

Bank of England PRA

ANNEX I

All references in this Annex to Regulation (EU) 2017/2402 and to specific Articles in it are unchanged. They should be read as referencing the PRA or FCA rules replacing the relevant provision.

Table 1: System of Accounts Secure Codes		
Sectors	Sub-sectors	SA Code
Non-financial corporations	Public non-financial corporations	S.11001
	National private non-financial corporations	S.11002
	Foreign controlled non-financial corporations	S.11003
Monetary financial institutions (MFIs)	Central bank	S.121
	Public deposit-taking corporations except the central bank	S.12201
	National private deposit-taking corporations except the central bank	S.12202
	Foreign controlled deposit-taking corporations except the central bank	S.12203
	Public money market funds (MMFs)	S.12301
	National private money market funds (MMFs)	S.12302
	Foreign controlled money market funds (MMFs)	S.12303
Financial corporations except MFIs and Insurance corporations and pension funds (ICPFs)	Public non-MMF investment funds	S.12401
	National private non-MMF investment funds	S.12402
	Foreign controlled non-MMF investment funds	S.12403
	Public other financial intermediaries, except insurance corporations and pension funds	S.12501
	National private other financial intermediaries, except insurance corporations and pension funds	S.12502
	Foreign controlled other financial intermediaries, except insurance corporations and pension funds	S.12503
	Public financial auxiliaries	S.12601
	National private financial auxiliaries	S.12602
	Foreign controlled financial auxiliaries	S.12603
	Public captive financial institutions and money lenders	S.12701
	National private captive financial institutions and money lenders	S.12702
	Foreign controlled captive financial institutions and money lenders	S.12703
	ICPFs	Public insurance corporations
National private insurance corporations		S.12802

Bank of England PRA

	Foreign controlled insurance corporations	S.12803
	Public pension funds	S.12901
	National private pension funds	S.12902
	Foreign controlled pension funds	S.12903
Other	General government	S.13
	Central government (excluding social security funds)	S.1311
	State government (excluding social security funds)	S.1312
	Local government (excluding social security funds)	S.1313
	Social security funds	S.1314
	Households	S.14
	Employers and own-account workers	S.141+S.142
	Employees	S.143
	Recipients of property and transfer income	S.144
	Recipients of property income	S.1441
	Recipients of pensions	S.1442
	Recipients of other transfers	S.1443
	Non-profit institutions serving households	S.15
	Member States of the European Union	S.211
	Institutions and bodies of the European Union	S.212
	Non-member countries and international organisations non-resident in the European Union	S.22

Bank of England PRA

Table 2: Servicer Watchlist Codes			
Servicer Watchlist Code	Meaning	Inclusion Threshold	Release Threshold
1A	Delinquent P&I payment	2 payments behind	Arrears cleared and loan is current. Remain on Watchlist for 2 quarters/periods
1B	Delinquent insurance renewal or forced placed coverage	30 days overdue	Receipt of proof of satisfactory insurance
1C	Interest Coverage Ratio below dividend trap.	Interest Coverage Ratio < required loan covenant (cash trap or default level); Interest Coverage Ratio < 1.00 on a loan by loan basis	Interest Coverage Ratio above threshold
1D	Debt Service Coverage Ratio absolute level	Debt Service Coverage Ratio < 1.00; Debt Service Coverage Ratio < 1.20 for healthcare and lodging; or on a loan by loan basis	Debt Service Coverage Ratio above threshold
1E	Debt Service Coverage Ratio decreases from 'Securitisation Date'	Debt Service Coverage Ratio < 80 % of the 'Securitisation Date' Debt Service Coverage Ratio	Debt Service Coverage Ratio above threshold. Remain on Watchlist for 2 quarters/periods
1F	Defaulted, matured, or discovery of previous undisclosed subordinate lien including mezzanine loan.	When notice received by servicer	Default has been cured or subordinate debt approved by servicer
1G	Any unplanned draw on a letter of credit, debt service reserve, or working capital to pay debt service	Any occurrence on a loan by loan basis.	After funds or Letter of Credit replaced if required by the documents otherwise after two Interest Payment Dates with no further draws
2A	Absolute required repairs reserved for at closing, or otherwise disclosed to servicer, but not completed by due date	If required repair is not completed with 60 days following the due date (including extensions approved by the Servicer) and	Satisfactory verification that repairs have been completed

