

# RatingsDirect®

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## S&P Resolves 11 European Structured Credit Counterparty CreditWatch Placements

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### OVERVIEW

- On June 9, 2015, we took various rating actions on certain U.K. and German banks.
- Subsequently, we placed on CreditWatch negative our ratings in various structured credit transactions on Aug. 18, 2015 and Oct. 7, 2015.
- We have today taken various rating actions on 11 tranches in six European CDO transactions for which we have either received evidence of an executed action plan or confirmation of no remedy action.

LONDON (Standard & Poor's) Nov. 17, 2015--Standard & Poor's Ratings Services today took various credit rating actions on 11 tranches in six European collateralized debt obligation (CDO) transactions.

Specifically, we have:

- Affirmed and removed from CreditWatch negative our ratings on five tranches in three cash flow collateralized loan obligation (CLO) transactions;
- Affirmed and removed from CreditWatch negative our ratings on two tranches in two small and midsize enterprise (SME) CLO transactions; and
- Lowered and removed from CreditWatch negative our ratings on four tranches in one cash flow CDO transaction of asset-backed securities (CDO of ABS) (see list below).

On June 9, 2015, we took various rating actions on certain U.K. and German commercial banks (and their related subsidiaries) following the introduction of well-formed bank resolution frameworks in these countries, the ongoing regulatory impetus to have systemic banks hold sizeable buffers of bail-in capital that the authorities could use to recapitalize them, and the associated reduced prospects for extraordinary government support (see "S&P Takes Various Rating Actions On Certain U.K. And German Banks Following Government Support And ALAC Review").

Among our June 9, 2015 rating actions, we lowered our ratings on Barclays Bank PLC, Deutsche Bank Trust co. Americas, Deutsche Bank AG, and Deutsche Bank AG (London Branch), which are currently counterparties in one or more of the transactions affected by today's rating actions.

Consequently, on Aug. 18, 2015, we placed on CreditWatch negative our ratings in transactions for which the initial remedy period of 60 calendar days had expired and a remedy action had not been completed (or no definitive action plan had been presented to us). (See "Ratings On 16 European CDO Tranches Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Period".)

On Oct. 7, 2015, we also placed on CreditWatch negative our ratings on transactions for which the issuers had presented us with a definitive plan to remedy the downgrade within an extended 30 calendar day remedy period, and for which the extended remedy period had expired and the issuer had not completed a remedy plan (see "Ratings On 30 European CDO And Repack Tranches Placed On CreditWatch Negative After Extended Counterparty Remedy Period," published on Oct. 7, 2015).

The overarching principle behind our current counterparty criteria is the replacement of a counterparty when the rating on the counterparty falls below a minimum eligible rating (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). Without the incorporation of replacement mechanisms or an equivalent remedy in the terms of the agreement with the counterparty, and if there are no other mitigating factors, the rating on the supported security is generally no higher than the long-term issuer credit rating (ICR) on the counterparty.

For transactions that we have received evidence of a completed remedy action in accordance with our current counterparty criteria, such as novation to a suitably rated counterparty with an appropriate replacement framework, we have affirmed and removed from CreditWatch negative the ratings on these tranches.

For transactions where the issuers have not found an eligible replacement entity or taken any other remedy action, in the absence of any other mitigants, we have lowered our ratings on these notes to the long-term ICR on the counterparty in accordance with our current counterparty criteria.

For a number of transactions, we have received evidence of definitive action plans, which are in various stages of progress, but have not been completed due to operational reasons. We will continue to monitor the progress of the

transaction parties in completing their remedy plans.

#### RELATED CRITERIA AND RESEARCH

##### Related Criteria

- Global Methodologies And Assumptions For Corporate Cash Flow And Synthetic CDOs, Sept. 17, 2015
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Global Derivative Agreement Criteria, June 24, 2013
- European SME CLO Methodology And Assumptions, Jan. 10, 2013
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Global CDOs Of Pooled Structured Finance Assets: Methodology And Assumptions, Feb. 21, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Understanding Standard & Poor's Rating Definitions, June 3, 2009
- The Use Of Rating-Based Haircuts In Event Of Default Overcollateralization Tests For CDOs, March 19, 2008
- Qualification And Treatment Of Current-Pay Obligations In Global Cash Flow CLOs, July 11, 2007

##### Related Research

- Ratings On 30 European CDO And Repack Tranches Placed On CreditWatch Negative After Extended Counterparty Remedy Period, Oct. 7, 2015
- Ratings On 16 European CDO Tranches Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Period, Aug. 18, 2015
- 2015 EMEA Structured Credit Scenario And Sensitivity Analysis, Aug. 6, 2015
- S&P Takes Various Rating Actions On Certain U.K. And German Banks Following Government Support And ALAC Review, June 9, 2015
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

#### Ratings List

| Issuer                | Issue description                                | Class (if applicable) | Rating to | Rating from        | CUSIP     |
|-----------------------|--|-----------------------|-----------|--------------------|-----------|
| Phoenix Light SF Ltd. | EUR7.289 bil, US\$23.863 bil floating rate notes | A1 USD                | BBB+ (sf) | AAA (sf)/Watch Neg | 71910AAA5 |

| Ratings List (cont.)                               |  |        |           |                    |           |
|--|--|--------|-----------|--------------------|-----------|
| Phoenix Light SF Ltd.                              | EUR7.289 bil, US\$23.863 bil floating rate notes | A2 USD | BBB+ (sf) | AAA (sf)/Watch Neg |           |
| Phoenix Light SF Ltd.                              | EUR7.289 bil, US\$23.863 bil floating rate notes | A3 USD | BBB+ (sf) | A (sf)/Watch Neg   |           |
| Phoenix Light SF Ltd.                              | EUR7.289 bil, US\$23.863 bil floating rate notes | A3 EUR | BBB+ (sf) | A (sf)/Watch Neg   |           |
| Harbourmaster CLO 10 B.V.                          | EUR495.8 mil floating-rate notes                 | A2     | AA+ (sf)  | AA+ (sf)/Watch Neg | 41165LAB4 |
| Harbourmaster Pro-Rata CLO 2 B.V.                  | EUR641 mil fixed- and floating-rate notes        | A1 VFN | AAA (sf)  | AAA (sf)/Watch Neg |           |
| Harbourmaster Pro-Rata CLO 2 B.V.                  | EUR641 mil fixed- and floating-rate notes        | A1     | AAA (sf)  | AAA (sf)/Watch Neg |           |
| Harbourmaster Pro-Rata CLO 3 B.V.                  | EUR612 mil floating-rate notes                   | A1 VFN | AAA (sf)  | AAA (sf)/Watch Neg |           |
| Harbourmaster Pro-Rata CLO 3 B.V.                  | EUR612 mil floating-rate notes                   | A1T    | AAA (sf)  | AAA (sf)/Watch Neg |           |
| CM Bancaja 1, Fondo de Titulizacion de Activos     | EUR556.2 mil floating-rate notes                 | C      | A+ (sf)   | A+ (sf)/Watch Neg  |           |
| FTPYME Bancaja 6, Fondo de Titulizacion de Activos | EUR1.028 bil mortgage-backed floating-rate notes | A3(G)  | A+ (sf)   | A+ (sf)/Watch Neg  |           |

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