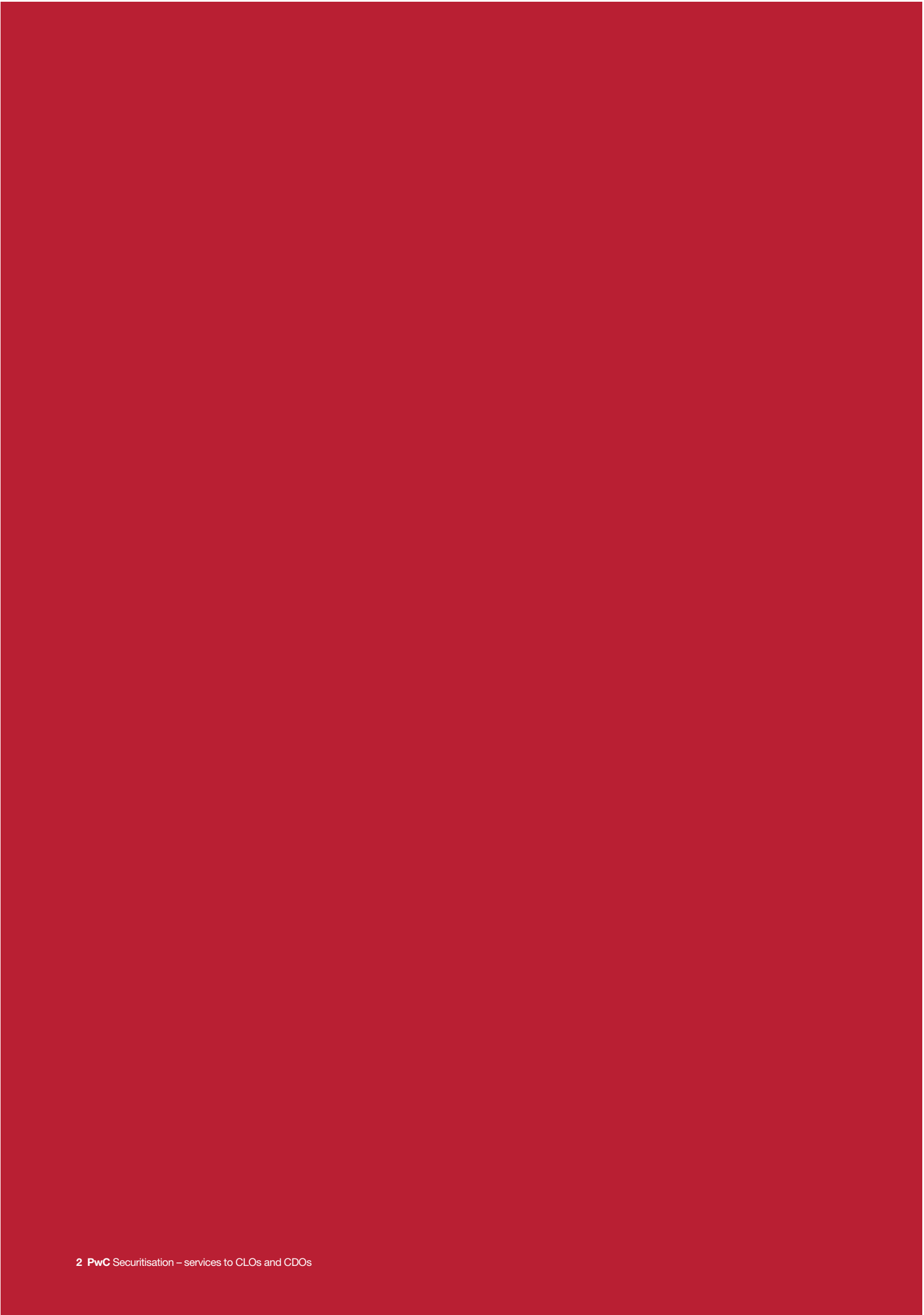


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# *Securitisation – services to CLOs and CDOs*

*Whether you are setting up your first CLO or a repeat issuer, this article discusses how we can make life easier for CLO and CDO managers*





# Making life easier for Collateralised Loan Obligation (CLO) and Collateralised Debt Obligation (CDO) managers

Whether you are setting up your first CLO or a repeat issuer the PwC Structured Finance Group (SFG) can provide you with a range of services which are designed to meet your needs and ensure the transaction is established and continues to run smoothly and efficiently.

## **Who we are**

The SFG at PwC is a dedicated team of securitisation and structured finance specialists. The group offers a wide range of services to originators who are considering securitisation for the first time or are experienced repeat issuers. SFG 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.

## **Proven expertise**

SFG brings together a unique blend of individuals from the areas of structured finance, tax, accounting and capital markets in each European country and draws on the resources and specialist expertise of our global network. 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.

## **Our services and solutions** **Pre-closing phase**

### **Eligibility criteria**

SFG will conduct an analysis on the collateral obligations and test that the initial portfolio meets the eligibility criteria as set out in the transaction documentation. For obligations requiring specific expertise, we can draw on specialists within the relevant areas of PwC.

## **Cash Flow Modelling**

The SFG provides modelling and reverse engineering services using assumptions and methodologies from the transaction documentation and as agreed with the transaction counterparties to provide assurance on a variety of data, whether it be the asset or bond performance.



**Initial guideline compliance**

The SFG will independently reperform the initial portfolio guidelines and collateral analysis. For first time issuers we can work with you to develop models to make the ongoing monitoring of the performance of the portfolio as simple as possible.

**Post closing phase**

**Replenishment/Annual compliance testing**

The SFG will independently reperform the portfolio guidelines and collateral analysis on the frequency required by the transaction documentation. We provide comfort to trustees and collateral managers on the accuracy of the ongoing reports provided to investors. This also usually includes

comfort on the underlying periodic cash-flow disbursements.

**Rating Verification**

The group maintains access to the main rating agencies information and can provide services to confirm the ratings associated with the obligations within the portfolio.

**Loss Verification**

The group acts as a loss verification agent on a number of transactions, where we will confirm that the events of a loss have occurred and that the obligation to which the loss attaches was eligible for inclusion in the portfolio at the time at which it was added. We can also independently calculate the claim amount and compare to that being requested.



***Cash Flow Modelling***

The SFG provides modelling and reverse engineering services using assumptions and methodologies from the transaction documentation and as agreed with the transaction counterparties to provide assurance on a variety of data, whether it be the asset or bond performance.

***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 a number of cross border deals and is able to bring its understanding of the structures to deliver an efficient audit process.

***Back up servicing and 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.

***Additional services***

In addition to those services above outlined in the transaction documentation there are a number of other services which the SFG can perform for collateral managers and trustees. We have extensive experience of running CLOs and CDOs arising from our administration of the Lehman Brothers entities and have undertaken a number of pieces of work to value the individual obligations and to model the performance of the structures under a variety of assumptions.

# 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:

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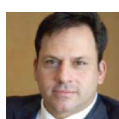
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