

## ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION TEN S.R.L.

(incorporated with limited liability under the laws of the Republic of Italy)

**€437,500,000 Class A Asset-Backed Floating Rate Notes due December 2028**

**Issue price: 100 per cent.**

**€22,500,000 Class B Asset-Backed Floating Rate Notes due December 2028**

**Issue price: 100 per cent.**

**€10,000,000 Class C Asset-Backed Fixed Rate Notes due December 2028**

**Issue price: 100 per cent.**

**€5,000,000 Class D Asset-Backed Fixed Rate Notes due December 2028**

**Issue price: 100 per cent.**

This prospectus (the “**Prospectus**”) contains information relating to the issue by Asset-Backed European Securitisation Transaction Ten S.r.l. (the “**Issuer**”) of €437,500,000 Class A Asset-Backed Floating Rate Notes due December 2028 (the “**Class A Notes**” or the “**Senior Notes**”), €22,500,000 Class B Asset-Backed Floating Rate Notes due December 2028 (the “**Class B Notes**”), the €10,000,000 Class C Asset-Backed Fixed Rate Notes due December 2028 (the “**Class C Notes**”), €5,000,000 Class D Asset-Backed Fixed Rate Notes due December 2028 (the “**Class D Notes**”) and, together with the Class B Notes and the Class C Notes, the “**Mezzanine Notes**” and, together with the Senior Notes, the “**Rated Notes**”) and €25,000,000 Class M Asset-Backed Notes due December 2028 (the “**Junior Notes**” and, together with the Rated Notes, the “**Notes**”). The Class C Notes, the Class D Notes and the Junior Notes will be subscribed by FGA Capital S.p.A., having its registered office at corso Agnelli 200, Turin, Italy (“**FGAC**” or the “**Originator**”).

The Issuer is a limited liability company incorporated under the laws of the Republic of Italy under article 3 of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the “**Securitisation Law**”) having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy. The Issuer is registered in the register of the special purpose vehicles held by the Bank of Italy (*albo delle società veicolo tenuto dalla Banca d'Italia ai sensi del Provvedimento del Governatore della Banca d'Italia del 29 aprile 2011*) under number 35154.4 and in the companies register held in Treviso under number 04688040262.

This document constitutes a “*prospectus*” for the purpose of article 5.3 of the Directive 2003/71/EC (as amended by the Directive 2010/73/EC, the “**Prospectus Directive**”) and article 8 of the Luxembourg law on prospectuses for securities of 10 July 2005 (as amended by Luxembourg law of 3 July 2012) implementing the Prospectus Directive in Luxembourg, and a “*prospetto informativo*” for the purposes of article 2, sub-section 3 of Italian Law number 130 of 30 April 1999. The proceeds of the issue of the Notes will be applied by the Issuer to fund the purchase of a pool of monetary receivables and other connected rights (the “**Receivables**”) arising from a portfolio of auto loans (*finanziamenti*) (the “**Portfolio**”) granted by FGAC and transferred from FGAC to the Issuer pursuant to the terms of a receivables purchase agreement dated 6 October 2014, between the Issuer and FGAC (as from time to time amended and/or supplemented, the “**Receivables Purchase Agreement**”). The principal source of funds available to the Issuer for the payment of interest on and the repayment of principal of the Notes will be collections received in respect of the Receivables.

Interest on the Notes is payable by reference to successive interest periods (each an “**Interest Period**”). Interest on the Notes will accrue on a daily basis and will be payable in arrear in euro on 10 December 2014, being the first Payment Date (as defined below), and thereafter monthly in arrear on the tenth calendar day of each month in each year (or, if any such day is not a Business Day, the immediately following Business Day).

The rate of interest applicable to the Senior Notes and the Class B Notes for each Interest Period shall be the rate offered in the euro-zone interbank market for one-month deposits in euro save that for the first Interest Period the rate will be obtained upon linear interpolation of the euro-zone interbank market for one and two month deposits in euro (as determined in accordance with Condition 7.5 (*Rates of Interest*)), plus the following margin: (i) in respect of the Senior Notes, 0.55 per cent. per annum; (ii) in respect of the Class B Notes, 0.87 per cent. per annum.

The Class C Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a fixed rate equal to 3 per cent. per annum. The Class D Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a fixed rate equal to 4.5 per cent. per annum.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), which is the Luxembourg competent authority for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and relevant implementing measures in Luxembourg, as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of giving information with regard to the issue of the Notes.

By approving this Prospectus, the CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality and solvency of the Issuer in accordance with the provisions of article 7(7) of the Luxembourg law on prospectuses for securities.

Application has also been made to the Luxembourg Stock Exchange for the Rated Notes to be admitted to the official list of the Luxembourg Stock Exchange (the “**Official List**”) and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market. References in this Prospectus to the Rated Notes being “**listed**” (and all related references) shall mean that the Rated Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus, nor this Prospectus will be approved by the CSSF in relation to the Junior Notes.

The Rated Notes are expected, on issue, to be rated as follows:

Class	DBRS	Fitch
Class A	“AAA(sf)”	“AA+sf”
Class B	“A(sf)”	“Asf”
Class C	“BBB(sf)”	“BBBsf”
Class D	“BBB(low)(sf)”	“BBB-sf”

**A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.**

The Junior Notes will not be assigned a rating. As of the date hereof, DBRS Ratings Limited and Fitch Italia – Società Italiana per il Rating S.p.A. are established in the European Union and are registered under Regulation (EC) No. 1060/2009, as amended from time to time (the “**CRA Regulation**”), as it appears from the most updated list published by European Securities and Markets Authority (ESMA) on the ESMA website.

Payments under the Notes may be subject to withholding for or on account of tax, or to a substitute tax, in accordance with Italian legislative decree No. 239 of 1 April 1996, as subsequently amended. Upon the occurrence of any withholding for or on account of tax, whether or not in the form of a substitute tax, from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount to any holder of Notes of any Class.

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Corporate Administrator, the Back-up Servicer Facilitator, the Cash Manager, the Swap Counterparty, the Arrangers, the Joint Lead Managers (each as defined in “*Key features – The principal parties*”), FGAC (in any capacity) or the quotaholders of the Issuer. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Notes will be issued in dematerialised form (*emesse in forma dematerializzata*) on the terms of, and subject to, the Conditions and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. with registered office at Piazza degli Affari, 6, Milan, Italy (“**Monte Titoli**”) for the account of the relevant Monte Titoli Account Holders. The expression “**Monte Titoli Account Holders**” means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds an account with Monte Titoli or any depository banks appointed by the Relevant Clearstream System), Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”). The Notes will be deposited by the Issuer with Monte Titoli on 28 October 2014 (the “**Issue Date**”), will be in dematerialised form (*emesse in forma dematerializzata*) and will at all times be in book entry form and title to the Notes will be evidenced by

book entry in accordance with the provisions of article 83-bis of Italian legislative decree No. 58 of 24 February 1998 and with the regulation issued by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the Notes.

The Notes will mature on the Payment Date which falls in December 2028 (the “**Final Maturity Date**”), subject as provided in Condition 8 (*Redemption, purchase and cancellation*). Before the Final Maturity Date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 8 (*Redemption, purchase and cancellation*)).

The Senior Notes will be redeemed in priority to the Mezzanine Notes and the Junior Notes. The Mezzanine Notes will be redeemed in priority to the Junior Notes. If the Senior Notes and/or the Mezzanine Notes and/or the Junior Notes cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient funds available to it in accordance with the terms and conditions of the Notes (the “**Conditions**” and each, a “**Condition**”) for application in or towards such redemption, including the proceeds of any sale of Receivables or any enforcement of the Security (as defined below), in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount remaining outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be reduced to zero and deemed to be released by the holder of the relevant Notes and the Notes shall be finally and definitely cancelled accordingly. The Issuer has no assets other than the Receivables and the Issuer’s Rights as described in this Prospectus.

The Originator will retain on an ongoing basis a material net economic interest of at least 5 per cent. in the Securitisation, in accordance with article 405 of Regulation (EU) no. 575/2013 (as amended, the “**CRR**”) and the *Circolare n. 285 (Disposizioni di Vigilanza per le Banche)* which has implemented the Directive 2013/36/EC in Italy, and article 51 of Regulation (EU) no. 231/2013 (as amended, the “**AIFMR**”), so long as the Notes are outstanding. As at the Issue Date, such interest will comprise, in accordance with option (d) of article 405 of the CRR and option (d) of article 51 of the AIFMR, an interest in the Junior Notes which is not less than 5 per cent. of the nominal value of the securitised exposures. Please refer to the section entitled “*Regulatory Disclosure and Retention Undertaking*” for further information. **For a discussion of material risk factors and other factors that should be considered in connection with an investment in the Rated Notes, see the section entitled “Risk factors” beginning on page 45.**

The content of any website or webpage mentioned in this Prospectus does not form part of this Prospectus.

The date of this Prospectus is 23 October 2014.

#### ARRANGERS

CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK, MILAN BRANCH

UNICREDIT BANK AG, LONDON BRANCH

#### JOINT LEAD MANAGERS

CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK  
CITIGROUP

UNICREDIT BANK AG  
J.P. MORGAN

*This Prospectus comprises a prospectus for the purposes of article 5.3 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Rated Notes which, according to the particular nature of the Issuer and the Rated Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

*None of the Issuer, the Representative of the Noteholders, the Arrangers, the Joint Lead Managers or any other party to any of the Transaction Documents (as defined below), other than the Originator, has undertaken or will undertake any investigations, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor have the Issuer, the Representative of the Noteholders, the Arrangers, the Joint Lead Managers or any other party to any of the Transaction Documents, other than the Originator, undertaken, nor will they undertake, any investigations, searches or other actions to establish the creditworthiness of any debtor in respect of the Receivables.*

*The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains or incorporates all information which is material in the context of the issuance and offering of the Notes, that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts, the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.*

*FGAC has provided the information under the sections headed "The Portfolio" and "The Originator, the Servicer, the Corporate Servicer, the Subordinated Loan Provider and the Subscriber" below and any other information contained in this document relating to itself and the FGAC group and "The Credit and Collection Policies" below and any other information contained in this Prospectus relating to the collection and underwriting procedures relating to the Portfolio, the Receivables and the Loans (each as defined below) and, together with the Issuer, accepts responsibility for the information contained in those sections. FGAC has also provided the data used as assumptions to make the calculations contained in the section headed "Expected weighted average life of the Senior Notes and the Class B Notes and assumptions" below on the basis of which the information and assumptions contained in the same section have been extrapolated and, together with the Issuer, accepts responsibility for such data. The Issuer accepts responsibility for the other information and assumptions contained in such section as described above. To the best of the knowledge of FGAC (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data. FGAC also accepts responsibility for the information contained in the section of this Prospectus headed "Regulatory Disclosure and Retention Undertaking". To the best of the knowledge and belief of FGAC, which has taken all reasonable care to ensure that such is the case, such information is in accordance with the facts and contains no omission likely to affect the import of such information. Save as aforesaid, FGAC has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*Elavon Financial Services Limited has provided the information under the section headed "The Account Bank, the Cash Manager, the Calculation Agent and the Principal Paying Agent" below and, together with the Issuer, accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of Elavon Financial Services Limited (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import. Save as aforesaid, Elavon Financial Services Limited has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*UniCredit Bank AG has provided the relevant information under the section headed "The Swap Counterparty" below and, together with the Issuer, accepts responsibility for the information contained in that section, and to the best of the knowledge and belief of UniCredit Bank AG (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import. Save as aforesaid, UniCredit Bank AG has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

No person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of FGAC (in any capacity), the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Cash Manager, the Corporate Administrator, the Back-up Servicer Facilitator, the Swap Counterparty, the Arrangers, the Joint Lead Managers or any other person. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has been no change in the affairs of the Issuer or the Originator or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof.

To the fullest extent permitted by law, the Arrangers and the Joint Lead Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Arrangers, the Joint Lead Managers, or on their respective behalf, in connection with the Issuer or FGAC or the issue and offering of the Notes. The Arrangers and the Joint Lead Managers, accordingly, disclaim all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The Representative of the Noteholders has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by the Representative of the Noteholders as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or FGAC in connection with the Notes or their distribution.

The Notes constitute limited recourse obligations of the Issuer. Each Note will be secured, in each case, by certain of the assets of the Issuer pursuant to and as more fully described in the section entitled "Description of the Transaction Documents". Furthermore, by operation of Italian law, the Issuer's right, title and interest in and to the Receivables will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes, to pay any costs, fees, expenses and other amounts required to be paid to the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Cash Manager, the Corporate Administrator, the Swap Counterparty, the Arrangers, the Joint Lead Managers, FGAC (in any capacity), the quotaholders of the Issuer and to any third-party creditor in respect of any costs, fees, expenses or liabilities incurred by the Issuer to such third-party creditor in relation to the securitisation of the Receivables contemplated by this Prospectus (the "**Securitisation**"). Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes. Amounts derived from the Receivables will not be available to any other creditors of the Issuer and will be applied by the Issuer in accordance with the applicable order of priority for the application of the Interest Available Funds and the Principal Available Funds in accordance with the Conditions.

The distribution of this Prospectus and the offer, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Arrangers and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, and may not be used for the purpose of an offer to sell any of the Notes, or solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, FGAC, the Arrangers or the Joint Lead Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the Receivables, the Portfolio and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), are in dematerialised form (emesse in forma dematerializzata) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see "Subscription, sale and selling restrictions" below.

The Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering circular nor any prospectus, form of application, advertisement, other offering material nor other information relating to the Issuer or the Notes may

*be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which could allow an offering (offerta al pubblico) of the Notes to the public in the Republic of Italy. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see "Subscription, sale and selling restrictions" below.*

*Each initial and each subsequent purchaser of a Note will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "Subscription, sale and selling restrictions" below.*

*All references in this Prospectus to "Euro"," and "euro" refer to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.*

*The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.*

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## TRANSACTION OVERVIEW

The following information is an overview of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus and in the Transaction Documents. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this document.

### 1. THE PRINCIPAL PARTIES

<b>Issuer</b>	<b>ASSET-BACKED EUROPEAN SECURITISATION TRANSACTION TEN S.R.L.</b> , a company incorporated under the laws of the Republic of Italy as a <i>società a responsabilità limitata</i> with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 10,000.00 fully paid up, fiscal code and enrolment with the companies register of Treviso number 04688040262, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to the regulation issued by the Bank of Italy on 29 April 2011 and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.  The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The Issuer may carry out other securitisation transactions in addition to the one contemplated in this Prospectus, subject to certain conditions.
<b>Originator</b>	<b>FGA CAPITAL S.P.A.</b> , a company incorporated under the laws of the Republic of Italy as a <i>società per azioni</i> , having its registered office at Corso Agnelli 200, Turin, Italy, share capital of euro 700,000,000 fully paid up, fiscal code and enrolment with the companies register of Turin number 08349560014 and currently enrolled under number 33288 in the general register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act (in its previous formulation).
<b>Servicer</b>	<b>FGA CAPITAL S.P.A.</b> The Servicer will act as such pursuant to the Servicing Agreement.
<b>Subscriber</b>	<b>FGA CAPITAL S.P.A.</b> The Subscriber will act as such pursuant to the Class C Notes, Class D Notes and Junior Notes Subscription Agreement.
<b>Subordinated Loan Provider</b>	<b>FGA CAPITAL S.P.A.</b> The Subordinated Loan Provider will act as such pursuant to the Subordinated Loan Agreement.



<b>Representative of the Noteholders</b>	<b>U.S. BANK TRUSTEES LIMITED</b> , a limited liability company incorporated under the laws of England and Wales, having its registered office at 125 Old Broad Street, London EC2N 1AR, United Kingdom. The Representative of the Noteholders will act as such pursuant to the Subscription Agreements, the Deed of Pledge, the Deed of Charge, the Intercreditor Agreement and the Mandate Agreement.
<b>Calculation Agent</b>	<b>ELAVON FINANCIAL SERVICES LIMITED</b> a limited liability company registered in Ireland with the Companies Registration Office (registered number 418442), with its registered office at Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland acting through its UK Branch (registered number BR009373) from its offices at 5th Floor, 125 Old Broad Street, London EC2N 1AR, United Kingdom. The Calculation Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
<b>Cash Manager</b>	<b>ELAVON FINANCIAL SERVICES LIMITED</b> . The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
<b>Account Bank</b>	<b>ELAVON FINANCIAL SERVICES LIMITED</b> . The Account Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
<b>Principal Paying Agent</b>	<b>ELAVON FINANCIAL SERVICES LIMITED</b> . The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
<b>Corporate Servicer</b>	<b>FGA CAPITAL S.P.A.</b> The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
<b>Corporate Administrator</b>	<b>SECURITISATION SERVICES S.P.A.</b> , a company incorporated under the laws of the Republic of Italy as a <i>società per azioni</i> , share capital of euro 1,595,055.00 fully paid-up, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the companies' register of Treviso number 03546510268, currently registered under number 31816 in the general register and in the special register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, subject to the activity of direction and coordination ( <i>soggetta all'attività di direzione e coordinamento</i> ) pursuant to article 2497 of the Italian civil code of Finanziaria Internazionale Holding S.p.A. The Corporate Administrator will act as such pursuant to the

Corporate Administration Agreement.

<b>Back-up Servicer Facilitator</b>	<b>SECURITISATION SERVICES S.P.A.</b> The Back-up Servicer Facilitator will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
<b>Quotaholder</b>	<b>SVM SECURITISATION VEHICLES MANAGEMENT S.R.L.</b> , a company incorporated under the laws of the Republic of Italy as a <i>società a responsabilità limitata</i> with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 30,000 fully paid up, fiscal code and enrolment in the companies register of Treviso number 03546650262.
<b>Listing Agent</b>	<b>CACEIS BANK, LUXEMBOURG</b> , a duly licensed credit institution incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office in 5, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg, registered under number B91985 with the register of commerce and companies of Luxembourg.
<b>Arrangers</b>	<b>UNICREDIT BANK AG, LONDON BRANCH</b> , a bank incorporated under the laws of the Federal Republic of Germany as a public company limited by shares ( <i>aktiengesellschaft</i> ), registered with the commercial register administered by the Local Court of Munich at number HR B 421 48, belonging to the " <i>Gruppo Bancario UniCredit</i> " and having its head office at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Federal Republic of Germany, acting through its London branch (registered as a foreign branch with The Companies House of England and Wales under number BR001757) with offices at Moor House, 120 London Wall, London EC2Y 5ET, United Kingdom.  <b>CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH</b> , a bank incorporated under the laws of the Republic of France, with registered office at 9, Quai du Président Paul Doumer, 92920 Paris, La Défense Cedex, France, acting through its Milan Branch with offices at Piazza Cavour, 2, 20121 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 11622280151, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

**Joint Lead Managers**

**UNICREDIT BANK AG**, a bank incorporated under the laws of the Federal Republic of Germany as a public company limited by shares (*aktiengesellschaft*), registered with the commercial register administered by the Local Court of Munich at number HR B 421 48, belonging to the “*Gruppo Bancario UniCredit*” and having its head office at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Federal Republic of Germany.

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**, a bank incorporated under the laws of the Republic of France, with registered office at 9, Quai du Président Paul Doumer, 92920 Paris, La Défense Cedex, France.

**CITIGROUP GLOBAL MARKETS LIMITED**, a limited liability company incorporated under the laws of England and Wales, having its registered office at Citigroup Centre, 25 Canada Square, London E14 5LB, United Kingdom.

**J.P. MORGAN SECURITIES PLC**, a bank incorporated under the laws of England and Wales, having its registered office at 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom.

**Swap Counterparty**

**UNICREDIT BANK AG.**

The Swap Counterparty will act as such pursuant to the Swap Agreement.

**2. THE PRINCIPAL FEATURES OF THE NOTES****The Notes**

The Notes will be issued by the Issuer on the Issue Date in the following Classes:

**Senior Notes** €437,500,000 Class A Asset-Backed Floating Rate Notes due December 2028.

**Mezzanine Notes** €22,500,000 Class B Asset-Backed Floating Rate Notes due December 2028.

€10,000,000 Class C Asset-Backed Fixed Rate Notes due December 2028.

€5,000,000 Class D Asset-Backed Fixed Rate Notes due December 2028.

**Junior Notes** €25,000,000 Class M Asset-Backed Notes due December 2028.

The Notes will constitute direct, secured, limited recourse obligations of the Issuer. It is not anticipated that the Issuer will make any profits from this transaction. The Notes will be governed by Italian law.

**Issue price** The Notes will be issued at the following percentages of their principal amount:

<i>Class</i>	<i>Issue Price</i>
Class A	100 per cent
Class B	100 per cent
Class C	100 per cent
Class D	100 per cent
Class M	100 per cent

**Interest on the Senior Notes and the Class B Notes** The Senior Notes and the Class B Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to the Euribor for one month deposits in Euro (so long as no Trigger Notice has been served and except in respect of the Initial Interest Period, where an interpolated interest rate based on one and two months deposits in Euro will be substituted for one month Euribor), plus the following margin:

Senior Notes: 0.55 per cent per annum;

Class B Notes: 0.87 per cent per annum.

**Interest on the Class C Notes and the Class D Notes** The Class C Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a fixed rate equal to 3 per cent. per annum.

The Class D Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a fixed rate equal to 4.5 per cent. per annum.

**Interest and Variable Return on the Junior Notes** The Junior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the fixed rate of 2.3 per cent. per annum.

In addition, a Variable Return may or may not be payable on the Junior Notes on each Payment Date in accordance with the Conditions and the relevant Priority of Payments. The Variable Return payable on the Junior Notes on each Payment Date will be determined by reference to the residual Issuer Available Funds after satisfaction of the items ranking in priority to the Variable Return on the Junior Notes in accordance with the applicable Priority of Payments.

**Accrual of interest** Interest in respect of the Notes will accrue on a daily basis and will be payable in euro in arrear on each Payment Date subject to the applicable Priority of Payments and subject as provided in Condition 10 (*Payments*).

<b>Form and denomination of the Notes</b>	<p>The authorised denomination of the Rated Notes will be €100,000 and integral multiples of €1,000 in excess thereof. The authorised denomination of the Junior Notes will be €100,000 and integral multiples of €1,000 in excess thereof.</p> <p>The Notes are issued in dematerialised form (<i>emesse in forma dematerializzata</i>) on the terms of, and subject to, the Conditions and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. for the account of the relevant Monte Titoli Account Holders.</p> <p>The Notes will be deposited by the Issuer with Monte Titoli on the Issue Date and will at all times be in book entry form, and title to the Notes will be evidenced by book entry in accordance with the provisions of article 83-<i>bis</i> of Italian legislative decree No. 58 of 24 February 1998 and with the regulation issued by the Bank of Italy and the CONSOB on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the Notes.</p>
<b>ISIN Codes</b>	<p>Upon acceptance for clearance by Monte Titoli, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class M Notes were assigned the following ISIN Codes:</p> <ul style="list-style-type: none"> <li>(i) Class A Notes: IT0005058729;</li> <li>(ii) Class B Notes: IT0005058737;</li> <li>(iii) Class C Notes: IT0005058745;</li> <li>(iv) Class D Notes: IT0005058752;</li> <li>(v) Class M Notes: IT0005058760.</li> </ul>
<b>Common Codes</b>	<p>The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes were assigned the following Common Codes:</p> <ul style="list-style-type: none"> <li>(i) Class A Notes: 112496637;</li> <li>(ii) Class B Notes: 112505571;</li> <li>(iii) Class C Notes: 112506446;</li> <li>(iv) Class D Notes: 112507183.</li> </ul>
<b>Ranking, status and subordination</b>	<p>In respect of the obligations of the Issuer to pay interest and repay principal on the Notes, the Conditions and the Intercreditor Agreement provide that:</p> <ul style="list-style-type: none"> <li>(i) in respect of the obligations of the Issuer to pay interest on the Notes prior to the service of a Trigger Notice: <ul style="list-style-type: none"> <li>(A) the Class A Notes rank <i>pari passu</i> and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;</li> </ul> </li> </ul>

- (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinated to the Class A Notes;
  - (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinated to the Class A Notes and the Class B Notes;
  - (D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes;
  - (E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;
- (ii) in respect of the obligations of the Issuer to repay principal on the Notes prior to the service of a Trigger Notice:
- (A) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
  - (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and in priority to repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes and no amount of principal in respect of the Class B Notes shall become due and payable or be repaid until redemption in full of the Class A Notes;
  - (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and the Class B Notes and in priority to repayment of principal on the Class D Notes and the Junior Notes and no amount of

principal in respect of the Class C Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Class B Notes;

(D) the Class D Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to repayment of principal on the Junior Notes and no amount of principal in respect of the Class D Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes and the Class C Notes; and

(E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and no amount of principal in respect of the Junior Notes shall become due and payable or be repaid until redemption in full of the Class A Notes the Class B Notes, the Class C Notes and the Class D Notes;

(iii) in respect of the obligations of the Issuer to (a) pay interest and (b) repay principal on the Notes following the service of a Trigger Notice or in the event that the Issuer opts for the early redemption of the Notes under Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*):

(A) the Class A Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves and in priority to (i) repayment of principal on the Class A Notes; and (ii) payment of interest and repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;

(B) the Class A Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest on the Class A Notes and in priority to payment of interest and repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the

Junior Notes;

- (C) the Class B Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and in priority to (i) repayment of principal on the Class B Notes and (ii) payment of interest and repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes;
- (D) the Class B Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes and (ii) payment of interest on the Class B Notes and in priority to payment of interest and repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes;
- (E) the Class C Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and the Class B Notes and in priority to (i) repayment of principal on the Class C Notes and (ii) payment of interest and repayment of principal on the Class D Notes and the Junior Notes;
- (F) the Class C Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes and the Class B Notes and (ii) payment of interest on the Class C Notes and in priority to payment of interest and repayment of principal on the Class D Notes and the Junior Notes;
- (G) the Class D Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to (i) repayment of principal on the Class D Notes and (ii)



payment of interest and repayment of principal on the Junior Notes;

- (H) the Class D Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and (ii) payment of interest on the Class D Notes and in priority to payment of interest and repayment of principal on the Junior Notes; and
- (I) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

**Withholding tax on the Notes**

A Noteholder who is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities will receive amounts of interest payable on the Notes and Variable Return payable on the Junior Notes net of Italian withholding tax referred to as a substitute tax, in accordance with Decree 239.

Upon the occurrence of any withholding or deduction for or on account of tax, whether or not through a substitute tax, from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes. For further details see section headed "*Taxation*".

**Mandatory redemption**

The Notes of each Class will be subject to mandatory redemption in accordance with Condition 8.2 (*Mandatory redemption*) in full (or in part *pro rata*) on each Payment Date in accordance with the Conditions, in each case if on such dates there are sufficient Principal Available Funds which may be applied for this purpose in accordance with the applicable Priority of Payments.

**Optional redemption**

Provided that no Trigger Notice has been served on the Issuer, on any Payment Date on which the Net Present Value of the Portfolio Outstanding Amount is equal to, or less than, 10 per cent. of the Net Present Value of the Portfolio Outstanding Amount as at the Issue Date, the Issuer may, in accordance with Condition 8.3 (*Optional redemption*), apply the proceeds of the sale of all of the Portfolio in accordance with the Receivables

Purchase Agreement to redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes, at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Post-Trigger Notice Priority of Payments, subject to the Issuer:

- (i) giving not more than 60 calendar days' nor less than 20 calendar days' notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 16 (*Notices*) of its intention to redeem the Notes; and
- (ii) prior to the notice referred to in paragraph (i) above being given, delivering to the Representative of the Noteholders a certificate duly signed by a director of the Issuer confirming that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to redeem, in accordance with Condition 8.3, the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Senior Notes and the Mezzanine Notes and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Junior Notes.

**Optional redemption for taxation reasons**

Upon the imposition, at any time, (a) of any Tax Deduction for or on account of tax (other than a Decree 239 Deduction) from any payments to be made to the Noteholders or pursuant to the Swap Agreement, or (b) a change in the tax law of Italy (or the application or official interpretation of such law) which would cause the total amount payable in respect of the Portfolio to cease to be receivable by the Issuer, including as a result of any of the Borrowers being obliged to make a Tax Deduction in respect of any payment in relation to the Receivables, the Issuer may, subject to as provided in the Condition 8.4 (*Optional redemption for taxation reasons*), redeem, on the next succeeding Payment Date, the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Senior Notes and the Mezzanine Notes and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving

therefrom, all the Junior Notes, at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date (in accordance with the Post-Trigger Notice Priority of Payments) subject to the Issuer:

- (i) giving not more than 60 calendar days' nor less than 20 calendar days' notice (which notice shall be irrevocable) to the Representative of the Noteholders and to the Noteholders in accordance with Condition 16 (*Notices*) of its intention to redeem the Notes; and
- (ii) delivering, prior to the notice referred to in paragraph (i) above being given, to the Representative of the Noteholders a certificate duly signed by a director of the Issuer confirming that it will have necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to (i) redeem, in accordance with Condition 8.4 (*Optional redemption for taxation reasons*), the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Senior Notes and the Mezzanine Notes and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Senior Notes and the Mezzanine Notes and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes and (ii) pay any additional taxes that will be payable by the Issuer after the Notes are redeemed, by reason of such early redemption of the Notes.

**Final Maturity Date**

Save as described above and unless previously redeemed in full and cancelled as provided in Condition 8 (*Redemption, purchase and cancellation*), the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Final Maturity Date. To the extent not redeemed in full on the Final Maturity Date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled and the Notes shall be cancelled accordingly.

**Segregation of Issuer's Rights**

The Issuer has no assets other than the Receivables and the Issuer's Rights as described in this Prospectus.

By operation of Italian law, the Issuer's right, title and interest

in and to the Receivables will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Junior Noteholders and each of the Other Issuer Creditors and any third-party creditor to whom the Issuer has incurred costs, fees, expenses or liabilities in relation to the securitisation of the Receivables.

The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof. Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer has empowered the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents within 10 days from notification of such failure, to exercise all the Issuer's rights, powers and discretion under the Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the Issuer's Rights. Italian law governs the delegation of such power. In addition, security over certain rights of the Issuer arising out of certain Transaction Documents will be granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Deed of Pledge and the Deed of Charge, for the benefit of itself, the Noteholders and the Other Issuer Creditors.

## **Trigger Events**

If any of the following events occurs:

(i) *Non-payment:*

the Issuer fails to pay any amount of principal due and payable in respect of the Most Senior Class of Notes then outstanding within 5 days of the due date for payment of such principal or fails to pay any amount of interest due and payable in respect of the Most Senior Class of Notes then outstanding within 3 days of the due date for payment of such interest;

(ii) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation to pay principal or interest in

respect of the Most Senior Class of Notes then outstanding) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of remedy or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of remedy, remains unremedied for 30 days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied;

(iii) *Breach of representations and warranties by the Issuer:*

any of the representations and warranties given by the Issuer under any of the Transaction Documents is, or proves to have been, incorrect or erroneous in any material respect when made and (except where, in the opinion of the Representative of the Noteholders, it is not possible to remedy the same in which case no notice requiring remedy will be required) it has not been remedied within 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied;

(iv) *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

(v) *Unlawfulness:*

it is or will become unlawful for the Issuer to perform or comply with any of its material obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party or any obligation of the Issuer under a Transaction document ceases to be legal, valid and binding,

then the Representative of the Noteholders may, at its sole discretion, or shall if so directed by an Extraordinary Resolution of the Most Senior Class of Notes then outstanding, serve a Trigger Notice on the Issuer declaring the Notes to be due and repayable, whereupon they shall become so due and repayable, following which all payments of principal, interest and other amounts due in respect of the Notes shall be made according to the Post-Trigger Notice Priority of Payments as described in paragraph "*Post-Trigger Notice Priority of Payments*" below.

**Non petition**

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to

proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

- (i) no Noteholder is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security and no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled to take any proceedings against the Issuer to enforce the Security;
- (ii) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;
- (iii) until the date falling two years and one day after the date on which the Notes and any notes issued under any further securitisations undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer unless a Trigger Notice has been served or an Insolvency Event has occurred and the Representative of the Noteholders, having become bound so to do, fails to take such actions as the Representative of the Noteholders is entitled to take under the Transaction Documents within a reasonable period of time and such failure is continuing; and
- (iv) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

**Limited recourse obligations of Issuer**

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

- (i) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;

- (ii) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to such sums and *pro rata* with any *pari passu* sums payable to such Noteholder; and
- (iii) if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 16 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and deemed to be discharged in full.

**The Organisation of the Noteholders and the Representative of the Noteholders**

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions as an Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, which is appointed by the Joint Lead Managers pursuant to the Senior Notes and Class B Notes Subscription Agreement and by the Subscriber pursuant to the Class C Notes, Class D Notes and Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

**Expected weighted average life of the Senior Notes and the Class B Notes** The actual weighted average life of the Senior Notes and the Class B Notes cannot be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown. Calculations of the expected weighted average life of the Senior Notes and the Class B Notes have been based on certain assumptions including, *inter alia*, the assumption that the Loans are subject to a constant prepayment rate assumption as shown in “*Expected weighted average life of the Senior Notes and the Class B Notes and assumptions*”.

**Rating** The Rated Notes are expected to be assigned the following ratings on the Issue Date:

<i>Class</i>	<i>DBRS</i>	<i>Fitch</i>
Class A	“AAA(sf)”	“AA+sf”
Class B	“A(sf)”	“Asf”
Class C	“BBB(sf)”	“BBBsf”
Class D	“BBB(low)(sf)”	“BBB-sf”

It is not expected that the Junior Notes will be assigned a credit rating.

**A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.**

As of the date hereof, DBRS Ratings Limited and Fitch Italia – Società Italiana per il Rating S.p.A. are established in the European Union and are registered under Regulation (EC) No. 1060/2009, as amended from time to time (the “**CRA Regulation**”), as it appears from the most updated list published by European Securities and Markets Authority (ESMA) on the ESMA website.

**Approval, listing and admission to trading** This Prospectus has been approved by the CSSF as a prospectus issued in compliance with the Prospectus Directive. Application has been made for the Rated Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

No application has been made to list or admit to trading the Junior Notes on any stock exchange.

**Selling restrictions** There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. See the section headed “*Subscription, sale and selling restrictions*” below.

**Governing Law** The Notes and any non-contractual obligation arising thereunder are governed by, and shall be construed in



accordance with, Italian law.

### 3. ISSUER AVAILABLE FUNDS AND PRIORITIES OF PAYMENTS

**Issuer Available Funds** The Issuer Available Funds, in respect of any Payment Date, are constituted by the aggregate of the Interest Available Funds and the Principal Available Funds.

**Interest Available Funds** On each Calculation Date and in respect of the immediately following Payment Date, the Interest Available Funds are constituted by the aggregate of:

- (a) all Income Collections standing to the credit of the Interest Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) all amounts received by the Issuer from any Eligible Investments in excess of the original principal amount invested in the relevant Eligible Investment during the Collection Period immediately preceding such Calculation Date other than amounts received from Eligible Investments made out of the amounts invested from the Commingling Reserve Account;
- (c) all amounts of interest accrued on and credited to the Collections Account, the Cash Reserve Account, the Expenses Account, the Interest Funds Account and the Principal Funds Account and relating to the Collection Period immediately preceding such Calculation Date;
- (d) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders), to the extent that (A) FGAC as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Income Collections in accordance with the provisions of the Servicing Agreement, or (B) FGAC has failed, due to the occurrence of an Insurance Event, to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to (X) the actual Income Collections FGAC has failed to transfer to the Issuer under the Servicing Agreement, or, as the case

may be, (Y) the Insurance Amount (to the extent unpaid by FGAC) and (ii) the Commingling Reserve;

- (e) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, to the extent of any Interest Shortfall, the lower of (i) that portion of the Cash Reserve which is equal to such Interest Shortfall and (ii) the Cash Reserve;
- (f) any amount due and payable, although not yet paid, to the Issuer by the Swap Counterparty under the Swap Agreement on the Payment Date immediately following the relevant Calculation Date; and
- (g) all amounts of Interest Shortfall to be paid into the Interest Funds Account on the immediately succeeding Payment Date pursuant to item *First* of the Pre-Trigger Notice Principal Priority of Payments,

but excluding (i) any amount paid by the Swap Counterparty upon termination of all transactions under the Swap Agreement in respect of any termination payment (or which is retained as Collateral at such time) and, until a replacement swap counterparty has been found, exceeding the net amounts which would have been due and payable by the Swap Counterparty with respect to the following Payment Date, had the Swap Transaction not been terminated; and (ii) the Collateral (if any).

**Principal Available Funds**

On each Calculation Date and in respect of the immediately following Payment Date, the Principal Available Funds are constituted by the aggregate of:

- (a) the Principal Collections standing to the credit of the Principal Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders), to the extent that FGAC as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Principal Collections in accordance with the provisions of the

Servicing Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to the actual Principal Collections FGAC has failed to transfer to the Issuer under the Servicing Agreement and (ii) that portion of the Commingling Reserve remaining after the application of funds standing to the credit of the Commingling Reserve in accordance with item (d) of the Interest Available Funds;

- (c) any amounts to be paid into the Principal Funds Account on the immediately succeeding Payment Date pursuant to items *Twelfth* and *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments;
- (d) on the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, the lower of (i) the amount standing to the credit of the Cash Reserve Account at such date and (ii) that portion of the Cash Reserve remaining after the application of funds standing to the credit of the Cash Reserve in accordance with item (e) of the Interest Available Funds; and
- (e) on the Calculation Date immediately preceding the Final Redemption Date or the Post-Trigger Notice Final Redemption Date (as applicable) and on any Calculation Date thereafter, the balance standing to the credit of the Expenses Account at such dates.

**Pre-Trigger Notice Interest  
Priority of Payments**

Prior to the service of a Trigger Notice, the Interest Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the “**Pre-Trigger Notice Interest Priority of Payments**”) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period);

*Second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the amount necessary to replenish the Expenses Account up to the Retention Amount;

*Third*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

*Fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteen* below) due and payable to, the Cash Manager, the Principal Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Account Bank and the Calculation Agent;

*Fifth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than any termination payment due to the Swap Counterparty following the occurrence of a Swap Trigger;

*Sixth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteen* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Seventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;

*Eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;

*Ninth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;

*Tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;

*Eleventh*, for so long as there are Rated Notes outstanding, to credit the Cash Reserve Account with the amount required, if any, such that the Cash Reserve equals the Target Cash Reserve Amount;

*Twelfth*, to transfer to the Principal Funds Account an amount equal to the Principal Shortfall as at the immediately preceding Calculation Date;

*Thirteenth*, to transfer to the Principal Funds Account an amount equal to the amount (if any) paid under item *First* of the Pre-Trigger Notice Principal Priority of Payments on any

preceding Payment Date and not yet repaid pursuant to this item;

*Fourteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement following the occurrence of a Swap Trigger;

*Fifteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Joint Lead Managers under the terms of the Senior Notes and Class B Notes Subscription Agreement;

*Sixteenth*, in or towards satisfaction of all amounts of interest due and payable to the Subordinated Loan Provider under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Seventeenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses to be paid to fulfil obligations to any Other Issuer Creditor in accordance with the relevant Transaction Documents or as otherwise incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Trigger Notice Interest Priority of Payments);

*Nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Junior Notes;

*Twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Variable Return on the Junior Notes.

From time to time, during an Interest Period, the Issuer shall, in accordance with the Cash Allocation, Management and Payments Agreement, be entitled to apply amounts standing to the credit of the Expenses Account in respect of certain amounts owed to third parties, other than the Noteholders and the Other Issuer Creditors, in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation, and in payment of sums due to third parties, other than the Noteholders and the Other Issuer Creditors, under obligations incurred in the course of the

**Pre-Trigger Notice  
Principal Priority of  
Payments**

Issuer's business.

Prior to the service of a Trigger Notice, the Principal Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Payment Date immediately following such Calculation Date in making payment or provision in the following order of priority (the "**Pre-Trigger Notice Principal Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, on any Payment Date, to pay all the amounts due under items *First* to *Tenth* of the Pre-Trigger Notice Interest Priority of Payments, to the extent not paid under the Pre-Trigger Notice Interest Priority of Payments due to insufficiency of Interest Available Funds;

*Second*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Senior Notes until the Senior Notes are repaid in full;

*Third*, upon repayment in full of the Senior Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Fourth*, upon repayment in full of the Senior Notes and the Class B Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;

*Fifth*, upon repayment in full of the Senior Notes, the Class B Notes and the Class C Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Sixth*, upon repayment in full of the Rated Notes, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement following the occurrence of a Swap Trigger, to the extent not paid under item *Fourteenth* of the Pre-Trigger Notice Interest Priority of Payments;

*Seventh*, upon repayment in full of the Rated Notes, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Joint Lead Managers under the terms of the Senior Notes and Class B Notes Subscription Agreement, to the extent not paid under item *Fifteenth* of the Pre-Trigger Notice Interest

Priority of Payments;

*Eighth*, upon repayment in full of the Rated Notes, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Ninth*, upon repayment in full of the Rated Notes, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Tenth*, upon repayment in full of the Rated Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of such Junior Notes is equal to €100,000;

*Eleventh*, on the Final Redemption Date and on any date thereafter, in or towards satisfaction, *pro rata* and *pari passu* of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and

*Twelfth*, on any Payment Date, upon repayment in full of the Rated Notes, up to, but excluding, the Final Redemption Date in or towards satisfaction, *pro rata* and *pari passu*, of the Variable Return on the Junior Notes, to the extent not paid under item *Twentieth* of the Pre-Trigger Notice Interest Priority of Payments.

**Post-Trigger Notice Priority of Payments**

Following the service of Trigger Notice, or, in the event that the Issuer opts for the early redemption of the Notes issued under the Securitisation under Condition 8.3 (*Optional redemption*) or 8.4 (*Optional redemption for taxation reasons*), the Issuer Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Representative of the Noteholders on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the “**Post-Trigger Notice Priority of Payments**”) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period);

*Second*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

*Third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Twentieth* below) due and payable to the Cash Manager, the Principal Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Account Bank and the Calculation Agent;

*Fourth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than any termination payment due to the Swap Counterparty following the occurrence of a Swap Trigger;

*Fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Twentieth* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class A Notes;

*Seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes, until the Senior Notes are repaid in full;

*Eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class B Notes;

*Ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class C Notes;

*Eleventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;



*Twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class D Notes;

*Thirteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Fourteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement following the occurrence of a Swap Trigger;

*Fifteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Joint Lead Managers under the terms of the Senior Notes and Class B Notes Subscription Agreement;

*Sixteenth*, in or towards satisfaction of all amounts of interest due and payable to the Subordinated Loan Provider (including any interest accrued but unpaid) under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Seventeenth*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Junior Notes;

*Twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses due and payable to the Other Issuer Creditors under the relevant Transaction Documents (other than amounts already provided for in this Post-Trigger Notice Priority of Payments);

*Twenty-first*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of such Junior Notes is equal to

€100,000;

*Twenty-second*, on the Post-Trigger Notice Final Redemption Date and on any date thereafter, in or towards satisfaction, *pro rata* and *pari passu* of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and

*Twenty-third*, up to, but excluding, the Post-Trigger Notice Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of the Variable Return on the Junior Notes.