Bank of England PRA

		it is the lesser of 10 % of the unpaid principal balance or €250,000	
2B	Any required spending plan deficiencies (i.e.: capex, FF&E)	Any knowledge of deficiency that adversely affects the performance or value of property; on a loan by loan basis/material (> 5 % of loan outstanding balance)	When plan deficiencies are cured
2C	Occurrence of any trigger event in the mortgage loan documents. (e.g. required loan pay down, posting of additional reserves, minimum thresholds breached, etc.)	Any occurrence	Cure of the event that required action under the mortgage documents
2D	Verification of financial performance. Unsatisfactory or non-delivery of tenancy schedules or operating statements, etc.	Any occurrence for 6 months or greater	Cure of the event that required action under the mortgage documents
2E	Operating licence or franchise agreement default	When notice received by servicer	New franchise or licence in place, or default under franchise or licence has been cured — Relationship agreement
2F	Borrower/owner/sponsor bankruptcy or similar event (e.g. insolvency arrangement/proceedings, bankruptcy, receivership, liquidation, company voluntary arrangement (CVA)/individual voluntary arrangement (IVA)), becomes the subject of winding up order bankruptcy petition or other.	When notice received by servicer	Retain on Watchlist until Interest Payment Date following cure.
3A(i)	Inspection reveals poor condition	Any occurrence on a loan by loan basis/material 5 % > of net rental income (NRI)	In Servicer's discretion that property deficiencies cured or access allowed and inspection completed

Bank of England PRA

3A(ii)	Inspection reveals poor accessibility	Any occurrence on a loan by loan basis/material 5 % > of net rental income (NRI)	In Servicer's discretion that property deficiencies cured or access allowed and inspection completed
3B	Inspection reveals harmful environmental issue	Any occurrence	In Servicer's discretion that property deficiencies cured
3C	Properties affected by major casualty or compulsory purchase proceeding affecting future cash flows, value/blight/caution.	When servicer becomes aware of issue and it affects > 10 % of value or €500,000	In Servicer's discretion that all necessary repairs have been completed satisfactorily or that condemnation proceedings have been completed and the asset can perform satisfactorily
4A	Overall property portfolio occupancy decrease	20 % less than 'Securitisation Date' level; on a loan by loan basis	When condition no longer exists
4B	Any 1 tenant or combination of TOP 3 TENANTS (based on gross rental) with leases > 30 % expiring within the next 12 months.	Only applies to office, industrial and retail.	When condition no longer exists or Servicer's discretion.
4C	Major tenant lease or leases that are in default, terminated or are dark (Not occupied, but rent being paid)	> 30 % Net Rental Income	When condition no longer exists, or Servicer's discretion.
5A	Pending loan maturity	< 180 days until maturity	Loan is paid off.

Bank of England PRA

Table 3: Item types and codes		
Item type	Article(s) of Regulation (EU) 2017/2402	Item code
Underlying exposures or underlying receivables or credit claims	7(1)(a)	1
Investor report	7(1)(e)	2
Final offering document; prospectus; closing transaction documents, excluding legal opinions	7(1)(b)(i)	3
Asset sale agreement; assignment; novation or transfer agreement; any relevant declaration of trust	7(1)(b)(ii)	4
Derivatives and guarantees agreements; any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator	7(1)(b)(iii)	5
Servicing; back-up servicing; administration and cash management agreements	7(1)(b)(iv)	6
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	7(1)(b)(v)	7
Inter-creditor agreements; derivatives documentation; subordinated loan agreements; start-up loan agreements and liquidity facility agreements	7(1)(b)(vi)	8
Any other underlying documentation that is essential for the understanding of the transaction	7(1)(b)	9
Simple, transparent and standardised notification pursuant to Article 27 of Regulation (EU) 2017/2402	7(1)(d)	10
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	7(1)(f)	11

Bank of England PRA

<p>A significant event, such as:</p> <ul style="list-style-type: none">(i) a material breach of the obligations provided for in the documents made available in accordance with Article 7(1)(b) of Regulation (EU) 2017/2402, 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 the competent authority has taken remedial or administrative actions;(v) any material amendment to transaction documents.	7(1)(g)	12
--	---------	----

Draft for consultation