Across structured finance markets EY offers the full range of financial advisory and support services through the transaction life cycle.

We act as an independent debt advisor to sponsors from the initial assessment phase of a securitisation right through to financial close. We help clients put in place or refinance structured funding that balances competing objectives of leverage, pricing and flexibility.

The transaction support services we offer play a critical confidence building role for transaction stakeholders: issuers, underwriters, investors, and ratings agencies. These services include: transaction modelling, transaction tax advice, due diligence, prospectus verification, and ongoing investor reporting and covenant testing.
Capital and Debt Advisory

Structured Finance Advisory

Principal contact:
Anton Krawchenko
Director
akrawchenko@uk.ey.com

Financing Advisory – other principal debt markets covered:

- Bank financing (*bilateral, club or syndicated facilities*)
- Private institutional debt (*loan & bond format financing*)
- US Private Placements (*NPA format financing*)
- Public bond issuance (*institutional & retail placements*)

Financing advisory team contacts:

- Luke Reeve  Partner  lreeve@uk.ey.com
- Giles Barling  Director  gbarling@uk.ey.com
- Michael McCartney  Director  mmccartney@uk.ey.com
- Chris Lowe  Partner  clowe@uk.ey.com
- Rob Jones  Director  rjones3@uk.ey.com
- Greg Moreton  Director  gmoreton@uk.ey.com
- Stewart MacKinlay  Executive Director  smackinlay@uk.ey.com

Credit Ratings Advisory:

- Credit ratings assessments
- Credit ratings execution advice
- Credit structuring and ratings optimisation

Hedging Advisory – core capabilities:

- Advice on hedging options (including product selection), policies and process management
- Scenario analysis for hedging strategy assessments
- Valuation of existing hedging products including mark-to-market liabilities and restructuring, novation or refinancing options
- Execution advice including structuring, benchmarking, pricing, documentation and post-trade matters

Dedicated transaction advisory sector coverage:

- EY Capital & Debt Advisory forms part of the Firm’s Transaction Advisory Services (TAS) business.
- EY TAS has 16 principal sector alignments with true global coverage, ensuring our clients have access to market-leading specialists within their own markets, regardless of their geography of operations.
...part of a suite of structured finance services

EY's leading integrated securitisation practice comprises professionals providing assurance, advisory, risk management and transaction services to securitisation issuers, originators, sponsors, underwriters, investors and other market participants in the structured finance and securitisation marketplace.

Our securitisation team is a key hub in our EMEIA network, where people and ideas come together to develop leading practice thought leadership and insights for the benefit of our clients.

**Financing advisory**

Independent advisor to issuers thinking about, or going through, a securitisation process:

- Investigation of securitisation readiness
- Preparation: data, analysis, policies and procedures, MIS
- Funding assessment: credit assessment, leverage, costs, market appetite, structuring, modelling, board recommendations
- Funder process: investor materials, competitive capital raising process, term sheet negotiation
- Execution: structuring, optimising of commercial and credit issues, financial advice through the documentation process, negotiation with funders
- Diligence: support for funder credit approval, rating agency process if applicable

**Legal Services**

Independent legal advisors, with experience across domestic, cross-board and multijurisdictional deals, providing a complete range of services relating to securitisations, including:

- Incorporation of SPV's
- Legal structuring of transactions
- Legal due diligence on underlying customer contracts
- Drafting of transaction documents and the prospectus
- Recovery in and out of court

**Structured finance assurance – due diligence**

We bring value to our clients by:

- Facilitating due diligence by performing Agreed upon Procedures (AuP) on underlying asset pools for data completeness and integrity
- Facilitating due diligence via AUPs on the financial tables within Offering Circulars/Prospectus for planned transactions
- Carrying out operational compliance due diligence and reviews on asset servicers to underpin ongoing investor reporting/coovenent testing
- Bespoke offerings such as ongoing covenant testing and Investor reporting

**SPV audit and related services**

A highly customized audit approach is combined with deep Securitisation knowledge around accounting, reporting and key industry issues. We emphasize robust project management to facilitate timely finalisation within agreed deadlines:

- High quality regulatory and contractual assurance engagements
- Limited reviews and agreed-upon services
- Capital markets transaction support
- Specialist accounting treatment advice
- Tax efficiency structuring
Support throughout the securitisation lifecycle
Sample debt advisory credentials

**European credit fund**
ongoing

Financial advisor on £1bn securitisation and private placement of global leveraged loan portfolio

**UK freehold property portfolio**

Financial advisor on securitisation and private placement of £100m notes backed by residential ground rent

**UK telecoms**
ongoing

Financial advisor on securitisation of mobile handset financing receivables

**UK pension scheme**

Financial and ratings advisor in respect of USD3.1bn in CLO investments

**UK leasing company**

Financial advisor to a UK truck leasing business on £75m asset-backed financing

**UK insurance company**

Financial advisor on structuring and internal rating of equity release mortgage-backed securitisation

**UK factorising company**

Financial advisor on securitisation of global trade receivables in £600m multicurrency facility

**UK retail**

Financial advisor on refinancing of £105m consumer receivables securitisation for LSE-listed client

**UK government**

Financial advisor in respect of asset-backed financing potential for a distressed steel manufacturer

**UK government**

Financial and ratings advisor on £4bn Thames Tideway Tunnel

**UK freehold property portfolio**

Financial advisor on securitisation and private placement of £143m notes backed by residential ground rent income

**UK asset manager**

Financial advisor on structuring and rating a securitisation of commercial property lease income
Debt advisory case study

### Background
- Our client, a major provider of invoice discounting and factoring solutions across a number of markets, was considering securitisation as a means of accessing a deeper pool of capital and lowering its cost of funds.
- We worked with our client as an independent financial advisor and transaction support provider, taking it through securitisation assessment, preparation, competitive investor tender and transaction execution.
- A £600m securitisation programme was executed with four funders.

### Key considerations
- Complex, short-dated pool of assets with different product characteristics
- Asset eligibility
- Bridging between the corporate general ledger and the issuer's borrowing base
- Frequency and quality of data reporting
- Operational readiness, including IT and data processes
- Optimal funding structure and investor participation in light of corporate objectives for net proceeds and cost of funds
- Negotiation of draft term sheet amongst a club of lenders with different commercial and credit positions
- Communication of underwriting and servicing processes to rating agencies and bank credit teams
- Maintenance of funding flexibility balanced against advance rate targets
- Intraday cash flow management; Rating agency requirements; Multi-currency assets; Intercreditor issues

### Value added
- Detailed funding options assessment based on the company’s global trading foot-print, and strategic growth and profit objectives
- Board reports highlighting potential funding sources, feasibility, capacity, costs, business implications and implementation time-scales
- Early stage appraisal of existing data adequacy, appropriateness of corresponding processes and controls, asset eligibility and performance in light of investor and rating agency expectations Robust capital raising process leading to competitive pricing and selection of the most suitable lenders
- Maximisation of proceeds by examining and communicating the characteristics of distinct financial products to verify their eligibility for funding
- Implementation of dynamic data sampling methodology to allow for post-closing improvements in data quality to flow directly into reduced credit enhancement requirements
- Preparation of presentations and data books for rating agencies and bank credit teams
- Design and execution of due diligence (‘Agreed Upon Procedures’) for investors and rating agencies
- Seamless coordination between financial advice and diligence processes
- Maintenance of a banking club through a long execution process through to successful financial close
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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