#### 4. TRANSFER OF THE PORTFOLIO

##### **The Portfolio**

The principal source of payment of interest and Variable Return and of repayment of principal on the Notes will be collections and recoveries made in respect of the Portfolio purchased pursuant to the terms of the Receivables Purchase Agreement.

Pursuant to the Receivables Purchase Agreement, the Originator sold without recourse (*pro soluto*) the Portfolio to the Issuer in accordance with articles 1 and 4 of the Securitisation Law, with economic effect as at the Portfolio Transfer Effective Date. The purchase price of the Receivables will be paid by the Issuer to the Originator on the Issue Date using the net proceeds of the issue of the Notes.

The Receivables were identified by the Originator and the Issuer on the basis of the Criteria set out in the Receivables Purchase Agreement.

For further details, see the sections headed "*The Portfolio*" and "*Description of the Transaction Documents - The Receivables Purchase Agreement*".

##### **Servicing of the Portfolio**

Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to collect the Receivables and administer and service the Portfolio on behalf of the Issuer.

The Servicer has undertaken to prepare and submit reports to the Issuer, *inter alia*, on a monthly basis, providing key information relating to the performance and amortisation of the Portfolio and the Servicer's activity during the relevant Collection Period, including information relating to Defaulted Receivables, Delinquent Receivables and the Collections.

Collections in respect of the Loans will be calculated, both prior and after the service of a Trigger Notice, by reference to successive one-month periods commencing on (and including) a Monthly Report Date and ending on (but excluding) the immediately following Monthly Report Date (each, a "**Collection Period**"), provided that the first Collection Period

shall commence on (and include) the Portfolio Transfer Effective Date and end on (but excluding) the first Monthly Report Date falling after the Issue Date.

For further details, see the sections headed "*Description of the Transaction Documents - The Servicing Agreement*".

**Warranties and indemnities** Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Receivables. See "*The Warranty and Indemnity Agreement*" below.

See for further details the section headed: "*Description of the Transaction Documents - The Warranty and Indemnity Agreement*".

## 5. CREDIT STRUCTURE

**Intercreditor Agreement** Pursuant to Intercreditor Agreement, the Other Issuer Creditors have agreed to the limited recourse nature of the obligations of the Issuer and to the Priority of Payments described above. Furthermore, under the terms of the Intercreditor Agreement, the Representative of the Noteholders shall be entitled, *inter alia*, following the service of a Trigger Notice and until the Notes have been repaid in full or cancelled in accordance with the Conditions, to pay or cause to be paid on behalf of the Issuer and using the Issuer Available Funds all sums due and payable by the Issuer to the Noteholders, the Other Issuer Creditors and third party creditors in respect of costs and expenses incurred in the context of the Securitisation, in accordance with the terms of the Priority of Payments.

For further details, see the section headed "*Description of the Transaction Documents - The Intercreditor Agreement*".

**Cash Allocation, Management and Payments Agreement** Under the terms of the Cash Allocation, Management and Payments Agreement, the Account Bank, the Cash Manager, the Calculation Agent, the Corporate Servicer, the Back-up Servicer Facilitator and the Principal Paying Agent have agreed to provide the Issuer with certain services, including, *inter alia*, calculation, notification, cash management and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Payments Account, the Collections Account, the Principal Funds Account, the Collateral Accounts, the Interest Funds Account, the Expenses Account, the Commingling Reserve Account, the Securities Account (if any) and the Cash Reserve

Account and with certain agency services.

The Calculation Agent has agreed to prepare, on or prior to each Calculation Date, the Payments Report or the Post-Trigger Notice Report (as applicable) containing details of amounts to be paid by the Issuer on the Payment Date following such Calculation Date in accordance with the Priority of Payments. On each Payment Date, the Principal Paying Agent shall apply amounts transferred to it out of the Payments Account in making payments to the Noteholders in accordance with the Priority of Payments, as set out in the Payments Report or the Post-Trigger Notice Report (as applicable).

For further details, see the section headed "*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*".

**Mandate Agreement**

Pursuant to the Mandate Agreement, the Representative of the Noteholders is empowered, subject to the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents, and fulfilment of certain other conditions, to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of certain Transaction Documents to which the Issuer is a party.

For further details, see the section headed "*Description of the Transaction Documents - The Mandate Agreement*".

**Swap Agreement**

The Issuer has entered into the Swap Agreement with the Swap Counterparty in order to hedge against the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Senior Notes and the Class B Notes. See "*Description of the Transaction Documents - The Swap Agreement*".

**Corporate Services Agreement**

Under the terms of the Corporate Services Agreement between the Issuer and the Corporate Servicer, the Corporate Servicer has agreed to provide certain administration and management services to the Issuer.

For further details, see the section headed "*Description of the Transaction Documents - The Corporate Services Agreement*".

**Corporate Administration Agreement**

Under the terms of the Corporate Administration Agreement between the Issuer and the Corporate Administrator, the Corporate Administrator has agreed to provide certain administration and management services to the Issuer.

For further details, see the section headed "*Description of the Transaction Documents - The Corporate Administration Agreement*".

## **Subordinated Loan Agreement**

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has granted to the Issuer a subordinated loan in an aggregate amount equal to €24,500,000 (the “**Subordinated Loan**”).

The Subordinated Loan will be drawn down by the Issuer on the Issue Date and an amount equal to, respectively, (i) €7,000,000 (the “**Cash Reserve Subordinated Loan**”) will be immediately credited to the Cash Reserve Account and (ii) €17,500,000 (the “**Commingling Reserve Subordinated Loan**”) will be immediately credited to the Commingling Reserve Account.

The Cash Reserve Subordinated Loan will be repaid in accordance with the applicable Priority of Payments. The Commingling Reserve Subordinated Loan will be repaid in accordance the Subordinated Loan Agreement, the Intercreditor Agreement and the Cash Allocation, Management and Payments Agreement.

For further details, see the section headed “*Description of the Transaction Documents - The Subordinated Loan Agreement*”.

## **Deed of Pledge**

Under the terms of the Deed of Pledge, the Issuer has granted to the Representative of the Noteholders (acting for itself and on behalf of the Noteholders and the Other Issuer Creditors) a pledge over certain monetary rights to which the Issuer is entitled from time to time pursuant to certain Transaction Documents to which the Issuer is a party.

For further details, see the section headed “*Description of the Transaction Documents - The Deed of Pledge*”.

## **Deed of Charge**

Under the terms of the Deed of Charge, the Issuer has granted in favour of the Representative of the Noteholders, for itself and as trustee for the benefit of the Noteholders and the Other Issuer Creditors (i) an English law charge over (A) the Accounts other than than Securities Account which will not established unless and until it is required, the “**Charged Accounts**”), all its present and future right, title and interest in or to the Charged Accounts and all amounts (including interest) now or in the future standing to the credit of, or accrued or accruing on the Charged Accounts and (B) all its present (if any) and future right, title and interest in or to the cash, the debt securities or other debt instruments from time to time purchased by or on behalf of the Issuer pursuant to the Cash Allocation, Management and Payments Agreement (or to any monies deriving therefrom) standing to the credit of any of the Charged Accounts; (ii) an English law assignment by way of security of

all the Issuer's rights, title, interest and benefit present and future in to and under the Swap Agreement and the English-law governed provisions of the Cash Allocation, Management and Payments Agreement and all other present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Receivables and the Portfolio; and (iii) a floating charge over all of the Issuer's assets which are expressed to be subject to the charge and assignments described under (i) and (ii) above and not effectively assigned or charged by way of first fixed charge or assignment thereunder.

For further details, see the section headed "*Description of the Transaction Documents - The Deed of Charge*".

**Article 405 of the CRR and article 51 of the AIFMR**

The Originator will retain, on an ongoing basis, a material net economic interest of at least 5 per cent. in the Securitisation, in accordance with article 405 of the CRR ("**Article 405**"), the Bank of Italy Instructions (which have implemented in Italy the Directive 2013/36/EC) and article 51 of the AIFMR ("**Article 51**"), so long as the Notes are outstanding. As at the Issue Date, such interest will comprise, in accordance with option (d) of Article 405 and option (d) of Article 51, an interest in the Junior Notes which is not less than 5 per cent. of the nominal value of the securitised exposures. Any change to the manner in which this interest is held will be notified to investors.

Pursuant to the Senior Notes and Class B Notes Subscription Agreement, the Originator has undertaken *vis-à-vis* the Issuer, the Arrangers, the Joint Lead Managers and the Representative of the Noteholders that:

- (i) so long as the Notes are outstanding, it will retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (d) of Article 405, the Bank of Italy Instructions and option (d) of Article 51;
- (ii) the Junior Notes retained in compliance with the above shall not be subject to any credit risk mitigation or any short protection or other hedge and shall not be sold, as to the extent required by articles 405-410 (inclusive) of CRR and chapter 3, section 5 of the AIFMR;
- (iii) it shall not change the manner in which the net economic interest set out above is held until the Final Maturity Date, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in

the Securitisation;

- (iv) it will notify to the Issuer, the Arrangers, the Joint Lead Managers and the Representative of the Noteholders any change, made pursuant to paragraph (iii) above, to the manner in which the net economic interest set out above is held;
- (v) it will comply with the disclosure obligations imposed on originators under article 409 of the CRR, the Bank of Italy Instructions and chapter 3, section 5 of the AIFMR;
- (vi) it will make available to each Noteholder, upon its reasonable request, all such necessary information in the Originator's possession to comply with the Noteholder's on-going monitoring obligations arising as a direct and immediate consequence of paragraph 2 of article 406 of the CRR and/or chapter 3, section 5 of the AIFMR. For the purposes of this provision, a Noteholder's request of information shall be considered reasonable to the extent that the relevant Noteholder provides evidence satisfactory to the Originator that the additional information required by it is necessary to comply with paragraph 2 of article 406 of the CRR and/or chapter 3, section 5 of the AIFMR and the domestic implementing regulations to which such Noteholder is subject.

For further details, see the section headed "*Regulatory Disclosure and Retention Undertaking*"

## 6. THE ACCOUNTS

### **Collections Account**

Pursuant to the Servicing Agreement, the Servicer shall credit on a daily basis to the Collections Account, established in the name of the Issuer with the Account Bank all the amounts received or recovered in respect of the Receivables during each Collection Period.

The Collections Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

### **Payments Account**

In accordance with the Cash Allocation, Management and Payments Agreement, all amounts payable on each Payment Date will, two Business Days prior to each Payment Date (or one Business Day so long as the Principal Paying Agent and the Account Bank are the same entity), be paid from the relevant Accounts into the Payments Account established in the name of the Issuer with the Account Bank.

The Payments Account will be maintained with the Account

Bank for as long as the Account Bank is an Eligible Institution.

**Principal Funds Account**

In accordance with the Cash Allocation, Management and Payments Agreement, all Principal Collections received will be transferred into the Principal Funds Account on a weekly basis, subject to receipt by the Account Bank of the relevant information from the Servicer.

The Principal Funds Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

**Interest Funds Account**

In accordance with the Cash Allocation, Management and Payments Agreement, all Income Collections received will be transferred into the Interest Funds Account on a weekly basis, subject to receipt by the Account Bank of the relevant information from the Servicer.

The Interest Funds Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

**Cash Reserve Account**

In accordance with the Cash Allocation, Management and Payments Agreement, on the Issue Date the proceeds of the Cash Reserve Subordinated Loan (these being a portion of the proceeds of the Subordinated Loan) granted by the Subordinated Loan Provider will be credited on the Cash Reserve Account.

On each Payment Date, subject to the availability of Interest Available Funds, the Cash Reserve will be replenished up to the Target Cash Reserve Amount out of the Interest Available Funds and in accordance with the Pre-Trigger Notice Interest Priority of Payments.

On each Payment Date, the Cash Reserve (or part of it) may be utilised, if necessary, to increase the Interest Available Funds to the extent necessary to cover any Interest Shortfall.

In addition, on the Payment Date on which the Rated Notes will be redeemed in full, any amount remaining as Cash Reserve Account upon utilisation as Interest Available Funds will be applied as Principal Available Funds.

The Cash Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

**Securities Account**

In accordance with the Cash Allocation, Management and Payments Agreement, all Eligible Investments which comprise securities, bonds, debentures, notes or other financial instruments shall be deposited in or credited to the Securities Account.



If required, the Cash Manager will establish the Securities Account with the Account Bank in accordance with the Cash Allocation, Management and Payments Agreement.

**Collateral Accounts**

If, following the occurrence of a Rating Event, the Swap Counterparty is required to transfer collateral in accordance with the relevant Credit Support Annex, any collateral in the form of cash will be deposited to the credit of the Cash Collateral Account and any collateral in the form of securities will be deposited to the credit of the Securities Collateral Account. The Cash Collateral Account and the Securities Collateral Account have been opened with the Account Bank and will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

**Commingling Reserve Account**

In accordance with the Cash Allocation, Management and Payments Agreement, on the Issue Date the proceeds of the Commingling Reserve Subordinated Loan (these being a portion of the Subordinated Loan granted by FGAC) in an amount equal to €17,500,000 will be credited on the Commingling Reserve Account.

The Commingling Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Upon the occurrence of:

- (A) an Insolvency Event in relation to the Servicer as a result of which the Servicer fails to transfer, to the Collections Account, the Collections and any amount, from time to time, collected or recovered in respect of the Receivables in accordance with the provisions of the Servicing Agreement; or
- (B) an Insurance Event, as a result of which FGAC has failed to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement,

the amounts then standing to the credit of the Commingling Reserve Account in an amount equal to the lower of:

- (i) the Commingling Reserve; and
- (ii) (X) the actual amounts the Servicer has failed to transfer to the Issuer or, as the case may be (Y) the Insurance Amount (to the extent unpaid by FGAC),

shall be transferred to the Payments Account and will form part of the Interest Available Funds (to the extent such amounts constituted Income Collections) and/or the Principal Available

Funds (to the extent such amounts constituted Principal Collections) as applicable.

On the earlier of:

- (a) the date on which all the Rated Notes have been redeemed in full; or
- (b) the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders,

the Issuer shall repay principal on the Commingling Reserve Subordinated Loan to FGAC by applying the amounts then standing to the credit of the Commingling Reserve Account.

On any such date, the Issuer's obligation to repay principal on the Commingling Reserve Subordinated Loan will be limited solely to the amounts then standing to the credit of the Commingling Reserve Account and FGAC will not have any recourse to any of the Issuer Available Funds. These payments will be (i) made directly to FGAC; and (ii) outside of the applicable Priority of Payments.

#### **Expenses Account**

In accordance with the Cash Allocation, Management and Payments Agreement, the Issuer has opened a euro-denominated current account into which the Issuer will deposit €100,000 on the Issue Date as Initial Retention Amount. This account will then be replenished on each Payment Date up to the Retention Amount and such amount will be applied by the Issuer to pay all fees, costs, expenses and taxes required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation.

## RISK FACTORS

*Investing in the Notes involves certain risks. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described herein represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other unknown reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this section.*

### ***Factors that may affect the Issuer's ability to fulfil its obligations under Notes***

#### **Source of payments to Noteholders**

The Notes will be limited recourse obligations solely of the Issuer and will not be the responsibility of, or be guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Representative of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Account Bank, the Cash Manager, the Corporate Administrator, the Back-up Servicer Facilitator, the Swap Counterparty, the Arrangers, the Joint Lead Managers, FGAC (in any capacity), the Quotaholder or any other person. None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The Issuer has no assets other than the Receivables and the Issuer's Rights as described in this Prospectus.

As at the date hereof, the Issuer's principal assets are the Receivables. For a description of the Receivables, please see "*The Portfolio*" and "*The Receivables Purchase Agreement*" below.

The Issuer will not have any significant assets, for the purpose of meeting its obligations under the Securitisation, other than the Receivables, any amounts and/or securities standing to the credit of the Accounts and its rights under the Transaction Documents to which it is a party.

As a result, there is no assurance that, over the life of the Rated Notes or at the redemption date of the Rated Notes (whether on maturity or upon redemption by acceleration of maturity following service of a Trigger Notice or otherwise), there will be sufficient funds to enable the Issuer to pay interest when due on the Rated Notes and to repay the outstanding principal on the Rated Notes in full.

The ability of the Issuer to meet its obligations in respect of the Rated Notes will be dependent on, *inter alia*, the timely payment of amounts due under the Loans by the Borrowers, the receipt by the Issuer of Collections received on its behalf by the Servicer in respect of the Loans from time to time in the Portfolio, the amounts standing to the credit of the Cash Reserve Account, the amounts standing

to the credit of the Commingling Reserve Account, as well as on the receipt of any payments required to be made by the Swap Counterparty under the Swap Agreement and of any other amounts required to be paid to the Issuer by the various agents and counterparties to the Issuer pursuant to the terms of the Transaction Documents. The performance by such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. See “*Risk factors - Administration and reliance on third parties*”.

The Notes will be limited recourse obligations solely of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal and interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of the Noteholders of the Issuer’s Rights.

Upon enforcement of the Security, the Representative of the Noteholders will have recourse only to the Receivables and to the assets pledged, charged or assigned pursuant to the Deed of Pledge and the Deed of Charge. Other than as provided in the Warranty and Indemnity Agreement, the Receivables Purchase Agreement, the Servicing Agreement, the Issuer and the Representative of the Noteholders will have no recourse to FGAC (in any capacity) or any other entity, including, but not limited to, in circumstances where the proceeds received by the Issuer from the enforcement of any particular Loan are insufficient to repay in full the Receivables in respect of such Loan.

If, upon default by one or more Borrowers under the Loans and after the exercise by the Servicer of all usual remedies in respect of such Loans, the Issuer does not receive the full amount due from those Borrowers, then the Rated Noteholders may receive by way of principal repayment an amount less than the face value of their Rated Notes and the Issuer may be unable to pay in full interest due on the Rated Notes.

#### **Claims of unsecured creditors of the Issuer**

Without prejudice to the right of the Representative of the Noteholders to enforce the Security, the Conditions contain provisions stating, and each of the Other Issuer Creditors has undertaken pursuant to the Intercreditor Agreement, that no Noteholder or Other Issuer Creditor will petition or begin proceedings for a declaration of insolvency against the Issuer until two years plus one day has elapsed since the day on which any note issued (including the Notes) or to be issued by the Issuer has been paid in full. There can be no assurance that each and every Noteholder and Other Issuer Creditor will honour its contractual obligation not to petition or begin proceedings for a declaration of insolvency against the Issuer before two years and one day has elapsed after the day on which any note issued (including the Notes) or to be issued by the Issuer has been paid in full. In addition, under Italian law, any other creditor of the Issuer who is not a party to the Intercreditor Agreement, an Italian public prosecutor (*pubblico ministero*), a director of the Issuer (who could not validly undertake not to do so) or an Italian court in the context of any judicial proceedings to which the Issuer is a party would be able to begin insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt. Such creditors could arise, for example, by virtue of unexpected expenses owed to third parties including those additional creditors that the Issuer will have as a result of any Further Securitisation (as defined below). In order to address this risk, the applicable Priority of Payments contains provisions for the payment of amounts to third parties. Similarly, monies to the credit of the Expenses Account may be used for the purpose of paying the ongoing fees, costs, expenses, liabilities and taxes of the Issuer to third parties not being Other Issuer Creditors.

The Issuer is unlikely to have a large number of creditors unrelated to this Securitisation or any other securitisation transaction because the corporate object of the Issuer, as contained in its by-laws (*statuto*), is limited and the Issuer has provided certain covenants in the Intercreditor Agreement and the other Transaction Documents which contain restrictions on the activities which the Issuer may carry out with the result that the Issuer may only carry out limited transactions.

No creditors other than the Representative of the Noteholders on behalf of the Noteholders, the Other Issuer Creditors and any third-party creditors having the right to claim for amounts due in connection with this Securitisation would have the right to claim in respect of the Receivables, even in a bankruptcy of the Issuer.

Notwithstanding the above, there can be no assurance that, if any bankruptcy proceedings were to be commenced against the Issuer, the Issuer would be able to meet all of its obligations under the Notes.

### **Further Securitisations**

The Issuer may, by way of a separate transaction, with prior written consent of the Representative of the Noteholders and subject to the other conditions set-out by the Conditions, purchase and securitise further portfolios of monetary claims in addition to the Receivables (each a “**Further Securitisation**”).

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction carried out by a company are stated to be segregated from all other assets of the company and from those related to each other securitisation transaction, and, therefore, on a winding-up of such a company, such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation. Accordingly, the right, title and interest of the Issuer in and to the Receivables should be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to any Further Securitisation) and amounts deriving therefrom should be available on a winding-up of the Issuer only to satisfy the obligations of the Issuer to the holders of the Notes and the payment of any amounts due and payable to the Other Issuer Creditors any other third-party creditors in respect of any taxes, costs, fees, expenses or liabilities incurred by the Issuer in relation to the securitisation of the Receivables.

Although the Securitisation Law provides for the assets relating to a securitisation transaction carried out by the Issuer to be segregated and separated from those of the Issuer or of other securitisation transactions carried out by the Issuer, such as any Further Securitisation, this segregation principle will not extend to the tax treatment of the Issuer and should not affect the applicable methods of calculation of the net taxable income of the Issuer.

### ***Factors which are material for the purpose of assessing the market risks associated with Notes***

#### **Suitability**

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only suitable for investors who:

- (A) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;
- (B) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
- (C) are capable of bearing the economic risk of an investment in the Notes; and
- (D) recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

Prospective investors in the Notes should make their own independent decision whether to invest in the Notes and whether an investment in the Notes is appropriate or proper for them, based upon their own judgement and upon advice from such advisers as they may deem necessary.

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer, the Originator, the Arrangers or the Joint Lead Managers as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Notes.

No communication (written or oral) received from the Issuer, the Arrangers, the Joint Lead Managers or the Originator or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

#### **Yield and repayment considerations**

The amount and timing of the receipt of Collections on the Receivables and the courses of action to be taken by the Servicer with respect to the servicing, administration, collection and other recoveries on the Receivables, as well as other events outside the control of the Servicer and the Issuer, will affect the performance of the Portfolio and the weighted average life of the Notes. The weighted average life of the Notes will be affected by the timing and amount of receipts in respect of the Receivables, which will be influenced by the courses of action followed by the Servicer with respect to the Receivables and decisions to alter such courses of action from time to time, as well as by economic, geographic, social and other factors including, *inter alia*, the availability of alternative financing and local, regional and national economic conditions. Settlement or sales of Receivables earlier or later or for different amounts than anticipated may significantly affect the weighted average life of the Notes. The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a purchaser of any Notes. The yield to maturity may be adversely affected by higher or lower rates of delinquency and default on the Receivables.

Italian Legislative Decree n. 141 of 13 August 2010, as subsequently amended ("**Legislative Decree 141**"), has introduced in the Consolidated Banking Act article 120-*quater*, which provides for certain measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007 (the "**Bersani Decree**"), replicating though, with some additions, such repealed provisions. The purpose of article 120-*quater* of the Consolidated Banking Act is to facilitate

the exercise by the borrowers of their right of prepayment of the loan (the “**Prepayment**”) and/or subrogation of a new bank or financial intermediary into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code (the “**Subrogation**”). In particular, with respect to the Prepayment, under article 125-*sexies* of the Consolidated Banking Act, a consumer (as qualified pursuant to article 121, paragraph 1, letter b), of the Consolidated Banking Act) is entitled to prepay the relevant Loan, in whole but not in part, at any time, with a prepayment fee not higher than 1 per cent. of the principal amount outstanding. The rate of prepayment of Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing consumer and ordinary loans market interest rates and margins offered by the banking system, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayments that the Loans will experience. With respect to the Subrogation, article 120-*quater* of the Consolidated Banking Act provides for that, in case of a loan, overdraft facility or any other financing granted by a bank or financial intermediary, the relevant borrower can exercise the Subrogation, even if the borrower’s debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation. Furthermore, paragraph 7 of article 120-*quater* of the Consolidated Banking Act provides that, in case the Subrogation is not perfected within 30 working days from the date on which the original lender has been requested to cooperate for the conclusion of the Subrogation, the original lender shall indemnify the borrower for an amount equal to 1% of the loan or facility granted, for each month or fraction of month of delay. The original lender has the right to ask for indemnification from the subrogating lender, in case the latter is to be held liable for the delay in the conclusion of the Subrogation.

The impact of the above on the yield at maturity and weighted average life of the Notes cannot be predicted. Based, *inter alia*, on assumed rates of prepayment, the approximate average life of the Senior Notes and the Class B Notes is set out in the section entitled “in “*Expected weighted average life of the Senior Notes and the Class B Notes and assumptions*”. However, the actual characteristics and performance of the Loans will differ from such assumptions and any difference will affect the percentages of the Principal Amount Outstanding of the Notes over time and the weighted average life of the Notes. For further details, see the section entitled “*Expected weighted average life of the Senior Notes and the Class B Notes and assumptions*”.

### **Excessive prepayments and defaults on the higher interest rate Receivables**

Some of the Receivables will have interest rates higher than the Discount Rate. Excessive prepayments and defaults on the higher interest rate Receivables may adversely impact on the Notes by resulting in a Portfolio that has a lower weighted average interest rate and, as a consequence, by reducing the amounts available to make payments on the Notes.

### **Liquidity and credit risk**

The Issuer is subject to the risk of delay arising between the receipt of payments due from Borrowers and the scheduled Payment Dates. The Issuer is also subject to the risk of, *inter alia*, default in payment by the Borrowers and failure by the Servicer to collect or recover sufficient funds in respect of the Receivables in order to enable the Issuer to discharge all amounts payable under the Notes. These

risks are mitigated by the liquidity and credit support provided: (A) in respect of the Class A Notes, by the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes; (B) in respect of the Class B Notes, by the Class C Notes, the Class D Notes and the Junior Notes; (C) in respect of the Class C Notes, by the Class D Notes and the Junior Notes; and (D) to a lesser extent in respect of all Classes of the Rated Notes, by the Cash Reserve and the Commingling Reserve.

However, in each case, there can be no assurance that the levels of credit support and liquidity support provided by the Junior Notes and the Cash Reserve, respectively, will be adequate to ensure punctual and full receipt of amounts due under the Rated Notes.

### **Subordination and credit enhancement**

Payments of interest and repayment of principal under the Notes are subject to certain subordination and ranking provisions.

In respect of the Issuer's obligations under the Notes, the Conditions and the Intercreditor Agreement provide that:

- (i) in respect of the obligations of the Issuer to pay interest on the Notes prior to the service of a Trigger Notice:
  - (A) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
  - (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinated to the Class A Notes;
  - (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinated to the Class A Notes and the Class B Notes;
  - (D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes; and
  - (E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;
- (ii) in respect of the obligations of the Issuer to repay principal on the Notes prior to the service of a Trigger Notice:
  - (A) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
  - (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and in priority to repayment of principal on the Class C Notes, the Class D Notes and the



Junior Notes and no amount of principal in respect of the Class B Notes shall become due and payable or be repaid until redemption in full of the Class A Notes;

- (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and the Class B Notes and in priority to repayment of principal on the Class D Notes and the Junior Notes and no amount of principal in respect of the Class C Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Class B Notes;
  - (D) the Class D Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to repayment of principal on the Junior Notes and no amount of principal in respect of the Class D Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes and the Class C Notes; and
  - (E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and no amount of principal in respect of the Junior Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;
- (iii) in respect of the obligations of the Issuer to (a) pay interest and (b) repay principal on the Notes following the service of a Trigger Notice or, in the event that the Issuer opts for the early redemption of the Notes under Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*):
- (A) the Class A Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves and in priority to (i) repayment of principal on the Class A Notes; and (ii) payment of interest and repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
  - (B) the Class A Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest on the Class A Notes and in priority to payment of interest and repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
  - (C) the Class B Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and in priority to (i) repayment of principal on the Class B Notes and (ii) payment of interest and repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes;
  - (D) the Class B Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes and (ii) payment of interest on the Class B Notes and in priority to payment of interest and repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes;

- (E) the Class C Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and the Class B Notes and in priority to (i) repayment of principal on the Class C Notes and (ii) payment of interest and repayment of principal on the Class D Notes and the Junior Notes;
- (F) the Class C Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes and the Class B Notes and (ii) payment of interest on the Class C Notes and in priority to payment of interest and repayment of principal on the Class D Notes and the Junior Notes;
- (G) the Class D Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to (i) repayment of principal on the Class D Notes and (ii) payment of interest and repayment of principal on the Junior Notes;
- (H) the Class D Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and (ii) payment of interest on the Class D Notes and in priority to payment of interest and repayment of principal on the Junior Notes; and
- (I) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

As a result:

- (i) in respect of the obligation of the Issuer to pay interest on the Notes, prior to the service of a Trigger Notice, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders, then (to the extent that the Class D Notes have not been redeemed) by the Class D Noteholders, then (to the extent that the Class C Notes have not been redeemed) by the Class C Noteholders, then (to the extent that the Class B Notes have not been redeemed) by the Class B Noteholders, then (to the extent that the Class A Notes have not been redeemed) by the Class A Noteholders;
- (ii) in respect of the obligation of the Issuer to repay principal on the Notes, prior to the service of a Trigger Notice, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders, then (to the extent that the Class D Notes have not been redeemed) by the Class D Noteholders, then (to the extent that the Class C Notes have not been redeemed) by the Class C Noteholders, then (to the extent that the Class B Notes have not been redeemed) by the Class B Noteholders, then (to the extent that the Class A Notes have not been redeemed) by the Class A Noteholder; and
- (iii) in respect of the obligation of the Issuer to pay interest and to repay principal on the Notes, following the service of a Trigger Notice, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders, then (to the extent that the Class D Notes have not been redeemed) by the Class D Noteholders, then (to

the extent that the Class C Notes have not been redeemed) by the Class C Noteholders, then (to the extent that the Class B Notes have not been redeemed) by the Class B Noteholders, then (to the extent that the Class A Notes have not been redeemed) by the Class A Noteholders.

Prospective investors in the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes should have particular regard to the sections headed "*Transaction Overview - The Notes - Status*", "*Transaction Overview - Credit structure*" above and the section headed "*Credit Structure*" below in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and/or repayment of principal due under the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or, as applicable, the Junior Notes.

See also "*Transaction Overview - Issuer Available Funds and Priorities of Payments*" and "*Transaction Overview - The Notes*" above and "*Terms and Conditions of the Notes*" below.

### **Interest rate risk**

The Issuer expects to meet its obligations under the Notes primarily from Collections in respect of the Receivables. However, the interest component in respect of such payments has no correlation to EURIBOR. In order to reduce the risk arising from a situation where EURIBOR increases to such an extent that the Collections are no longer sufficient to cover the Issuer's obligations under the Senior Notes and the Class B Notes, the Issuer has executed a swap transaction with the Swap Counterparty pursuant to the Swap Agreement. Under the terms of the Deed of Charge, the Issuer has, *inter alia*, assigned by way of security in favour of the Representative of the Noteholders, for itself and as trustee for the benefit of the Noteholders and the Other Issuer Creditors all the Issuer's rights, title, interest and benefit present and future in to and under the Swap Agreement.

Under the Swap Agreement, the Swap Counterparty is required, if its (or those of any of its guarantors) unsecured and unsubordinated debt obligations cease to be rated at least as the highest rating required to such party under the Swap Agreement, to transfer collateral in favour of the Issuer in accordance with the Credit Support Annex. However, it should be noted that the Swap Agreement set out that, in case the above downgrading event occurs but at that time the Rated Notes are no longer rated by the Rating Agencies, the Swap Counterparty shall no longer be obliged to post collateral on the Collateral Accounts.

Should the Swap Counterparty fail to provide the Issuer with all amounts owing to the Issuer (if any) on any payment date under the Swap Agreement, or should the Swap Transaction be otherwise terminated, then the Issuer may have insufficient funds to make payments of principal and interest on the Senior Notes and the Class B Notes and, as a consequence, also on the Class C Notes, the Class D Notes and the Junior Notes. See "*Credit structure - The Swap Agreement*" below. Prospective investors' attention is drawn to the fact that, in such circumstances, if the Issuer is not able to make payments due on the Notes, such non-payment could constitute a Trigger Event and cause the Representative of the Noteholders to serve to the Issuer a Trigger Notice in respect of the Notes.

The Swap Agreement contains certain limited termination events and events of default which will entitle either party to terminate the Swap Transaction (see "*Credit structure - The Swap Agreement*" below). For instance, the Issuer may terminate the Swap Transaction, *inter alia*, if a Rating Event occurs with respect to the Swap Counterparty and the Swap Counterparty fails to take such action as is required in the Swap Agreement to remedy such downgrade. Moreover, the Swap Counterparty will be entitled, under certain circumstances, to terminate the Swap Transaction in respect of which (i) it is obliged to gross up payments following any withholding or deduction for or on account of any taxes

or (ii) it receives a payment in respect of which an amount is required to be deducted or withheld for or on account of any taxes.

If the Swap Transaction is terminated for any reason, the Issuer may be required to pay an amount to the Swap Counterparty as a result of the termination. Following such a termination, any payments by the Issuer to the Swap Counterparty will be made in accordance with the applicable Priority of Payments.

If the Swap Transaction is terminated, no assurance can be given that the Issuer will be able to enter into a replacement swap agreement that will provide the Issuer with the same level of protection as the Swap Transaction.

### **Relationship among Noteholders and between Noteholders and Other Issuer Creditors**

The Intercreditor Agreement contains provisions applicable where, in the opinion of the Representative of the Noteholders, there is a conflict between all or any of the interests of one or more Classes of Noteholders, or between one or more Classes of Noteholders and any Other Issuer Creditors, requiring the Representative of the Noteholders to have regard only to the holders of the Most Senior Class of Notes then outstanding and the Representative of the Noteholders is not required to have regard to the holders of any other Class of Notes then outstanding, nor to the interests of the Other Issuer Creditors, except to ensure that the application of the Issuer's funds is in accordance with the applicable Priority of Payments. In addition, the Rules of the Organisation of Noteholders contain provisions requiring the Representative of the Noteholders to have regard to the interests of each Class of Noteholders as a class and relieves the Representative of the Noteholders from responsibility for any consequence for individual Noteholders as a result of such Noteholders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction.

If a Trigger Event occurs, then (subject to Condition 12.4 (*Consequences of delivery of Trigger Notice*)) the Representative of the Noteholders may, in its sole discretion, or shall, if so directed by an Extraordinary Resolution of the Most Senior Class of Notes, serve a Trigger Notice to the Issuer declaring the Notes to be due and payable, provided that the Representative of the Noteholders shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities to which it may thereby become liable or which it may incur by so doing.

The Intercreditor Agreement contains provisions requiring the Representative of the Noteholders to have regard to the interests of the Other Issuer Creditors as regards all powers, trusts, authorities, duties and discretions of the Representative of the Noteholders (except where expressly provided otherwise), but requiring the Representative of the Noteholders, in the event of a conflict between the interests of the holders of any Class of outstanding Notes and any Other Issuer Creditor, to have regard only (except where specifically provided otherwise) to the interests of the holders of such Class of outstanding Notes, except to ensure that the application of the Issuer's funds is in accordance with the applicable Priority of Payments.

### **Resolutions of the Noteholders**

Certain resolutions, to the extent properly adopted in accordance with the Rules, are binding on all Noteholders, and, therefore, certain rights of each Noteholder against the Issuer under the Conditions may be limited pursuant to any such resolution. In particular, pursuant to the Rules: (a) any resolution involving any matter other than a Basic Terms Modification that is passed by the Most Senior Class of

Noteholders shall be binding upon all the Holders of the other Classes of Notes irrespective of the effect thereof on their interest; (b) any resolution passed at a Meeting of one or more Classes of Notes duly convened and held in accordance with the Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting; and (c) any resolution is passed to the extent that the relevant quorum is reached.

Prospective noteholders should note that these provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant Meeting and Noteholders who voted in a manner contrary to the Meeting. For example, it should be in particular noted that, in a number of circumstances, the Notes may become subject to early redemption. Early redemption of the Notes as a result of some circumstances may be dependent upon receipt by the Representative of the Noteholders of a direction from, or a resolution passed by, a certain majority of Noteholders. If the economic interest of a Noteholder represents a relatively small proportion of the majority and its individual vote is contrary to the majority vote, its direction or vote may be ignored and, if a determination is made by certain of the Noteholders to redeem the Notes, all Noteholders, even if they did not vote, may face early redemption of the Notes held by them.

Furthermore, prospective noteholders should note that any Extraordinary Resolution involving a Basic Terms Modification shall be sanctioned by an Extraordinary Resolution of the holders of each of the other Relevant Classes of Notes. In such regard there can be a risk that the Originator, in its capacity as holder of the Class C Notes, the Class D Notes and the Junior Notes, may exercise its relevant voting rights in respect of the Notes held by it in a manner that may be prejudicial to other Noteholders.

#### **Limited enforcement rights**

The protection and exercise of the Noteholders' rights against the Issuer under the Notes and the enforcement of the Security is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of individual Noteholders to commence proceedings (including proceedings for a declaration of insolvency) against the Issuer by conferring on the Meeting the power to determine in accordance with the Rules of the Organisation of the Noteholders on the ability of any Noteholder to commence any such individual actions. Accordingly, individual Noteholders may not, without breaching the Conditions, be able to commence proceedings or take other individual remedies against the Issuer unless the Meeting has approved such action in accordance with the provisions of the Rules of the Organisation of the Noteholders.

Remedies available for the purpose of recovering amounts owed in respect of the Notes shall be limited to actions in respect of the Receivables and the Issuer Available Funds in accordance with the applicable Priority of Payments and the Security (but, for the avoidance of doubt, excluding any Collateral). In the event that the amounts recovered pursuant to such actions are insufficient, after payment of all other claims ranking in priority to or *pari passu* with amounts due under the Notes of each Class, to pay in full all principal and interest and other amounts whatsoever due in respect of the Rated Notes, the Rated Noteholders will have no further actions available in respect of any such unpaid amounts.

#### **Absence of secondary market and limited liquidity**

There is not, at present, a secondary market for the Notes, nor can there be any assurance that a secondary market for the Notes will develop. Even if a secondary market does develop, it may not continue for the life of the Notes or it may leave Noteholders with illiquidity of investment. Illiquidity

means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

In addition, prospective Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. As a result of the current liquidity crisis, there exists significant additional risks to the Issuer and the investors which may affect the returns on the Notes to investors.

Moreover, the current liquidity crisis has stalled the primary market for a number of financial products, including instruments similar to the Notes. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Notes will recover at the same time or to the same degree as such other recovering global credit market sectors.

There exists significant additional risks for the Issuer and investors as a result of the current crisis.

These risks include, among others, (i) the likelihood that the Issuer will find it harder to dispose of the Receivables in accordance with the Transaction Documents, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the increased illiquidity and price volatility of the Notes as there is currently no secondary trading in asset-backed securities. These additional risks may affect the returns on the Notes to investors.

### **Performance of the Portfolio**

The Portfolio comprises Loans which were classified as performing (*crediti in bonis*) by the Originator in accordance with the Bank of Italy's guidelines as at the Portfolio Transfer Effective Date. See the section headed "*The Portfolio*" below. There can be no guarantee that the Borrowers will not default under such Loans or that they will continue to perform thereunder. It should be noted that adverse changes in economic conditions may affect the ability of the Borrowers to repay the Loans.

The recovery of overdue amounts in respect of the Loans will be affected by the length of enforcement proceedings in respect of the Loans, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken. Factors which can have a significant effect on the length of the proceedings include the following: (i) certain courts may take longer than the national average to enforce the Loans and (ii) more time will be required for the proceedings if it is necessary first to obtain a payment injunction (*decreto ingiuntivo*) or if the Borrower raises a defence or counterclaim to the proceedings.

### **No independent investigation in relation to the Portfolio**

None of the Issuer, the Arrangers, the Joint Lead Managers nor any other party to the Transaction Documents has undertaken or will undertake any loan file review, searches or other actions to verify the details of the Receivables and the Portfolio, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Borrower or any other debtor thereunder. There can be no assurance that the assumptions used in the modelling of the cash flows of the Receivables and the Portfolio accurately reflect the status of the underlying Loan.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement and in the Receivables Purchase Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Receivable will be the requirement that the Originator indemnifies the Issuer for the damage deriving therefrom or repurchases the relevant Receivable. See “*The Warranty and Indemnity Agreement*” below. There can be no assurance that the Originator will have the financial resources to honour such obligations.

The parties to the Warranty and Indemnity Agreement have expressly agreed, pursuant to clause 2.5 thereof, that the representations and warranties given by the Originator are not subject to the expiry and lapse of time (*decadenza* and *prescrizione*) provisions set out by articles 1495 and 1497 of the Italian civil code. However, there is a possibility that the one year limitation period (*prescrizione*) could be held to apply to some or all representations and warranties given by the Originator on the grounds that article 1495 of the Italian civil code (which regulates ordinary sales contracts (*contratti di compravendita*)) may not be derogated by the parties to a sale agreement such as the Receivables Purchase Agreement.

### **Recoveries under the Loans**

Following default by a Borrower under a Loan, the Servicer will be required to take steps to recover the sums due under the Loan in accordance with its Credit and Collection Policies and the Servicing Agreement. In principle, the Loan’s contracts provide that, upon two unpaid instalments falling due, the Originator is entitled to take steps to terminate its agreement with the relevant Borrower under the Loan and to require immediate repayment of all amounts advanced and/or due under the relevant Loan in accordance with its terms. See “*The Servicing Agreement*” and “*The Credit and Collection Policies*” below.

The Servicer may take steps to recover the deficiency from the Borrower. Such steps could include an out-of-court settlement; however, legal proceedings may be taken against the Borrower if the Servicer is of the view that the potential recovery would exceed the costs of the enforcement measures. In such event, due to the complexity of and the time involved in carrying out legal or insolvency proceedings against the Borrower and the possibility for challenges, defences and appeals by the Borrower, there can be no assurance that any such proceedings would result in the payment in full of outstanding amounts under the relevant Loan.

In the Republic of Italy, a lender which has received a judgment against a debtor in default may enforce the judgment through a forced sale of the debtor’s (or guarantor’s) goods (*pignoramento mobiliare*) or real estate assets (*pignoramento immobiliare*), if the lender has previously been granted a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Forced sale proceedings are directed against the debtor’s properties following notification of an *atto di precetto* to the relevant debtor together with a *titolo esecutivo*, i.e. an instrument evidencing the nature of the claims and having certain characteristics.

The average length of time for a forced sale of a debtor’s goods, from the court order or injunction of payment to the final sharing-out, is about three years. The average length of time for a forced sale of a debtor’s real estate asset, from the court order or injunction of payment to the final sharing-out, is between six and seven years. These are, however, only average time periods and individual cases could take considerably longer. In addition, in the medium-sized central and northern Italian cities it

can be significantly less, whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

Attachment proceedings may also be commenced on due and payable claims of a borrower (such as bank accounts, salary, etc.) or on a borrower's moveable property which is located on a third party's premises.

### **The Securitisation Law**

As at the date of this Prospectus, limited interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer or any other party as at the date of this Prospectus.

Law Decree number 145 of 23 December 2013 (*"Interventi urgenti di avvio del piano "Destinazione Italia", per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l'internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015"*) converted into Law number 9 of 21 February 2014, and Italian Law Decree number 91 of 24 June 2014 (*"Disposizioni urgenti per il settore agricolo, la tutela ambientale e l'efficientamento energetico dell'edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normativa europea"*) converted into Law number 116 of 11 August 2014, introduced certain amendments to the Securitisation Law for the purpose of improving the Securitisation Law by granting additional legal benefits to the entities involved in the securitisation transactions in Italy and better clarifying certain provisions of the Securitisation Law. For further details with respect to such new legislation, please see the section headed "*Selected Aspects of Italian Law*".

### **Servicing of the Portfolio**

The Portfolio has always been serviced by FGAC up to the transfer of the relevant Receivables as owner of the Loans and the relevant Receivables and, following the transfer of the Receivables to the Issuer, as Servicer pursuant to the Servicing Agreement. As a result, the net cash flows from the Portfolio may be affected by decisions made, actions taken and collection procedures adopted by the Servicer pursuant to the provisions of the Servicing Agreement.

The Servicer has been appointed by the Issuer as responsible for the collection of the Receivables transferred by it (as Originator) to the Issuer and for the cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*). In accordance with the Securitisation Law, the Servicer is therefore responsible for ensuring that the collection of the Receivables serviced by it and the relative cash and payment services comply with Italian law and with this Prospectus.

### **Italian consumer protection legislation**

The Portfolio includes Loans which qualify as "consumer loans", i.e. loans extended to individuals (the "consumers") acting outside the scope of their entrepreneurial, commercial, craft or professional activities.

In Italy, consumer loans are regulated by, *inter alia*: (a) articles 121 to 126 of the Consolidated Banking Act and (b) regulation of the Bank of Italy dated 29 July 2009 (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*), as amended and supplemented



from time to time. Under the current legislation, consumer loans are only those granted for amounts respectively lower and higher than the maximum and minimum levels set by sub-section 1 of article 122 of the Consolidated Banking Act, such levels being currently fixed at €75,000 and €200, respectively.

The following risks, *inter alia*, could arise in relation to a consumer loan contract:

- (i) pursuant to sub-sections 1 and 2 of article 125-*quinquies* of the Consolidated Banking Act, borrowers under consumer loan contracts linked to supply contracts have the right to terminate the relevant contract with the lender following a default by the supplier, provided that such default meets the conditions set out in article 1455 of the Italian civil code. In the case of termination of the consumer loan contract, the lender must reimburse all instalments and sums paid by the consumer. However, the lender has the right to claim these payments from the relevant defaulting supplier. Pursuant to sub-section 4 of article 125-*quinquies* of the Consolidated Banking Act, borrowers are entitled to exercise against the assignee of any lender under such consumer loan contracts any of the defences mentioned under sub-sections 1 to 3 of the same article, which they had against the original lender;
- (ii) pursuant to sub-section 1 of article 125-*sexies* of the Consolidated Banking Act, borrowers under consumer loan contracts have the right to prepay any consumer loan without penalty and with the additional right to a *pro rata* reduction in the aggregate costs and interests of the loan. It should, however, be noted that, in the event of prepayment by the borrower, the lender, under certain circumstances, is entitled to a compensation equal to 1 per cent. of the prepaid amount of the consumer loan if the residual duration of the consumer loan is longer than one year, and equal to 0.5 per cent. of the same amount, if shorter; in any case, no prepayment penalty shall be due:
  - (a) if the repayment has been made under an insurance contract intended to provide a credit repayment guarantee; or
  - (b) in the case of overdraft facilities; or
  - (c) if the repayment falls within a period for which the borrowing rate is not fixed; or
  - (d) the prepaid sum is equal to the total outstanding amount of the relevant consumer loan and is equal or less than €10,000; and
- (iii) pursuant to sub-section 1 of article 125-*septies* of the Consolidated Banking Act, debtors are entitled to exercise, against the assignee of a lender under a consumer loan contract, any defence (including set-off) which they had against the original lender, in derogation to the provisions of article 1248 of the Italian civil code (that is even if the borrower has accepted the assignment or has been notified thereof). It is debated whether sub-section 1 of article 125-*septies* of the Consolidated Banking Act allows the assigned consumer to set-off against the assignee only claims that had arisen *vis-à-vis* the assignor before the assignment or also those claims arising after the assignment, regardless of any notification/acceptance of the same. In this respect it should be noted that the Securitisation Law provides, *inter alia*, that, notwithstanding any provision of law providing otherwise, no set-off may be exercised by a debtor *vis-à-vis* the purchasing issuer grounded on claims which have arisen towards the seller after the date of publication of the notice of transfer of the relevant receivables in the Official Gazette (please also refer to the risk factor below headed “*Enforceability of the assignment of the*

*Receivables against the Borrowers*” as to the impact that the existence of a contractual undertaking by FGAC to notify the Borrowers of the assignment of the Receivables may have on the Borrowers’ set-off rights against the Issuer). Further, in the Warranty and Indemnity Agreement the Originator has represented that the Borrowers have no claims against it; for further details, see also the paragraph “*The Assignment*” under section “*Selected Aspects of the Italian law*” below.

The Loans disbursed to Borrowers who qualify as a “consumer” pursuant to the Consolidated Banking Act are regulated, *inter alia*, by article 1469-bis of the Italian civil code and by the legislative decree 6 September 2005, No. 206 (“*Codice del consumo, a norma dell’articolo 7 della legge 29 luglio 2003, n. 229*”) (the “**Consumer Code**”), which implement EC Directive 93/13/CEE on unfair terms in consumer contracts, and provide that any clause in a consumer contract which contains a material imbalance between the rights and obligations of the consumer under the contract, is deemed to be unfair and is not enforceable against the consumer whether or not the consumer’s counterparty acted in good faith.

Article 33 of the Consumer Code identifies clauses which, if included in consumer contracts, are deemed to be *prima facie* unfair but which are binding on the consumer if it can be shown that such clauses were actually individually negotiated or that they can be considered fair in the circumstances of the relevant consumer contract. Such clauses include, *inter alia*, clauses which give the right to the non-consumer contracting party to (a) terminate the contract or (b) modify the conditions of the contract without reasonable cause. However, with regard to financial contracts, if there is a valid reason, the provider is empowered to modify the economic terms but must inform the consumer immediately; in this case, the consumer has the right to terminate the contract.

Pursuant to article 36 of the Consumer Code, the following clauses, *inter alia*, are considered null and void as a matter of law and are not enforceable: (a) any clause which has the effect of excluding or limiting the remedies of the consumer in case of total or partial failure by the non-consumer contracting party to perform its obligations under the consumer contract; and (b) any clause which has the effect of making the consumer party to be bound by clauses he has not had any opportunity to consider and evaluate before entering into the consumer contract.

FGAC has represented and warranted in the Warranty and Indemnity Agreement that the Loans comply with all applicable laws and regulations.

### **Enforceability of the assignment of the Receivables against the Borrowers**

The assignment of the Receivables has been made pursuant to the Securitisation Law. According to article 4, first paragraph, of the Securitisation Law, paragraphs 2, 3 and 4 of article 58 of the Consolidated Banking Act are applicable to the assignment of receivables made pursuant to the Securitisation Law. The prevailing interpretation of this provision is that the assignment can be perfected against the debtors in respect of the assigned receivables by way of publication of the relevant notice of sale in the Official Gazette and registration in the companies register, so avoiding the need for individual notification to be served on each debtor. In such respect it should be noted that notice of the assignment of the Receivables was published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 120 of 9 October 2014 (as rectified, following the execution of an interpretation letter between the Issuer and the Originator on 10 October 2014, by the notice published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 123 of 16 October 2014) and was registered in the companies register of Treviso on 7 October 2014 (and, with reference to the interpretation letter above, on 14 October 2014).

However, certain of the Loan Agreements include a requirement for notification to be made to the Borrowers, and in this regard FGAC has undertaken to notify the Borrowers of the assignment of the Receivables in those Loan Agreements. As a consequence of such contractual provision, the assignment of the Receivables will become enforceable against the Borrower only when they have received such individual notice. In this respect, it should be noted that FGAC (in its capacity as Servicer) has undertaken, in the Servicing Agreement, to notify each Borrower, in accordance with the provisions of the Loan Agreements and pursuant to its ordinary procedures, no later than the last calendar day of the eleventh month following the Initial Execution Date, of the assignment of the Receivables to the Issuer, provided that:

- (i) in the event the Servicer's long-term, unsecured and unsubordinated debt obligations cease to be rated at least "BB-" by Fitch, such notification shall be carried out no later than 20 Business Days following the occurrence of such downgrading event and provided further that, in case such notification is not carried out by FGAC within the above described 20 Business Days term, such notification will be carried out by the Issuer as agent of FGAC;
- (ii) in the event FGAC obtains the banking license to act as a bank and becomes a deposit taking institution *vis-à-vis* Borrowers who have not received the above notification, such notification shall be carried out before the opening of the relevant deposit accounts.

As a consequence of the contractual undertaking by FGAC to notify the Borrowers of the assignment of the Receivables, it cannot be excluded that a court may hold that the Borrowers would be entitled to exercise set-off rights *vis-à-vis* the Issuer grounded on claims which have arisen towards the Originator up to the date on which the assignment is notified to themselves in accordance with the provisions of the relevant Loan Agreement.

#### **Used vehicle risk**

7.28% of the Loan Agreements giving rise to Receivables were granted in relation to used vehicles. Historically, the risk of non-payment of auto loans in relation to used vehicles is greater than in relation to auto loans for the purchase of new vehicles. In such respect please refer to paragraph entitled "*Source of payments to Noteholders*" above.

#### **Right to vehicles**

The Issuer will acquire from Originator interests in the Receivables, including rights to receive certain payments from Borrowers and other ancillary rights under the Loan Agreements.

However, since the Receivables are not guaranteed by any mortgage or privilege registered on the Car, in the event of a payment default by the Borrower, the Originator's right to repossess the vehicle is limited.

It may be difficult to trace and repossess any vehicle. In addition, any proceeds of sale of a vehicle may be less than the amount owed under the related Loan Agreement and any vehicle may be subject to an existing lien. Any action to recover outstanding amounts may not be pursued if to do so would be uneconomic.

The Originator will undertake not to impair the rights of the Issuer in the Receivables except in accordance with the proper performance of its duties under the Servicing Agreement.

## Italian Usury Law

Italian Law number 108 of 7 March 1996 (as amended and supplemented, the “**Usury Law**”) introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the “**Usury Rates**”) set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 30 September 2014). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

With a view to limiting the impact of the application of the Usury Law to Italian loans executed prior to the entering into force of the Usury Law, the Italian Government has specified with Law Decree number 394 of 29 December 2000 (the “**Usury Law Decree**”), converted into Law number 24 by the Italian Parliament on 28 February 2001, that an interest rate is to be deemed usurious only if it is higher than the Usury Rate in force at the time the relevant agreement is reached, regardless of the time at which interest is repaid by the borrower. However, it should be noted that few commentators and some lower court decisions have held that, irrespective of the principle set out in the Usury Law Decree, if an interest originally agreed at a rate falling below the then applicable usury limit were, at a later date, to exceed the usury limit from time to time in force, such interest should nonetheless be reduced to the then applicable usury limit. Recently, such opinion seems confirmed by the Italian Supreme Court (Cass. Sez. I, 11.01.2013, number 602 and Cass. Sez. I, 11.01.2013, number 603), which stated that an automatic reduction of the applicable interest rate to the Usury Rates applicable from time to time shall apply to the loans.

The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be replaced by a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers’ associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision number 29 of 14 February 2002, the Italian Constitutional Court stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for those provisions of the Usury Law Decree which provide that the interest rates due on instalments payable after 2 January 2001 on loans are to be replaced by lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

Recently, the Italian Supreme Court, under decision number 350/2013 has clarified that the default interest are relevant for the purposes of determining if an interest rate is usurious. Such interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates.

If the Usury Law were to be applied to the Notes, the amount payable by the Issuer to the Noteholders may be subject to reduction, renegotiation or repayment.

Pursuant to the Warranty and Indemnity Agreement, the Originator has undertaken to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any loss or reduction in any interest accrued prior to the Initial Execution Date. However, if a Loan is found to contravene the Usury Regulations, the relevant Borrower might be able to claim relief on any interest previously paid and oblige the Issuer to accept a reduced rate of interest, or potentially no interest on such Loan. In such cases, the ability of the Issuer to maintain scheduled payments of interest and principal on the Notes may be adversely affected.

### **Compounding of interest (*anatocismo*)**

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices (“*usi*”) to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice (“*uso normativo*”). However, a number of recent judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) number 2374/99 and number 2593/03) have held that such practices may not be defined as customary practices (“*uso normativo*”).

Consequently, if Borrowers were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Loan Agreements may be prejudiced.

It should be noted that paragraph 2 of article 120 of the Italian Banking Law, concerning compounding of interest accrued in the context of banking transactions, has been recently amended by Law number 147 of 27 December 2013. In particular, such Law (which became effective on 1 January 2014), although poorly drafted, seems to remove any possibility – with the exception of current accounts, governed by letter a) of the same paragraph – for compounding of interest. However, as at the date of this Prospectus, the relevant implementation provisions, required by the second paragraph of article 120 of the Italian Banking Law to be enacted by the *Comitato Interministeriale per il Credito e il Risparmio*, establishing the methods and criteria of compounding of interest, has not yet been enacted and, therefore, the impact of such implementation provisions may not be predicted as at the date of this Prospectus.

In this respect FGAC has represented in the Warranty and Indemnity Agreement that each Loan Agreement was entered into and is in compliance with article 1283 of the Italian civil code and has consequently undertaken to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer as a consequence of any breach of such representation.

### **Restructuring arrangements in accordance with Law No. 3 of 27 January 2012**

Following the enactment of Italian Law No. 3 of 27 January 2012 (as amended by Decree of the Italian Government No. 179 of 18 October 2012 coordinated with the conversion Italian Law No. 221 of 17 December 2012), a debtor who is neither subject nor eligible to be subject to ordinary insolvency procedures in accordance with the Bankruptcy Law is entitled to enter into a restructuring

arrangement with his/her creditors provided that (i) he/she has not been entered into any such restructuring arrangement in the last five years; (ii) the previous restructuring arrangements have not been annulled or revoked for reasons directly or indirectly ascribable to him/her; (iii) he/she has not provided a documentation suitable to reconstruct and figure out his/her patrimonial and economic situation.

Such law applies, therefore, to debtors who are not eligible to be adjudicated bankrupt under the Bankruptcy Law and who are in a state of over-indebtedness, being a situation recognisable when the “continuing imbalance between the debtor’s obligations and his/her highly liquid assets” determines “the relevant difficulties of performing his/her obligations” or the “definitive non capability of duly performing such obligations”.

A debtor in a state of over-indebtedness is entitled to submit to his/her creditors, with the assistance of a competent body (*Occ-Organismi per la Composizione della Crisi*), a draft restructuring arrangement providing that, among others, those creditors not adhering to such arrangement and those creditors having security interests over the debtor’s assets will be repaid in full.

Such draft arrangement must set out, among others, the revised terms for payments due to the creditors, the security interests which may be created to secure such payments and the conditions for the dismissal of the debtor’s assets. If the debtor’s assets and income are not sufficient to ensure the implementation of the draft arrangement, the draft arrangement must be endorsed by one or more third-parties who undertake to provide, also by way of security, additional assets or income.

Subject to certain conditions, the draft arrangement may provide for a moratorium on payments due to those secured creditors not adhering to such arrangement for a period of up to one year since the court’s certification (“*omologa*”).

Upon filing of the draft arrangement and the supporting documents with the competent court, the judge appointed for the procedure is entitled to order a hearing to the extent that the relevant arrangement meets the requirements provided for by the applicable law. The draft arrangement and the decree are subject to appropriate publication and communication to creditors. During the hearing, the judge awards an automatic stay with respect to the enforcement actions over the assets of the relevant debtor until the date on which the court’s certification (“*omologa*”) becomes final. The automatic stay however will not apply to those creditors having title to receivables which cannot be attached.

A favourable vote of creditors representing at least 60% of the relevant claims is required for the approval of the draft restructuring arrangement.

Once the draft restructuring arrangement is approved, the competent body shall deliver to all creditors a report on the approval procedure attaching the restructuring arrangement and the relevant creditors may challenge such arrangement within 10 days of receipt of such report.

Upon expiry of such term, the competent body will deliver the relevant report (including any challenge received and a feasibility assessment of the draft restructuring arrangement) to the competent judge who will be entitled, subject to appropriate final verification, to certify (*omologa*) the restructuring arrangement.

Once the restructuring arrangement has been certified, should the debtor be subject to bankruptcy afterwards (indeed, the debtor could become eligible for bankruptcy due to a modification of the size

of the enterprise) the payments, agreements and, in general, any deed enacted under the certified restructuring agreement is not subject to claw back.

The competent body will be in charge of supervising the due performance of the obligations arising from the relevant restructuring arrangement. Such arrangement, however, may be terminated or declared null and void in specific circumstances provided for by applicable law.

It is worth noting that such legislation provides also for:

- (i) a specific restructuring procedure for consumer. The restructuring plan of the consumer is not submitted to the approval of the creditors but only to the competent Court which shall evaluate the feasibility and suitability of the plan, also taking into account the consumer conduct; and
- (ii) a liquidation procedure alternative to the restructuring arrangement. This procedure might apply, *inter alia*, when: (i) the restructuring plan is not carried out by the debtor; (ii) the debtor does not satisfy the claims for taxes and welfare duties; and (iii) frauds against creditors is committed following to the certification of the plan by the Court.

Given the novelty of this new legislation, the impact thereof on the cashflows deriving from the Portfolio and, as a consequence, on the amortisation of the Notes may not be predicted as at the date of this Prospectus.

#### **Historical, financial and other information**

The historical, financial and other information set out in the sections headed "*The Credit and Collection Policies*", "*The Servicing Agreement*", "*The Originator, the Servicer, the Corporate Servicer, the Subordinated Loan Provider and the Subscriber*" and "*The Portfolio*" below, including information in respect of collection rates, represents the historical experience of FGAC. There can be no assurance that the future experience and performance of FGAC, as Servicer of the Portfolio, will be similar to the experience shown in this Prospectus.

#### **Administration and reliance on third parties**

The ability of the Issuer to make payments in respect of the Notes will depend upon the due performance by the parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are each a party. In particular, without limitation, the punctual payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any), the Swap Counterparty complying with its obligation under the Swap Agreement and the continued availability of hedging under the Swap Transaction. Prospective Noteholders should note that the Swap Transaction may be terminated in certain circumstances as provided for in the Swap Agreement. In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by the Originator of its obligations under the Warranty and Indemnity Agreement in respect of the Portfolio. The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. In each case, the performance by the Issuer of its obligations under the Transaction Documents is also dependent on the solvency of, *inter alios*, FGAC and the Swap Counterparty. In particular, the Issuer is subject to the risk that, in the event of insolvency of FGAC, the Collections and the Recoveries then held by the Servicer and not yet credited into the Collections Account are lost. For the purpose of reducing such risk, the Issuer has taken certain actions, such as requiring the Servicer to transfer any Collections and Recoveries to the Collections Account on the Business Day on which such amounts

are so received or recovered. See for further details the sections headed “*Description of the Transaction Documents - The Servicing Agreement*” and “*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*”. In this respect it should be also noted that Law Decree number 91 of 24 June 2014 (as converted into law by Law number 116 of 11 August 2014), by introducing the new paragraph 2-ter to article 3 of the Securitisation Law, has limited the commingling risk in respect of collections collected, on behalf of the relevant company incorporated under the Securitisation Law, by the servicers and/or sub-servicers of the relevant securitisation transaction. See for further details the section headed “*Selected Aspects of Italian Law*”.

In the event of the termination of the appointment of the Servicer under the Servicing Agreement, it would be necessary for the Issuer to appoint a substitute servicer (acceptable to the Representative of the Noteholders). Such substitute servicer would be required to assume responsibility for the services required to be performed under the Servicing Agreement for the Loans. The ability of a substitute servicer to fully perform the required services would depend, *inter alia*, on the information, software and records available at the time of the relevant appointment. There can be no assurance that a substitute servicer will be found or that any substitute servicer will be willing to accept such appointment or that a substitute servicer will be able to assume and/or perform the duties of the Servicer pursuant to the Servicing Agreement. In such circumstances, the Issuer could attempt to sell all, or part, of the Receivables, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders. The Representative of the Noteholders has no obligation to assume the role or responsibilities of the Servicer or to appoint a substitute servicer.

### **Legal proceedings**

The group of which FGAC is the holding company is subject to a variety of claims and FGAC is party to a certain number of legal proceedings arising in the ordinary course of business. Although the outcome of such claims is inherently uncertain and several litigants claim relatively large sums in damages, FGAC has represented and warranted that, as at the date of the Warranty and Indemnity Agreement, to its knowledge, it is not involved in any litigation, the outcome of which might have adverse effects on the financial position and results of operations of FGAC and therefore jeopardise its ability to perform the obligations under any of the Transaction Documents to which it is a party. In such respect please see paragraph “*Administration and reliance on third parties*” above.

### **Claw-back of the transfer of the Receivables**

The transfer of the Receivables under the Receivables Purchase Agreement is subject to claw-back (i) pursuant to article 67, paragraph 1, of the Bankruptcy Law, if the adjudication of bankruptcy of the Originator is made within three months from the purchase of the Portfolio, provided that the Purchase Price exceeds the value of the Receivables for more than 25 per cent and the Issuer is not able to demonstrate that it was not aware of the insolvency of the Originator, or (ii) pursuant to article 67, paragraph 2, of the Bankruptcy Law, if the adjudication of bankruptcy of the Originator is made within six months from the purchase of the Portfolio, provided that the sale price of the receivables does not exceed the value of the Receivables for more than 25 per cent and the insolvency receiver of the Originator is able to demonstrate that the Issuer was aware of the insolvency of the Originator.

According to the Receivables Purchase Agreement, the Originator has provided the Issuer with, *inter alia*, (i) a certificate of the *sezione fallimentare* of the competent Court, stating that no insolvency proceeding has been commenced against the Originator, and (ii) a certificate of the competent companies’ register, stating that no insolvency proceeding is pending against the Originator.



Furthermore, under the Warranty and Indemnity Agreement, the Originator has represented that it was solvent as at the Initial Execution Date and such representation shall be deemed to be repeated on the Issue Date.

### **Claw-back of other payments made to the Issuer**

According to article 4, paragraph 3, of the Securitisation Law, payments made by a Borrower to the Issuer are not subject to any claw-back action according to article 67 of the Bankruptcy Law. Furthermore, pursuant to the same provision, payments made by Borrowers in relation to Receivables in the context of the Securitisation under the Securitisation Law will not be subject to declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law.

Save for as described above, all other payments made to the Issuer by any party under a Transaction Document in the one year or six-month, as applicable, suspect period prior to the date on which such party has been declared bankrupt or has been admitted to compulsory liquidation may be subject to claw-back action according to article 67 of the Bankruptcy Law. The relevant payment will be set aside and clawed back if, respectively, the Issuer is not able to demonstrate that it was not aware of the insolvency of the relevant party, or the insolvency receiver of the relevant party is able to demonstrate that the Issuer was aware of the insolvency of the relevant party. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court in its discretion may consider all relevant circumstances.

### **Credit ratings assigned to the Rated Notes**

Each credit rating to be assigned to the Rated Notes upon their issue reflects the Rating Agencies' assessment only of the likelihood of timely payment of interest and the ultimate repayment of principal on or before the Final Maturity Date, not that such payments will be paid when expected or scheduled. These ratings are based, among other things, on the Rating Agencies' determination of the value of the Portfolio, the reliability of the payments on the Portfolio and the availability of credit enhancement.

The ratings do not address, *inter alia*, the following:

- the possibility of the imposition of Italian or European withholding tax; or
- the marketability of the Rated Notes, or any market price for the Rated Notes; or
- whether an investment in the Rated Notes is a suitable investment for a Rated Noteholder.

Ratings are not a recommendation to buy, sell or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor or the Tax-exempt nature or taxability of payments made in respect of any security.

Any Rating Agency may reduce or withdraw its rating if, in the sole judgment of that Rating Agency, the credit quality of the Rated Notes has declined or is in question. If any rating assigned to the Rated Notes is reduced or withdrawn, the market value of the Rated Notes may be affected.

### **Tax treatment of the Issuer**

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree number 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 29 March 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*), and on 14

February 2006 (*istruzioni per la redazione dei bilanci degli intermediari finanziari iscritti nell'elenco speciale*), degli IMEL delle SGR e delle SIM), on 29 April 2011 and on 21 January 2014 the assets and liabilities and the costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overhead and general expenses and any amount that the Issuer may apply out of the Issuer Available Funds for the payment of such overhead and general expenses). Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the Securitisation.

On 24 October 2002, the Revenue Agency – Regional Direction of Lombardy, released a private ruling with reference to some aspects of the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency claimed that the net result of a securitisation transaction is taxable as issuer's taxable income "to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover, the Agenzia delle Entrate (the "Agency"), with Circular number 8/E of 6 February 2003 and with resolution of 4 August 2010, No. 77/E, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations to the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed for tax purposes to the securitisation vehicles. Consequently, according to the quoted position of the Agency, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

It is however possible that the Italian Ministry of Economy and Finance or another competent authority may issue regulations, circular letters or generally binding rules relating to the Securitisation Law which might alter or affect, or that any competent authority or court may take a different view with respect to, the tax position of the Issuer, as described above.

Interest accrued on the accounts opened by the Issuer in the Republic of Italy with any Italian resident bank or any Italian branch of a non-Italian bank (including the Collections Account, the Payments Account, the Cash Reserve Account and the Expenses Account) may be subject to withholding tax on account of Italian tax which, as at the date of this Prospectus, is levied at the rate of 26 per cent.

#### **Withholding tax under the Rated Notes**

Payments of interest and other proceeds under the Notes may or may not be subject to withholding tax or deduction for or on account of Italian tax.

For example, as at the date of this Prospectus, according to Decree 239, any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Notes who (i) is either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive interest and other proceeds payable on the Notes net of the Italian substitute tax provided for by Decree 239 (see for further details also the section headed "Taxation" below).

At the date of this Prospectus, such substitute tax will be levied at the rate of 26 per cent, or such lower rate as may be applicable under any relevant double taxation treaty.

If a withholding or deduction for or on account of tax is imposed in respect of payments of amounts due to Noteholders pursuant to the Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of such tax.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (“**EU Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the European Council Directive 2003/48/EC) paid by a person within its jurisdiction to, or collected by such a person for, beneficial owners that are individuals resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments. Luxembourg announced that it had decided to apply information exchange as per the EC Council Directive 2003/48/EC as from 1<sup>st</sup> January 2015. The final form of the measures is still unknown.

A number of non EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, beneficial owners that are individuals resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the EC Council Directive 2003/48/EC, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. A revised version of the EU Savings Directive was adopted by the European Council on 24 March 2014 (Official Journal L 155 of 15 April 2014). National rules for transposing the revised EU Savings Directive should be adopted by the States member of the European Union by January 2016. Investors who are in any doubt as to their position should consult their professional advisers.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the Savings Directive through Legislative Decree number 84 of 18 April 2005 (“**Decree 84**”). Under Decree 84, subject to a number of conditions being met, in the case of interest (including interest accrued on the Notes at the time of their disposal) paid to individuals who qualify as beneficial owners of the interest and are resident for tax purposes in another Member State or in a dependent or associated territory under the relevant international agreement, Italian qualified paying agents (i.e. banks, SIMs, fiduciary companies and SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax

authorities details of the relevant payments and personal information on the individual beneficial owners. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in specific cases, UCITS recognised in accordance with Directive 85/611/EEC (as recasted by the Directive 2009/65/CE).

### **Change of law**

The structure of the transaction and, *inter alia*, the issue of the Notes and the rating assigned to the Rated Notes are based on Italian and English law, on tax and administrative practice in effect at the date hereof and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to any possible change to Italian or English law, tax or administrative practice after the Issue Date.

### **Fixed and floating security**

Security given under the English law Deed of Charge, although expressed as fixed security, may take effect as a floating charge and thus on enforcement certain creditors may rank ahead of the Security granted to the Representative of the Noteholders as a matter of English law. Such creditors could include unsecured creditors (to the limited extent provided in the Enterprise Act 2002), potential statutorily defined preferential creditors of the Issuer (but, under English law, only with respect to obligations in respect of occupational pension schemes, employee remuneration or levies on coal and steel production) and/or an administrator of the Issuer to the extent of English law administration expenses. However, given the restrictions on activities of the Issuer (see Condition 5.2 (*Restrictions on activities*)) and its limited activity outside of Italy (see Condition 5.11 (*Residency and centre of main interests*)) is unlikely to have such creditors or incur such expenses.

### **Political and economic developments in the Republic of Italy and in the European Union**

The financial condition, results of operations and prospects of the Republic of Italy and companies incorporated in the Republic of Italy may be adversely affected by events outside their control, namely European law generally, any conflicts in the region or taxation and other political, economic or social developments in or affecting the Republic of Italy generally. The unforeseen potential developments concerning such events and related issues could adversely affect the value of the Rated Notes or have other consequences for the Rated Noteholders. In particular, the Rated Notes' credit rating is potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-down effect on the credit rating of the Senior Notes.

### **Foreign Account Tax Compliance Act (FATCA)**

On March 18, 2010 the United States of America enacted the Foreign Account Tax Compliance Act (FATCA) which introduced a reporting and withholding regime that is applicable, under certain conditions, to foreign financial institutions, i.e. non-U.S. financial institutions, in connection with U.S. accountholders and investors. Such provisions impose detailed reporting requirements for foreign financial institutions. In particular, the foreign financial institution will be subject to 30 per cent U.S. withholding tax on certain payments unless it becomes a "participating foreign financial institution"

by entering into an agreement with the Internal Revenue Service (IRS) pursuant to which it will be required to report to the IRS the information required by the FATCA. The FATCA rules may affect also a foreign entity that is not a foreign financial institution, but in this case a different procedure should be applied.

The IRS released several notices between 2010 and 2011 in order to provide guidelines for the application of such rules and, on February 8, 2012, the U.S. Treasury and the IRS released proposed regulations on the implementation of the FATCA. On January 17, 2013, the U.S. Treasury and the IRS released final regulations under the Foreign Account Tax Compliance Act (FATCA) provisions.

In this regard, on February 8, 2012, the Republic of Italy, together with France, Germany, Spain, United Kingdom, and the United States released a joint statement regarding their intention to develop a common intergovernmental approach to FATCA, through the conclusion of bilateral agreements based on the Double Taxation Treaties currently in force. Accordingly, on July 26, 2012, Governments of France, Germany, Italy, Spain and the United States released the "Model Intergovernmental Agreement to Improve Tax Compliance and to Implement FATCA", which establishes a framework for reporting by financial institutions of certain financial account information to their respective tax authorities, followed by automatic exchange of such information under existing bilateral tax treaties or tax information exchange agreements.

The FATCA agreement between Italy and the United States entered into force on 1<sup>st</sup> July 2014.

On 10 January 2014, representatives of the governments of Italy and the United States signed an intergovernmental agreement implementing FATCA in Italy. In order to enter in force, the agreement reached between Italy and the United States must be however ratified by the Italian Parliament through an Italian law provision and the relevant implementing provision shall hence subsequently be approved.

As of the date of this Prospectus, the Republic of Italy has not yet approved the Italian law ratifying the intergovernmental agreement implementing FATCA in Italy and the related implementing provisions. A draft of such law has been released for discussion by the Italian Ministry of Finance on April 2014. Accordingly it is not completely clear how such provisions will affect the Notes and/or the parties of the Transaction Documents.

### **Eurosystem eligibility criteria**

The Senior Notes have been structured in a manner so as to allow Eurosystem eligibility. However, this does not necessarily mean that the Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and, in accordance with its policies, will not be given prior to issue of the Senior Notes. If the Senior Notes are accepted for such purposes, Eurosystem may amend or withdraw any such approval in relation to the Senior Notes at anytime. Neither the Issuer, the Arrangers, the Joint Lead Managers nor any other party to the Transaction Documents (i) gives any representation or warranty as to whether Eurosystem will ultimately confirm that the Senior Notes are eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem for such purpose; and (ii) will have any liability or obligation in relation thereto if the Senior Notes are at any time deemed ineligible for such purposes.

## **Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Rated Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers, the Joint Lead Managers nor any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Rated Notes regarding the regulatory capital treatment of their investment in the Rated Notes on the Issue Date or at any time in the future.

In particular, in Europe, investors should be aware that on 26 June 2013, the European Parliament and the European Council adopted the Directive 2013/36/EC (the “**CRD IV**”) and the CRR repealing in full the so-called capital requirements directive (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC).

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in Article 405. Article 405 specifies that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to such credit institution that it will retain, on an ongoing basis, a material net economic interest not lower than 5% in the securitised exposure.

The CRR (including Article 405) is directly applicable and became effective on 1 January 2014. The CRD IV has been implemented in Italy by the Bank of Italy Instructions (*Disposizioni di Vigilanza per le Banche*) entered into force in 1 January 2014.

Similar requirements to those set out in articles 405 and following of the CRR (a) are imposed on EU-regulated alternative investment fund managers by chapter 3, section 5 of the AIFMR and, in particular, Article 51.

In the Senior Notes and Class B Notes Subscription Agreement, FGA Capital S.p.A., in its capacity as Originator, has undertaken *vis-à-vis* the Issuer, the Arrangers, the Joint Lead Managers and the Representative of the Noteholders that:

- (i) so long as the Notes are outstanding it will retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (d) of Article 405, the Bank of Italy Instructions and option (d) of Article 51;
- (ii) the Junior Notes retained in compliance with the above shall not be subject to any credit risk mitigation or any short protection or other hedge, as to the extent required by articles 405-410 (inclusive) of CRR and chapter 3, section 5 of the AIFMR;
- (iii) it shall not change the manner in which the net economic interest set out above is held until the Final Maturity Date, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in the Securitisation;

- (iv) it shall notify to the Issuer, the Arrangers, the Joint Lead Managers and the Representative of the Noteholders any change, made pursuant to paragraph (iii) above, to the manner in which the net economic interest set out above is held;
- (v) it shall comply with the disclosure obligations imposed on the originator under article 409 of the CRR, the Bank of Italy Instructions and chapter 3, section 5 of the AIFMR; and
- (vi) it shall make available to each Noteholder, upon its reasonable request, all such necessary information in the Originator's possession to comply with the Noteholder's on-going monitoring obligations arising as a direct and immediate consequence of paragraph 2 of article 406 of the CRR and/or chapter 3, section 5 of the AIFMR. For the purposes of this provision, a Noteholder's request of information shall be considered reasonable to the extent that the relevant Noteholder provides evidence satisfactory to the Originator that the additional information required by it is necessary to comply with paragraph 2 of article 406 of the CRR and/or chapter 3, section 5 of the AIFMR and the domestic implementing regulations to which such Noteholder is subject.

Article 406 of the CRR further requires an EU regulated credit institution, before investing, and as appropriate thereafter, for each of its individual exposure in securitisation transaction, to carry out a due diligence in respect of each such exposure and the relevant securitisation, to implement formal policies and procedures appropriate for such activities to be conducted on an on-going basis, to regularly perform its own stress tests appropriate to its exposure and to monitor on an ongoing basis and in a timely manner performance information on such exposures. Failure to comply with one or more of the requirements set out in article 406 of the CRR will result in the imposition of a higher capital requirement in relation to the relevant exposure by the relevant EU regulated credit institution. In such respect, article 409 of the CRR requires originators, sponsors and original lenders to ensure that prospective investors have readily available access as at the Issue Date and on an ongoing basis to all information necessary to comply with their due diligence and monitoring obligations and all relevant data necessary to conduct comprehensive and well informed stress tests on the underlying exposures.

Similar provisions to those described above are imposed on EU-regulated alternative investment fund managers by chapter 3, section 5 of AIFMR.

FGA Capital S.p.A., in its capacity as Originator, (i) has made available on the Issue Date, (ii) has undertaken in the Senior Notes and Class B Notes Subscription Agreement to make available, on a monthly basis through the Monthly Report, the information required by article 409 of the CRR and chapter 3, section 5 of the AIFMR necessary to prospective investors for the purposes above (including, in particular, the information regarding the net economic interest from time to time held by the Originator in the Securitisation) and (iii) has expressly authorised the Calculation Agent to include in the Investor Report such information contained in the Monthly Report, provided that the Calculation Agent will include such information in the Investor Report on the basis and to the extent of the information received by the Servicer in the Monthly Report. It is understood that the Investor Report shall be deemed to have been produced on behalf of the Originator, under the Originator's full responsibility, with reference to the information that the Originator has the obligation to make available (or cause to make available, if the case) to investors under article 409 of the CRR and chapter 3, section 5 of the AIFMR.

To date there is limited guidance, and no regulatory or judicial determination, on the interpretation and application of the CRD IV and CRR. Until additional guidance is available and such

determinations are made, there remains a degree of uncertainty with respect to the interpretation and application of the provisions of the CRD IV and CRR and, in particular, what will be required to demonstrate compliance with Article 405 to national regulators.

Similar requirements to those set out above are also expected to be implemented for EEA-regulated insurance and reinsurance undertakings and UCITS in the future.

The CRD IV, the CRR, chapter 3, section 5 of the AIFMR and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers, the Joint Lead Managers, the Subscriber, the Originator or any other party makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future or compliance of the Securitisation with the relevant investors' supervisory regulations.

#### **Joint disclosure requirements in relation to structured finance instruments**

On 20 June 2013, the Regulation (EC) No. 462/2013 amending the Regulation (EU) No 1060/2009 entered into force. Under the Regulation (EC) No. 462/2013, the issuer, originator and sponsor of a structured finance instrument established in the European Union are required, jointly, to publish information in relation to the credit quality and performance of the underlying assets, the structure of the securitisation transaction, the cash flows and any collateral supporting a securitisation exposure, together with any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures. Such information is to be published on a website which is to be established by ESMA.

The scope, extent and manner in which such disclosure should be made are detailed in the draft technical standards published by ESMA on 24 June 2014 as requested under article 8*b* of Regulation (EC) No 1060/2009 (as amended by Regulation (EC) No. 462/2013). However, the above disclosure requirements are not expected to apply in relation to the Securitisation.

#### **Implementation of, and amendments to, the Basel II framework may affect the regulatory capital and liquidity treatment of the Notes**

The regulatory capital framework published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in 2006 (the "**Basel II framework**") has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**"), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). It is intended that member countries will implement the



new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measures will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general and, in particular, the European Commission has implemented the changes through the CRD IV. The changes may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to an effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

### **European Market Infrastructure Regulation**

Regulation (EU) no. 648/2012, known as the European Market Infrastructure Regulation (“**EMIR**”), entered into force on 16 August 2012, EMIR provides for certain OTC derivative contracts to be submitted to central clearing and imposes, *inter alia*, margin posting and other risk mitigation techniques, reporting and record keeping requirements. The Issuer does not expect the provisions of EMIR to require the Issuer to clear the Swap Transaction with a central clearing counterparty or to post collateral. However, notwithstanding that EMIR has entered into force, various elements introduced by EMIR have not yet been finalised or practically introduced. In addition, aspects of EMIR and its application to securitisation vehicles remain unclear.

Under the Intercreditor Agreement:

- (a) the Issuer and the Swap Counterparty have agreed to enter into, on or about the Issue Date, an arrangement pursuant to which the Swap Counterparty will agree to carry out certain reporting obligations pursuant to EMIR on behalf of the Issuer;
- (b) the Issuer has appointed the Servicer as its agent in order to perform the portfolio reconciliation and dispute resolution activity to be performed by the Issuer under the Swap Agreement in order to be compliant with EMIR.

However, notwithstanding the above provisions of the Intercreditor Agreement, if the Issuer is or were to be required to comply with any clearing or margining obligations under EMIR, the Issuer might not be practically able to comply with such requirement and/or such requirements may give rise to additional costs and expenses for the Issuer. This may in turn reduce amounts available to make payments with respect to the Notes.

### **Potential conflicts of interest**

Conflict of interest may exist or may arise as a result of any party to the Securitisation (i) having previously engaged or in the future engaging in transactions with other parties to the Securitisation, (ii) having multiple roles in the Securitisation, and/or (iii) carrying out other transactions for third parties.

Without limiting the generality of the foregoing, under the Securitisation (i) FGAC will act as Originator, Servicer, Subscriber, Subordinated Loan Provider and Corporate Servicer, (ii) Securitisation Services S.p.A. will act as Corporate Administrator and Back-up Servicer Facilitator, (iii)

Elavon Financial Services Limited will act as Cash Manager, Account Bank, Principal Paying Agent and Calculation Agent, and (iv) Unicredit Bank AG will act as Joint Lead Manager and Swap Counterparty.

In addition, the Originator may hold and/or service receivables arising from loans other than the Receivables and providing general financial services to the Borrowers. Even though under the Servicing Agreement the Servicer has undertaken to renegotiate the terms of the Loans and/or enter into settlement agreements with the Borrowers only having regard primarily to the interests of the Issuer and the Noteholders, it cannot be excluded that, in certain circumstances, a conflict of interest may arise with respect to other relationships with the same Borrowers.

### **Projections, forecasts and estimates**

Words such as “intend(s)”, “aim(s)”, “expect(s)”, “will”, “may”, “believe(s)”, “should”, “anticipate(s)” or similar expressions are intended to identify forward-looking statements and subjective assessments. Forward-looking statements, including estimates, any other projections and forecasts in this Prospectus, are necessarily speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results.

Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. No one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

**The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Rated Notes but the inability of the Issuer to pay interest or repay principal on the Rated Notes of any such Class of Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Rated Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Rated Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Rated Notes of such Classes of interest or principal on such Rated Notes on a timely basis or at all.**

## STRUCTURE DIAGRAM

The following structure diagram is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this structure diagram.

### Transaction Diagram



## CREDIT STRUCTURE

### Ratings of the Rated Notes

It is a condition precedent to the issue of the Notes that the Rated Notes will be rated as follows:

<i>Class</i>	<i>DBRS</i>	<i>Fitch</i>
Class A	"AAA(sf)"	"AA+sf"
Class B	"A(sf)"	"Asf"
Class C	"BBB(sf)"	"BBBsf"
Class D	"BBB(low)(sf)"	"BBB-sf"

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one of the Rating Agencies.

The Junior Notes will not be assigned a rating.

The credit ratings included or referred to in this Prospectus have been issued by DBRS or Fitch, each of which is established in the European Union and each of which is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended from time to time, the "**CRA Regulation**") as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority ("**ESMA**") pursuant to the CRA Regulation.

### Cash flow through the Accounts

Collections in respect of the Loans will be paid by the Borrowers to the Servicer. All Collections are required to be transferred by the Servicer into the Collections Account on a daily basis.

Under the Cash Allocation, Management and Payments Agreement, the Account Bank has agreed to pay interest on funds on deposit from time to time in the Accounts at a rate agreed between the Issuer and the Account Bank.

Monies standing to the credit of the Quota Capital Account, including interest accruing thereon from time to time, will not constitute Interest Available Funds, Principal Available Funds or Pre-Enforcement Issuer Available Funds and will not be used to pay interest or repay principal on the Notes.

### Cash Reserve Account and Commingling Reserve Account

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has agreed to advance to the Issuer the following subordinated loans to be drawn down by the Issuer on the Issue Date and an amount equal to, respectively, (i) €7,000,000 (the "**Cash Reserve Subordinated Loan**") will be immediately credited to the Cash Reserve Account and (ii) €17,500,000 (the "**Commingling Reserve Subordinated Loan**") will be immediately credited to the Commingling Reserve Account.

#### *Cash Reserve*

On each Payment Date, subject to the availability of Interest Available Funds, the Cash Reserve will be increased or replenished, as the case may be, up to the Target Cash Reserve Amount out of the Interest Available Funds and in accordance with the Pre-Trigger Notice Interest Priority of Payments.

On each Payment Date, the Cash Reserve (or part of it) may be used, if necessary, to increase the Interest Available Funds to the extent necessary to cover any Interest Shortfall.

In addition, on the Payment Date on which the Rated Notes will be redeemed in full, any amount remaining as Cash Reserve Account upon utilisation as Interest Available Funds will be applied as Principal Available Funds.

#### *Commingling Reserve*

Upon the occurrence of:

- (A) an Insolvency Event in relation to the Servicer as a result of which the Servicer fails to transfer, to the Collections Account, the Collections and any amount, from time to time, collected or recovered in respect of the Receivables in accordance with the provisions of the Servicing Agreement; or
- (B) an Insurance Event, as a result of which FGAC has failed to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement,

the amounts then standing to the credit of the Commingling Reserve Account in an amount equal to the lower of:

- (i) the Commingling Reserve; and
- (ii) (X) the actual amounts the Servicer has failed to transfer to the Issuer or, as the case may be (Y) the Insurance Amount (to the extent unpaid by FGAC),

shall be transferred to the Payments Account and will form part of the Interest Available Funds (to the extent such amounts constituted Income Collections) and/or the Principal Available Funds (to the extent such amounts constituted Principal Collections) as applicable.

On the earlier of:

- (a) the date on which all the Rated Notes have been redeemed in full; or
- (b) the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders,

the Issuer shall repay principal on the Commingling Reserve Subordinated Loan to FGAC by applying the amounts then standing to the credit of the Commingling Reserve Account.

On any such date, the Issuer's obligation to repay principal on the Commingling Reserve Subordinated Loan will be limited solely to the amounts then standing to the credit of the Commingling Reserve Account and FGAC will not have any recourse to any of the Issuer Available Funds. These payments will be (i) made directly to FGAC; and (ii) outside of the applicable Priority of Payments.

#### **Subordination**

Payments of interest and repayment of principal under the Notes are subject to certain subordination and ranking provisions. For a more detailed description of the ranking among the various Classes of

Notes and the relative subordination provisions see “*Key features - The Notes – Status and subordination*” and Condition 4.3 (*Ranking*).

See also “*Key features - Priority of Payments*”, “*Risk factors – Subordination*” and “*Terms and Conditions of the Notes*”.

## **The Swap Agreement**

### *General*

In order to hedge the interest rate exposure of the Issuer in relation to its floating rate obligations under the Senior Notes and the Class B Notes, the Issuer will enter into a swap transaction (the “**Swap Transaction**”) with the Swap Counterparty on or prior to the Issue Date.

The Swap Transaction will be documented as a confirmation under a 1992 ISDA Master Agreement (Multicurrency-Cross Border) as published by ISDA, the schedule and the credit support annex thereto (a “**Credit Support Annex**”) and governed by English law (collectively, the “**Swap Agreement**”).

Under the terms of the Swap Transaction, which will be effective as of the Issue Date:

- (a) the Issuer agrees to pay to the Swap Counterparty on a monthly basis an amount equal to the product of (i) the applicable notional amount, (ii) the fixed rate and (iii) a day count fraction; and
- (b) the Swap Counterparty agrees to pay to the Issuer on a monthly basis an amount equal to the product of (i) the applicable notional amount, (ii) EURIBOR and (iii) a day count fraction.

In respect of each calculation period, the applicable notional amount will be 100% of the combined Principal Amount Outstanding of the Senior Notes and the Class B Notes from time to time.

Where the net payment under the Swap Agreement is due to be made by the Swap Counterparty, the Swap Counterparty will make the relevant payment to the Issuer on the relevant Payment Date. Where the net payment is due to be made by the Issuer, the Issuer will make the relevant payment to the Swap Counterparty on the relevant Payment Date in accordance with the applicable Priority of Payments.

### *Rating downgrade provisions*

The Swap Agreement contains certain limited termination events and events of default which will entitle either party to terminate the Swap Transaction. Some of these termination events are summarised here.

In particular, following the occurrence of a Rating Event, the Swap Counterparty may be required to, *inter alia*, either:

- (i) transfer all of its rights and obligations under the Swap Agreement to a suitably rated entity; or
- (ii) procure another suitably rated entity to become co-obligor or guarantor in respect of its obligations under the Swap Agreement; or
- (iii) transfer collateral in accordance with the Credit Support Annex.

If, following a Rating Event, the Swap Counterparty fails to take any one of the required measures set out in the Swap Agreement (which may include but which are not limited to (i), (ii) and (iii) above) within the relevant time period specified in the Swap Agreement, then, subject to any terms specified under the Swap Agreement, such failure will constitute a termination event with the Issuer being entitled to terminate the Swap Transaction if certain additional conditions are met.

Moreover, the Swap Counterparty will be entitled, under certain circumstances, to terminate the Swap Transaction in the event that (i) it is obliged to gross up payments following any withholding or deduction for or on account of any taxes or (ii) it receives a payment in respect of which an amount is required to be deducted or withheld for or on account of any taxes.

#### *Return of Excess Swap Collateral*

If, following the occurrence of a Rating Event, the Swap Counterparty is required to transfer collateral in accordance with the Credit Support Annex, any collateral in the form of cash will be deposited to the credit of the Cash Collateral Account and any collateral in the form of securities will be deposited to the credit of the Securities Collateral Account. Each of the Cash Collateral Account and the Securities Collateral Account has been opened with the Account Bank. Each of the Cash Collateral Account and the Securities Collateral Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

The Issuer's obligation to return, from time to time, any Excess Swap Collateral to the Swap Counterparty will be met, from time to time, by utilising monies and/or securities standing to the credit of the Collateral Accounts. The Issuer will make these payments and/or will return collateral to the Swap Counterparty as they fall due which may include days other than the Payment Dates. These payments and/or return of collateral will be made directly to the Swap Counterparty and outside of the applicable Priority of Payments.

The obligations of the Issuer under the Swap Agreement (with the exclusion of any obligation of reimbursement of any amount held by the Issuer in respect of any amount or securities deposited in the Collateral Accounts and payable (or the equivalent of which is payable) to the Swap Counterparty pursuant to the Swap Agreement) shall be limited in recourse to, both prior and following the service of a Trigger Notice, the Issuer Available Funds as at the relevant date, which may be applied for the relevant purpose in accordance with the applicable Priority of Payments.

The Swap Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by English law.

For a description of the Swap Counterparty, see the section headed "*The Swap Counterparty*".

## THE PORTFOLIO

The Notes will be collateralised by the Receivables purchased by the Issuer in accordance with the terms of the Receivables Purchase Agreement. The Noteholders will have rights over the pool of Receivables as a whole (subject to the Priority of Payments).

“**Portfolio Transfer Effective Date**” means 4 October 2014.

The pool of monetary receivables and other connected rights (the “**Receivables**”) arising from a portfolio of auto loans (*finanziamenti*) granted by FGAC (the “**Portfolio**”) has been transferred from FGAC to the Issuer pursuant to the terms of a transfer agreement dated 6 October 2014, between the Issuer and FGAC (as from time to time amended and/or supplemented, the “**Receivables Purchase Agreement**”).

The arrangements entered into or to be entered into by the Issuer on or prior to the Issue Date, taken together with the structural features of the Securitisation (including the Portfolio and the proceeds expected to be received therefrom, the Swap Agreement, the Cash Reserve, the Commingling Reserve, the Security, the Conditions of the Notes and the rights and benefits set out in the Transaction Documents), have characteristics that demonstrate capacity to produce funds to service any payment which become due and payable in respect of the Notes in accordance with the Conditions. However, regard should be had both to the characteristics of the Portfolio and the other assets and rights available to the Issuer under the Securitisation and the risks to which the Issuer and the Notes may be exposed. Prospective holders of the Notes should consider the detailed information set out elsewhere in this Prospectus, including without limitation under the section “Risk Factors” above.

### Criteria

The Receivables have been identified by the Originator and the Issuer on the basis of objective common criteria listed in the Receivables Purchase Agreement (the “**Criteria**”) which have been published, in accordance with the Securitisation Law, in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 120, Part II, of 9 October 2014 (as rectified, following the execution of an interpretation letter between the Issuer and the Originator on 10 October 2014, by the notice published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) No. 123, Part II, of 16 October 2014) and deposited with the competent companies’ registry.

The Originator has represented that the Receivables meet the following Criteria (as published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*)) as at the Portfolio Transfer Effective Date:

- entered into by FGAC with a Borrower which, as at the date the relevant Loan Agreement was entered into, is a physical person resident in Italy having Italian nationality and is not a FGAC employee as at the Portfolio Transfer Effective Date;
- arising under a Loan with a fixed rate or with a zero interest rate which is repayable by monthly pre-determined Instalments for the purchase of a new or used Car of any brand;
- in respect of which the scheduled date of the first instalment is not preceding 10 July 2010 and the scheduled date of the last instalment is not succeeding 28 July 2021;
- in respect of which the relevant loan application, executed by the relevant borrower, has been accepted by FGAC by way of disbursement of the relevant amount to the Car Seller as



repayment of the debt owed by the relevant borrower *vis-à-vis* the relevant Car Seller for the payment of the purchase price of the relevant Car;

- in respect of which the date of disbursement of the relevant Loan falls at least 60 calendar days before the Portfolio Transfer Effective Date.

The Portfolio does not include:

- receivables which are repayable by way of Promissory Notes;
- receivables which are repayable by way of postal slip payment;
- receivables which are guaranteed by a mortgage or privilege registered on the Car;
- receivables with a floating interest rate;
- receivables in respect of which the first Instalment is unpaid by the relevant borrower and has not been collected by FGAC;
- receivables in respect of which a recovery or legal action has been commenced against the relevant borrower;
- receivables which have been assigned to third parties (including any other securitisation special purpose companies) by FGAC prior to the Portfolio Transfer Effective Date.

For more information, see paragraph “*The Receivables Purchase Agreement*” under section “*Description of the Transaction Documents*” below.

The Receivables are governed by Italian law.

### **The Portfolio**

As at 4 October 2014 (the “**Portfolio Transfer Effective Date**”), the Portfolio comprised 44,235 Loans extended to 44,182 borrowers (the “**Borrowers**”). The aggregate Net Present Value of the Receivables as at the Portfolio Transfer Effective Date was €499,997,356.68.

The following tables set out statistical information representative of the characteristics of the Portfolio as at the Portfolio Transfer Effective Date. The tables are derived from information supplied by the Originator in connection with the acquisition of the Receivables by the Issuer on the Initial Execution Date. The information in the tables reflects the position as at the Portfolio Transfer Effective Date and amounts, where relevant, are in euro.

#### *Summary*

The primary characteristics of the Portfolio as of the Portfolio Transfer Effective Date are as follows:

Total Net Present Value at Discount Rate: €499,997,356.68

Weighted Average Nominal Interest Rate (TAN): 1.465 per cent.

Weighted Average Discount Rate: 5.850 per cent.

Weighted Average Original Loan to Value <sup>1</sup> :	86.04 per cent.
Weighted Average Original Maturity (Months):	54.71
Weighted Average Remaining Maturity (Months):	47.82
Weighted Average Seasoning (Months):	6.89
Average Loan Net Present Value (Euro):	€11,303
Largest Borrower Concentration (Euro):	€93,068.87
Largest Borrower Concentration (%):	0.02 per cent.

#### Distribution by New and Used Car Loans

	<i>New / Used</i>	<i>Number of Contracts</i>	<i>% by Total</i>	<i>Net Present Value</i>	<i>% by Net Present</i>
			<i>Number of Contracts</i>	<i>(Euro)</i>	<i>Value</i>
New		39,691	89.73%	463,611,370.12	92.72%
Used		4,544	10.27%	36,385,986.56	7.28%
<b>Total</b>		<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

#### Distribution by Borrower Type

	<i>Borrower Type</i>	<i>Number of Contracts</i>	<i>% by Total</i>	<i>Net Present Value</i>	<i>% by Net Present</i>
			<i>Number of Contracts</i>	<i>(Euro)</i>	<i>Value</i>
Non VAT borrower		44,235	100.00%	499,997,356.68	100.00%
VAT borrower		-	0.00%	-	0.00%
<b>Total</b>		<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

#### Distribution by Payment Method

	<i>Payment Method</i>	<i>Number of Contracts</i>	<i>% by Total</i>	<i>Net Present Value</i>	<i>% by Net Present</i>
			<i>Number of Contracts</i>	<i>(Euro)</i>	<i>Value</i>
SEPA Direct Debit		39,396	89.06%	448,695,762.74	89.74%
Postal SEPA Direct Debit		4,839	10.94%	51,301,593.94	10.26%
<b>Total</b>		<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

#### Distribution by Loans with Credit Protection Insurance (CPI)

	<i>With CPI / Without CPI</i>	<i>Number of Contracts</i>	<i>% by Total</i>	<i>Net Present Value</i>	<i>% by Net Present</i>
			<i>Number of Contracts</i>	<i>(Euro)</i>	<i>Value</i>
Loan without CPI		25,607	57.89%	296,161,375.65	59.23%
Loan with CPI		18,628	42.11%	203,835,981.03	40.77%
<b>Total</b>		<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

<sup>1</sup> The Weighted Average Original Loan to Value has been calculated as a ratio between the portion of the disbursed amount under the relevant Loan and the value of the relevant financed Car net of any additional services or insurances financed under the relevant Loan.

**Distribution by Nominal Interest Rate (T.A.N.)**

<b>Interest Rate Band **</b>	<b>Number of Contracts</b>	<b>% by Total Number of Contracts</b>	<b>Net Present Value (Euro)</b>	<b>% by Net Present Value</b>
>=0% to <=1%	30,407	68.74%	338,160,183.82	67.63%
1% to 2%	-	0.00%	-	0.00%
2% to 3%	4,781	10.81%	66,715,678.95	13.34%
3% to 4%	3,760	8.50%	36,231,539.82	7.25%
4% to 5%	866	1.96%	10,878,505.61	2.18%
5% to 6%	1,216	2.75%	12,384,218.18	2.48%
6% to 7%	1,309	2.96%	14,086,032.77	2.82%
7% to 8%	1,051	2.38%	9,620,867.86	1.92%
8% to 9%	246	0.56%	2,581,480.26	0.52%
9% to 10%	82	0.19%	886,085.42	0.18%
10% to 11%	86	0.19%	1,235,203.40	0.25%
11% to 12%	346	0.78%	5,989,329.70	1.20%
12% to 13%	85	0.19%	1,228,230.89	0.25%
<b>Total</b>	<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

\*\*Lower limit excluded and upper limit included

**Distribution by Original Loan Maturity**

<b>Original Maturity Band (Months) *</b>	<b>Number of Contracts</b>	<b>% by Total Number of Contracts</b>	<b>Net Present Value (Euro)</b>	<b>% by Net Present Value</b>
12 to 18	10	0.02%	53044.44	0.01%
18 to 24	20	0.05%	142847.33	0.03%
24 to 30	917	2.07%	5768676.95	1.15%
30 to 36	319	0.72%	1930705.38	0.39%
36 to 42	10,350	23.40%	90775468.32	18.16%
42 to 48	482	1.09%	3622632.29	0.72%
48 to 54	9,204	20.81%	101923387.1	20.38%
54 to 60	296	0.67%	2959169.36	0.59%
60 to 66	19,270	43.56%	238241297.1	47.65%
66 to 72	97	0.22%	1399735.91	0.28%
72 to 78	1,572	3.55%	24497992.57	4.90%
78 to 84	39	0.09%	585377.61	0.12%
84 to 96	1,107	2.50%	19177798.74	3.84%
Over 96	552	1.25%	8919223.52	1.78%
<b>Total</b>	<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

\* Lower limit included and upper limit excluded

**Distribution by Seasoning**

<b>Seasoning Band (Months) *</b>	<b>Number of Contracts</b>	<b>% by Total Number of Contracts</b>	<b>Net Present Value (Euro)</b>	<b>% by Net Present Value</b>
0 to 6	19,142	43.27%	239,317,210.93	47.86%
6 to 12	20,215	45.70%	219,536,699.08	43.91%
12 to 18	2,457	5.55%	25,059,093.62	5.01%
18 to 24	1,044	2.36%	8,988,993.42	1.80%
24 to 30	921	2.08%	5,258,949.15	1.05%
30 to 36	283	0.64%	1,206,208.68	0.24%
36 to 42	137	0.31%	499,104.74	0.10%
42 to 48	34	0.08%	117,142.63	0.02%
>=48	2	0.00%	13,954.43	0.00%
<b>Total</b>	<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

\* Lower limit included and upper limit excluded

**Distribution by Remaining Loan Maturity**

<b>Remaining Maturity Band (Months) *</b>	<b>Number of Contracts</b>	<b>% by Total Number of Contracts</b>	<b>Net Present Value (Euro)</b>	<b>% by Net Present Value</b>
0 to 6	152	0.34%	181,981.08	0.04%
6 to 12	325	0.73%	949,628.43	0.19%
12 to 18	878	1.98%	4,450,227.72	0.89%
18 to 24	1,253	2.83%	7,894,442.30	1.58%
24 to 30	7,274	16.44%	62,121,792.84	12.42%
30 to 36	3,694	8.35%	36,157,101.94	7.23%
36 to 42	2,609	5.90%	28,027,603.18	5.61%
42 to 48	6,952	15.72%	81,374,375.84	16.27%
48 to 54	9,251	20.91%	111,932,640.83	22.39%
54 to 60	8,736	19.75%	115,358,927.19	23.07%
60 to 66	834	1.89%	12,791,065.38	2.56%
66 to 72	730	1.65%	12,206,552.02	2.44%
72 to 78	592	1.34%	9,407,491.52	1.88%
78 to Over	955	2.16%	17,143,526.41	3.43%
<b>Total</b>	<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

\* Lower limit included and upper limit excluded

**Distribution by Geographic Area\*\*\***

<i>Geographic Area</i>	<i>Number of Contracts</i>	<i>% by Total</i>	<i>Net Present Value</i>	<i>% by Net Present</i>
		<i>Number of Contracts</i>	<i>(Euro)</i>	<i>Value</i>
North	20,346	46.00%	233,885,414.61	46.78%
Centre	12,608	28.50%	137,732,561.73	27.55%
South	11,281	25.50%	128,379,380.34	25.68%
<b>Total</b>	<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

**Region Concentration**

<i>Region of Italy</i>	<i>Number of Contracts</i>	<i>% by Total</i>	<i>Net Present Value</i>	<i>% by Net Present</i>
		<i>Number of Contracts</i>	<i>(Euro)</i>	<i>Value</i>
Lombardia	8,586	19.41%	97,509,023.99	19.50%
Toscana	4,454	10.07%	47,453,459.03	9.49%
Emilia Romagna	3,892	8.80%	45,027,498.88	9.01%
Lazio	3,940	8.91%	42,971,161.60	8.59%
Campania	3,553	8.03%	40,737,037.14	8.15%
Piemonte	3,078	6.96%	37,176,806.93	7.44%
Veneto	3,069	6.94%	35,691,912.46	7.14%
Puglia	2,450	5.54%	29,080,429.04	5.82%
Sicilia	2,589	5.85%	28,335,726.88	5.67%
Marche	2,047	4.63%	23,705,727.45	4.74%
Calabria	1,218	2.75%	13,717,962.03	2.74%
Abruzzo	1,249	2.82%	13,531,415.92	2.71%
Sardegna	1,001	2.26%	11,069,556.71	2.21%
Umbria	918	2.08%	10,070,797.73	2.01%
Liguria	925	2.09%	9,415,459.52	1.88%
Friuli Venezia Giulia	480	1.09%	5,397,548.08	1.08%
Basilicata	340	0.77%	3,959,003.82	0.79%
Trentino Alto Adige	253	0.57%	2,869,935.94	0.57%
Molise	130	0.29%	1,479,664.72	0.30%
Valle d'Aosta	63	0.14%	797,228.81	0.16%
<b>Total</b>	<b>44,235</b>	<b>100.00%</b>	<b>499,997,356.68</b>	<b>100.00%</b>

**Top 20 Geographic Concentrations by Province in Italy**

<i>Province of Italy</i>	<i>Number of Contracts</i>	<i>% by Total</i>	<i>Net Present Value</i>	<i>% by Net Present</i>
		<i>Number of Contracts</i>	<i>(Euro)</i>	<i>Value</i>
Roma	2,867	6.48%	31,535,493.03	6.31%
Milano	2,289	5.17%	25,820,951.02	5.16%
Torino	1,829	4.13%	22,884,340.28	4.58%
Napoli	1,923	4.35%	21,327,719.73	4.27%
Brescia	1,101	2.49%	13,719,994.92	2.74%
Bari	1,088	2.46%	13,042,694.98	2.61%
Bergamo	1,142	2.58%	12,219,951.44	2.44%
Monza e Brianza	949	2.15%	10,910,083.05	2.18%
Bologna	913	2.06%	10,722,015.26	2.14%
Firenze	889	2.01%	9,580,500.65	1.92%
Perugia	787	1.78%	8,742,966.34	1.75%
Ancona	720	1.63%	8,390,251.74	1.68%
Palermo	811	1.83%	8,222,197.60	1.64%
Salerno	653	1.48%	7,978,399.53	1.60%
Padova	628	1.42%	7,300,473.72	1.46%
Vicenza	646	1.46%	7,290,334.11	1.46%
Como	646	1.46%	7,279,007.64	1.46%
Varese	643	1.45%	7,273,988.34	1.45%
Pisa	681	1.54%	7,099,441.04	1.42%
Modena	613	1.39%	6,926,481.34	1.39%
<b>Total</b>	<b>21,818</b>	<b>49.32%</b>	<b>248,267,285.76</b>	<b>49.65%</b>

**Distribution by Top 20 Obligors**

<i>Ranking</i>	<i>Number of Contracts</i>	<i>% by Total Number of Contracts</i>	<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
1	1	0.002%	93,068.87	0.02%
2	1	0.002%	83,195.51	0.02%
3	1	0.002%	73,512.61	0.01%
4	1	0.002%	72,317.63	0.01%
5	1	0.002%	71,919.21	0.01%
6	1	0.002%	68,718.95	0.01%
7	1	0.002%	67,826.73	0.01%
8	1	0.002%	67,350.12	0.01%
9	1	0.002%	64,839.29	0.01%
10	1	0.002%	62,630.10	0.01%
11	1	0.002%	60,474.85	0.01%
12	1	0.002%	60,402.00	0.01%
13	1	0.002%	60,136.09	0.01%
14	1	0.002%	58,896.29	0.01%
15	1	0.002%	58,012.23	0.01%
16	1	0.002%	57,921.68	0.01%
17	1	0.002%	57,846.17	0.01%
18	1	0.002%	57,335.03	0.01%
19	1	0.002%	56,855.28	0.01%
20	1	0.002%	56,457.46	0.01%
<b>Total</b>	<b>20</b>	<b>0.05%</b>	<b>1,309,716.10</b>	<b>0.26%</b>

**Distribution by Top 5 Car Models**

<i>Car Model</i>	<i>Number of Contracts</i>	<i>% by Total Number of Contracts</i>	<i>Net Present Value (Euro)</i>	<i>% by Net Present Value</i>
PANDA 2012	11,117	25.13%	108,600,168	21.72%
500L	5,220	11.80%	74,572,011	14.91%
Grande Punto	7,080	16.01%	68,863,815	13.77%
NUOVA YPSOLON	5,642	12.75%	57,493,700	11.50%
500	5,475	12.38%	57,070,600	11.41%
<b>Total</b>	<b>34,534</b>	<b>78.07%</b>	<b>366,600,293.64</b>	<b>73.32%</b>

\*\*\* Geographical area is broken down according to table below:

**North:**

- Lombardia
- Emilia Romagna
- Piemonte
- Veneto
- Liguria
- Friuli Venezia Giulia
- Trentino Alto Adige
- Valle d'Aosta

**Centre:**

- Lazio
- Toscana
- Marche
- Abruzzo
- Umbria

**South:**

- Sicilia
- Campania
- Puglia
- Sardegna
- Calabria
- Basilicata
- Molise

# THE ORIGINATOR, THE SERVICER THE CORPORATE SERVICER, THE SUBORDINATED LOAN PROVIDER AND THE SUBSCRIBER

## OVERVIEW

FGA Capital S.p.A. (“**FGAC**” or the “**Originator**”), formerly named Fidis Retail Italia S.p.A. (“**FRI**”), was incorporated in the Republic of Italy on 15 January 2002 with a limited duration to 31 December 2100, and is currently incorporated in the form of a joint-stock company (*società per azioni*). It is registered at the company registry in Turin, Italy under number 08349560014.

Its registered office is at Corso G. Agnelli 200, 10135 Turin, Italy.

FGAC is both the Italian operational financial services arm and the holding company of one of the largest car finance and leasing groups in Europe (the “**FGAC Group**” or the “**FGA Capital Group**”).

FGAC’s authorised share capital is €700,000,000.00 divided into 700,000,000 ordinary shares with a nominal value of €1 each. FGAC’s shareholders are Fiat Group Automobiles S.p.A. (“**FGA**” or “**Fiat Group Automobiles**”), a wholly-owned subsidiary of Fiat S.p.A. (“**Fiat**, and, together with its subsidiaries, **Fiat Group**”) and Crédit Agricole Consumer Finance S.A. (“**Crédit Agricole Consumer Finance**”), a wholly owned subsidiary of Crédit Agricole S.A. (“**Crédit Agricole**”, and, together with its subsidiaries, “**Crédit Agricole Group**”) operating in the consumer credit sector. Fiat Group Automobiles and Crédit Agricole Consumer Finance each hold 50 per cent. of the Originator’s issued share capital pursuant to a joint venture agreement (the “**JVA**”) signed in December 2006, with a minimum term of eight years indefinitely extendable thereafter.

On 30 July 2013, Fiat Group Automobiles, Crédit Agricole and Crédit Agricole Consumer Finance, as the original parties to the JVA, entered into an amendment agreement (the “**Amendment Agreement**”) to, among other things, extend the duration of the joint venture with respect to FGAC up to 31 December 2021, with effect from the signing date. The parties agreed to extend the term of the JVA in order to ensure the long-term sustainability of the FGAC Group, which will continue to benefit from the financial support of the Crédit Agricole group. The parties also agreed, for the purposes of good order, to execute a restated and consolidated version of the JVA (the “**Restated JVA**”), which was signed on 8 November 2013.

The Restated JVA confirms the contractual agreements undertaken in the Amendment Agreement and provides, inter alia, for the shares of FGAC to be subjected to a lock-up period of five years. Such lock-up period, commencing on 1 January 2014 and ending on 31 December 2018, is in compliance with Article 2355-bis, first paragraph, of the Italian Civil Code. On 12 December 2013, FGAC filed an amended version of its by-laws reflecting the lock-up of its shares for the aforementioned period with the companies’ register of Turin.

## HISTORY AND DEVELOPMENT

The FGA Capital Group resulted from the de-merger and the subsequent sale of a 50 per cent. interest in the European financial services division of Fiat Group Automobiles to Crédit Agricole Consumer Finance, as further described below.

The FGA Capital Group comprises subsidiaries that have been operating in the financing business for a number of years. Fiat Group Automobiles has extended credit to its customers directly since the early part of the 1920s in Italy and Germany.

In Italy, the retail financial services activities were carried out by Fiat Sava S.p.A. (“SAVA”), the wholly-owned Italian subsidiary of FRI, founded in Turin in 1925.

In May 2003, FRI was de-merged from Fiat Group with a 51 per cent. stake transferred to Synesis Finanziaria S.p.A., a company owned by a pool of major Italian banks. FRI managed, through its subsidiaries, the retail financing activities of Fiat Group in Europe, acting in Italy through its SAVA.

A new partnership (the “**Joint Venture**”) between Fiat Group Automobiles and Crédit Agricole was announced on 24 July 2006, signed on 14 October 2006 and approved by the European Antitrust Commission on 5 December 2006. On 28 December 2006:

- FGA exercised a call option on the 51 per cent. stake of FRI formerly owned by Synesis Finanziaria S.p.A.;
- Fiat SAVA S.p.A., was merged into FRI;
- FRI was included in the special register of financial intermediaries held by the Bank of Italy under article 107 of the Consolidated Banking Act;
- All of FGA’s equity interests in companies operating in the dealer network financing and fleet rental sectors in Europe were brought together under FRI;
- FGA financed a share capital increase in order to provide the Joint Venture with financial resources adequate for the increased portfolio and in line with the foreseen expansion of volumes; and
- FGA sold to Sofinco S.A. (now Crédit Agricole Consumer Finance) 50 per cent. of the share capital of FRI.

The name of the Originator was then changed to Fiat Auto Financial Services S.p.A and subsequently to Fiat Group Automobiles Financial Services S.p.A., when Fiat Auto S.p.A changed its name to Fiat Group Automobiles S.p.A.

In July 2008, the FGAC Group signed a co-operation agreement with Jaguar and Land Rover, on the basis of which it has gradually been developing a comprehensive range of financial products (both retail financing and dealer network financing) for Jaguar and Land Rover dealers and customers in certain European countries, with a minimum term up to 31 January 2014 which has been extended up to 31 December 2017. The FGA Capital Group provides financial services for Jaguar Land Rover in Austria, Belgium, France, Germany, Italy, the Netherlands, Portugal and Spain.

On 1 January 2009, the Originator changed its name to FGA Capital S.p.A.

Since October 2009 and in connection with the global alliance between Fiat Group and Chrysler Group LLC (“**Chrysler Group**”), the FGAC Group has entered into an agreement to finance the Chrysler Group retail financing and dealer network financing business in Europe. On 21 January 2014, Fiat announced the acquisition of the remaining equity interests in Chrysler Group from VEBA Trust. Chrysler Group is now a wholly-owned subsidiary of Fiat.

In December 2013, Maserati S.p.A. announced a co-operation agreement with FGAC in the field of car financing concerning all of Maserati’s financing activities for its distribution network, end customers and rental fleets, which will be effective in the countries in which the FGAC Group operates.

The Originator is both the holding company and the Italian operational arm of the FGAC Group.

The Originator is a financial institution regulated by article 107 of the Consolidated Banking Act and one of the largest car finance and lease companies in Europe.

FGAC is currently rated by Fitch Italia S.p.A. long-term BBB- and short-term F3, by Standard & Poor’s Credit Market Services Italy S.r.l. long-term BB+ and short-term B, by Moody’s Investors Service Ltd long-term Baa3. As of the date hereof, Fitch Italia S.p.A., Standard & Poor’s Credit Market Services Italy S.r.l. and Moody’s Investors Service Ltd are established in the European Union and are registered under the CRA Regulation, as it appears from the most updated list published by European Securities and Markets Authority (ESMA) on the ESMA website.

**GROUP STRUCTURE**

FGAC is an independent company, not subject to management and control by any company or entity.

The Board of directors is composed of ten Directors, appointed by the Joint Venture partners:

P. Dumont (Chairman)	G. Carelli (CEO)
C. Grave	Picca Piccon
B. Manuelli	R. Palmer
G. Maioli	A. Altavilla
A. Giorio	M. M. Busso

Of the ten directors, five are appointed from among candidates indicated by the shareholder Fiat Group Automobiles and five are appointed from among candidates indicated by the shareholder Crédit Agricole Consumer Finance.

The Chief Executive Officer (CEO) is appointed by the board of directors from among the directors indicated by the shareholder Fiat Group Automobiles and is responsible for day-to-day management of the Joint Venture, within the limits of the powers delegated to him by the board of directors. The Chief Financial and Risk Officer (CFRO) is appointed by the board of directors following designation by the shareholder Crédit Agricole Consumer Finance.

The FGAC Group has three main business lines:

- Retail financing and leasing;
- Dealer network financing; and
- Long-term rental activities.

The integration of these activities allows FGAC to provide the dealer networks with highly competitive and integrated financing products for its retail customers, fleet rental products for its corporate clients and products to meet each dealer’s own financing needs (i.e. floorplan, working capital).



FGAC's business model is based on the concept of centralised planning and control and decentralised execution and operations. Control over key business areas is exercised centrally, most crucially in the case of credit risk and underwriting procedures, recovery and arrears procedures, and finance and treasury.

FGAC competes with the consumer finance arms of the major domestic banks in each of the countries in which it operates. The markets in which FGAC operates are highly fragmented, however, and FGAC considers that its integration of dealer network financing services and retail and corporate financing services gives it a competitive advantage.

The FGAC Group has a diverse geographical spread, operating directly in Italy and through its controlled companies based in 12 other European countries, with 24 operating subsidiaries, one non-operating subsidiary and one re-insurance company.

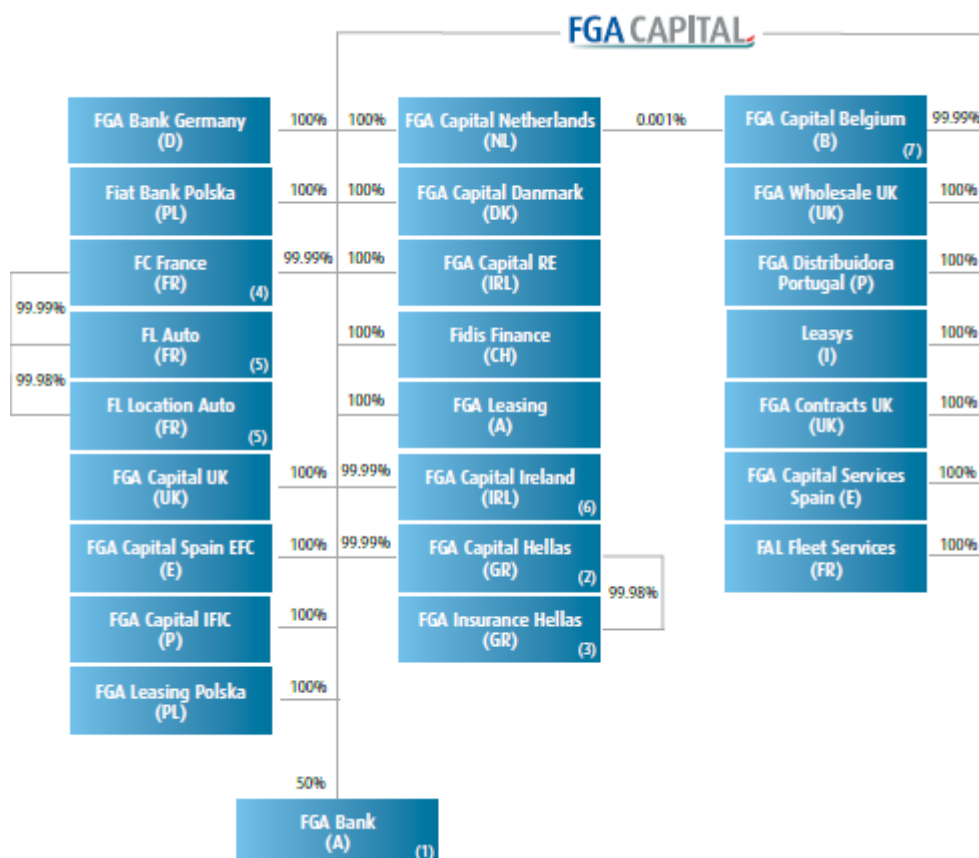
The most important activities of the FGAC Group are located in Italy (representing around 44% of the FGAC Group's total portfolio), in Germany (representing around 18% of the FGAC Group's total portfolio) and in the UK (representing around 13% of the FGAC Group's total portfolio).

Although the majority of assets are generated in Italy, Germany and the UK, sizeable portfolios also exist in France and Spain.

Since 2009, the FGAC Group has started an important diversification process by entering into co-operations with Jaguar and Land Rover, Chrysler and Maserati as described above. The FGAC Group is therefore diversified in terms of brands and manufacturers, as it provides financial support for the sales of prime automotive manufacturers in Europe, such as the brands of Fiat Group Automobiles (Fiat, Alfa Romeo, Lancia, Maserati, Abarth, Fiat Professional), Chrysler (Chrysler and Jeep) Jaguar and Land Rover.

## **ORGANISATIONAL STRUCTURE**

The diagram below sets out the structure of the FGA Capital Group as at 31 December 2013.



NB:

- (1) Fidis S.p.A. holds 25 per cent. while the remaining 25 per cent. is held by CA Consumer Finance S.A.
- (2) 1 share is held by individual.
- (3) 1 share is held by individual.
- (4) 6 shares are held by individuals.
- (5) Remaining shareholding interest is held by Fal Fleet Services
- (6) 6 shares are held by individuals.
- (7) FGA Capital Netherlands holds 0.00067 per cent.

## ITALIAN RETAIL FINANCING AND LEASING BUSINESS

FGAC is a lending and finance company incorporated in Italy, licensed under the applicable consumer credit regulations and is the leading provider of automotive finance to individuals and corporations in Italy acquiring cars manufactured by FGA. In addition, FGAC provides finance to individuals and corporations in Italy for the purchase of used cars manufactured by most carmakers. FGAC operates out of its headquarters at Corso Agnelli, 200, 10135 Turin, which is also the location of its registered office.

As at 31 December 2013, FGAC had 445 employees (out of a total of 589) allocated to its “Retail and Leasing Financing” division.

With regard to the retail and leasing financing business, FGAC is the legal successor to SAVA in the Italian market, and following the joint venture and the change of name to FGA Capital S.p.A., “SAVA” remains as brand name only.

## Summary Financial Information

The non-consolidated summary balance sheet set out in the table below has been obtained from FGAC's audited financial statements for the years ending 31 December 2011, 2012, 2013, respectively.

€ / 000	2011	2012	2013
<b>Total Assets (€ millions)</b>	<b>7,777,980</b>	<b>6,482,817</b>	<b>6,956,572</b>
Retail Loan Receivables	3,397,928	2,995,879	2,949,928
Lease Receivables	75,634	83,653	112,547
Dealer Financing receivables	1,443,195	1,153,651	1,139,747
Other Financing	590,751	444,252	613,629
Financial Receivables	971,448	475,088	826,716
Lease Assets	2,554	2,536	6,135
Other Assets	1,296,470	1,327,758	1,307,870
<b>Total Liabilities (€ millions)</b>	<b>7,777,980</b>	<b>6,482,817</b>	<b>6,956,572</b>
Third party banks liabilities	2,839,869	925,973	1,220,780
ABS Notes liabilities	2,121,920	1,926,360	1,166,100
Other liabilities	1,687,844	2,549,157	3,489,742
Net Equity (including net income)	1,128,347	1,081,327	1,079,950

Source: FGA Capital S.p.A.

In accordance with the JVA, the Originator is the exclusive partner of FGA for financial promotional campaigns (i.e. vehicles sold with promotional interest rate financing, where the manufacturer pays up-front to the financing institution the difference between the promotional interest rate and the standard rate applied to customers) and has also agreed to continue co-operation and joint marketing efforts with Fiat Group Automobiles.

FGAC is also the exclusive partner, for financial promotional campaigns, of Jaguar, Land Rover and Chrysler.

## SECURITISATIONS

Securitisation is used by the Originator as an alternative source of funding at competitive financing rates. FGAC has originated since 2000 seven securitisation transactions in Italy collateralised by retail portfolios, of which three are currently in force, and one securitisation transaction collateralised by dealer financing receivables.

As at 31 December 2013, FGAC had outstanding €1,166.1 million ABS senior notes subscribed by third parties, and had subscribed €353 million in nominal amount of junior notes issued under such securitisations.

FGAC is also the servicer of all the securitisation transactions it has originated in the past and, in carrying out this role, acts in accordance with the same guidelines and procedures that it applies in relation to servicing its own loan portfolio.

## THE CREDIT AND COLLECTION POLICIES

Pursuant to the Servicing Agreement the Issuer has appointed FGA Capital S.p.A as Servicer to carry out certain management, collections and recoveries activities and services in relation to the Receivables comprised in the Portfolio. In particular, pursuant to the Servicing Agreement, the Servicer has undertaken to administer the Portfolio and to perform its obligations in relation thereto in accordance with the Servicing Agreement, all applicable laws and regulations, the Credit and Collection Policies and any specific instructions that may be given to it by the Issuer from time to time (see section headed "*Description of the Transaction Documents - The Servicing Agreement*").

### **Dealer Appointment and Management**

The Receivables that are securitised under the Securitisation have been originated by FGAC's automotive financing business through Car Sellers authorised in Italy by Fiat Group Automobiles S.p.A., Jaguar Italia S.p.A., Land Rover Italia S.p.A. (collectively, the "**Dealers**") or by Fiat Group Automobiles S.p.A. distribution outlets (the "**Fiat Outlets**") owned and controlled by FGA.

The performance of the Dealers in the loan origination function is monitored closely by FGAC. Each Dealer has been allocated a representative of FGAC who normally visits on a weekly basis.

Since 2000, FGAC has implemented a strategy of dealer segmentation in Italy in order to monitor and improve its incentive scheme more effectively. All Dealers are classified into separate groups according to their performance in procuring customers. FGAC encourages Dealers to improve their performance by granting pricing incentives to those who meet certain targets and reducing or terminating co-operation with underperforming Dealers.

### **Loan Origination**

Borrowers apply for Loans through a Dealer or through a Fiat Outlet in order to finance the purchase price of a new or used car. Dealers and Fiat Outlets are authorised to offer Loans to potential purchasers on behalf of FGAC subject to approval by FGAC of the relevant credit application.

Dealers and Fiat Outlets use a loan application programme (called "FINWEB") to provide FGAC with the loan application details via an integrated ICT network. The Dealer or personnel at the Fiat Outlet fill in the loan application form on screen and transmit the customer and the loan data to FGAC's central processing department electronically (data entry is made by the Dealers).

Identification documents (driving licence, ID cards or passport and fiscal code for individuals, documents produced by the chamber of commerce not older than 90 days for companies) and income documents are submitted by the Dealers to FGAC and are checked internally by FGAC personnel in charge of loan approval before approval to verify that data input by the Dealers was correct (where the application is automatically approved by FGAC's IT system (see below), documentation checks are postponed after the application approval but, in any event, before the loan disbursement).

Once the application details (borrower and loan data) are input by the Dealers into 'FINWEB', the request is processed by an intelligent decisional tool, whose content has been developed internally by FGAC (called Strategy One - or S1).

**S1:**

- Automatically starts searches and checks with several credit bureaux and databases on the potential customer and his/her guarantor and checks whether the application is compliant with internal credit policy rules;
- Transfers the application details to FGAC's internal credit scorecard to receive a credit risk assessment (Score) of the application;
- Transfers the application details to the FGAC internal anti-fraud scorecard to calculate a score highlighting the probability of fraud of the application;
- Based on the results of previous steps, the internal credit policy rules and the dealer segmentation risk matrix, returns three main results: request accepted, request refused or request to be reviewed (manual checks to be made/supplemental documentation to be collected by FGAC personnel) and defines the approval level of the loan application.

**Approval Process**

All credit applications are currently processed internally by FGAC in Turin. Depending on the size of the Loan applied for, one or more credit analysts assess the application. Higher value loan applications are referred to more experienced credit analysts.

In determining the level of authorisation required to approve a Loan application, the credit analyst will take into account the total amount of the Loan applied for (calculated on the basis of the initial principal amount plus all interest payable during the life of the Loan) together with all other credit facilities already extended to the same applicant. Internal controls are in place to prevent credit analysts from processing applications concerning connected persons or applications for which they have insufficient authorisation.

The table below shows the current authorisation limits for credit approval.

RETAIL						
Authorities (exposure / plafond amount in €)	Retail New, Leasing, Rental		Rateale Used		Role	Deliberation signature
	ACO	BCO / NV / Company	ACO	BCO / NV / Company		
0 - 10.000	AU (Retail only)	A	AU (Retail only)	A	Analyst Underwriting	AU / A-
7.001 - 10.000						B
10.001 - 15.000		AU / B - B				
15.001 - 20.000						
20.001 - 26.000						
26.001 - 52.000	C		C	C	Team Leader - Coord Underwriting	C
52.001 - 103.000	Z		Z	Z	Resp. Underwriting	C + Z
103.001 - 200.000	D		D	D	Senior Analyst	C + D
200.001 - 500.000	E		E	E	Senior Analyst	D + E
500.001 - 1.000.000	G		G	G	Resp. Underwriting & Corporate Credit	E + G
1.000.001 - 1.500.000	H		H	H	Credit Committee Italy Retail Market (CM + CCC +R&CU+ SALES + CFO)	G + H
1.500.001 - 5.000.000	HQ		HQ	HQ	Headquarter Committee	H + HQ
5.000.001 - 20.000.000	J		J	J	Credit Committee	H + J
> 20.000.000	K		K	K	Board of Directors	K + J

Four main criteria form the basis of the credit decision as to whether to accept or reject an application: (a) the credit score, (b) the credit bureau enquiries (c) the strategy decisional tool for credit rules application and (d) the review of the documentary evidence of the applicant Borrower's personal information.

### Credit Score

FGAC has had a credit scoring system in place since 1988. The credit scoring takes into account several variables, such as occupation, marital status, type of accommodation, time in current employment, duration of the contract, amount of down payment, age of vehicle, information from credit bureaux, and others. The variables are statistical indicators of the probability of default of the customers, so the scoring system estimates the credit risk of the application.

FGAC portfolio is divided into business segments, based on:

- Product: Retail
- Applicant: Individuals / Partnership Companies / Equity Companies
- Good: New/Used
- New Cars: Yearly nominal rate=0 / Duration and Down Payment
- Used Cars: Vehicle age

which turn into 7 acceptance scorecards based on:

- Financial variables
- Socio-demographic variables

- Variables related to the product to be purchased
- Credit Bureaux

JLR Individuals portfolio is scored through the CRIF Bureau Score, which is the main variable also in FGAC Score cards. JLR Companies portfolio is scored through statistical models.

The credit scoring system is developed and monitored by FGAC Credit Department at FGAC (quarterly monitoring of stability and performance).

The scoring system assigns a numerical score to each variable, resulting in a final numerical score for the loan application which corresponds to a probability of default. According to the score of the application, compared to the cut-off level, an application is automatically classified as follows:

- a) The approval area (above cut off - ACO - low risk) or
- b) The investigation area (ACM - medium risk) or
- c) The rejection area (below cut off - BCO - high risk)

Loan Applications in the “Rejection area” are: a) Rejected b) Should no negative evidence be found in any credit bureaux or credit rules, FGAC credit analysts competent for the approval may manually review the applications and, based on credit analysis, exceptionally override score results (within the override limits set by FGAC).

Applications in the “Investigation area” should be manually reviewed by FGAC credit analysts: a) If negative evidence is found in credit bureaux or credit rules, the loan applications are rejected b) Should no negative evidence be found in any credit bureaux or credit rules, the applications are accepted (subject to results of manual credit analysis).

Applications in the “Approval area” can be: a) Automatically approved by the system, in case no negative evidence is found in any credit bureaux and the applications are compliant with FGAC internal credit rules, the customer is an individual and the loan amount is below certain levels (see approval levels) b) In case of negative evidence from credit bureaux or in case applications are not totally compliant with FGAC internal credit rules, applications are manually processed by the FGAC credit analyst and may be accepted; c) In case no negative evidence are found the application are compliant with FGAC internal credit rules, the customer is a company and the loans is above certain amounts, the loan application is subject to approval by FGAC personnel (see approval levels).

### **Credit Bureaux**

As part of the credit approval process, FGAC obtains a credit reference in respect of the applicant from three credit reference bureaux, CTC (*Consorzio Tutela Credito*), EXPERIAN and CRIF. The results of the credit bureau reference are also included as variables on the credit scoring system. Automatic controls for Politically Exposed People (PEPs) and Anti-Terrorism have been introduced according to the regulations of the Bank Authority. The loan origination system has a direct link to CTC, EXPERIAN and CRIF and the result of the enquiry is shown automatically on the application.

### **Instruments used are described below:**

FGAC Database – customer’s behaviour is checked on existing loans and previous loans granted to the customer by FGAC. The main parameters taken into account are: (a) arrears on current or past loans

and (b) previous request from the same customer rejected in the past. Should the customer be flagged as “bad payer” by S1, this would result in an higher level of approval;

**Detect** – This Database uses key applicants details (telephone, fiscal code, driving license, bank account, address and date of birth) to assess validity of the info provided by the applicant and to detect potential fraud. Should evidence of potential high fraud risk be found, FGAC’s personnel carefully reviews documentation provided by the customer/dealer and makes supplemental controls/acquire further documentation to early detect and prevent fraud;

**CTC** (*Consorzio di Tutela del Credito*) – CTC gives information on any credit facilities of the applicant which, throughout its life, exhibited more than three arrears, together with indications of the current status of the financing (cured subject to legal proceedings or written-off by the lender). Its database contains approximately one million debtors which have been in arrears on their credit facilities during the preceding years.

**EXPERIAN** and **CRIF** provide information on all credit facilities which an applicant has entered into, whether performing or delinquent, with a month-by-month payment history. In addition, EXPERIAN uses key applicant details (i.e. telephone details, fiscal code, driving licence details, bank account, address and date of birth) to assess the validity of the information provided by the applicant and to detect potentially fraudulent applications.

FGAC also searches the *Registro dei Protesti* for entries in the Borrower’s name. This database records information concerning cheques and bills of exchange (*cambiali*) that are unpaid by Italian citizens and in respect of which a protest for non-payment is made.

FGAC’s personnel in charge of the approval are required to manually review applications with negative evidence on credit bureaux or not compliant with FGAC’s internal credit rules and acquire further information/documentation, so as to confirm or override (in limited circumstances) automatic rejection from S1. Applicants in respect of whom FGAC receives a negative reference from any of the credit bureaux or who are listed in the *Registro dei Protesti* are rejected.

### **Documentary evidence**

A Loan application may not be analysed if the dealer doesn’t confirm the signing of the data protection form and may not be approved by a credit analyst unless documentary evidence of income and a copy of the applicant Borrower’s ID card has been received. The following documents must then be submitted subsequent to the approval of the Loan application:

- original direct debit form duly completed (where appropriate);
- confirmation that any guarantee documentation is duly executed;
- duly executed Loan Agreement.

A fraud scorecard, based on 20 variables, has been developed internally by FGAC and is constantly monitored.

The application fraud score is automatically calculated by S1. FGAC’s personnel is automatically informed by S1 in case the application shows a high risk of potential fraud. In this case, FGAC’s personnel reviews documentation and makes supplemental controls/acquires further documentation to early detect and prevent fraud.



## **Loan to Value Requirements**

FGAC normally lends a maximum of 100% per cent. of the "ready-to-drive" price of the vehicle, which comprises the list price inclusive of any purchaser option less any discount granted to the customer. It is calculated inclusive of VAT and any "ready-to-drive" costs.

The target for an initial down payment is a function of the product type and the applicant's credit quality.

## **Lending Policy**

The Lending Policy is approved by the board of directors of the Originator, according to the proposals of the Credit HQ department that is responsible for the general lending policies underlying the credit approval process including the on-going reassessment of existing credit policies in light of changes in circumstances. The Credit HQ department also approve the introduction of new products as members of the NPA Committee.

The proposals of the Credit department are submitted to the approval of FGAC's board of directors.

## **Credit Review**

As part of FGAC's commitment to quality control and on-going improvement, a credit review is carried out by the RPC department on quarterly basis, or, in case of different frequency, following the annual market control plan. The credit review consists of a review of a representative sample of the Loans focusing on the following:

- the correctness and completeness of the data entered by the Dealers and the personnel at the Fiat Outlets;
- completeness of the supporting documentation submitted;
- compliance with underwriting controls and procedures in accordance with the Credit Policies; and
- an evaluation of the credit worthiness of the sampled Borrowers.

In addition, specific credit reviews are undertaken on samples selected on the basis of specific criteria to target parts of the portfolio identified by management.

The findings of credit reviews are reported to the head of "Credit Acceptance" and the managing director of FGAC. Where necessary (i.e. in the event of a lending team not attaining a minimum credit review score), this results in the implementation of a specific retraining programme.

## **Loan origination and description of the products**

The FGAC Group offers itself as a preferred partner for the structuring, sale and management of financial products for customers for new and used automobiles and light commercial vehicles. The Group offers three types of financial services:

- **Hire Purchase or Retail loans (HP)** – these loans are aimed at private clients. They are generally fixed rate and are intended to finance the purchase of new or used vehicles with a variable number of pre-defined instalments payable over the contractual duration of the loan

- **Leasing** – the vehicle is made available to the client in return for a monthly payment. At the end of the pre-agreed period, typically 36 - 48 months, the vehicle is purchased by the client or the dealer at a pre-agreed price. In some cases, additional maintenance and assistance services are also provided
- **Personal Contract Purchase (PCP)** – also known in Italy as “Più” – a financing programme that aims to provide clients with a way to manage their mobility requirements. The finance is repaid in pre-defined instalments over a given period. This is followed by a larger, final repayment. When the final repayment falls due, the client is given the option of
  - Concluding the loan by making the final repayment
  - Refinancing the final repayment through a new loan
  - Ending the contract by returning the vehicle to the dealer in settlement of the final repayment

The weight of new originations in 2013 of the three products on the total business is in line with the previous years, being around 96.06 per cent. for retail loans, 1.73 per cent. Leasing and 2.21 per cent. PCP.

### **Collections**

Borrowers pay monthly instalments due under the relevant loan contracts. Payment dates are quite evenly spread throughout the month.

### **Payment Methods**

The Loan Agreements provide that Borrowers may repay Loans in any of the following ways:

- a) by bank direct debit (“**SEPA Direct Debit**”);
- b) by Banco Posta direct debit (“**Postal SEPA Direct Debit.**”);
- c) via Post Office payment slips (*Bollettini Postali*).

Borrowers paying by direct debit (SEPA Direct Debit or Postal SEPA Direct Debit) made up 88.1 per cent. of the total portfolio as at 31 December 2013. FGAC promotes this payment option as the preferred payment method to all new borrowers and observes that 93.2 per cent. of all new borrowers financed in 2013 agreed to pay by direct debit (SEPA Direct Debit or Postal SEPA Direct Debit.)

Borrowers paying via the Post Office payment slips made up 11.9 per cent. of the total portfolio as at 31 December 2013.

A very limited number of Borrowers pay instalments by way of bank cheques, bank transfers and other negotiable instruments notwithstanding their agreement to pay by one of the three methods set out above even though this is not provided for in the Loan Agreements.

Borrowers paying via the Post Office payment slips are not eligible for securitization purposes under the Eligibility Criteria. For the purposes hereof, “**Eligibility Criteria**” means the criteria set out in schedule 3 to the Receivables Purchase Agreement that must be satisfied by each Receivable on an individual basis.

### *“SEPA Direct Debit”*

Borrowers paying by SEPA Direct Debit provide the Originator with their bank details in order to set up their payment instructions. Due to the time required to set up this process, the first Instalment due on a Loan in respect of which payments are to be made by SEPA Direct Debit may be paid through the postal system (see the paragraph headed "Postal Payments" in this section).

The Servicer normally sends a computerised payment order every 7 days to each Borrower's bank through which SEPA Direct Debit payments are processed detailing the payments due from all the relevant Borrowers. These payment orders are normally sent out 30 days before the first relevant Instalment is due. Upon receipt of the payment order, the Borrowers' banks credit an account of the Servicer with the amount due in full, regardless of whether the Borrower has sufficient cleared funds in its account. This amount is paid with a value date equal to the value date of the Instalments payable during the period to which the payment order refers. Every Business Day, the Servicer uses funds received from the Borrowers' Banks to transfer the appropriate funds to the Issuer. The time between an Instalment being recorded as paid by the EDP FGAC System and the funds being transferred from the Servicer to the Issuer is expected normally to take one Business Day.

In the event that a Borrower does not have sufficient cleared funds in its account to make a SEPA Direct Debit payment, the relevant Borrower's bank informs the Servicer of the non-payment and simultaneously retrieves the previously transferred amounts from the Servicer. On average, it takes four Business Days for the Borrower's bank to inform the Servicer of non-payment. The Servicer sets-off these amounts from the payments due to the Issuer on the following day (see the paragraph headed "Default in payment – Set-off" in this section). When the Servicer is informed by a Borrower's bank of a non-payment, it records the relevant Instalment due as being delinquent, otherwise Instalments paid through SEPA Direct Debit is recorded as paid on their due date for payment. The total time taken for an Instalment from a Borrower to be recorded as delinquent normally does not exceed seven Business Days for SEPA Direct Debit and until maximum of eight weeks for customer complaints.

### *“Postal SEPA Direct Debit”*

Banco Posta is the operative banking division of Poste Italiane S.p.A. ("**Poste Italiane**") which is responsible for managing post office current accounts opened by both private and corporate clients. Clients who have already entered into a loan agreement with FGAC or who may wish to enter into a loan agreement with FGAC, may wish to repay loan instalments through the Postal SEPA Direct Debit method. In order to use the Postal SEPA Direct Debit, Clients would need to sign the direct debit form to enable FGAC to directly request Poste Italiane to authorise the debit of such instalments through Banco Posta on the account held by the Client (the "**Banco Posta Accounts**"). Upon the request of a loan, Clients shall provide FGAC with all the details of their Banco Posta Accounts (e.g. ABI, CAB and account number).

The request for debit authorisation is made via a dedicated direct line with Poste Italiane whereby FGAC formally notifies Poste Italiane of a Client's request to pay the loan instalments through direct debit from its Banco Posta Account.

After receiving an electronic positive on-line response from Poste Italiane, FGAC shall carry out the collection requests for the loan instalments set out in the loan agreement through the Postal SEPA Direct Debit method, in the following manner:

- (i) FGAC shall send weekly collection requests to Poste Italiane;
- (ii) each such collection request shall be sent at least 30 days prior to the relevant instalment expiry date;
- (iii) transmission of the instalment details shall be effected through a direct host-to-host line with Poste Italiane. Poste Italiane shall then attempt to debit all instalments for which FGAC has sent a collection request from the relevant Client's Banco Posta Account on the relevant instalment expiry date.

In respect of Clients in relation to which the debiting was successful (having the relevant Banco Posta Account sufficient capacity), Poste Italiane shall:

- (a) credit a corresponding account held by FGAC with Poste Italiane;
- (b) prepare detailed electronic statements (*rendicontazione telematica*) of the collections credited for each Client, on a daily basis; on the day following receipt of such collection confirmation, the EDP FGAC System will register on the Clients' account statements (*estratti conto del debitore*) the collection made with value date (*data valuta*) equal to the relevant instalment's expiry.

### ***Postal Payments***

Borrowers using the Post Office to make payments may pay their instalments at any Post Office in Italy by using the Originator's pre-completed payment slips.

The Post Office where the payment is effected registers on-line. When payments are registered by the Central Post Offices, the instalments are credited to one of the two Postal Accounts held by the Servicer with the Central Post Office of Turin. Payment data is simultaneously sent by the Central Post Offices to the National Bancoposta Centre (*Centro Compartimentale Nazionale Bancoposta*) and this data is then forwarded, normally daily and on the same day, to the Servicer. On average, the time between the Borrower effecting payment and the Servicer receiving the magnetic tape is nine days. At present, the Servicer uses the magnetic tape received from the Post Office as final back up before recording the Instalments as paid by Borrowers. On receipt of the magnetic tape, the Servicer records the payment or non-payment of expected postal payments. On average, the time it takes for the Servicer to register these payments is one day. The time between the Servicer receiving funds in its postal accounts and these funds being transferred by the Servicer to the Issuer is expected to take three to six local business days.

Payment slips which are not readable by the Post Office computer systems (currently, approximately 13 per cent. of the total number of payment slips and approximately 13 per cent. of the total value of postal payments) are forwarded by the Post Office to the Servicer. On average, the time between the Borrower effecting payment and the Servicer receiving the payment slips is 10 days. Payment information is then entered manually by the Servicer into the EDP FGAC System. On average, the time it takes for the Servicer to register these payments is three days. The Servicer uses this manually entered data to make the appropriate transfers to the Issuer. In this case, the time between the Servicer receiving funds in the Postal Accounts and the Servicer transferring those funds to the Issuer is not expected to exceed 21 days. Due to the potential time delay caused by the manual entry of payment slips, the Servicer waits up to 21 days before recording an Instalment due by postal payment as being delinquent.

### ***Bank cheques and other negotiable instruments***

Cheques and other negotiable instruments received by the Servicer are presented by the Servicer to one of the Banks on the local business day after receipt and are credited to one of the bank current accounts identified in schedule 7 of the Servicing Agreement (the “**FGAC Banks Accounts**”) subject to receipt of the underlying funds from the account of the Borrower (*salvo buon fine*). On the local business day the cheque or other negotiable instrument is credited to a FGAC Bank Account, the Servicer records the payment to the credit to the relevant Borrower’s statement of account in the EDP FGAC System and from this date is deemed to have collected the relevant Collection for the purposes of the Servicing Agreement.

If the cheque or the other negotiable instrument is not honoured, the Servicer records the Instalment as Delinquent in the EDP FGAC System.

### ***Servicer accounts***

All moneys collected in respect of the Receivables in the Servicer’s accounts used for SEPA Direct Debit collections and the Postal Accounts and the FGAC Bank Accounts are co-mingled with other moneys belonging to the Servicer not related to the Portfolio and, although the Issuer is able to claim against the Servicer for payment of amounts owed to it, it has no proprietary interest in the moneys held in any such accounts.

### ***Default in payment - Set-off***

In the event that, following the date on which a payment made by a Borrower is recorded as having been made in the EDP FGAC System in accordance with the arrangements described above, it is established that the relevant Borrower did not in fact have the funds to make the relevant payment, the Issuer will not be required to repay amounts to FGAC. The Servicer will set-off the relevant amount against Collections subsequently received and recorded, whether or not from the same Borrower.

### ***Pre-payments***

A Borrower may generally pre-pay a Loan, in whole or in part at any time. Once identified, pre-payments are then registered against a Borrower in the EDP FGAC System. To the extent that a Borrower makes a prepayment of a Loan within a Pool which is not registered in the EDP FGAC System at the Portfolio Transfer Effective Date, such prepayment will be treated by the Servicer as a Collection belonging to the Issuer, even though the prepayment may have been paid to the Originator before the Portfolio Transfer Effective Date.

### **Arrear Procedures**

FGAC’s collection policy for Loans in arrears is set centrally in Turin and executed by FGAC’s “Credit & Customer Care”. Recovery activities are performed through internal resources and external partners.

FGAC believes that competition between collection teams combined with performance-related incentive and compensation schemes are important factors in maximising the collection and recovery rates for Loans in arrears. Therefore FGAC uses a number of competing external agencies for telephone debt-collection and a further team of external agencies which specialise in face-to-face debt-collection. Each Borrower is allocated to different agencies at different stages of the process, but for a

strictly limited time period only, before they are passed on to the next step of the process. Since fees are calculated as a percentage of recovered amounts, the agencies need to collect quickly and efficiently in order to earn fees. The external agencies are monitored constantly and contracts are only renewed with the agencies with the strongest comparative performance. Performance also determines the volume of delinquent receivables from time to time allocated to the agencies.

The external agencies also compete with FGAC's internal debt-collection team which intervenes at certain stages of the process as described in more detail below.

The whole process is monitored and controlled with CACS (Computer Aided Collection System) which was developed by American Management Systems, Inc. All relevant data for all accounts classified as delinquent are transferred from the main IT system to CACS on a daily basis. CACS processes and automatically allocates all delinquent accounts to the corresponding collection activities. The external agencies performance is monitored with a package realized by the "Credit & Customer Care" department of FGAC and data are transferred from FIN2000 legacy system with a weekly frequency.

The system recognises a payment as delinquent in different ways depending on the payment method chosen by the Borrower:

- for Borrowers paying through the Post Office payment slips, delinquency occurs if payment is not received within 14 days of the due date; for Borrowers paying through the Postal SEPA, delinquency occurs if payment is not received within 8 days of the due date;
- for Borrowers paying by bank direct debit, delinquency occurs as soon as notification of non-payment is received from the bank concerned (such notification is normally received no later than 5 to 7 days from the due date).

As soon as a receivable is classified by the system as "delinquent", it is referred to one of five external telephone debt-collection agencies. On average, 74 per cent of all outstanding delinquent receivables are collected at this point in the collection process; this figure does not comprise any voluntary and spontaneous payment (paid before and registered during the management) received by the customers during the collection period.

After 24 days the Borrower is referred to a specialised external debt-collection company which will send an agent to visit the Borrower. On average, 25 per cent of the delinquent receivables reaching this stage are collected at this point in the debt-collection process.

If the external debt-collection company remains unsuccessful after 28 days, the internal telephone debt-collection team will, for days make an attempt to collect from the Borrower. The extension of the management for 30 days is provided in the case where the borrower promises to pay for that period. The internal collection team will negotiate repayment plans (maximum repayment plans in 180 days). On average, 10 per cent of the delinquent receivables which reach this stage are collected at this point in the debt-collection process.

If the internal telephone debt - collection after 30+30 or after the repayment plans days remains unsuccessful, the Pre Legal recovery phase ends and the borrower will lose the possibility to pay his debt in instalments (DBT - *Decadenza dal beneficio del termine*); the recovery phase called "External Collection post DBT" will begin and the Borrower will be asked to pay the whole debt.

This phase is managed with internal structures (Collection Area Managers) and external partner (Home Collection Companies post DBT/Lawyer). The management of this specialised external debt collection companies takes 90 days.

The company sends formal notice for payment to the borrower and try to meet him at his home to obtain the payment of the debt.

If the external Collection Companies after DBT remains unsuccessful, the collection process ends and a skilled internal CCC team (Legal & Bad Debts) will evaluate the positions for sale or write-off. The recourse to law firms is expected only in special cases.

In case of bankruptcy, untraceable established customers, the collection process ends when the event becomes known.

**Vintage Loss Analysis**

The data below represents the historic losses on all Rateale Loan Agreements and Formula Loan Agreements originated by FGAC from 2005 to 2013 for new and used cars Loans. The table shows the development of losses over 12 months, 24 months, 36 months, 48 months, 60 months respectively from the end of the year in which the Loans were originated.

The data below is expressed as gross losses borne by FGAC and excludes any recoveries made on the defaulted receivables. Gross losses are defined as total principal and interest payments due on Loans that are more than 240 days overdue expressed as a percentage of total principal and interest due on all contracts originated in the year.

**New Cars - Rateale Loan Agreements Only**

Vintage    Gross[1] losses in percentage after months from year end

<b>Year</b>	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>
2005	0.38%	0.68%	0.97%	1.19%	1.28%
2006	0.30%	0.59%	0.88%	1.04%	1.12%
2007	0.27%	0.63%	0.92%	1.09%	1.18%
2008	0.45%	0.85%	1.18%	1.44%	1.57%
2009	0.44%	0.76%	1.05%	1.24%	1.31%
2010	0.42%	0.78%	1.07%	1.26%	
2011	0.44%	0.82%	1.24%		
2012	0.57%	0.99%			
2013	0.46%				

**Used Cars - Rateale Loan Agreements Only**

<b>Year</b>	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>
2005	0.97%	1.72%	2.20%	2.48%	2.57%
2006	0.85%	1.62%	2.24%	2.46%	2.54%
2007	0.79%	1.79%	2.35%	2.61%	2.71%
2008	1.29%	2.21%	2.96%	3.25%	3.41%
2009	1.41%	2.42%	3.06%	3.56%	3.70%

2010	0.77%	1.52%	2.19%	2.48%
2011	0.86%	1.69%	2.15%	
2012	0.89%	1.70%		
2013	0.66%			

Source: FGA Capital S.p.A.

The data related to PCP and leasing products are not provided as such contracts were not transferred to the Issuer.

### Delinquency and Loss Analysis

The table below shows delinquency and steady state loss rates (expressed as percentages) for the Rateale Loan Agreements relating to new Cars (“**Rateale New Car**”) and used Cars (“**Rateale Used Car**”). Delinquencies are defined above in "Arrears Procedures" and are expressed as total principal plus interest payments due on delinquent contracts expressed as a percentage of the total principal plus interest payments due on the whole portfolio.

After eight unpaid instalments (240 days) the whole outstanding amount related to the contract is classified “Gross Write Off”. The Gross Write Off YTD figure in the following table, is the percentage of Gross Write Off (rateale new and rateale used) on the related portfolio amount calculated on a yearly basis.

### “Rateale New Car” and “Rateale Used Car” Loans<sup>2</sup>

	2-4 Months Overdue	5-8 Months Overdue	Gross Write- offs[1]
January 2006	0.50%	0.25%	0.68%
February 2006	0.47%	0.24%	0.60%
March 2006	0.48%	0.24%	0.60%
April 2006	0.48%	0.23%	0.58%
May 2006	0.48%	0.23%	0.56%
June 2006	0.44%	0.23%	0.55%
July 2006	0.43%	0.25%	0.54%
August 2006	0.49%	0.26%	0.55%
September 2006	0.44%	0.26%	0.54%
October 2006	0.41%	0.27%	0.55%
November 2006	0.40%	0.26%	0.55%
December 2006	0.44%	0.25%	0.56%
January 2007	0.46%	0.24%	0.61%
February 2007	0.44%	0.23%	0.55%
March 2007	0.42%	0.24%	0.56%
April 2007	0.42%	0.24%	0.54%
May 2007	0.43%	0.24%	0.54%
June 2007	0.41%	0.25%	0.52%
July 2007	0.39%	0.26%	0.52%

<sup>2</sup> Figures shown are expressed as percentages.



August 2007	0.44%	0.27%	0.53%
September 2007	0.43%	0.28%	0.52%
October 2007	0.43%	0.26%	0.52%
November 2007	0.43%	0.26%	0.53%
December 2007	0.43%	0.25%	0.53%
January 2008	0.44%	0.26%	0.56%
February 2008	0.45%	0.27%	0.51%
March 2008	0.44%	0.28%	0.54%
April 2008	0.43%	0.28%	0.54%
May 2008	0.45%	0.29%	0.56%
June 2008	0.44%	0.28%	0.57%
July 2008	0.50%	0.28%	0.58%
August 2008	0.54%	0.31%	0.60%
September 2008	0.52%	0.33%	0.61%
October 2008	0.47%	0.32%	0.60%
November 2008	0.49%	0.31%	0.59%
December 2008	0.52%	0.28%	0.60%
January 2009	0.59%	0.29%	0.62%
February 2009	0.61%	0.30%	0.63%
March 2009	0.62%	0.31%	0.68%
April 2009	0.59%	0.35%	0.63%
May 2009	0.60%	0.38%	0.63%
June 2009	0.58%	0.39%	0.64%
July 2009	0.58%	0.38%	0.68%
August 2009	0.67%	0.40%	0.72%
September 2009	0.64%	0.39%	0.78%
October 2009	0.60%	0.40%	0.81%
November 2009	0.54%	0.42%	0.81%
December 2009	0.53%	0.39%	0.82%
January 2010	0.53%	0.35%	0.95%
February 2010	0.51%	0.34%	0.83%
March 2010	0.50%	0.32%	0.87%
April 2010	0.49%	0.33%	0.85%
May 2010	0.50%	0.32%	0.88%
June 2010	0.49%	0.31%	0.87%
July 2010	0.50%	0.31%	0.88%
August 2010	0.56%	0.32%	0.88%
September 2010	0.55%	0.33%	0.89%
October 2010	0.54%	0.34%	0.90%
November 2010	0.51%	0.35%	0.90%
December 2010	0.51%	0.34%	0.91%
January 2011	0.51%	0.33%	1.01%
February 2011	0.50%	0.30%	1.07%
March 2011	0.50%	0.27%	1.18%
April 2011	0.46%	0.24%	1.17%
May 2011	0.45%	0.23%	1.14%
June 2011	0.44%	0.21%	1.12%

July 2011	0.45%	0.18%	1.11%
August 2011	0.49%	0.21%	1.05%
September 2011	0.49%	0.22%	1.01%
October 2011	0.48%	0.21%	1.01%
November 2011	0.49%	0.20%	0.99%
December 2011	0.47%	0.21%	0.99%
January 2012	0.48%	0.23%	0.58%
February 2012	0.50%	0.24%	0.63%
March 2012	0.54%	0.23%	0.75%
April 2012	0.56%	0.19%	0.88%
May 2012	0.59%	0.15%	1.01%
June 2012	0.56%	0.17%	1.01%
July 2012	0.56%	0.23%	0.93%
August 2012	0.59%	0.25%	0.94%
September 2012	0.60%	0.27%	0.93%
October 2012	0.59%	0.28%	0.93%
November 2012	0.58%	0.26%	0.96%
December 2012	0.61%	0.25%	0.96%
January 2013	0.63%	0.24%	0.92%
February 2013	0.60%	0.23%	1.00%
March 2013	0.59%	0.25%	0.95%
April 2013	0.58%	0.27%	0.95%
May 2013	0.58%	0.32%	0.88%
June 2013	0.58%	0.32%	0.90%
July 2013	0.59%	0.31%	0.92%
August 2013	0.61%	0.33%	0.94%
September 2013	0.62%	0.34%	0.96%
October 2013	0.60%	0.37%	0.96%
November 2013	0.60%	0.36%	0.97%
December 2013	0.57%	0.36%	0.99%

[1] Amounts shown do not take into account any recoveries.

Source: FGA Capital S.p.A.

### **Recovery Rates and Time to Recovery for Write-Off Loans**

After 60 months, recovery rates for the Rateale Loan Agreements have averaged 15.09 per cent. for new Cars and 16.21 per cent. for used Cars of the total accrued but unpaid amount of interest and principal and legal costs for Loans written-off over the period from 2004 to 2008.

### **Internal Policy**

As described in this section “The Credit and Collection Policies”, FGAC has policies and procedures for the granting and disbursement of loans, for the management, collection and recovery of receivables and in relation to credit risk. The policies, practice and procedures of FGAC in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing of loans;
- (b) systems to manage the ongoing administration and monitoring of its portfolio and exposures;
- (c) adequate diversification of its credit portfolio based on the target market and overall credit strategy; and
- (d) internal policies and procedures in relation to risk mitigation techniques.

## THE ACCOUNTS

The Issuer has opened and, subject to the terms of the Transaction Documents, shall at all times maintain the following Accounts.

(1) **Collections Account**

The Collections Account is an account in the name of the Issuer held with the Account Bank.

Pursuant to the Servicing Agreement, the Servicer shall credit to the Collections Account on each Business Day all the amounts received or recovered in respect of the Receivables during each Collection Period.

(2) **Principal Funds Account**

The Principal Funds Account is an account in the name of the Issuer held with the Account Bank.

All Principal Collections will be transferred to the Principal Funds Account on a weekly basis, subject to receipt by the Account Bank of the relevant information from the Servicer, in accordance with the Cash Allocation, Management and Payments Agreement.

(3) **Interest Funds Account**

The Interest Funds Account is an account in the name of the Issuer held with the Account Bank.

All Income Collections will be transferred into the Interest Funds Account on a weekly basis, subject to receipt of the relevant information from the Servicer, in accordance with the Cash Allocation, Management and Payments Agreement.

(4) **Payments Account**

The Payments Account is an account in the name of the Issuer held with the Account Bank.

All amounts payable on each Payment Date will, two Business Days or, if the Account Bank and the Principal Paying Agent are the same entity, one Business Day prior to such Payment Date, be paid into the Payments Account in accordance with the Cash Allocation, Management and Payments Agreement.

(5) **Cash Reserve Account**

The Cash Reserve Account is an account in the name of Issuer held with the Account Bank.

On the Issue Date the amount advanced to the Issuer by the Subordinated Loan Provider as Cash Reserve Subordinated Loan under the Subordinated Loan Agreement shall be deposited into the Cash Reserve Account, and thereafter on each Payment Date, by using Interest Available Funds and in accordance with the Pre-Trigger Notice Interest Priority of Payments, the Issuer shall deposit such an amount as will bring the balance of such Cash Reserve Account up to, but not in excess of, the Target Cash Reserve Amount.

On each Payment Date, the Cash Reserve (or part of it) may be utilised, if necessary, to increase the Interest Available Funds to the extent necessary to cover any Interest Shortfall.

(6) **Securities Account**

In accordance with the Cash Allocation, Management and Payments Agreement all Eligible Investments which comprise securities, bonds, debentures, notes or other financial instruments shall be deposited in or credited to the Securities Account, which shall be opened by the Cash Manager, in the name of the Issuer, with the Account Bank, if so required.

(7) **Expenses Account**

The Issuer has established the Expenses Account with the Account Bank into which (i) on the Issue Date the Initial Retention Amount will be deposited, and (ii) if necessary, on each Payment Date in accordance with the Pre-Trigger Notice Interest Priority of Payments, an amount to bring the balance of the Expenses Account up to the Retention Amount will be credited. The Initial Retention Amount and the Retention Amount will be used by the Issuer to pay any Expenses.

(8) **Collateral Accounts**

The Issuer has established the Cash Collateral Account and the Securities Collateral Account with the Account Bank.

If, following the occurrence of a Rating Event, the Swap Counterparty is required to transfer collateral in accordance with the Credit Support Annex, any collateral in the form of cash will be deposited to the credit of the Cash Collateral Account and any collateral in the form of securities will be deposited to the credit of the Securities Collateral Account. Each of the Cash Collateral Account and the Securities Collateral Account has been opened with the Account Bank.

(9) **Commingling Reserve Account**

The Issuer has established the Commingling Reserve Account with the Account Bank into which, on the Issue Date, the proceeds of the Commingling Reserve Subordinated Loan (these representing a portion of the Subordinated Loan granted by FGAC) in an amount equal to €17,500,000 will be credited.

Upon the occurrence of:

- (A) an Insolvency Event in relation to the Servicer as a result of which the Servicer fails to transfer, to the Collections Account, the Collections and any amount, from time to time, collected or recovered in respect of the Receivables in accordance with the provisions of the Servicing Agreement; or
- (B) an Insurance Event, as a result of which FGAC has failed to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement,

the amounts then standing to the credit of the Commingling Reserve Account in an amount equal to the lower of:

- (i) the Commingling Reserve; and
- (ii) (X) the actual amounts the Servicer has failed to transfer to the Issuer or, as the case may be (Y) the Insurance Amount (to the extent unpaid by FGAC),

shall be transferred to the Payments Account and will form part of the Interest Available Funds (to the extent such amounts constituted Income Collections) and/or the Principal Available Funds (to the extent such amounts constituted Principal Collections) as applicable.

On the earlier of:

- (a) the date on which all the Rated Notes have been redeemed in full; or
- (b) the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders,

the Issuer shall repay principal on the Commingling Reserve Subordinated Loan to FGAC by applying the amounts then standing to the credit of the Commingling Reserve Account.

On any such date, the Issuer's obligation to repay principal on the Commingling Reserve Subordinated Loan will be limited solely to the amounts then standing to the credit of the Commingling Reserve Account and FGAC will not have any recourse to any of the Issuer Available Funds. These payments will be (i) made directly to FGAC; and (ii) outside of the applicable Priority of Payments.

The Account Bank will be required at all times to be an Eligible Institution. Should the Account Bank cease to be an Eligible Institution, the Accounts held with it will be transferred to another Eligible Institution within 30 calendar days from the date on which the Account Bank ceased to be an Eligible Institution in accordance with the Cash Allocation, Management and Payments Agreement.

The Issuer's equity capital (equal to €10,000) has been deposited in the Quota Capital Account and will remain deposited therein for so long as all notes issued or to be issued by the Issuer (including the Notes) have been paid in full.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the “**Conditions**”).

The €437,500,000 Class A Asset-Backed Floating Rate Notes due December 2028 (the “**Class A Notes**” or the “**Senior Notes**”), the €22,500,000 Class B Asset-Backed Floating Rate Notes due December 2028 (the “**Class B Notes**”), the €10,000,000 Class C Asset-Backed Fixed Rate Notes due December 2028 (the “**Class C Notes**”), the €5,000,000 Class D Asset-Backed Fixed Rate Notes due December 2028 (the “**Class D Notes**” and, together with the Class B Notes and the Class C Notes, the “**Mezzanine Notes**” and, together with the Senior Notes, the “**Rated Notes**”) and €25,000,000 Class M Asset-Backed Notes due December 2028 (the “**Junior Notes**” and, together with the Rated Notes, the “**Notes**”) will be issued by Asset-Backed European Securitisation Transaction Ten S.r.l. (the “**Issuer**”) on 28 October 2014 (the “**Issue Date**”) in order to finance the purchase of the Receivables. The Issuer is a company incorporated with limited liability under the laws of the Republic of Italy in accordance with the Securitisation Law, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy. The Issuer is registered in the register of the special purpose vehicles held by the Bank of Italy (*albo delle società veicolo tenuto dalla Banca d’Italia ai sensi del Provvedimento del Governatore della Banca d’Italia del 29 aprile 2011*) under number 35154.4, and in the companies register of Treviso number 04688040262. The principal source of payment of interest and repayment of principal due and payable in respect of the Notes will be collections and recoveries made in respect of the Receivables.

### 1. INTRODUCTION

#### 1.1 *Noteholders deemed to have notice of Transaction Documents*

The Noteholders of each Class are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents described below.

#### 1.2 *Provisions of Conditions subject to Transaction Documents*

Certain provisions of these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

#### 1.3 *Copies of Transaction Documents available for inspection*

Copies of the Transaction Documents (other than the Subscription Agreements) are available for inspection by the Noteholders during normal business hours at the registered office of the Issuer, being as at the Issue Date at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy and at the principal office of the Representative of the Noteholders, being, as at the Issue Date 125 Old Broad Street, London EC2N 1AR, United Kingdom and at the Specified Office of the Principal Paying Agent, being, as at the Issue Date 125 Old Broad Street, London EC2N 1AR, United Kingdom.

#### 1.4 *Description of Transaction Documents*

1.4.1 Pursuant to the Senior Notes and Class B Notes Subscription Agreement, the Joint Lead Managers have agreed to subscribe for the Senior Notes and the Class B Notes and have appointed the Representative of the Noteholders to perform the activities described in the Senior Notes and Class B Notes Subscription Agreement, the Conditions, the Rules and the other Transaction Documents to which it is a party.

- 1.4.2 Pursuant to the Class C Notes, Class D Notes and Junior Notes Subscription Agreement, the Subscriber has agreed to subscribe for the Class C Notes, the Class D Notes and the Junior Notes and has appointed the Representative of the Noteholders to perform the activities described in the Class C Notes, Class D Notes and Junior Notes Subscription Agreement, the Conditions, the Rules and the other Transaction Documents to which it is a party.
- 1.4.3 Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.
- 1.4.4 Pursuant to the Servicing Agreement, the Servicer has agreed to administer, service and collect amounts in respect of the Portfolio on behalf of the Issuer. FGA Capital S.p.A. will be the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Securitisation Law and will be responsible for ensuring that such transactions comply with the provisions of article 2, sub-section 3, letter (c) and article 2, subsection 6-*bis*, of the Securitisation Law.
- 1.4.5 Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider will grant to the Issuer a subordinated loan in an aggregate amount equal to €24,500,000 (the “**Subordinated Loan**”). The Subordinated Loan will be drawn down by the Issuer on the Issue Date and an amount equal to, respectively, (i) €7,000,000 (the “**Cash Reserve Subordinated Loan**”) will be immediately credited to the Cash Reserve Account and (ii) €17,500,000 (the “**Commingling Reserve Subordinated Loan**”) will be immediately credited to the Commingling Reserve Account.
- 1.4.6 Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide to the Issuer certain services in relation to the management of the Issuer.
- 1.4.7 Pursuant to the Corporate Administration Agreement, the Corporate Administrator has agreed to provide to the Issuer certain services in relation to the management of the Issuer.
- 1.4.8 Pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, the Principal Paying Agent, the Account Bank, the Back-up Servicer Facilitator, the Servicer and the Cash Manager have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling, cash management and payment services in relation to moneys from time to time standing to the credit of the Accounts. The Cash Allocation, Management and Payments Agreement also contains provisions relating to, *inter alia*, the payment of principal and interest in respect of the Notes of each Class.
- 1.4.9 Pursuant to the Intercreditor Agreement, provision is made as to the order of application of Issuer Available Funds and the circumstances under which the Representative of the Noteholders will be entitled to exercise certain of the Issuer’s rights in respect of the Portfolio and the Transaction Documents.



- 1.4.10 Pursuant to the Swap Agreement, the Swap Counterparty has agreed to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Senior Notes and the Class B Notes.
- 1.4.11 Pursuant to the Deed of Pledge, the Issuer has pledged, in favour of the Noteholders and the Other Issuer Creditors, certain monetary claims and rights and all the amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guaranties) to which it is entitled pursuant or in relation to certain Transaction Documents to which the Issuer is a party other than claims relating to the Portfolio, the Collections, the Recoveries and the proceeds deriving from the issue of the Notes.
- 1.4.12 Pursuant to the Deed of Charge, the Issuer has granted in favour of the Representative of the Noteholders, for itself and as trustee for the benefit of the Noteholders and the Other Issuer Creditors (i) an English law charge over (A) the Accounts (other than than Securities Account which will not established unless and until it is required, the “**Charged Accounts**”), all its present and future right, title and interest in or to the Charged Accounts and all amounts (including interest) now or in the future standing to the credit of, or accrued or accruing on the Charged Accounts and (B) all its present (if any) and future right, title and interest in or to the cash, the debt securities or other debt instruments from time to time purchased by or on behalf of the Issuer pursuant to the Cash Allocation, Management and Payments Agreement (or to any monies deriving therefrom) standing to the credit of any of the Charged Accounts; (ii) an English law assignment by way of security of all the Issuer’s rights, title, interest and benefit present and future in to and under the Swap Agreement and the English-law governed provisions of the Cash Allocation, Management and Payments Agreement and all other present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Receivables and the Portfolio; and (iii) a floating charge over all of the Issuer’s assets which are expressed to be subject to the charge and assignments described under (i) and (ii) above and not effectively assigned or charged by way of first fixed charge or assignment thereunder.
- 1.4.13 Pursuant to the Mandate Agreement, the Representative of the Noteholders, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event and, subject to the fulfilment of certain conditions, upon failure by the Issuer to exercise its rights under the Transaction Documents is authorised to exercise, in the name and on behalf of the Issuer, all the Issuer’s non-monetary rights arising out of certain Transaction Documents to which the Issuer is a party.
- 1.4.14 Pursuant to the Quotaholder Agreement, certain rules have been set forth in relation to the corporate management of the Issuer.
- 1.4.15 Pursuant to the Master Definitions Agreement, the definitions and interpretations of certain terms and expressions used in the Transaction Documents have been agreed by the parties to the Transaction Documents.

## 1.5 *Acknowledgement*

Each Noteholder acknowledges and agrees that the Arrangers, the Joint Lead Managers and the Subscriber shall not be liable in respect of any loss, liability, claim, expenses or damages suffered or incurred by any of the Noteholders as a result of the performance by U.S. Bank Trustees Limited or any successor thereof of its duties as Representative of the Noteholders as provided for in the Transaction Documents.

## 2. **DEFINITIONS AND INTERPRETATION**

### 2.1 *Definitions*

In these Conditions the following defined terms have the meanings set out below:

**“Account”** means each of the Collections Account, the Payments Account, the Principal Funds Account, the Interest Funds Account, the Expenses Account, the Securities Account, the Commingling Reserve Account, the Collateral Accounts and the Cash Reserve Account and **“Accounts”** means, as the context may require, any two or more or all of them.

**“Account Bank”** means Elavon Financial Services Limited acting in its capacity as account bank pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**“Arrangers”** means UniCredit Bank AG, London Branch and Crédit Agricole Corporate and Investment Bank, Milan Branch and each of them an **“Arranger”**.

**“Back-up Servicer Facilitator”** means Securitisation Services S.p.A., or any other person acting for the time being acting as Back-up Servicer Facilitator pursuant to the Cash Allocation, Management and Payments Agreement.

**“Borrower”** means, in relation to each Receivable, any person who has entered into a Loan Agreement as a borrower (*finanziato*) thereunder or any successor thereto.

**“Business Day”** means a day (other than a Saturday or Sunday) on which banks are open for business in Turin, Munich, Paris, Luxembourg and London and which is a TARGET Settlement Day.

**“Calculation Agent”** means Elavon Financial Services Limited, in its capacity as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**“Calculation Amount”** means €1,000 in Principal Amount Outstanding upon issue.

**“Calculation Date”** means the day falling five Business Days before each Payment Date.

**“Car”** means any new or used car or new or used light commercial vehicle, as the case may be, which a Borrower may purchase from a Car Seller.

**“Car Seller”** means each seller or other person from whom any Borrower has purchased a Car.

**“Cash Allocation, Management and Payments Agreement”** means the agreement so named dated on or about the Signing Date between, the Issuer, the Representative of the Noteholders,

the Servicer, the Originator, the Account Bank, the Back-up Servicer Facilitator, the Corporate Servicer, the Cash Manager, the Calculation Agent, and the Principal Paying Agent.

**“Cash Collateral Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-01 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Cash Collateral Account for the purposes of depositing the relevant collateral in the form of cash pursuant to the Swap Agreement.

**“Cash Manager”** means Elavon Financial Services Limited in its capacity as cash manager pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**“Cash Reserve”** means the monies standing to the credit of the Cash Reserve Account at any given time.

**“Cash Reserve Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-03 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Cash Reserve Account.

**“Cash Reserve Subordinated Loan”** means the subordinated loan granted by the Subordinated Loan Provider to the Issuer in an amount equal to €7,000,000 under the Subordinated Loan Agreement.

**“Class”** means a class of the Notes, being the Senior Notes, the Mezzanine Notes or the Junior Notes and **“Classes”** shall be construed accordingly.

**“Class A Interest Rate”** shall have the meaning assigned to that term in Condition 7.5 (*Rates of Interest*).

**“Class A Noteholder”** means the holder of a Class A Note and **“Class A Noteholders”** means, as the context may require, the holders of some or all of the Class A Notes.

**“Class A Notes”** means the €437,500,000 Class A Asset-Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**“Class B Interest Rate”** shall have the meaning assigned to that term in Condition 7.5 (*Rates of Interest*).

**“Class B Noteholder”** means the holder of a Class B Note and **“Class B Noteholders”** means, as the context may require, the holders of some or all of the Class B Notes.

**“Class B Notes”** means the €22,500,000 Class B Asset-Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**“Class C Interest Rate”** shall have the meaning assigned to that term in Condition 7.5 (*Rates of Interest*).

“**Class C Noteholder**” means the holder of a Class C Note and “**Class C Noteholders**” means, as the context may require, the holders of some or all of the Class C Notes.

“**Class C Notes**” means the €10,000,000 Class C Asset-Backed Fixed Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

“**Class C Notes, Class D Notes and Junior Notes Subscription Agreement**” means the agreement so named dated on or about the Signing Date and entered into between the Issuer, the Representative of the Noteholders and the Subscriber relating to the subscription for the Class C Notes, the Class D Notes and the Junior Notes.

“**Class D Interest Rate**” shall have the meaning assigned to that term in Condition 7.5 (*Rates of Interest*).

“**Class D Noteholder**” means the holder of a Class D Note and “**Class D Noteholders**” means, as the context may require, the holders of some or all of the Class D Notes.

“**Class D Notes**” means the €5,000,000 Class D Asset-Backed Fixed Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

“**Clearstream**” means Clearstream Banking, *société anonyme*.

“**Collateral**” means (i) prior to the occurrence of an Early Termination Date as defined in the Swap Agreement, in respect of all transactions thereunder, the amount and/or securities (if any) standing to the credit of the Collateral Accounts; and (ii) following an Early Termination Date, as defined in the Swap Agreement, in respect of all transactions thereunder, the monies and/or securities (if any) standing to the credit of the Collateral Account in an amount equal to the Excess Swap Collateral.

“**Collateral Accounts**” means the Cash Collateral Account and the Securities Collateral Account and “**Collateral Account**” means either of them.

“**Collateral Security**” means any Guarantee or Security Interest granted by Borrowers or Guarantors to the Originator in order to guarantee or secure the payment and/or repayment and/or performance of any of the Loans and/or the performance of the obligations of the relevant Borrowers under the relevant Loan Agreements including the Guarantees, the Promissory Notes and the Mortgages.

“**Collection Period**” means, both prior and after the service of a Trigger Notice, each period commencing on (and including) a Monthly Report Date and ending on (but excluding) the immediately following Monthly Report Date up to the redemption in full or cancellation of the Notes, the first Collection Period commencing on (and including) the Portfolio Transfer Effective Date and ending on (but excluding) the first Monthly Report Date falling after the Issue Date.

“**Collections**” means all amounts in respect of the Receivables and the relevant Collateral Security received or recovered by the Servicer or by any other person delegated under the terms of the Servicing Agreement, and comprising Income Collections and Principal Collections as registered by the EDP FGAC System, on the Borrower’s statement of account. Where not specified otherwise, the definition of Collections includes also the Recoveries.

**“Collections Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-04 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Collections Account.

**“Commingling Reserve”** means the monies standing to the credit of the Commingling Reserve Account at any given time.

**“Commingling Reserve Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-05 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Commingling Reserve Account.

**“Commingling Reserve Subordinated Loan”** means the subordinated loan granted by the Subordinated Loan Provider to the Issuer in an amount equal to €17,500,000 under the Subordinated Loan Agreement.

**“Conditions”** means these terms and conditions of the Notes, as from time to time modified in accordance with the provisions herein contained and including any agreement or document expressed to be supplemental hereto and any reference to a particular numbered Condition shall be construed accordingly.

**“CONSOB”** means Commissione Nazionale per le Società e la Borsa.

**“Consolidated Banking Act”** means Italian Legislative Decree number 385 of 1 September 1993, as amended from time to time.

**“Consolidated Financial Act”** means Italian Legislative Decree number 85 of 24 February 1998, as amended from time to time.

**“Corporate Administration Agreement”** means the agreement so named dated on or about the Signing Date between the Issuer and the Corporate Administrator pursuant to which the Corporate Administrator will provide certain administration services to the Issuer.

**“Corporate Administrator”** means Securitisation Services S.p.A., in its capacity as corporate administrator pursuant to the Corporate Administration Agreement or any other person for the time being acting as such.

**“Corporate Servicer”** means FGAC in its capacity as corporate servicer pursuant to the Corporate Services Agreement or any other person for the time being acting as such.

**“Corporate Services Agreement”** means the agreement so named dated on or about the Signing Date between the Issuer and the Corporate Servicer pursuant to which the Corporate Servicer will provide certain administration services to the Issuer.

**“CRA Regulation”** means the Regulation (EC) No. 1060/2009, as amended from time to time.

**“Credit and Collections Policies”** means the procedures for the granting and disbursement of the Loans and for the management, collection and recovery of Receivables, attached as schedule 1 to the Servicing Agreement.

**“Cumulative Net Prepayment Losses”** means as at any Calculation Date, the aggregate net losses realised by the Issuer in respect of all Instalments in respect of all Loan Agreements which have been prepaid prior to their respective due dates for payment on or prior to such Calculation Date as calculated by the Servicer in the most recently delivered Monthly Report.

**“DBRS”** means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (ii) in any other case, any entity of DBRS Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

**“DBRS Equivalent Rating”** means the DBRS rating equivalent of any of the below ratings by Fitch, Moody’s or S&P:

<b>DBRS</b>	<b>Moody’s</b>	<b>S&amp;P</b>	<b>Fitch</b>
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

**“DBRS Minimum Rating”** means: (a) if a Fitch public rating, a Moody’s public rating and an S&P public rating (each, a **“Public Long Term Rating”**) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS

Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating will be the lower of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

**"Decree 239"** means Italian Legislative Decree number 239 of 1 April 1996, as amended from time to time.

**"Decree 239 Deduction"** means any deduction or withholding for or on account of *"imposta sostitutiva"* under Decree 239.

**"Deed of Charge"** means the English law deed so named dated on or about the Signing Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Noteholders and the Other Issuer Creditors).

**"Deed of Pledge"** means the Italian law deed of pledge dated on or about the Signing Date between the Issuer and the Representative of the Noteholders (acting for itself and on behalf of the Noteholders and the Other Issuer Creditors).

**"Defaulted Receivable"** means each Receivable arising from a Loan Agreement:

- (a) in relation to which an Instalment or any other payment due pursuant to the Loan Agreement which gives rise to such Receivable is due but not fully paid and remains unpaid for at least 240 days following the date on which it should have been paid, under the terms of the relevant Loan Agreement;
- (b) in relation to which the relevant Borrower is insolvent, or the Servicer has determined that such Receivable cannot be collected, or legal proceedings have been commenced for its collection; or
- (c) written-off by the Servicer in accordance with the Credit and Collections Policies.

**"Delinquent Receivable"** means each Receivable, other than a Defaulted Receivable, in relation to which a Borrower has not paid at least one Instalment or any other amount due on the basis of the relative Loan Agreement by the term contractually provided for therein and which has been recorded as such in the EDP FGAC System in compliance with the Credit and Collections Policies, and in any case by no later than 21 days after the Receivable's due date, and which continues to be classified as such.

**“Determination Date”** means:

- (a) with respect to the Initial Interest Period, the day falling two Business Days prior to the Issue Date; and
- (b) with respect to each subsequent Interest Period, the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period.

**“Discount Rate”** means 5.85 per cent.

**“EDP FGAC System”** means the information system used by FGAC to manage the collections deriving from the Receivables, as described in schedule 5 to the Servicing Agreement.

**“Eligible Institution”** means a depository institution organised under the laws of any state which is a member of the European Union or of the United States:

- (a) whose unsecured and unsubordinated debt obligations have the following ratings:
  - (i) with respect to DBRS:
    - (x) a long-term public or private rating at least equal to “A”; or
    - (y) in the absence of a public or private rating by DBRS, a DBRS Minimum Rating of “A”; or
    - (z) such other rating as may from time to time comply with DBRS’ criteria; and
  - (ii) with respect to Fitch, a long-term public rating at least equal to “A” and a short-term public rating at least equal to “F1”; or
- (b) whose obligations under the Transaction Documents to which it is a party are guaranteed by an Eligible Institution Guarantee.

**“Eligible Institution Guarantee”** means a first demand, irrevocable and unconditional guarantee issued by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America having at least the ratings set out in paragraphs (a)(i) and (a)(ii) above, provided that such guarantee has been notified to the Rating Agencies.

**“Eligible Investments”** means:

- (a) Euro denominated senior (unsubordinated) debt securities or other debt instruments having the following ratings:
  - (i) with respect to DBRS:
    - (x) if such investments have a maturity date equal to or lower than 30 days:
      - (1) a short-term public or private rating at least equal to “R-1 (middle)” in respect of short term debt or a long-term public or private rating at least equal to “A” in respect of long-term debt, or (2) in the absence of a public rating by DBRS, a DBRS Minimum Rating at least equal to “A” in respect of long-term debt; or



(y) such other rating as may from time to time comply with DBRS' criteria;  
and

(ii) with respect to Fitch, if such investments have a maturity date lower than 30 calendar days, a short-term public rating at least equal to "F1" and a long-term public rating at least equal to "A",

provided that such investments (i) are in dematerialised form; (ii) are immediately repayable on demand, disposable without any penalty or any loss; (iii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iv) in case of downgrading below the rating levels set out above, shall be liquidated within 3 days (unless a loss would result from the liquidation, in which case they shall be allowed to mature) and (v) have a maturity date not exceeding the Eligible Investment Maturity Date; or

(b) Euro denominated bank accounts or deposits (including, for the avoidance of doubt, time deposits) opened with an Eligible Institution provided that such investments (i) are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling no later than the immediately following Eligible Investment Maturity Date; (ii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iii) shall be transferred, within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, to another Eligible Institution at cost of the account bank with which the relevant deposits were held; and (iv) the deposits shall be in Euro, held in Italy and subject to a first ranking security in favour of the Noteholders and the Other Issuer Creditors; or

(c) Euro denominated money market funds which permit daily liquidation of investments and which are rated (i) "R-1 (middle)" by DBRS or in the absence of a public or private rating by DBRS the DBRS Equivalent Rating of "A" and (ii) "AAA" by Fitch or in the absence of a rating by Fitch, the highest rating from at least two other global rating agencies and are redeemable without any penalty or loss, with a maturity date not exceeding the Eligible Investment Maturity Date,

provided further that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.

**"Eligible Investment Maturity Date"** means, with reference to each Eligible Investment, the earlier of (i) the maturity date of such Eligible Investment, and (ii) the day falling 4 Business Days prior to each Payment Date.

“EONIA” means Euro Over Night Index Average.

“Enforcement Proceedings” has the meaning given to the term “*Procedura Esecutive*” in the Receivables Purchase Agreement.

“Euribor” means:

- (i) both prior to and, to the extent that the Representative of the Noteholders does not designate a different Business Day as a Payment Date, following the service of a Trigger Notice and in respect of each Interest Period, the rate offered in the euro-zone interbank market for one-month deposits in euro (save that, for the first Interest Period, the rate will be obtained upon linear interpolation of EURIBOR for one and two month deposits in euro) which appears on the Reuters-EuriborØ1 page or (A) such other page as may replace the Reuters-EuriborØ1 page on that service for the purpose of displaying such information or (B) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the Reuters-EuriborØ1 page (the “Screen Rate”) at or about 11.00 a.m. (Brussels time) on the Determination Date falling immediately before the beginning of such Interest Period; or
- (ii) following the service of a Trigger Notice and to the extent that the Representative of the Noteholders has designated a different Business Day as a Payment Date, and in respect of each Interest Period, the rate offered in the euro-zone interbank market for deposits in euro applicable in respect of such Interest Period which appears on the Screen Rate nominated and notified by the Principal Paying Agent for such purpose or, if necessary, the relevant linear interpolation, as determined by the Paying Agent in accordance with the Cash Allocation, Management and Payments Agreement at or about 11.00 a.m. (Brussels time) on the Determination Date which falls immediately before the end of the relevant Interest Period; or
- (iii) if the Screen Rate is unavailable at such time for deposits in euro in respect of the relevant period, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which deposits in euro in respect of the relevant period in a representative amount are offered by that Reference Bank to leading banks in the euro-zone interbank market at or about 11.00 a.m. (Brussels time) on the relevant Determination Date; or
- (iv) if, at that time, the Screen Rate is unavailable and only two or three of the Reference Banks provide such offered quotations to the Principal Paying Agent, the relevant rate determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
- (v) if, at that time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the rate in effect for the immediately preceding period to which paragraph (i) or (ii) above shall have applied.

“Euro”, “€”, “euro” and “EUR” refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty.

“Euroclear” means Euroclear Bank S.A./N.V.

“Excess Swap Collateral” means, with respect to the Swap Agreement, an amount of Collateral equal in value to the amount of the Collateral (or the applicable part of the Collateral) provided by the Swap Counterparty to the Issuer (as a result of a Ratings Event), which is in excess of the Swap Counterparty’s liability to the Issuer under the Swap Agreement as at the date of termination of all transactions under the Swap Agreement, or which the Swap Counterparty is otherwise entitled to have returned to it under the terms of the Swap Agreement.

“Expenses” means:

- (a) any documented fees, costs, expenses and taxes required to be paid to any third party creditors of the Issuer (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable laws; and
- (b) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in, or in connection with, the preservation or enforcement of the Issuer’s Rights.

“Expenses Account” means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-06 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Expenses Account for the payment of the Issuer’s Expenses.

“Extraordinary Resolution” means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in the Rules by a majority of not less than three quarters of the votes cast.

“FGAC” means FGA Capital S.p.A.

“FGAC Bank Accounts” means the bank accounts listed under schedule 7 to the Servicing Agreement, opened by FGAC with the banks referred to therein, and all other bank accounts which FGAC may use in the future, in addition or substitution to the foregoing or upon closure of the same, in relation to the collection of any amounts relating to the Receivables, and the details of which shall be promptly notified by FGAC to the Issuer.

“FGAC Postal Accounts” means the postal accounts no. 822106 and 60179652 opened by FGAC with the *Centro Compartimentale* of Turin of Poste Italiane S.p.A. and any other postal account which FGAC may use in the future, in addition or substitution to the foregoing, in relation to the collection from the Borrowers of any amounts relating to the Receivables to be paid through the post, and the details of which shall be promptly notified by FGAC to the Issuer.

“Final Maturity Date” means the Payment Date falling in December 2028.

**“Final Redemption Date”** means the Payment Date immediately following the earlier of: (i) the date when the Portfolio Outstanding Amount will have been reduced to zero; and (ii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer.

**“First Payment Date”** means the Payment Date falling on 10 December 2014.

**“Fitch”** means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, Fitch Italia – Società Italiana per il Rating S.p.A., and (ii) in any other case, any entity of Fitch Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

**“Guarantee”** means any surety or other personal guarantee given by a Guarantor to the Originator to guarantee the obligations of a Borrower to repay a Loan.

**“Guarantor”** means any person, other than the relevant Borrower, who has granted any Collateral Security to the Originator to secure the payment or repayment of any Loan or against whom a Mortgage has been recorded.

**“Holder”** or **“holder”** in respect of a Note means the ultimate owner of such Note.

**“Income Collections”** means:

- (a) all Instalment Interest Amounts collected by the Servicer in respect of the Receivables and credited to a FGAC Bank Account or a FGAC Postal Account, as the case may be;
- (b) the amount of any Recoveries which the Servicer determines are in respect of Instalment Interest Amounts and credited to a FGAC Bank Account or a FGAC Postal Account, as the case may be; and
- (c) all other amounts received or recovered and paid to the Issuer under or in connection with the Receivables, other than Principal Collections.

**“Initial Execution Date”** means 6 October 2014.

**“Initial Interest Period”** means the first Interest Period which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

**“Initial Retention Amount”** means an amount equal to €100,000.00 which shall be formed on the Issue Date using Income Collections available to the Issuer on such date.

**“Insolvency Event”** will have occurred in respect of a company or corporation if:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, *“fallimento”*, *“liquidazione coatta amministrativa”*, *“concordato preventivo”* and *“amministrazione straordinaria”*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution or administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a pignoramento or similar procedure having a similar effect (other than in the case of the Issuer any portfolio of assets purchased by

the Issuer for the purposes of further separate securitisation transactions), unless in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation and, in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss given by it in respect of any indebtedness or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (e) such company or corporation becomes subject to any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is incorporated or is deemed to carry on business.

**“Insolvency Proceedings”** means bankruptcy (*fallimento*) or any other insolvency (*procedura concorsuale*) or analogous proceedings from time to time, including, but not limited to *concordato preventivo*, *amministrazione straordinaria*, *liquidazione coatta amministrativa* and *amministrazione straordinaria delle grandi imprese in crisi o in stato di insolvenza* (an arrangement with creditors prior to bankruptcy, an adjustment of creditors’ claims, temporary receivership, compulsory administrative liquidation and the extraordinary administration of large companies in a state of insolvency), and any other such proceedings of other jurisdictions.

**“Insolvent”** means, in respect of a company or corporation, that:

- (a) such company or corporation is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or
- (b) such company or corporation becomes unable to pay its debts as they fall due.

**“Instalment”** means in respect of any Loan, each of the scheduled periodic instalment payments payable by the relevant Borrower pursuant to a Loan Agreement, which includes a principal component and an interest component.

**“Instalment Interest Amount”** means, in relation to an Instalment payable on a given date (t), an amount calculated in accordance with the following formula as applied by the EDP FGAC System:

$$NPV_{t-1} \times [(1 + i)^{(D/365)} - 1]$$

where:

t = the due date of the Instalment on which the Instalment Interest Amount is calculated using the formula

t-1 = the due date of the previous Instalment

NPV<sub>t-1</sub> = the Net Present Value of the relevant Receivable at the due date of the previous Instalment

i = the Discount Rate

D = the number of days between t-1 and t.

**“Insurance Amount”** means the portion of an Instalment referable to the repayment by a Borrower to FGAC of the premium paid up-front by FGAC to an insurance company upon issuance of an Insurance Policy.

**“Insurance Event”** means the non payment (in whole or in part) by a Borrower of an Insurance Amount or the exercise by a Borrower of set-off rights against FGAC in respect of an Insurance Amount as a consequence of the default by the relevant insurance company under the relevant Insurance Policy following the opening of Insolvency Proceedings in relation to such insurance company.

**“Insurance Policies”** means the insurance policies of any kind (including without limitation the “fire and theft insurance policies” or the “credit protection policies” (covering the risk of death, temporary or permanent loss of employment or disability of the relevant Borrower), the “polizze kasko”, etc.) whose premium, when requested by the Borrower, has been financed by FGAC pursuant to a Loan Agreement.

**“Intercreditor Agreement”** means the agreement so named dated on or about the Signing Date between the Issuer and the Other Issuer Creditors.

**“Interest Available Funds”** means, on any Calculation Date, the aggregate of:

- (a) all Income Collections standing to the credit of the Interest Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) all amounts received by the Issuer from any Eligible Investments in excess of the original principal amount invested in the relevant Eligible Investment during the Collection Period immediately preceding such Calculation Date other than amounts received from Eligible Investments made out of the amounts invested from the Commingling Reserve Account;
- (c) all amounts of interest accrued on and credited to the Collections Account, the Cash Reserve Account, the Expenses Account, the Interest Funds Account and the Principal Funds Account and relating to the Collection Period immediately preceding such Calculation Date;

- (d) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders), to the extent that (A) FGAC as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Income Collections in accordance with the provisions of the Servicing Agreement, or (B) FGAC has failed, due to the occurrence of an Insurance Event, to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to (X) the actual Income Collections FGAC has failed to transfer to the Issuer under the Servicing Agreement, or, as the case may be, (Y) the Insurance Amount (to the extent unpaid by FGAC) and (ii) the Commingling Reserve;
- (e) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, to the extent of any Interest Shortfall, the lower of (i) that portion of the Cash Reserve which is equal to such Interest Shortfall and (ii) the Cash Reserve;
- (f) any amount due and payable, although not yet paid, to the Issuer by the Swap Counterparty under the Swap Agreement on the Payment Date immediately following the Calculation Date; and
- (g) all amounts of Interest Shortfall to be paid into the Interest Funds Account on the immediately succeeding Payment Date pursuant to item *First* of the Pre-Trigger Notice Principal Priority of Payments,

but excluding (i) any amount paid by the Swap Counterparty upon termination of all transactions under the Swap Agreement in respect of any termination payment (or which is retained as Collateral at such time) and, until a replacement swap counterparty has been found, exceeding the net amounts which would have been due and payable by the Swap Counterparty with respect to the following Payment Date, had the Swap Transaction not been terminated; and (ii) the Collateral (if any).

**“Interest Funds Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-07 and IBAN DE79500700100924895600) as renumbered or redesignated from time to time or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Interest Funds Account.

**“Interest Payment Amount”** has the meaning given to such term in Condition 7.6 (*Determination of Interest Rates and calculation of Interest Payment Amounts*).

**“Interest Period”** means each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the Initial Interest Period shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

**“Interest Rate”** means the interest applicable to each Class of Notes from the Issue Date in accordance with the Condition 7.5 (*Rates of Interest*), as the context requires.

**“Interest Shortfall”** means on any Calculation Date, the amount (if any) by which the Interest Available Funds (other than item (g) of that definition) fall short of the aggregate of all amounts that would be payable (but for the operation of Condition 9 (*Limited recourse and non petition*)) on the immediately succeeding Payment Date under items *First to Tenth* of the Pre-Trigger Notice Interest Priority of Payments.

**“ISDA”** means the International Swaps and Derivatives Association, Inc.

**“Issue Date”** means 28 October 2014 or any other date on which the Notes will be issued.

**“Issue Price”** means:

- (a) in relation to the Class A Notes, 100 per cent. of the Principal Amount Outstanding of the Class A Notes upon issue;
- (b) in relation to the Class B Notes, 100 per cent. of the Principal Amount Outstanding of the Class B Notes upon issue;
- (c) in relation to the Class C Notes, 100 per cent. of the Principal Amount Outstanding of the Class C Notes upon issue;
- (d) in relation to the Class D Notes, 100 per cent. of the Principal Amount Outstanding of the Class D Notes upon issue; and
- (e) in relation to the Junior Notes, 100 per cent. of the Principal Amount Outstanding of the Junior Notes upon issue.

**“Issuer”** means Asset-Backed European Securitisation Transaction Ten S.r.l., a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata* with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 10,000.00 fully paid up, fiscal code and enrolment with the companies register of Treviso number 04688040262, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to the regulation issued by the Bank of Italy on 29 April 2011 and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

**“Issuer Available Funds”** means in respect of any Payment Date, the aggregate of the Interest Available Funds and Principal Available Funds (either at that date or as determined on the immediately preceding Calculation Date as the context may require).

**“Issuer’s Rights”** means the Issuer’s rights under the Transaction Documents.

**“Joint Lead Managers”** means UniCredit Bank AG, Crédit Agricole Corporate & Investment Bank S.A., Citigroup Global Markets Limited and J.P. Morgan Securities plc and each of them a **“Joint Lead Manager”**.

**“Joint Regulation”** means the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008 and published in the Official Gazette number 54 of 4 March 2008.

**“Judicial Proceedings”** has the meaning given to the term *“Procedura Giudiziali”* in the Receivables Purchase Agreement.



**“Junior Noteholder”** means the holder of a Junior Note and **“Junior Noteholders”** means, as the context may require, the holders of some or all of the Junior Notes.

**“Junior Notes”** means the €25,000,000 Class M Asset-Backed Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**“Junior Notes Interest Rate”** shall have the meaning assigned to that term in Condition 7.5 (*Rates of Interest*).

**“Liabilities”** means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any VAT or similar tax charged or chargeable in respect of any sum referred to in this definition.

**“Loan”** means any fixed-rate or zero-rate instalment loan granted by the Originator to a Borrower, pursuant to a Loan Agreement in relation to the purchase of a Car from a Car Seller.

**“Loan Agreement”** means each contract pursuant to which the Originator has granted a Loan to a Borrower.

**“Mandate Agreement”** means the mandate agreement dated on or about the Signing Date between the Issuer and the Representative of the Noteholders.

**“Master Definitions Agreement”** means the agreement so named dated on or about the Signing Date between the Issuer and the Other Issuer Creditors.

**“Material Adverse Change”** means, in respect of FGAC, a material adverse change to its business, operations, assets, property, condition (financial or otherwise) or prospects which is likely to affect its ability to perform its obligations under any of the Transaction Documents or its rights or remedies under any of the Transaction Documents.

**“Meeting”** means a meeting of Noteholders of any Class or Classes, whether originally convened or resumed following an adjournment.

**“Mezzanine Notes”** means the Class B Notes, the Class C Notes and the Class D Notes.

**“Monte Titoli”** means Monte Titoli S.p.A., with business address at Piazza degli Affari 6, Milan, Italy.

**“Monte Titoli Account Holder”** means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System).

**“Monthly Report”** means the report, substantially in the form set out in schedule 4 to the Servicing Agreement, produced by the Servicer in accordance with clause 7 of the Servicing Agreement.

**“Monthly Report Date”** means the sixth Business Day prior to the first calendar day of each month in each year.

**“Mortgage”** means any voluntary, legal or judicial mortgage or privilege over any other asset of a Borrower (different from a Car) or a Guarantor and securing the obligations of a Borrower under a Loan Agreement and **“Mortgages”** means all of them.

**“Most Senior Class of Notes”** means:

- (a) the Class A Notes (for so long as there are Class A Notes outstanding); or
- (b) if no Class A Notes are then outstanding, the Class B Notes (for so long as there are Class B Notes outstanding); or
- (c) if neither Class A Notes nor Class B Notes are then outstanding, the Class C Notes (for so long as there are Class C Notes outstanding); or
- (d) if neither Class A Notes nor Class B Notes nor Class C Notes are then outstanding, the Class D Notes (for so long as there are Class D Notes outstanding); or
- (e) if neither Class A Notes nor Class B Notes nor Class C Notes nor Class D Notes are then outstanding, the Junior Notes.

**“Net Present Value”** means the net present value of each Receivable calculated by applying the following formula:

$$\sum_{t=1}^N R_t \times (1 + i)^{-(Dt / 365)}$$

where:

N = the total number of Instalments payable and not yet collected under the Loan Agreement from which such Receivable is derived during the period commencing on (and including) the date when the Loan Agreement from which such Receivables are derived is purchased by the Issuer to (and including) the date on which it matures;

R<sub>t</sub> = the amount of Instalment number t payable under the relevant Loan Agreement applicable at the date of calculation;

I = the Discount Rate;

D<sub>t</sub> = the number of days between the due date of Instalment number t and the date of calculation of the Net Present Value;

t = the sequential number of an Instalment (where, for the avoidance of doubt, “1” shall be the first Instalment payable after the Loan Agreement, from which such Receivable is derived, is purchased by the Issuer and “N” shall be the final Instalment).

**“Noteholders”** means the holders of the Notes.

**“Notes”** means the Senior Notes, the Mezzanine Notes and the Junior Notes.

**“Notice”** means any notice delivered under or in connection with any Transaction Document.

**“Obligations”** means all of the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

**“Official Gazette”** means Gazzetta Ufficiale della Repubblica Italiana.

**“Organisation of the Noteholders”** means the association of the Noteholders, organised pursuant to the Rules.

**“Originator”** means FGAC, in its capacity as originator of the Receivables.

**“Other Issuer Creditors”** means the Representative of the Noteholders on its own behalf, the Principal Paying Agent, the Calculation Agent, the Cash Manager, the Account Bank, the Swap Counterparty, FGAC (in any capacity), the Corporate Administrator, the Back-up Servicer Facilitator, the Joint Lead Managers and the Servicer and any other party who may after the Issue Date accede to the Intercreditor Agreement in accordance with the provisions thereof.

**“Outstanding Principal”** means, on any relevant date, in relation to any Receivable, the aggregate of the Principal Amount not yet due.

**“Paying Agents”** means the Principal Paying Agent together with any successor or additional paying agents appointed from time to time pursuant to Condition 10.4 (*Change of Paying Agent*) and the Cash Allocation, Management and Payments Agreement and acting through their respective Specified Offices.

**“Payment Date”** means the tenth calendar day of each month or, if any such day is not a Business Day, the immediately following Business Day provided that, following the delivery of a Trigger Notice, it shall also be any other Business Day designated as such by the Representative of the Noteholders. The First Payment Date will fall on 10 December 2014.

**“Payments Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-08 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Payments Account.

**“Payments Report”** means a report setting out all the payments to be made on the following Payment Date in accordance with the Pre-Trigger Notice Interest Priority of Payments and the Pre-Trigger Notice Principal Priority of Payments which is required to be delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**“Portfolio”** means the portfolio of Receivables transferred by the Originator to the Issuer pursuant to the Receivables Purchase Agreement.

**“Portfolio Outstanding Amount”** means, on each Payment Date, the aggregate Outstanding Principal of all the Receivables.

**“Portfolio Transfer Effective Date”** means 4 October 2014.

**“Post-Trigger Notice Final Redemption Date”** means the earlier to occur between: (i) the date when all the Notes are due for payment under Condition 8.3 (*Optional redemption*) or 8.4 (*Optional redemption for taxation reasons*) in the event that the Issuer opts for the early redemption of the Notes in accordance therewith, (ii) the date when the Portfolio Outstanding Amount will have been reduced to zero, and (iii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer.

**“Post-Trigger Notice Priority of Payments”** means the order in which the Issuer Available Funds shall be applied in accordance with Condition 6.3 (*Post-Trigger Notice Priority of Payments*) and the Intercreditor Agreement.

**“Post-Trigger Notice Report”** means a report setting out all the payments to be made under the Post-Trigger Notice Priority of Payments which shall be delivered by the Calculation Agent from time to time to the Representative of the Noteholders, the Other Issuer Creditors and the Rating Agencies, pursuant to the Cash Allocation, Management and Payments Agreement or upon request of the Representative of the Noteholders.

**“Pre-Trigger Notice Interest Priority of Payments”** means the Priority of Payments under Condition 6.1 (*Pre-Trigger Notice Interest Priority of Payments*).

**“Pre-Trigger Notice Principal Priority of Payments”** means the Priority of Payments under Condition 6.2 (*Pre-Trigger Notice Principal Priority of Payments*).

**“Principal Amount”** means, in relation to each Instalment, the relevant aggregate amount of such Instalment less the Instalment Interest Amount thereof together with all proceeds from the related Collateral Security and every other amount paid under or in relation to the relevant Loan Agreement from which the Receivable arises and referable to such Instalment to the extent not referable to the Instalment Interest Amount of such Instalment.

**“Principal Amount Outstanding”** means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue minus the aggregate amount of any principal payments in respect of that Note which have become due and payable and been paid on or prior to that day; and
- (b) in relation to each Class, the aggregate of the amount determined in letter (a) in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount determined in letter (a) in respect of all Notes outstanding, regardless of Class.

**“Principal Available Funds”** means, on any Calculation Date, the aggregate of:

- (i) the Principal Collections standing to the credit of the Principal Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (ii) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders), to the extent that FGAC as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Principal Collections in accordance with the provisions of the Servicing Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to the actual Principal Collections FGAC has failed to transfer to the Issuer under the Servicing Agreement and (ii) that portion of the Commingling Reserve remaining

after the application of funds standing to the credit of the Commingling Reserve in accordance with item (d) of the Interest Available Funds;

- (iii) any amounts to be paid into the Principal Funds Account on the immediately succeeding Payment Date pursuant to items *Twelfth* and *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments;
- (iv) on the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, the lower of (i) the amount standing to the credit of the Cash Reserve Account at such date and (ii) that portion of the Cash Reserve remaining after the application of funds standing to the credit of the Cash Reserve in accordance with item (e) of the Interest Available Funds; and
- (v) on the Calculation Date immediately preceding the Final Redemption Date or the Post-Trigger Notice Final Redemption Date (as applicable) and on any Calculation Date thereafter, the balance standing to the credit of the Expenses Account at such dates.

**“Principal Collections”** means the aggregate of:

- (a) all Principal Amounts received by the Servicer and credited to an Account;
- (b) any amount paid by the Originator to the Issuer under the Warranty and Indemnity Agreement;
- (c) the amount of Recoveries which the Servicer determines are in respect of Principal Amounts and which are standing to the credit of the Principal Funds Account;
- (d) all other amounts paid by the Originator to the Issuer pursuant to the Receivables Purchase Agreement (other than Instalment Interest Amounts) as well as the collections under clause 10.2 of the Receivables Purchase Agreement; and
- (e) any amounts paid to the Issuer by the Servicer pursuant to clause 5.1.28 of the Servicing Agreement being indemnities in relation to renegotiated Loan.

**“Principal Factor”** means, at any time and in respect of a Class of Notes, the fraction expressed as a decimal to the sixth point of which the numerator is the aggregate Principal Amount Outstanding of the relevant Class of Notes at such time and the denominator is the aggregate Principal Amount Outstanding of the relevant Class of Notes upon issue.

**“Principal Funds Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-09 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Principal Funds Account.

**“Principal Instalment”** means, the principal component of each Instalment.

**“Principal Paying Agent”** means Elavon Financial Services Limited, in its capacity as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**“Principal Payment Amount”** has the meaning given to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

**“Principal Shortfall”** means on any Calculation Date the sum of:

- (a) the aggregate Net Present Value of all Defaulted Receivables in respect of all Loan Agreements as at the Calculation Date, plus the aggregate of all overdue Instalments in respect of Defaulted Receivables as at such Calculation Date; plus
- (b) the aggregate Net Present Value of all Receivables in respect of which there are more than 6 consecutive unpaid Instalments as at the Calculation Date, excluding those Receivables which are Defaulted Receivables as at such date, plus the aggregate of all overdue Instalments in respect of such Receivables as at such Calculation Date (excluding, for the avoidance of doubt, those Receivables which are Defaulted Receivables as at such date); plus
- (c) the Cumulative Net Prepayment Losses as at such Calculation Date; less
- (d) the sum of all Interest Available Funds transferred to the Principal Funds Account prior to the relevant Calculation Date in accordance with item *Twelfth* of the Pre-Trigger Notice Interest Priority of Payments.

**“Priority of Payments”** means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

**“Promissory Note”** means a promissory note payable on demand issued to the Originator by a Borrower or by a Guarantor to guarantee the repayment of amounts due to the Originator under a Loan Agreement.

**“Prospectus”** means the prospectus prepared by the Issuer in connection with the Securitisation.

**“Prospectus Directive”** means Directive 2003/71/EC of 4 November 2003, as amended from time to time.

**“Purchase Price”** means, in respect of any Receivable or the Portfolio, the purchase price payable by the Issuer to the Originator for the purchase of such Receivable or the Portfolio (as applicable), in each case calculated in accordance with the Receivables Purchase Agreement.

**“Quota Capital Account”** means a euro-denominated deposit account opened with UniCredit S.p.A., Conegliano branch or any other account as may replace it in accordance with the Cash Allocation, Management and Payments Agreement into which the sum representing 100 per cent. of the Issuer’s equity capital (equal to €10,000) has been deposited and will remain deposited therein for so long as all notes issued or to be issued by the Issuer (including the Notes) have been paid in full.

**“Quotaholder”** means SVM Securitisation Vehicles Management S.r.l.

**“Quotaholder Agreement”** means the quotaholder agreement dated on or about the Signing Date between the Issuer and the Quotaholder.

**“Rated Noteholders”** means the holders of the Rated Notes.

**“Rated Notes”** means, collectively, the Senior Notes and the Mezzanine Notes.

**“Rating Agencies”** means, collectively, DBRS and Fitch.

**“Rating Event”** will have occurred if the unsecured, unsubordinated debt obligations of the Swap Counterparty (and any guarantor it may have) cease to be rated (by each Rating Agency rating the Senior Notes and Class B Notes at such time) at least as high as the highest rating (by each such Rating Agency) required of such party under the Swap Agreement.

**“Receivables”** means each and every right of the Issuer, including potential and/or future rights, arising under the Loans and under the Loan Agreements and any related Collateral Security from the Portfolio Transfer Effective Date, including, and without limitation:

- (a) any and all rights and claims for the payment of outstanding Instalments;
- (b) any and all rights and claims for the payment of any amount owed for damages, expenses, charges, costs, fees and ancillary charges;
- (c) any and all rights and claims for the payment of any other amount or sum owed for any reason;
- (d) all related Collateral Security and the rights of the Originator in respect of it, including the right to the delivery of any Promissory Note issued to the Originator as a guarantee of the amounts due to the Originator pursuant to the relevant Loan Agreement, the right to obtain the endorsement thereon in favour of the Originator, as well as the right to the fulfilment and collection of any such Promissory Note;
- (e) the liens (*privilegi*) and pre-emption rights (*cause di prelazione*) in the aforesaid rights and claims, as well as any right and claim in relation to the reimbursement of legal and judicial expenses incurred in relation to the recovery of amounts due in respect of the Loan Agreement together with any and all other rights, claims and actions (including any action for damages), substantial and procedural actions and defences inherent or otherwise ancillary to the aforesaid rights and claims including, but not limited to the remedy of rescission of contract and the right to declare the Borrowers and Guarantors debarred due to lapse of time limit (*decaduti dal beneficio del termine*);
- (f) all of the rights of the Originator for the restitution of the amounts paid to the relevant Car Seller pursuant to the relevant Loan Agreement arising as a result of the termination (*risoluzione*) of the relevant Loan Agreement due to a default (*inadempimento*) of the relevant Car Seller (also pursuant to article 125-*quinquies* of the Consolidated Banking Act) under the relevant purchase agreement for a Car; and
- (g) all rights to payment of sums due arising from the Loan Agreements following actions of revocation (*azione revocatoria*) of the said agreements which may be taken against the Originator or the Issuer after the Initial Execution Date in terms of Insolvency Proceedings.

**“Receivables Purchase Agreement”** means the receivables purchase agreement dated 6 October 2014 entered into between the Issuer and the Originator.

**“Recoveries”** means any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any Delinquent Receivables and credited to a FGAC Bank Account or a FGAC Postal Account, as the case may be.

**“Recovery Procedures”** has the meaning given to the term *“Procedura di Recupero”* in the Receivables Purchase Agreement.

**“Reference Banks”** means the three major banks in the euro-zone inter-bank market selected by the Principal Paying Agent from time to time and if any such bank is unable or unwilling to continue to act, such other bank as may be appointed by the Principal Paying Agent on behalf of the Issuer to act in its place.

**“Relevant Clearing System”** means Euroclear and/or Clearstream, Luxembourg.

**“Relevant Day-Count Fraction”** means, in relation to an Interest Period, the actual number of days in the relevant Interest Period divided by 360.

**“Representative of the Noteholders”** means U.S. Bank Trustees Limited acting in its capacity as representative of the Noteholders pursuant to the Subscription Agreements, the Mandate Agreement and the Intercreditor Agreement.

**“Retention Amount”** means an amount necessary to replenish the Expenses Account up to the Initial Retention Amount plus 2 per cent. of the on-balance sheet expenses which the Issuer paid in the previous Collection Period.

**“Rules”** means the rules of the Organisation of the Noteholders attached as an exhibit to these Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**“Scheduled Instalment Date”** means any date scheduled for the making of any payment pursuant to a Loan Agreement.

**“Securities Account”** means the securities account which may be established by the Cash Manager in the name of the Issuer with an Eligible Institution, in accordance with the terms of the Cash Allocation, Management and Payments Agreement.

**“Securities Collateral Account”** means the securities collateral account established in the name of the Issuer with the Account Bank (No. 732216-10 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute securities account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Securities Collateral Account for the purposes of depositing the relevant collateral in the form of securities pursuant to the Swap Agreement.

**“Securitisation”** means the securitisation of the Receivables effected by the Issuer through the issuance of the Notes.

**“Securitisation Law”** means Italian Law number 130 of 30 April 1999, as amended from time to time.

**“Security”** means the Security Interests created pursuant to the Deed of Pledge and the Deed of Charge.



**“Security Interest”** means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

**“Senior Noteholders”** means the holders of the Senior Notes.

**“Senior Notes”** means the Class A Notes.

**“Senior Notes and Class B Notes Subscription Agreement”** means the agreement so named dated on or about the Signing Date between the Issuer, the Representative of the Noteholders, FGAC, the Joint Lead Managers and the Arrangers relating to the subscription for the Senior Notes and the Class B Notes.

**“Servicer”** means FGAC in its capacity as servicer pursuant to the Servicing Agreement or any other person for the time being acting as such.

**“Servicing Agreement”** means the agreement dated on 6 October 2014 between the Issuer and the Servicer.

**“Signing Date”** means 23 October 2014.

**“Specified Office”** means, with respect to the Principal Paying Agent, 125 Old Broad Street, London EC2N 1AR, United Kingdom and with respect to any additional or other Paying Agent appointed pursuant to Condition 10.4 (*Change of Paying Agent*) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such Paying Agent in accordance with Condition 10.4 (*Change of Paying Agent*) and in each such case, such other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

**“Stock Exchange”** means the Luxembourg Stock Exchange.

**“Subordinated Loan”** means €24,500,000.

**“Subordinated Loan Agreement”** means the subordinated loan agreement dated on or about the Issue Date between the Issuer and the Subordinated Loan Provider.

**“Subordinated Loan Provider”** means FGAC in its capacity as subordinated loan provider pursuant to the terms of the Subordinated Loan Agreement or any other person for the time being acting as such.

**“Subscriber”** means FGAC.

**“Subscription Agreements”** means collectively the Senior Notes and Class B Notes Subscription Agreement and the Class C Notes, Class D Notes and Junior Notes Subscription Agreement.

**“Swap Agreement”** means the ISDA 1992 Master Agreement (Multicurrency Cross Border) (together with the schedule and credit support annex thereto and the confirmation evidencing a transaction thereunder) dated on or about the Signing Date between the Issuer and the Swap Counterparty.

**“Swap Counterparty”** means UniCredit Bank AG in its capacity as swap counterparty pursuant to the Swap Agreement or any other person for the time being acting as such.

**“Swap Transaction”** means the swap transaction entered into between the Issuer and the Swap Counterparty.

**“Swap Trigger”** means the occurrence of an early termination of the Swap Transaction due to either:

- (a) the occurrence of a Rating Event and the failure by the Swap Counterparty to take such action as is required in the Swap Agreement to remedy such Rating Event; or
- (b) the occurrence of an Event of Default (as defined in the Swap Agreement (which, for the avoidance of doubt, is not the same as a Trigger Event under the Notes) and as designated as such by the Issuer) in respect of the Swap Counterparty.

**“TARGET2”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

**“Target Cash Reserve Amount”** means €7,000,000, save that on the Calculation Date immediately preceding the Payment Date on which the Mezzanine Notes will be redeemed in full, the Target Cash Reserve Amount will be reduced to zero.

**“Target Commingling Reserve Amount”** means an amount equal to €17,500,000, save that on the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, the Target Commingling Reserve Amount will be reduced to zero.

**“TARGET Settlement Day”** means a day on which the TARGET2 is open for the settlement of payments in euro.

**“Target System”** means the TARGET2 system.

**“Tax”** means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

**“Tax Deduction”** means any deduction or withholding on account of Tax.

**“Transaction Documents”** means the Cash Allocation, Management and Payments Agreement, the Senior Notes and Class B Notes Subscription Agreement, the Class C Notes, Class D Notes and Junior Notes Subscription Agreement, these Conditions, the Corporate Administration Agreement, the Corporate Services Agreement, the Deed of Charge, the Deed of Pledge, the Intercreditor Agreement, the Mandate Agreement, the Master Definitions Agreement, the Quotaholder Agreement, the Receivables Purchase Agreement, the Servicing Agreement, the Subordinated Loan Agreement, the Swap Agreement, the Warranty and

Indemnity Agreement and any other documents executed from time to time after the Issue Date in connection with the Securitisation and designated as such by the relevant parties.

“**Transaction Party**” means any person who is a party to a Transaction Document.

“**Treaty**” means the treaty establishing the European Community, as amended.

“**Trigger Event**” means any of the events described in Condition 12.1 (*Trigger Events*).

“**Trigger Notice**” means the notice described as such in Condition 12.2 (*Delivery of a Trigger Notice*).

“**UCITS**” means Undertakings for Collective Investment in Transferable Securities.

“**Variable Return**” means the amount which may or may not be payable on the Junior Notes on any Payment Date, subject to the Conditions, determined by reference to the residual Issuer Available Funds after the satisfaction of the items ranking in priority in accordance with the applicable Priority of Payments.

“**VAT**” means *Imposta sul Valore Aggiuntivo (IVA)* as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to IVA) or elsewhere.

“**Warranty and Indemnity Agreement**” means the warranty and indemnity agreement entered into on 6 October 2014 between the Originator and the Issuer.

“**Weekly Report**” means the report, substantially in the form contained in schedule 3 to the Servicing Agreement produced by the Servicer in accordance with clause 7 of the Servicing Agreement.

“**Weekly Report Date**” means the first Business Day of each calendar week.

## 2.2 Interpretation

### 2.2.1 References in Condition

Any reference in these Conditions to:

“**holder**” and “**Holder**” mean the ultimate holder of a Note and the words “**holder**”, “**Noteholder**” and related expressions shall be construed accordingly;

a “**law**” shall be construed as a reference to any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body and a reference to any provision of any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any such legislative measure is to that provision as amended or re-enacted;

“**person**” shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state and any association or partnership (whether or not having legal personality) of two or more of the foregoing;

“repay”, “redeem” and “pay” shall each include both of the others and “repaid”, “repayable” and “repayment”, “redeemed”, “redeemable” and “redemption” and “paid”, “payable” and “payment” shall be construed accordingly;

a “successor” of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

#### 2.2.2 *Transaction Documents and other agreements*

Any reference to the Master Definitions Agreement, any other document defined as a “**Transaction Document**” or any other agreement, deed or document shall be construed as a reference to the Master Definitions Agreement, such other Transaction Document or, as the case may be, such other agreement, deed or document as the same may have been, or may from time to time be amended, varied, novated, supplemented or replaced.

#### 2.3 *Transaction Parties*

A reference to any person defined as a “**Transaction Party**” in these Conditions or in any Transaction Document shall be construed so as to include its and any subsequent successors and permitted assignees and transferees in accordance with their respective interests.

#### 2.4 *Master Definitions Agreement*

Words and expressions used herein and not otherwise defined shall have the meanings and constructions ascribed to them in the Master Definitions Agreement.

### 3. **FORM, TITLE AND DENOMINATION**

#### 3.1 *Denomination:*

3.1.1 The Rated Notes are issued in the denominations of €100,000 and integral multiples of €1,000 in excess thereof.

3.1.2 The Junior Notes are issued in the denominations of €100,000 and integral multiples of €1,000 in excess thereof.

#### 3.2 *Form*

The Notes are issued in dematerialised form (*emesse in forma dematerializzata*) and will be wholly and exclusively deposited with Monte Titoli in accordance with article 83-bis of Italian legislative decree No. 58 of 24 February 1998, through the authorised institutions listed in article 83-quater of such legislative decree.

#### 3.3 *Title*

The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. The Notes will at all times be in book entry form and title to the Notes will be evidenced by, and title thereto will be transferred

by means of, book entries in accordance with: (i) the provisions of article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998; and (ii) the regulation issued by the Bank of Italy and CONSOB on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the Notes.

#### 3.4 *Holder absolute owner*

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the Noteholders and the Principal Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holder, whose account is at the relevant time credited with a Note, as the absolute owner of such Note for the purposes of payments to be made to the holder of such Note (whether or not the Note is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the Note or any notice of any previous loss or theft of the Note) and shall not be liable for doing so.

#### 3.5 *The Rules*

The Noteholders are deemed to have notice of and are bound by and shall have the benefit of, *inter alia*, the terms of the rules of the organisation of the Noteholders (the “**Rules**”) which constitute an integral and essential part of these Conditions. The Rules are attached hereto as a schedule. The rights and powers of the Representative of the Noteholders and the Noteholders may be exercised only in accordance with the Rules.

### 4. **STATUS, SEGREGATION AND RANKING**

#### 4.1 *Status*

The Notes of each Class constitute direct and unconditional obligations of the Issuer. The Notes of each Class constitute limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes of each Class is limited to the amounts received or recovered by the Issuer in respect of the Portfolio and pursuant to the exercise of the Issuer’s Rights, as further specified in Condition 9.2 (*Limited recourse obligations of the Issuer*). The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a “*contratto aleatorio*” under Italian law and are deemed to accept the consequences thereof, including, but not limited to, the provisions under article 1469 of the Italian civil code. The rights arising from the Deed of Pledge and the Deed of Charge are incorporated in each Note.

#### 4.2 *Segregation by law and security*

4.2.1 By operation of the Securitisation Law, the Issuer’s right, title and interest in and to the Receivables is segregated from all other assets of the Issuer and amounts deriving therefrom will only be available both before and after a winding-up of the Issuer to satisfy the obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and to any third party creditors of the Issuer in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.

4.2.2 The Notes of each Class have the benefit of the Security over certain assets of the Issuer pursuant to the Deed of Pledge and the Deed of Charge.

### 4.3 Ranking

4.3.1 in respect of the obligations of the Issuer to pay interest on the Notes prior to the service of a Trigger Notice:

- (A) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
- (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class C Notes, the Class D Notes and the Junior Notes, but subordinated to the Class A Notes;
- (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Class D Notes and the Junior Notes, but subordinated to the Class A Notes and the Class B Notes;
- (D) the Class D Notes rank *pari passu* and without any preference or priority among themselves and in priority to the Junior Notes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes;
- (E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

4.3.2 in respect of the obligations of the Issuer to repay principal on the Notes prior to the service of a Trigger Notice:

- (A) the Class A Notes rank *pari passu* and without any preference or priority among themselves and in priority to repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
- (B) the Class B Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and in priority to repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes and no amount of principal in respect of the Class B Notes shall become due and payable or be repaid until redemption in full of the Class A Notes;
- (C) the Class C Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes and the Class B Notes and in priority to repayment of principal on the Class D Notes and the Junior Notes and no amount of principal in respect of the Class C Notes shall become due and payable or be repaid until redemption in full of the Class A Notes and the Class B Notes;
- (D) the Class D Notes rank *pari passu* and without any preference or priority among themselves but subordinated to repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to repayment of principal on the Junior Notes and no amount of principal in respect of the Class

D Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes and the Class C Notes; and

- (E) the Junior Notes rank *pari passu* and without any preference or priority among themselves, but subordinated to repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and no amount of principal in respect of the Junior Notes shall become due and payable or be repaid until redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

4.3.3 in respect of the obligations of the Issuer to (a) pay interest and (b) repay principal on the Notes following the service of a Trigger Notice or, in the event that the Issuer opts for the early redemption of the Notes under Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*):

- (A) the Class A Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves and in priority to (i) repayment of principal on the Class A Notes; and (ii) payment of interest and repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
- (B) the Class A Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest on the Class A Notes and in priority to payment of interest and repayment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes;
- (C) the Class B Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and in priority to (i) repayment of principal on the Class B Notes and (ii) payment of interest and repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes;
- (D) the Class B Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes and (ii) payment of interest on the Class B Notes and in priority to payment of interest and repayment of principal on the Class C Notes, the Class D Notes and the Junior Notes;
- (E) the Class C Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes and the Class B Notes and in priority to (i) repayment of principal on the Class C Notes and (ii) payment of interest and repayment of principal on the Class D Notes and the Junior Notes;
- (F) the Class C Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of

interest and repayment of principal on the Class A Notes and the Class B Notes and (ii) payment of interest on the Class C Notes and in priority to payment of interest and repayment of principal on the Class D Notes and the Junior Notes;

- (G) the Class D Notes, as to interest payments, will rank *pari passu* and without any preference or priority among themselves but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and in priority to (i) repayment of principal on the Class D Notes and (ii) payment of interest and repayment of principal on the Junior Notes;
- (H) the Class D Notes, as to principal payments, will rank *pari passu* and without any preference or priority among themselves, but subordinated to (i) payment of interest and repayment of principal on the Class A Notes, the Class B Notes and the Class C Notes and (ii) payment of interest on the Class D Notes and in priority to payment of interest and repayment of principal on the Junior Notes; and
- (I) the Junior Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

#### 4.4 *Intecreditor Agreement*

The Intercreditor Agreement and the Rules of the Organisation of Noteholders provide that the Representative of the Noteholders shall have regard to the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Senior Noteholders and the interests of the Mezzanine Noteholders and/or the Junior Noteholders, the Representative of the Noteholders is required under the Intercreditor Agreement and the Rules of the Organisation of Noteholders to have regard only to the interests of the Senior Noteholders, until the Senior Notes have been entirely redeemed. Once the Senior Notes have been entirely redeemed, if, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class B Noteholders and the interests of the Class C Noteholders, the Class D Noteholders or the Junior Noteholders, the Representative of the Noteholders is required under the Intercreditor Agreement and the Rules of the Organisation of Noteholders to have regard only to the interests of the Class B Noteholders until the Class B Notes have been entirely redeemed. Once the Class B Notes have been entirely redeemed, if, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class C Noteholders and the interests of the Class D Noteholders or the Junior Noteholders, the Representative of the Noteholders is required under the Intercreditor Agreement and the Rules of the Organisation of Noteholders to have regard only to the interests of the Class C Noteholders until the Class C Notes have been entirely redeemed. Once the Class C Notes have been entirely redeemed, if, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Junior Noteholders, the Representative of the Noteholders is required under the Intercreditor Agreement and the Rules of the Organisation of



Noteholders to have regard only to the interests of the Class D Noteholders until the Class D Notes have been entirely redeemed.

4.5 *Obligations of Issuer only*

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other entity or person.

5. **ISSUER COVENANTS**

Save with the prior written consent of the Representative of the Noteholders, or as expressly provided or envisaged in these Conditions or any of the Transaction Documents, for so long as any amount remains outstanding in respect of the Notes the Issuer shall not:

5.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever upon or with respect to the Receivables or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation or undertakings (other than under the Security) except in connection with further securitisations permitted pursuant to Condition 5.13 (*Further Securitisations*) below; or

5.2 *Restrictions on activities*

5.2.1 without prejudice to Condition 5.13 (*Further Securitisations*), engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage in; and

5.2.2 have any subsidiary (*società controllata*) or affiliate company (*società collegata*) (both as defined in article 2359 of the Italian civil code) or any employees or premises;

5.3 *Disposal of assets*

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant, any option over or any present or future right to acquire all or any part of the Receivables, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation, whether in one transaction or in a series of transactions;

5.4 *Dividends or distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its Quotaholder, or increase its equity capital, save as required by applicable law.

5.5 *Borrowings*

without prejudice to Condition 5.13 (*Further Securitisations*), incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any indebtedness or of any obligation of any person.

5.6 *Merger*

consolidate or merge with any other person or convey or transfer any of its properties or assets substantially as an entirety to any other person.

5.7 *Waiver or consent*

5.7.1 permit any of the Transaction Documents to which it is a party to become invalid or ineffective or the priority of the Security created thereby to be reduced, amended, terminated or discharged;

5.7.2 consent to any variation or novation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Transaction Documents to which it is a party; or

5.7.3 permit any party to any of the Transaction Documents to which it is a party, or any other person whose obligations form part of the Security, to be released from its respective obligations or to dispose of any part of the Security, save as envisaged by the Transaction Documents to which it is a party.

5.8 *Bank Accounts*

with the exception of the Quota Capital Account and such other accounts that the Issuer may have opened or may open in the future in the context of securitisation transactions other than this Securitisation and without prejudice to Condition 5.13 (*Further Securitisations*), have an interest in any bank account other than the Accounts, unless such account is opened in connection with the Securitisation in an EU Member State with an Eligible Institution and is pledged, charged or ringfenced, by operation of law or otherwise, in favour of the Noteholders and the Other Issuer Creditors on terms acceptable to the Representative of the Noteholders.

5.9 *Statutory documents*

amend, supplement or otherwise modify its by-laws (*statuto*), except where such amendment, supplement or modification is required by any compulsory provision of Italian law or by the competent regulatory authorities.

5.10 *Corporate records, financial statements and books of account*

cease to maintain corporate records, financial statements and books of account separate from those of the Originator and any other person or entity; or

5.11 *Residency and centre of main interests*

do any act or thing, the effect of which would be to make the Issuer resident for tax purposes in any jurisdiction other than the Republic of Italy or cease to be managed and administered in the Republic of Italy or cease to have its centre of main interests in the Republic of Italy;

5.12 *Compliance with corporate formalities*

cease to comply with all necessary corporate formalities;

### 5.13 Further Securitisations

carry out any other securitisation transactions pursuant to the Securitisation Law or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, deed or agreement in connection with any other securitisation transaction unless (a) the transaction documents relating to any such securitisation are provided to the Rating Agencies and (b) the assets relating to such further securitisation are segregated in accordance with the Securitisation Law.

## 6. PRIORITY OF PAYMENTS

### 6.1 Pre-Trigger Notice Interest Priority of Payments

Prior to the service of a Trigger Notice, the Interest Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the “**Pre-Trigger Notice Interest Priority of Payments**”) but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period);

*Second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the amount necessary to replenish the Expenses Account up to the Retention Amount;

*Third*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

*Fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteen* below) due and payable to the Cash Manager, the Principal Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Account Bank and the Calculation Agent;

*Fifth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than any termination payment due to the Swap Counterparty following the occurrence of the Swap Trigger;

*Sixth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Eighteen* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Seventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class A Notes;

*Eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class B Notes;

*Ninth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class C Notes;

*Tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Class D Notes;

*Eleventh*, for so long as there are Rated Notes outstanding, to credit the Cash Reserve Account with the amount required, if any, such that the Cash Reserve equals the Target Cash Reserve Amount;

*Twelfth*, to transfer to the Principal Funds Account an amount equal to the Principal Shortfall as at the immediately preceding Calculation Date;

*Thirteenth*, to transfer to the Principal Funds Account an amount equal to the amount (if any) paid under item *First* of the Pre-Trigger Notice Principal Priority of Payments on any preceding Payment Date and not yet repaid pursuant to this item;

*Fourteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement following the occurrence of the Swap Trigger;

*Fifteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Joint Lead Managers under the terms of the Senior Notes and Class B Notes Subscription Agreement;

*Sixteenth*, in or towards satisfaction of all amounts of interest due and payable to the Subordinated Loan Provider under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Seventeenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses to be paid to fulfil obligations to any Other Issuer Creditor in accordance with the relevant Transaction Documents or as otherwise incurred in the course of the Issuer's business in relation to this Securitisation (other than amounts already provided for in this Pre-Trigger Notice Interest Priority of Payments);

*Nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Junior Notes;

*Twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Variable Return on the Junior Notes.

From time to time, during an Interest Period, the Issuer shall, in accordance with the Cash Allocation, Management and Payments Agreement, be entitled to apply amounts standing to the credit of the Expenses Account in respect of certain amounts owed to third parties, other than the Noteholders and the Other Issuer Creditors, in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable

legislation, and in payment of sums due to third parties, other than the Noteholders and the Other Issuer Creditors, under obligations incurred in the course of the Issuer's business.

## 6.2 *Pre-Trigger Notice Principal Priority of Payments*

Prior to the service of a Trigger Notice, the Principal Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Payment Date immediately following such Calculation Date in making payment or provision in the following order of priority (the "**Pre-Trigger Notice Principal Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

*First*, on any Payment Date, to pay all the amounts due under items *First* to *Tenth* of the Pre-Trigger Notice Interest Priority of Payments, to the extent not paid under the Pre-Trigger Notice Interest Priority of Payments due to insufficiency of Interest Available Funds;

*Second*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Senior Notes until the Senior Notes are repaid in full;

*Third*, upon repayment in full of the Senior Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Fourth*, upon repayment in full of the Senior Notes and the Class B Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;

*Fifth*, upon repayment in full of the Senior Notes, the Class B Notes and the Class C Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Sixth*, upon repayment in full of the Rated Notes, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement following the occurrence of the Swap Trigger, to the extent not paid under item *Fourteenth* of the Pre-Trigger Notice Interest Priority of Payments;

*Seventh*, upon repayment in full of the Rated Notes, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Joint Lead Managers under the terms of the Senior Notes and Class B Notes Subscription Agreement, to the extent not paid under item *Fifteenth* of the Pre-Trigger Notice Interest Priority of Payments;

*Eighth*, upon repayment in full of the Rated Notes, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Ninth*, upon repayment in full of the Rated Notes, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Tenth*, upon repayment in full of the Rated Notes, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of such Junior Notes is equal to €100,000;

*Eleventh*, on the Final Redemption Date and on any date thereafter, in or towards satisfaction, *pro rata* and *pari passu* of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and

*Twelfth*, on any Payment Date, upon repayment in full of the Rated Notes, up to, but excluding, the Final Redemption Date in or towards satisfaction, *pro rata* and *pari passu*, of the Variable Return on the Junior Notes, to the extent not paid under item *Twentieth* of the Pre-Trigger Notice Interest Priority of Payments.

### 6.3 *Post-Trigger Notice Priority of Payments*

Following the service of Trigger Notice, or, in the event that the Issuer opts for the early redemption of the Notes issued under the Securitisation under Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*), the Issuer Available Funds as calculated on each Calculation Date will be applied by or on behalf of the Representative of the Noteholders on the Payment Date immediately following such Calculation Date in making payments or provisions in the following order (the “**Post-Trigger Notice Priority of Payments**”) but, in each case, only if and to the extent that payments of a higher priority have been made in full:

*First*, in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses due and payable by the Issuer in relation to this Securitisation (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such costs during the immediately preceding Interest Period);

*Second*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

*Third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Twentieth* below) due and payable to the Cash Manager, the Principal Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Corporate Administrator, the Account Bank and the Calculation Agent;

*Fourth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than any termination payment due to the Swap Counterparty following the occurrence of the Swap Trigger;

*Fifth*, in or towards satisfaction of any and all outstanding fees, costs and expenses (but excluding any indemnities and any other amounts referred to in item *Twentieth* below) due and payable to the Servicer pursuant to the terms of the Servicing Agreement;

*Sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class A Notes;

*Seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class A Notes, until the Senior Notes are repaid in full;

*Eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class B Notes;

*Ninth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class B Notes until the Class B Notes are repaid in full;

*Tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class C Notes;

*Eleventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class C Notes until the Class C Notes are repaid in full;

*Twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Class D Notes;

*Thirteenth*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Class D Notes until the Class D Notes are repaid in full;

*Fourteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any termination payment due and payable to the Swap Counterparty under the terms of the Swap Agreement following the occurrence of a Swap Trigger;

*Fifteenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Joint Lead Managers under the terms of the Senior Notes and Class B Notes Subscription Agreement;

*Sixteenth*, in or towards satisfaction of all amounts of interest due and payable to the Subordinated Loan Provider (including any interest accrued but unpaid) under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Seventeenth*, in or towards satisfaction of all amounts of principal due and payable to the Subordinated Loan Provider under the Cash Reserve Subordinated Loan advanced under the Subordinated Loan Agreement;

*Eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts due and payable to the Originator pursuant to Receivables Purchase Agreement and/or the Warranty and Indemnity Agreement;

*Nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due and payable (including any interest accrued but unpaid) on the Junior Notes;

*Twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding amounts, liabilities, indemnities, losses, damages or expenses due and payable to the Other Issuer Creditors under the relevant Transaction Documents (other than amounts already provided for in this Post-Trigger Notice Priority of Payments);

*Twenty-first*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Junior Notes until the Principal Amount Outstanding of such Junior Notes is equal to €100,000;

*Twenty-second*, on the Post-Trigger Notice Final Redemption Date and on any date thereafter, in or towards satisfaction, *pro rata* and *pari passu* of the Principal Amount Outstanding of the Junior Notes until such Junior Notes are repaid in full; and

*Twenty-third*, up to, but excluding, the Post-Trigger Notice Final Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, of the Variable Return on the Junior Notes.

## 7. INTEREST

### 7.1 *Accrual of Interest*

Each Note of each Class bears interest on its Principal Amount Outstanding from (and including) the Issue Date.

### 7.2 *Payment Dates and Interest Periods*

Interest on each Note will accrue on a daily basis and will be payable in Euro in arrear on each Payment Date in respect of the Interest Period ending on such Payment Date. The First Payment Date is the Payment Date falling on 10 December 2014.

### 7.3 *Cessation of Interest*

Each Note of each Class (or the portion of the Principal Amount Outstanding due for redemption) shall cease to bear interest from (and including) the Final Maturity Date or from (and including) any earlier date fixed for redemption unless payment of the principal due and payable but unpaid is improperly withheld or refused, in which case, each Note (or the relevant portion thereof) will continue to bear interest in accordance with this Condition (both before and after judgment) at the rate from time to time applicable to such Note until the day on which either all sums due in respect of such Note up to that day are received by the relevant Noteholder or the Representative of the Noteholders or the Principal Paying Agent receives all amounts due on behalf of all such Noteholders.

### 7.4 *Calculation of interest*

Interest in respect of any Interest Period or any other period shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

### 7.5 *Rates of Interest*

7.5.1 The floating rate of interest applicable to the Class A Notes (the “**Class A Interest Rate**”) for each Interest Period, including the Initial Interest Period, shall be the aggregate of EURIBOR and 0.55 per cent. per annum.

7.5.2 The floating rate of interest applicable to the Class B Notes (the “**Class B Interest Rate**”) for each Interest Period, including the Initial Interest Period, shall be the aggregate of EURIBOR and 0.87 per cent. per annum.



- 7.5.3 The fixed rate of interest applicable to the Class C Notes (the “**Class C Interest Rate**”) for each Interest Period, including the Initial Interest Period, shall be 3 per cent. per annum.
- 7.5.4 The fixed rate of interest applicable to the Class D Notes (the “**Class D Interest Rate**”) for each Interest Period, including the Initial Interest Period, shall be 4.5 per cent. per annum.
- 7.5.5 The fixed rate of interest applicable to the Junior Notes (the “**Junior Notes Interest Rate**” and, together with the Class A Notes Interest Rate, the Class B Notes Interest Rate, the Class C Notes Interest Rate and the Class D Notes Interest Rate, the “**Interest Rate**”, as the context requires) for each Interest Period, including the Initial Interest Period, shall be 2.3 per cent. per annum.
- 7.5.6 There shall be no maximum or minimum Interest Rate.

7.6 *Determination of Interest Rates and calculation of Interest Payment Amounts*

The Issuer shall on each Determination Date determine or cause the Principal Paying Agent to determine:

- 7.6.1 the Class A Interest Rate and the Class B Interest Rate applicable to the next Interest Period beginning after such Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date); and
- 7.6.2 the Euro amount of interest payable per Calculation Amount on a Note of each Class in respect of such Interest Period (the “**Interest Payment Amount**”).

The Interest Payment Amount payable per Calculation Amount in respect of the Notes of each Class for any Interest Period shall be an amount equal to the product of:

$$R \times CA \times PF \times DCF$$

(where “R” is the applicable Interest Rate for the Relevant Class, “CA” is the Calculation Amount, “PF” is the applicable Principal Factor for the Relevant Class on the first day of such Interest Period after any repayments of principal made on such day and “DCF” is the Relevant Day-Count Fraction) rounded down to the nearest cent. The Interest Payment Amount payable per each Note for any period shall be an amount equal to the product of:

$$RA \times (D/CA)$$

(where “RA” is the Interest Payment Amount payable per Calculation Amount in respect of such Class of Notes for such Interest Period, “D” is the denomination of each Note of such Class of Notes and “CA” is the Calculation Amount in respect of such Class of Notes).

7.7 *Notification of Interest Rate, Interest Payment Amount and Payment Date*

- 7.7.1 As soon as practicable (and in any event not later than the close of business on the relevant Determination Date), the Issuer will cause:
- (A) the Class A Interest Rate and the Class B Interest Rate for the related Interest Period;

(B) the Interest Payment Amount for each Class of Notes for the related Interest Period; and

(C) the Payment Date in respect of each such Interest Payment Amount,

to be notified to the Servicer, the Representative of the Noteholders, the Paying Agents, the Calculation Agent, the Corporate Administrator, the Swap Counterparty, Monte Titoli and the Stock Exchange and will cause the same to be published in accordance with Condition 16 (*Notices*) on or as soon as possible after the relevant Determination Date.

7.7.2 The Issuer will cause notice to be given to the Representative of the Noteholders and the Paying Agents no fewer than two Business Days prior to the relevant Payment Date of any Payment Date on which, pursuant to this Condition 7, interest due and payable on the Most Senior Class of Notes will not be paid in full and will cause notification of the same to be given to the Noteholders in accordance with Condition 16 (*Notices*).

#### 7.8 *Amendments to publications*

The Class A Interest Rate, the Class B Interest Rate and the Interest Payment Amount for each Class of Notes and the Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

#### 7.9 *Calculation of Variable Return*

The Issuer shall on each Calculation Date determine or cause the Calculation Agent to determine the Variable Return payable in respect of each Junior Note on the immediately following Payment Date. The Variable Return Amount payable in respect of any Interest Period in respect of each Junior Note shall be calculated per Calculation Amount and shall be an amount equal to such proportion of the amount required as at that Payment Date to be applied towards payment of the Variable Return in respect of the Junior Notes equal to the proportion that the Calculation Amount in respect of the Junior Notes bears to the aggregate Principal Amount Outstanding of all the Junior Notes upon issue, rounded down to the nearest cent. The amount of Variable Return payable per Junior Note on any Payment Date shall be an amount equal to the product of:

$$\text{JNVR} \times (\text{D}/\text{CA})$$

(where "JNVR" is the Variable Return payable per Calculation Amount in respect of the Junior Notes on such Payment Date, "D" is the denomination of the relevant Junior Note and "CA" is the Calculation Amount in respect of the Junior Notes).

#### 7.10 *Notice of calculation of Variable Return*

The Issuer will cause each calculation of the Variable Return in relation to each Junior Note to be notified immediately after calculation (through the Payments Report or the Post-Trigger Notice Report) to the Representative of the Noteholders and the Paying Agents and will cause notice of each calculation of the Variable Return in relation to each Junior Note to be given in

accordance with Condition 16 (*Notices*) not later than two Business Days prior to each Payment Date.

#### 7.11 *Determination by the Representative of the Noteholders*

If the Issuer does not at any time for any reason determine (or cause to be determined) the Class A Interest Rate and/or the Class B Interest Rate or calculate the Interest Payment Amount for the Notes in each Class or the Variable Return for the Junior Notes in accordance with this Condition 7, the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall:

7.11.1 determine (or cause to be determined) the Class A Interest Rate and/or the Class B Interest Rate at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or

7.11.2 determine (or cause to be determined) the Interest Payment Amount for each Note of such Class in the manner specified in Condition 7.6 (*Determination of Interest Rates and Calculation of Interest Payment Amounts*),

and any such determination shall be deemed to have been made by the Calculation Agent on behalf of the Issuer.

#### 7.12 *Reference Banks*

The Issuer shall ensure that, so long as any of the Notes remain outstanding, there shall at all times be three Reference Banks. If any appointed bank is unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such in its place.

#### 7.13 *Unpaid Interest with respect to the Notes*

Unpaid interest on the Notes of each Class shall accrue no interest.

### 8. **REDEMPTION, PURCHASE AND CANCELLATION**

#### 8.1 *Final Redemption*

8.1.1 Unless previously redeemed in full or cancelled as provided in this Condition, the Issuer shall redeem the Notes of each Class at their Principal Amount Outstanding, plus any accrued interest, on the Final Maturity Date.

8.1.2 The Issuer may not redeem the Notes in whole or in part prior to that date except as provided below in Conditions 8.2 (*Mandatory redemption*), 8.3 (*Optional redemption*) and Condition 8.4 (*Optional redemption for taxation reasons*), but without prejudice to Condition 12 (*Trigger Events*) and Condition 13 (*Enforcement*).

8.1.3 If the Notes of any Class cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient Principal Available Funds for application in or towards such redemption in accordance with the relevant Priority of Payments, the provisions of Condition 9 (*Limited recourse and non petition*) and Condition 12.2 (*Delivery of Trigger Notice*) shall apply with regard to any unpaid amounts.

## 8.2 *Mandatory redemption*

On each Payment Date on which there are Principal Available Funds available for payments of principal in respect of the Notes in accordance with the Principal Priority of Payments, the Issuer will cause:

- 8.2.1 each Class A Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class A Note determined on the related Calculation Date;
- 8.2.2 subject to the Class A Notes being redeemed in full, each Class B Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class B Note determined on the related Calculation Date;
- 8.2.3 subject to the Class B Notes being redeemed in full, each Class C Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class C Note determined on the related Calculation Date;
- 8.2.4 subject to the Class C Notes being redeemed in full, each Class D Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class D Note determined on the related Calculation Date;
- 8.2.5 subject to the Senior Notes and the Mezzanine Notes being redeemed in full, each Junior Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Junior Note determined on the related Calculation Date.

## 8.3 *Optional redemption*

Provided that no Trigger Notice has been served on the Issuer, on any Payment Date on which the Net Present Value of the Portfolio Outstanding Amount is equal to, or less than, 10 per cent. of the Net Present Value of the Portfolio Outstanding Amount as at the Issue Date, the Issuer may apply the proceeds of the sale of all of the Portfolio in accordance with the Receivables Purchase Agreement to redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Post-Trigger Notice Priority of Payments, subject to the Issuer:

- 8.3.1 giving not more than 60 calendar days' nor less than 20 calendar days' notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 16 (*Notices*) of its intention to redeem the Notes; and
- 8.3.2 prior to the notice referred to in Condition 8.3.1 above being given, delivering to the Representative of the Noteholders a certificate duly signed by a director of the Issuer confirming that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Senior Notes and the Mezzanine Notes and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior

Notes and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Junior Notes.

#### 8.4 *Optional redemption for taxation reasons*

Provided that no Trigger Notice has been served on the Issuer, the Issuer may redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes at their Principal Amount Outstanding together with accrued but unpaid interest on any Payment Date (in accordance with the Post-Trigger Notice Priority of Payments):

- 8.4.1 after the date on which the Issuer is required to make any payment in respect of the Notes and the Issuer, would be required to make a Tax Deduction in respect of such payment (other than in respect of a Decree 239 Deduction);
- 8.4.2 after the date on which the Issuer or the Swap Counterparty is required to make any payments in respect of the Swap Agreement and either the Issuer or the Swap Counterparty, as the case may be, would be required to make a Tax Deduction in respect of such payment; and
- 8.4.3 after the date of a change in the Tax law of Italy (or the application or official interpretation of such law) which would cause the total amount payable in respect of the Portfolio to cease to be receivable by the Issuer, including as a result of any of the Borrowers being obliged to make a Tax Deduction in respect of any payment in relation to any Receivables,

subject to the Issuer:

- 8.4.4 giving not more than 60 calendar days' nor less than 20 calendar days' notice (which notice shall be irrevocable) to the Representative of the Noteholders and to the Noteholders in accordance with Condition 16 (*Notices*) of its intention to redeem the Notes; and
- 8.4.5 delivering, prior to the notice referred to in Condition 8.4.4 above being given, to the Representative of the Noteholders a certificate duly signed by a director of the Issuer confirming that it will have necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to (i) redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Senior Notes and the Mezzanine Notes and any amount required to be paid under the relevant Priority of Payments in priority to or *pari passu* with the Senior Notes and the Mezzanine Notes and, unless the Junior Noteholders have waived in whole or in part their redemption rights deriving therefrom, all the Junior Notes and (ii) pay any additional taxes that will be payable by the Issuer after the Notes are redeemed, by reason of such early redemption of the Notes.

#### 8.5 *Conclusiveness of certificates*

Any certificate given by or on behalf of the Issuer pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*) may be relied on by the

Representative of the Noteholders without further investigation and shall be binding on the Noteholders and the Other Issuer Creditors.

8.6 *Calculation of Principal Payment Amount and Principal Amount Outstanding*

8.6.1 On each Calculation Date, the Issuer shall calculate or cause the Calculation Agent to calculate:

- (A) the amount of the Issuer Available Funds;
- (B) the aggregate principal payment (if any) due on each Class of Notes on the next following Payment Date and the Principal Payment Amount (if any) due on each Note of that Class; and
- (C) the Principal Amount Outstanding of each Note of each Class on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date in relation to each Note of such Class).

8.6.2 The principal amount redeemable in respect of each Note of each Class (the “**Principal Payment Amount**”) on any Payment Date shall be calculated per Calculation Amount and shall be an amount equal to such proportion of the amount required as at that Payment Date to be applied towards redemption of such Class of Notes in accordance with the applicable Priority of Payments equal to the proportion that the Calculation Amount in respect of such Class of Notes bears to the aggregate Principal Amount Outstanding of all the Notes of such Class upon issue, rounded down to the nearest cent, provided that no amount of principal payable in respect of a Note may exceed the Principal Amount Outstanding of such Note. The Principal Payment Amount payable per Note of a particular Class on any Payment Date shall be an amount equal to the product of:

$$PP \times (D/CA)$$

(where “PP” is the Principal Payment Amount payable per Calculation Amount in respect of such Class of Notes on such Payment Date, “D” is the denomination of each Note of the relevant Class of Notes and “CA” is the Calculation Amount in respect of such Class of Notes).

8.7 *Calculation by the Representative of the Noteholders in case of Issuer default*

If the Issuer does not at any time for any reason calculate (or cause the Calculation Agent to calculate) the Principal Available Funds, the amount thereof available for principal payments in respect of the Notes, the Principal Payment Amount in respect of each Note of each Class or the Principal Amount Outstanding in relation to each Note of each Class in accordance with this Condition, such amounts shall be calculated by (or on behalf of) the Representative of the Noteholders, without any liability accruing to the Representative of the Noteholders as a result, in accordance with this Condition (based on information supplied to it by the Issuer or the Calculation Agent) and each such calculation shall be deemed to have been made by the Calculation Agent on behalf of the Issuer.

8.8 *Notice of calculation of Principal Payment Amount and Principal Amount Outstanding*

The Issuer will cause each calculation of the Principal Payment Amount and Principal Amount Outstanding in relation to each Class of Notes to be notified immediately after calculation (through the Payments Report or the Post-Trigger Notice Report) to the Representative of the Noteholders, the Paying Agents and, for so long as the Rated Notes are listed on the Stock Exchange, the Stock Exchange and will cause notice of each calculation of a Principal Payment Amount and Principal Amount Outstanding in relation to each Class of Notes to be given in accordance with Condition 16 (*Notices*) not later than two Business Days prior to each Payment Date.

8.9 *Notice Irrevocable*

Any such notice as is referred to in Condition 8.3 (*Optional redemption*), Condition 8.4 (*Optional redemption for taxation reasons*) and Condition 8.8 (*Notice of Calculation of Principal Payment Amount and Principal Amount Outstanding*) shall be irrevocable and, upon the expiration of notice pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*), the Issuer shall be bound to redeem the Notes at their Principal Amount Outstanding in accordance therewith.

8.10 *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Notes at any time.

8.11 *Cancellation*

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

9. **LIMITED RECOURSE AND NON PETITION**

9.1 *Noteholders not entitled to proceed directly against the Issuer*

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

9.1.1 no Noteholder is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security and no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled to take any proceedings against the Issuer to enforce the Security;

9.1.2 no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

9.1.3 until the date falling two years and one day after the date on which the Notes and any notes issued under any further securitisations undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no

Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer unless a Trigger Notice has been served or an Insolvency Event has occurred and the Representative of the Noteholders, having become bound so to do, fails to take such actions as the Representative of the Noteholders is entitled to take under the Transaction Documents within a reasonable period of time and such failure is continuing; and

9.1.4 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

## 9.2 *Limited recourse obligations of the Issuer*

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

9.2.1 each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;

9.2.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to such sums and *pro rata* with any *pari passu* sums payable to such Noteholder; and

9.2.3 if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 16 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and deemed to be discharged in full.

## 10. **PAYMENTS**

### 10.1 *Payments through Monte Titoli*

Payments of principal and interest in respect of the Notes deposited with Monte Titoli will be credited, according to the instructions of Monte Titoli, by or on behalf of the Issuer to the accounts with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes, and thereafter credited by such banks and authorised brokers from such



aforementioned accounts to the accounts of the beneficial owners of those Notes. Payments made by or on behalf of the Issuer according to the instructions of Monte Titoli to the accounts with Monte Titoli of the banks and authorised brokers whose accounts are credited with those Notes will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes. Alternatively, the Principal Paying Agent may arrange for payments of principal and interest in respect of the Notes to be made to the Noteholders through Euroclear and Clearstream, Luxembourg to be credited to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Payments made by or on behalf of the Issuer to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of the Notes, in accordance with the rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg will relieve the Issuer *pro tanto* from the corresponding payment obligations under the Notes.

#### 10.2 *Payments subject to fiscal Laws*

All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether, by operation of law or agreement of the Issuer or its Paying Agents and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

#### 10.3 *Payments on Business Days*

If the due date for any payment of principal and/or interest in respect of Notes is not a day on which banks are open for general business (including dealings in foreign currencies) in the place in which the relevant Monte Titoli Account Holder is located (in each case the “**Local Business Day**”), the holder of the relevant Note will not be entitled to payment of the relevant amount until the immediately succeeding Local Business Day and will not be entitled to any further interest or other payment in consequence of any such delay.

#### 10.4 *Change of Paying Agent*

The Issuer reserves the right, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents provided that the Issuer shall at all times maintain (a) a principal paying agent and (b) a paying agent in an EU member state that will not be obliged to withhold or deduct Tax pursuant to any law implementing European Council Directive 2003/48/EC. The Issuer will cause at least 30 days’ prior notice of any change in or addition to the Paying Agents or their Specified Offices to be given in accordance with Condition 16 (*Notices*).

### 11. **TAXATION**

#### 11.1 *Payments Free from Tax*

All payments in respect of the Notes will be made free and clear of and without withholding or deduction (other than a Decree 239 Deduction, where applicable), for any Taxes imposed, levied, collected, withheld or assessed by applicable law unless the Issuer, the Representative of the Noteholders or any of the Paying Agents (as the case may be) is required by law to make any Tax Deduction. In that event the Issuer, the Representative of the Noteholders or such

Paying Agent (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

#### 11.2 *No Payment of Additional Amounts*

None of the Issuer, the Representative of the Noteholders or the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.

#### 11.3 *Tax Deduction not Trigger Event*

Notwithstanding that the Representative of the Noteholders, the Issuer or the Paying Agents are required to make a Tax Deduction this shall not constitute a Trigger Event.

### 12. **TRIGGER EVENTS**

#### 12.1 *Trigger Events*

Subject to the other provisions of this Condition 12, each of the following events shall be treated as a “**Trigger Event**”:

##### 12.1.1 *Non-payment*

the Issuer fails to pay any amount of principal due and payable in respect of the Most Senior Class of Notes then outstanding within 5 days of the due date for payment of such principal or fails to pay any amount of interest due and payable in respect of the Most Senior Class of Notes then outstanding within 3 days of the due date for payment of such interest;

##### 12.1.2 *Breach of other obligations*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation to pay principal or interest in respect of the Most Senior Class of Notes then outstanding) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of remedy or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of remedy, remains unremedied for 30 days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied;

##### 12.1.3 *Breach of representations and warranties by the Issuer*

any of the representations and warranties given by the Issuer under any of the Transaction Documents is, or proves to have been, incorrect or erroneous in any material respect when made and (except where, in the opinion of the Representative of the Noteholders, it is not possible to remedy the same in which case no notice requiring remedy will be required) it has not been remedied within 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied;

##### 12.1.4 *Insolvency Event*

an Insolvency Event occurs with respect to the Issuer; or

#### 12.1.5 *Unlawfulness*

it is or will become unlawful for the Issuer to perform or comply with any of its material obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party or any obligation of the Issuer under a Transaction document ceases to be legal, valid and binding.

#### 12.2 *Delivery of Trigger Notice*

If a Trigger Event occurs and is continuing, then, subject to Condition 13 (*Enforcement*), the Representative of the Noteholders may, at its sole discretion, or shall if so directed by an Extraordinary Resolution of the Most Senior Class of Notes, serve a written notice to the Issuer declaring the Notes to be due and payable (a “**Trigger Notice**”).

#### 12.3 *Conditions to delivery of Trigger Notice*

Notwithstanding Condition 12.2 (*Delivery of a Trigger Notice*) the Representative of the Noteholders shall not be obliged to serve a Trigger Notice unless it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

#### 12.4 *Consequences of delivery of Trigger Notice*

Upon the delivery of a Trigger Notice, all payments of principal, interest and other amounts in respect of the Notes of each Class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding, together with any accrued interest and shall be payable in accordance with the order of priority set out in Condition 6.3 (*Post-Trigger Notice Priority of Payments*) and on such dates as the Representative of the Noteholders shall determine as being Payment Dates.

### 13. **ENFORCEMENT**

#### 13.1 *Proceedings*

At any time after a Trigger Notice has been delivered, the Representative of the Noteholders may, at its discretion and without further notice take such steps and/or institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of accrued interest thereon but it shall not be bound to do so unless directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and in such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

#### 13.2 *Directions to the Representative of the Noteholders*

The Representative of the Noteholders shall not be bound to take any action described in Condition 13.1 (*Proceedings*) and may take such action without having regard to the effect of such action on any individual Noteholder or on any Other Issuer Creditor, provided that the Representative of the Noteholders shall not, and shall not be bound to, act at the request or direction of the Noteholders of any Class other than the Most Senior Class of Notes then outstanding unless:

13.2.1 to do so would not, in its sole opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such Class; or

13.2.2 (if the Representative of the Noteholders is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of each Class ranking senior to such Class.

### 13.3 *Sale of Portfolio*

Following the delivery of a Trigger Notice, the Representative of the Noteholders shall direct the Issuer to sell the Portfolio or a substantial part thereof only if so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and strictly in accordance with the instructions approved thereby.

## 14. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

### 14.1 *The Organisation of the Noteholders*

The Organisation of the Noteholders shall be established upon and by virtue of the issue of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes. The provisions relating to the Organisation of the Noteholders and the Representative of the Noteholders are contained in the Rules.

### 14.2 *Appointment of the Representative of the Noteholders*

Pursuant to the Rules there shall at all times be a Representative of the Noteholders.

## 15. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Notes shall be prescribed and shall become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the date on which a payment in respect thereof first becomes due and payable.

## 16. **NOTICES**

### 16.1 *Notices Given Through Monte Titoli*

Any notice regarding the Notes, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

### 16.2 *Notices in Luxembourg*

16.2.1 As long as the Rated Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to Noteholders shall also be published on the website of the Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner referred to above.

16.2.2 In addition, as so long as the Rated Notes are listed on the Luxembourg Stock Exchange, any notice regarding the Rated Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time,

including, in particular, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the “**Transparency Directive**”).

16.3 *Other Method of Giving Notice*

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require.

17. **NOTIFICATIONS TO BE FINAL**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by the Reference Banks (or any of them), any Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of fraud (*frode*), gross negligence (*colpa grave*), wilful default (*dolo*) or manifest error) be binding on the Reference Banks any Paying Agent, the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Reference Banks any Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

18. **GOVERNING LAW AND JURISDICTION**

18.1 *Governing Law of Notes*

The Notes and any non-contractual obligations arising out of them are governed by Italian law.

18.2 *Governing Law of the Transaction Documents*

All the Transaction Documents and any non-contractual obligations arising out of them, except for the Swap Agreement, the English-law governed provisions of the Cash Allocation, Management and Payments Agreement and the Deed of Charge, are governed by Italian law. The Swap Agreement, the English-law governed provisions of the Cash Allocation, Management and Payments Agreement and the Deed of Charge and any non-contractual obligations arising out of them are governed by English law.

18.3 *Jurisdiction of Courts*

The Courts of Milan are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and any non contractual obligation arising out thereof.

## EXHIBIT TO THE TERMS AND CONDITIONS OF THE NOTES

### RULES OF THE ORGANISATION OF THE NOTEHOLDERS

#### TITLE I GENERAL PROVISIONS

##### Article 1

###### *General*

- 1.1 The Organisation of Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of all the Notes.
- 1.2 The contents of these Rules are deemed to form part of each Note issued by the Issuer.

##### Article 2

###### *Definitions*

- 2.1 In these Rules, the following terms shall have the following meanings:

**"24 Hours"** means a period of 24 hours, including all or part of a day upon which banks are open for business in the place where the Meeting of the holders of the Relevant Class(es) of Notes is to be held and in the place where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 Hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid;

**"48 Hours"** means two consecutive periods of 24 Hours;

**"Basic Terms Modification"** means:

- (a) a modification of the date of maturity of one or more Relevant Classes of Notes;
- (b) a modification which would have the effect of cancelling or postponing any date for payment of interest in respect of one or more Relevant Classes of Notes;
- (c) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of one or more Relevant Classes of Notes or the rate of interest applicable in respect of one or more Relevant Classes of Notes;
- (d) a modification which would have the effect of altering the method of calculating the amount of interest or such other amounts payable in respect of one or more Relevant Classes of Notes;
- (e) a modification which would have the effect of altering the majority required to pass a specific resolution or the quorum required at any Meeting;
- (f) a modification which would have the effect of altering the currency of payment of one or more Relevant Classes of Notes or any alteration of the date or priority of payment or redemption of one or more Relevant Classes of Notes;
- (g) a modification which would have the effect of altering the authorisation or consent by the Noteholders, as pledges, to applications of funds as provided for in the Transaction Documents;
- (h) the appointment and removal of the Representative of the Noteholders; and
- (i) an amendment to this definition;

**“Block Voting Instruction”** means, in relation to any Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that the Blocked Notes have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the conclusion of the Meeting;
- (b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Principal Paying Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 Hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
- (d) appointing one or more Proxies to vote in respect of the Blocked Notes in accordance with such instructions;

**“Blocked Notes”** means the Notes which have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian for the purposes of obtaining a Voting Certificate or a Block Voting Instruction and will not be released until the conclusion of the Meeting;

**“Chairman”** means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 (*Chairman of the Meeting*) of these Rules;

**“Extraordinary Resolution”** means a resolution of a Meeting of the holders of the Relevant Class(es) of Notes, duly convened and held in accordance with the provisions contained in these Rules on any of the subjects covered by Article 21 (*Powers exercisable by Extraordinary Resolution*) by a majority of at least three-quarters of votes cast;

**“Meeting”** means a meeting of the holders of the Relevant Class(es) of Notes (whether originally convened or resumed following an adjournment);

**“Proxy”** means, in relation to any Meeting, a person appointed to vote under a Voting Certificate or a Block Voting Instruction;

**“Relevant Class of Notes”** means:

- (a) the Class A Notes;
- (b) the Class B Notes;
- (c) the Class C Notes;
- (d) the Class D Notes; or
- (e) the Junior Notes,

as the context requires;

**“Relevant Fraction”** means:

- (a) for all business other than voting on an Extraordinary Resolution, one-tenth of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or one-tenth of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes);

- (b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of that Class of Notes (in case of a meeting of a particular Class of Notes), or two-thirds of the Principal Amount Outstanding of all relevant Classes of Notes (in case of a joint Meeting of a combination of Classes of Notes); and
- (c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), three-quarters of the Principal Amount Outstanding of the Notes of the relevant Class of Notes,

provided however that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (d) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the Notes of that Class of Notes represented or held by the Voters actually present at the Meeting (in case of a Meeting of a particular Class of Notes), or the fraction of the Principal Amount Outstanding of the Notes of all relevant Classes represented or held by the Voters actually present at the Meeting (in the case of a joint Meeting of a combination of Classes of Notes); and
- (e) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), one-third of the Principal Amount Outstanding of the Notes of the relevant Class represented or held by the Voters actually present at the Meeting;

**“Voter”** means, in relation to any Meeting, the holder of a Voting Certificate or a Proxy;

**“Voting Certificate”** means, in relation to any Meeting, a certificate requested by the interested Noteholder and issued by the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, and dated, stating:

- (a) that the Blocked Notes have been blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the earlier of (i) the conclusion of the Meeting and (ii) the surrender of the certificate to the clearing system or the Monte Titoli Account Holder or the relevant custodian who issued the same;
- (b) details of the Meeting concerned and the number of the Blocked Notes; and
- (c) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes;

**“Written Resolution”** means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders.

- 1.2 Capitalised terms not defined herein shall have the meaning attributed to them in the terms and conditions of the Notes (the **“Conditions”**);

### **Article 3**

#### *Organisation purpose*

- 3.1 Each holder of the Notes is a member of the Organisation of Noteholders.
- 3.2 The purpose of the Organisation of Noteholders is to co-ordinate the exercise of the rights of the Noteholders and the taking of any action for the protection of their interests.



- 3.3 In these Rules, any reference to Noteholders shall be considered as a reference to the Class A Noteholders and/or the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Junior Noteholders, as the case may be.

## TITLE II THE MEETING OF NOTEHOLDERS

### Article 4

#### *General*

- 4.1 Any resolution passed at a Meeting of the holders of the Relevant Class(es) of Notes, duly convened and held in accordance with these Rules, shall be binding upon all the Noteholders of such Class of Notes, whether or not present at such Meeting and whether or not voting.
- 4.2 Subject to the provision of Article 21 (*Powers exercisable by Extraordinary Resolution*):
- (a) any resolution passed at a Meeting of the Class A Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class B Noteholders, Class C Noteholders, Class D Noteholders and Junior Noteholders;
  - (b) any resolution passed at a Meeting of the Class B Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class C Noteholders, Class D Noteholders and Junior Noteholders;
  - (c) any resolution passed at a Meeting of the Class C Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Class D Noteholders and Junior Noteholders;
  - (d) any resolution passed at a Meeting of the Class D Noteholders, duly convened and held as aforesaid, shall also be binding upon all the Junior Noteholders,

and, in each case, all the Noteholders of the Relevant Class of Notes, whether or not absent or dissenting, shall be bound by such resolution irrespective of its effect upon such Noteholders and such Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof,

*provided, however, that:*

- (e) to the extent that any Senior Note is then outstanding, no resolution of the Mezzanine Noteholders or the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Senior Noteholders; and
  - (f) to the extent that any Mezzanine Note is then outstanding, no resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Mezzanine Noteholders or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by a resolution of the Mezzanine Noteholders.
- 4.3 Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published by and at the expense of the Issuer in accordance with the Condition 16 (Notices) and given to the Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting but failure to do so shall not invalidate the resolution.
- 4.4 Subject to the provisions of these Rules and the Conditions, joint Meetings of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Junior Noteholders may

be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

4.5 The following provisions shall apply while Notes of two or more Relevant Classes of Notes are outstanding:

- (I) business which involves the passing of an Extraordinary Resolution involving a Basic Terms Modification shall be transacted at a separate Meeting of the Noteholders of all Relevant Classes of Notes;
- (II) business which, in the opinion of the Representative of the Noteholders, affects only one Relevant Class of Notes shall be transacted at a separate Meeting of the holders of Notes of such Relevant Class of Notes;
- (III) business which, in the opinion of the Representative of the Noteholders, affects more than one Relevant Class of Notes but does not give rise to an actual or potential conflict of interest between the holders of one such Relevant Class of Notes and the holders of any other Relevant Class of Notes shall be transacted either at separate Meetings of the holders of each such Relevant Class of Notes or at a single Meeting of the holders of each of such Relevant Classes of Notes, as the Representative of the Noteholders shall determine in its absolute discretion;
- (IV) business which, in the opinion of the Representative of the Noteholders, affects more than one Relevant Class of Notes and gives rise to an actual or potential conflict of interest between the holders of one such Relevant Class of Notes and the holders of any other Relevant Class of Notes shall be transacted at separate Meetings of the holders of each Relevant Class of Notes; and
- (V) in the case of separate Meetings of the holders of each Relevant Class of Notes, these Rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the Relevant Class of Notes and to the holders of such Notes and, in the case of joint Meetings, as if references to the Notes and the Noteholders were to the Notes of each of the Relevant Classes of Notes and to the respective holders of the Notes.

4.6 In this paragraph “business” includes (without limitation) the passing or rejection of any resolution.

4.7 For the avoidance of doubt, amendments or modifications which do not affect the payment of interest and/or the repayment of principal in respect of any of the Senior Notes and/or the Mezzanine Notes and/or any other rights of the Senior Noteholders and/or the Mezzanine Noteholders may be passed at a Meeting of the Junior Noteholders without any sanction being required by the holders of any other Relevant Class of Notes.

## **Article 5**

### *Issue of Voting Certificates and Block Voting Instructions*

Noteholders may obtain a Voting Certificate from the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian, as the case may be, or require the Principal Paying Agent to obtain a Block Voting Instruction by arranging for their Notes to be blocked in an account with the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian at least 48 Hours before the time fixed for the Meeting of the holders of the Relevant Class(es) of Notes, providing to the Principal Paying Agent, where appropriate, evidence that the Notes are so blocked. The Noteholders may obtain such evidence by, *inter alia*, requesting the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian to release a certificate in accordance with, as the case may be: (i) the practices and procedures of the relevant clearing system; or (ii) articles 21 and 22 of the regulation issued by the Bank of Italy and the CONSOB on 22 February 2008, as subsequently amended and supplemented. A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in

the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

## **Article 6**

### *Validity of Block Voting Instructions*

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Representative of the Noteholders, or at some other place approved by the Representative of the Noteholders, at least 24 Hours before the time fixed for the Meeting of the holders of the Relevant Class(es) of Notes, and, if not deposited before such deadline, the Block Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Representative of the Noteholders shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

## **Article 7**

### *Convening of Meeting*

- 7.1 The Issuer or the Representative of the Noteholders may convene a Meeting at any time, and the Representative of the Noteholders shall be obliged to do so upon the request in writing by, and at the costs of, the Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the Relevant Class of Notes.
- 7.2 Whenever any one of the Issuer or the Representative of the Noteholders is about to convene any such Meeting, it shall immediately give notice in writing to, respectively, the Representative of the Noteholders and the Issuer (as the case may be) of the date thereof and of the nature of the business to be transacted thereat.
- 7.3 Every such Meeting shall be held at such time and place as the Representative of the Noteholders may designate or approve, provided that it is in a EU Member State.
- 7.4 Unless the Representative of the Noteholders decides otherwise pursuant to Article 4 (*General*), each Meeting shall be attended by Noteholders of the Relevant Class of Notes.

## **Article 8**

### *Notice*

- 8.1 At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Principal Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders). Any notice to Noteholders shall be given in accordance with Condition 16 (Notices).
- 8.2 The notice shall specify the nature of the resolutions to be proposed and shall explain how Noteholders may appoint Proxies, obtaining Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

## **Article 9**

### *Chairman of the Meeting*

- 9.1 Any individual (who may, but need not to, be a Voter) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but if: (i) no such nomination is made; or (ii) the

individual nominated is not present within 15 minutes of the time fixed for the Meeting; then, the Voters shall choose one of themselves to take the chair, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

- 9.2 The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

#### **Article 10**

##### *Quorum*

The quorum at any Meeting shall be at least one Voter representing or holding not less than the Relevant Fraction relative to (i) that Relevant Class of Notes (in the case of a Meeting of one Relevant Class of Notes) or (ii) the Relevant Classes of Notes (in the case of a joint Meeting). No business (except choosing a Chairman, if requested) shall be transacted at a Meeting unless a quorum is present at the commencement of business.

#### **Article 11**

##### *Adjournment for want of quorum*

If, within 15 minutes of the time fixed for any Meeting a quorum is not present, then:

- (a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and
- (b) in the case of any other Meeting, it shall be adjourned (i) until such date (which shall be not less than 14 days and not more than 42 days later) and to such place as the Chairman determines or (ii) on the date and at the place indicated in the notice convening the Meeting (if such notice sets out the date and place of any adjourned Meeting); provided, however, that in any case:

the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders so decides; and

- (c) no Meeting may be adjourned by resolution of a Meeting that represents less than the Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment for want of quorum.

#### **Article 12**

##### *Adjourned Meeting*

Without prejudice to Article 11 (*Adjournment for want of quorum*), the Chairman may, with the prior consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

#### **Article 13**

##### *Notice following adjournment*

Article 8 (*Notice*) shall apply to any Meeting adjourned for want of quorum, save that:

- (a) at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be given; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes; and
- (c) it shall not be necessary to give notice of the convening of an adjourned Meeting (i) if the notice given in respect of the first Meeting already sets the time and place for an adjourned Meeting and specifies the

quorum requirements which will apply when the Meeting resumes; or (ii) if the Meeting has been adjourned for any other reason.

#### **Article 14**

##### *Participation*

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) the Issuer or its representative and the Principal Paying Agent;
- (c) the financial advisers to the Issuer;
- (d) the Representative of the Noteholders;
- (e) the legal counsel to each of the Issuer, the Representative of the Noteholders, and the Principal Paying Agent; and
- (f) such other person as may be resolved by the Meeting and as may be approved by the Representative of the Noteholders.

#### **Article 15**

##### *Passing of resolution*

A resolution is validly passed when (i) in respect of an Extraordinary Resolution only, three-quarters of votes cast by the Voters attending the relevant Meeting have been cast in favour of it or (ii) in respect of any resolution other than an Extraordinary Resolution, the majority of votes cast by the Voters attending the relevant Meeting have been cast in favour of it.

#### **Article 16**

##### *Show of hands*

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result of the show of hands is declared, the Chairman's declaration that, on a show of hands, a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority, shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

#### **Article 17**

##### *Poll*

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters holding or representing at least 2 per cent. of (i) the Principal Amount Outstanding of that Relevant Class of Notes (in the case of a meeting of a particular Relevant Class of Notes), or (ii) the Principal Amount Outstanding of the Relevant Classes of Notes (in the case of a joint Meeting). The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other business.

## Article 18

### *Votes*

- 18.1 Every Voter shall have:
- (a) on a show of hands, one vote; and
  - (b) on a poll, one vote in respect of each €1,000 in principal amount of Note(s) represented by the Voting Certificate produced by such Voter or in respect of which he is a Proxy.
- 18.2 In the case of equality of votes, the Chairman shall, both on a show of hands and on a poll, have a casting vote in addition to the votes (if any) to which he may be entitled as a Voter.
- 18.3 Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

## Article 19

### *Vote by Proxies*

Any vote cast by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Representative of the Noteholders or the Issuer has not been notified by the Principal Paying Agent in writing of such amendment or revocation by the time being 24 Hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment.

## Article 20

### *Exclusive powers of the Meeting*

The Meeting shall have exclusive powers on the following matters:

- (a) to approve any Basic Terms Modification;
- (b) to approve any proposal by the Issuer for any alteration, abrogation, variation or compromise of the rights of the Representative of the Noteholders or the Noteholders under any Transaction Document, the Notes or the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (d) to direct the Representative of the Noteholders to serve a Trigger Notice under Condition 12.2 (*Delivery of Trigger Notice*);
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any Transaction Document or any act or omission which might otherwise constitute a Trigger Event;
- (f) to direct the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any resolution of the Noteholders;
- (g) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, other than in accordance with the Transaction Documents; and

- (h) to appoint and remove the Representative of the Noteholders.

## **Article 21**

### *Powers exercisable by Extraordinary Resolution*

Without limitation to the exclusive powers of the Meeting listed in Article 20 (*Exclusive powers of the Meeting*), each Meeting shall have the following powers exercisable only by way of an Extraordinary Resolution:

- (a) approval of any Basic Terms Modification;
- (b) approval of any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Representative of the Noteholders or the Noteholders against the Issuer or against any of its property or against any other person whether such rights shall arise under these Rules, the Notes, the Conditions, or otherwise;
- (c) approval of any scheme or proposal for the exchange or substitution of any of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (d) to appoint and remove the Representative of the Noteholders;
- (e) approval of the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (f) without prejudice to the Conditions, approval of any alteration of the provisions contained in these Rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (g) discharge or exoneration of the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these Rules, the Notes, the Conditions or any other Transaction Document;
- (h) giving any direction or granting any authority or sanction which under the provisions of these Rules, the Conditions or the Notes is required to be given or granted by Extraordinary Resolution;
- (i) authorisation and sanctioning of actions of the Representative of the Noteholders under these Rules, the Notes, the Conditions, the terms of the Intercreditor Agreement or any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders; and
- (j) authorising and directing the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution,

provided, however, that:

- (k) no Extraordinary Resolution involving a Basic Terms Modification passed by the holders of the Relevant Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Relevant Classes of Notes (to the extent that Notes of each such Relevant Classes of Notes are then outstanding);
- (l) no Extraordinary Resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or

Mezzanine Notes, respectively, then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or Mezzanine Notes, respectively, then outstanding); and

- (m) no Extraordinary Resolution of the Mezzanine Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders (to the extent that there are Class A Notes then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders (to the extent that there are Senior Notes then outstanding).

## **Article 22**

### *Challenge of resolution*

Any Noteholder can challenge a resolution which is not passed in conformity with the provisions of these Rules.

## **Article 23**

### *Minutes*

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be conclusive evidence of the resolutions and proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at such meeting shall be deemed to have been duly passed or transacted.

## **Article 24**

### *Written Resolution*

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

## **Article 25**

### *Individual actions and remedies*

25.1 The right of each Noteholder to bring individual actions or seek other individual remedies to enforce his or her rights under the Notes will be subject to the Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his or her rights under the Notes will notify the Representative of the Noteholders in writing of his or her intention;
- (b) the Representative of the Noteholders will, within 30 days of receiving such notification, convene a Meeting of the Noteholders of the Relevant Class(es) of Notes in accordance with these Rules at the expense of such Noteholder;
- (c) if the Meeting does not pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be prevented from seeking such enforcement or remedy (provided that the same matter can be submitted again to a further Meeting after a reasonable period of time has elapsed); and
- (d) if the Meeting does pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be permitted to seek such individual enforcement or remedy in accordance with the terms of the Extraordinary Resolution.



- 25.2 No individual action or remedy can be sought by a Noteholder to enforce his or her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 25.

**TITLE III**  
**THE REPRESENTATIVE OF THE NOTEHOLDERS**

**Article 26**

*Appointment, removal and remuneration*

- 26.1 Each appointment of a Representative of the Noteholders must be approved by an Extraordinary Resolution of the holders of each Relevant Class of Notes in accordance with the provisions of this Article 26, save in respect of the appointment of the first Representative of the Noteholders, which will be U.S. Bank Trustees Limited.
- 26.2 Save for U.S. Bank Trustees Limited as first Representative of the Noteholders, the Representative of the Noteholders shall be:
- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction, in either case provided it is licensed to conduct banking business in Italy; or
  - (b) a financial institution registered under article 106 of the Consolidated Banking Act; or
  - (c) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.
- 26.3 It is further understood and agreed that directors, auditors, employees (if any) of the Issuer and those who fall in any of the conditions set out in article 2399 of the Italian civil code cannot be appointed as the Representative of the Noteholders.
- 26.4 The Representative of the Noteholders shall be appointed for an unlimited term and can be removed by way of an Extraordinary Resolution of the holders of each Relevant Class of Notes at any time.
- 26.5 In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative of the Noteholders shall remain in office until (1) acceptance of the appointment by the Issuer of a substitute Representative of the Noteholders designated among the entities indicated in paragraph (a), (b) or (c) above, and, provided that a Meeting of the holders of each Relevant Class of Notes has not appointed such a substitute within 60 days of such termination, such Representative of the Noteholders may appoint such a substitute and (2) such substitute Representative of the Noteholders having entered into or acceded to the Intercreditor Agreement and the other Transaction Documents to which the terminated Representative of the Noteholders was a party. The powers and authority of the Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.
- 26.6 Each of the Noteholders, by reason of holding the relevant Note(s), will recognise the power of the Representative of the Noteholders, hereby granted, to appoint its own successor and recognise the Representative of the Noteholders so appointed as its representative.
- 26.7 The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders as from the date hereof. Such remuneration shall be payable in accordance with the Intercreditor Agreement and the Priority of Payments up to (and including) the date when the Notes have been repaid in full and cancelled in accordance with the Conditions.

## Article 27

### *Duties and powers*

- 27.1 The Representative of the Noteholders is the representative of the Organisation of Noteholders, subject to and in accordance with the Conditions, these Rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the “**Relevant Provisions**”).
- 27.2 Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the directions of a Meeting of Noteholders and for representing the interests of the Noteholders as a class of Notes *vis-à-vis* the Issuer. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting in order to obtain the authorisation or directions of the Meeting in respect of any action proposed to be taken by the Representative of the Noteholders.
- 27.3 All actions taken by the Representative of the Noteholders in the execution and exercise of its powers and authorities and of the discretions vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient (in its absolute discretion), whether by power of attorney or otherwise, delegate to any person(s) all or any of its duties, powers, authorities or discretions vested in it as aforesaid. Any such delegation may be made upon such terms and conditions, and subject to such regulations (including power to sub-delegate), as the Representative of the Noteholders may think fit in the interests of the Noteholders. The Representative of the Noteholders shall not be bound to supervise the proceedings of any such delegate or sub-delegate and shall not be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of such delegate’s misconduct or default, unless the Representative of the Noteholders has been negligent in the selection of the delegate or sub-delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and of any renewal, extension or termination of such appointment, and shall make it a condition of any such delegation that any delegate shall also, as soon as reasonably practicable, give notice to the Issuer of any sub-delegate.
- 27.4 The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including proceedings involving the Issuer in creditors’ agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).
- 27.5 The Representative of the Noteholders shall have regard to the interests of all the Noteholders and the Other Issuer Creditors as regards the exercise and performance of all powers, authorities, duties and discretions of the Representative of the Noteholders under these Rules, the Intercreditor Agreement or under the Mandate Agreement (except where expressly provided otherwise), but, notwithstanding the foregoing, the Representative of the Noteholders shall have regard to the interests only: (i) of the Most Senior Class of Notes outstanding, and (ii) subject to item (i), of whichever Noteholder and Other Issuer Creditor ranks higher in the Priority of Payments hereof for the payment of the amounts therein specified if, in its opinion, there is or may be a conflict between all or any of the interests of the holders of one or more Relevant Class of Notes or between the holders of one or more Relevant Class of Notes and any Other Issuer Creditors. The foregoing provision shall not affect the payment order set forth in the applicable Priority of Payments.
- 27.6 Each Noteholder by acquiring title to a Note is deemed to agree and acknowledge that:
- (a) the Representative of the Noteholders has entered into the Italian Deed of Pledge and the Deed of Charge for itself and, for the purposes of the Italian Deed of Pledge, as agent and, for the purposes of the Deed of Charge, as trustee in the name of and on behalf of each Noteholder from time to time and each of the Other Issuer Creditors thereunder;

- (b) by virtue of the transfer to it of the relevant Note, each Noteholder shall be deemed to have granted to the Representative of the Noteholders, as its agent and, for the purposes of the Deed of Charge, as trustee, the right (i) to exercise in such manner as the Representative of the Noteholders in its sole opinion deems appropriate, on behalf of such Noteholder, all of that Noteholder's rights under the Securitisation Law in respect of the Portfolio and all amounts and/or other assets of the Issuer arising from the Portfolio and the Transaction Documents not subject to the Security and (ii) to enforce its rights as a secured creditor for and on its behalf under the Italian Deed of Pledge and the Deed of Charge and in relation to the Security;
- (c) the Representative of the Noteholders, in its capacity as agent in the name of and on behalf of the holders of each Relevant Class of Notes, shall be the only person entitled under the Conditions and under the Transaction Documents to institute proceedings against the Issuer and/or to enforce or to exercise any rights in connection with the Security or to take any steps against the Issuer or any of the other parties to the Transaction Documents for the purposes of enforcing the rights of the holders of each Relevant Class of Notes with respect to the other Transaction Documents and recovering any amounts owing under the Notes or under the Transaction Documents;
- (d) the Representative of the Noteholders shall have exclusive rights under the Italian Deed of Pledge and the Deed of Charge to make demands, give notices, exercise or refrain from exercising any rights and to take or refrain from taking any action (including, without limitation, the release or substitution of security) in respect of the Security;
- (e) no Noteholder shall be entitled to proceed directly against the Issuer nor take any steps or pursue any action whatsoever for the purpose of recovering any debts due or owing to it by the Issuer or take, or join in taking, steps for the purpose of obtaining payment of any amount expressed to be payable by the Issuer or the performance of any of the Issuer's obligations under these Conditions and/or the Transaction Documents or petition for or procure the commencement of insolvency proceedings or the winding-up, insolvency, extraordinary administration or compulsory administrative liquidation of the Issuer or the appointment of any kind of insolvency official, administrator, liquidator, trustee, custodian, receiver or other similar official in respect of the Issuer for any, all, or substantially all the assets of the Issuer or in connection with any reorganisation or arrangement or composition in respect of the Issuer, pursuant to the Consolidated Banking Act or otherwise, unless (in each case under paragraphs (b), (c) and (d) above) a Trigger Notice shall have been served or an Insolvency Event shall have occurred and the Representative of the Noteholders, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, (provided that any such failure shall not be conclusive per se of a default or breach of duty by the Representative of the Noteholders), provided that the Noteholder may then only proceed subject to the provisions of the Conditions and provided that this proviso shall not prejudice the right of any Noteholder to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of an insolvency proceedings by a third party;
- (f) no Noteholder shall at any time exercise any right of netting, set-off or counterclaim in respect of its rights against the Issuer such rights being expressly waived or exercise any right of claim of the Issuer by way of a subrogation action (*azione surrogatoria*) pursuant to article 2900 of the Italian civil code; and
- (g) the provisions of this Clause 27 shall survive and shall not be extinguished by the redemption (in whole or in part) and/or cancellation of the Notes and waives to the greatest extent permitted by law any rights directly to enforce its rights against the Issuer.

## Article 28

### *Resignation of the Representative of the Noteholders*

The Representative of the Noteholders may resign at any time, upon giving not less than three calendar months' notice in writing to the Issuer, without assigning any reason therefor and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a Meeting of the holders of each Relevant Class of Notes has appointed a new Representative of the Noteholders, provided that, if a new Representative of the Noteholders has not been so appointed within 60 days of the date of such notice of resignation, the Representative of the Noteholders may appoint a new Representative of the Noteholders.

## Article 29

### *Exoneration of the Representative of the Noteholders*

- 29.1 The Representative of the Noteholders shall not assume, and shall not be responsible for, any other obligations in addition to those expressly provided herein and in the other Transaction Documents to which it is a party.
- 29.2 Without limiting the generality of the foregoing, the Representative of the Noteholders:
- (a) shall not be under any obligation to take any steps to ascertain whether a Swap Trigger, a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders or any Noteholder hereunder or under any of the other Transaction Documents, has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Swap Trigger, no Trigger Event or such other event, condition or act has occurred;
  - (b) shall not be under any obligation to monitor or supervise the observance or performance by the Issuer or any other party to the Transaction Documents of the provisions of, and its obligations under, these Rules, the Notes, the Conditions or any other Transaction Document, and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each such other party is observing and performing all such provisions and obligations;
  - (c) shall not be under any obligation to give notice to any person of the execution of these Rules, the Notes, the Conditions or any of the Transaction Documents or any transaction contemplated hereby or thereby;
  - (d) shall not be responsible for, or for investigating, the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules, the Notes, the Conditions, any Transaction Document or any other document, or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for, or have any duty to make any investigation in respect of, or in any way be liable whatsoever for: (i) the nature, status, creditworthiness or solvency of the Issuer or any other party to the Transaction Documents; (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained, or required to be delivered or obtained, at any time in connection herewith or with any Transaction Document; (iii) the suitability, adequacy or sufficiency of any collection or recovery procedures operated by the Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Receivables; or (v) any accounts, books, records or files maintained by the Issuer, the Servicer, the Principal Paying Agent or any other person in respect of the Receivables;

- (e) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes, or the distribution of any of such proceeds, to the persons entitled thereto;
- (f) shall have no responsibility for the maintenance of any rating of the Rated Notes by the Rating Agencies or any other credit or rating agency or any other person;
- (g) shall not be responsible for, or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party, other than the Representative of the Noteholders, contained herein or in any Transaction Document;
- (h) shall not be bound or concerned to examine, or enquire into, or be liable for, any defect or failure in the right or title of the Issuer to the Receivables or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry, or whether capable of remedy or not;
- (i) shall not be liable for any failure, omission or defect in registering or filing, or procuring registration or filing of, or otherwise protecting or perfecting, these Rules, the Notes or any Transaction Document;
- (j) shall not be under any obligation to insure the Receivables or any part thereof;
- (k) shall not be responsible for (except as otherwise provided in the Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Receivables, the Notes and any other payment to be made in accordance with the Priority of Payments;
- (l) shall not have regard to the consequences of any modification or waiver of these Rules, the Notes, the Conditions or any of the Transaction Documents for individual Noteholders or any relevant persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory; and
- (m) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these Rules, the Notes or any other Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.

29.3 The Representative of the Noteholders, notwithstanding anything to the contrary contained in these Rules:

- (a) may, without the consent of the Noteholders or any Other Issuer Creditors and subject to the Representative of the Noteholders giving prior written notice thereof to the Rating Agencies, concur with the Issuer and any other relevant parties in making any amendment or modification to these Rules, the Conditions (other than a Basic Terms Modification) or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it is expedient to make, or is of a formal, minor or technical nature to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven or is necessary or desirable for the purposes of clarification or is made to comply with a mandatory provision of law. Any such amendment or modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such amendment or modification to be notified to the Noteholders as soon as practicable thereafter;
- (b) may, without the consent of the Noteholders, concur with the Issuer and any other relevant parties in making any amendment or modification (other than in respect of a Basic Terms

Modification) to these Rules, the Conditions or to any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it may be proper to make, provided that the Representative of the Noteholders is of the opinion that such amendment or modification will not be materially prejudicial to the interests of the holders of the Most Senior Class;

- (c) may, without the consent of the Noteholders or any Other Issuer Creditor, authorise or waive any proposed breach or breach of the Notes (including a Trigger Event) or of the Intercreditor Agreement or any other Transaction Document if, in the opinion of the Representative of the Noteholders, the interests of the Most Senior Class will not be materially prejudiced by such authorisation or waiver; provided that the Representative of the Noteholders shall not exercise any of such powers in contravention of any express direction by an Extraordinary Resolution, or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification;
- (d) may act on the advice, certificate, opinion (whether or not such opinion is addressed to the Representative of the Noteholders and whether or not such opinion contains a monetary or other limit on the liability of the provider of such opinion) or information (whether or not addressed to the Representative of the Noteholders) obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert of international repute, whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting. Any such advice, certificate, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, certificate, opinion or information contained in, or purported to be conveyed by, any such letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;
- (e) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter or as to the expediency of any dealing, transaction, step or thing, a certificate duly signed by or on behalf of the sole director or the chairman of the board of directors of the Issuer, as the case may be, and the Representative of the Noteholders shall not be bound, in any such case, to call for further evidence or be responsible for any loss that may be occasioned as a result of acting on such certificate;
- (f) save as expressly otherwise provided herein, shall have absolute and unfettered discretion as to the exercise, or non-exercise, of any right, power and discretion vested in the Representative of the Noteholders by these Rules, the Notes, any Transaction Document or by operation of law, and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise, or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*);
- (g) shall be at liberty to leave in custody these Rules, the Transaction Documents and any other documents relating thereto or to the Notes in any part of the world with any bank, financial institution or company of international repute whose business includes undertaking the safe custody of documents, or with any lawyer or firm of lawyers of international repute, and the Representative of the Noteholders shall not be responsible for, or required to insure against, any loss incurred in connection with any such custody, and may pay all sums required to be paid on account of, or in respect of, any such custody;

- (h) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, is entitled to convene a Meeting of the Noteholders of any or all Relevant Classes of Notes in order to obtain instructions as to how the Representative of the Noteholders should exercise such discretion, provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. The Representative of the Noteholders shall not be obliged to take any action in respect of these Rules, the Notes, the Conditions or any Transaction Document unless it is indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities (provided that supporting documents are delivered) which it may incur by taking such action;
- (i) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purported to have been passed at any Meeting of holders of any Relevant Class of Notes in respect of which minutes have been drawn up and signed notwithstanding that subsequent to so acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the relevant Noteholders;
- (j) may call for, and shall be at liberty to accept and place full reliance on as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository, to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as entitled to a particular principal amount of Notes;
- (k) may certify whether or not a Trigger Event is, in its opinion, materially prejudicial to the interests of the Noteholders or the holders of the Most Senior Class of Notes and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant person;
- (l) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes, the Conditions or any other Transaction Document is capable of remedy and, if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any relevant person;
- (m) may assume, without enquiry, that no Notes are for the time being held by, or for the benefit, of the Issuer;
- (n) shall be entitled to call for, and to rely upon, a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement, any Other Issuer Creditor or any of the Rating Agencies in respect of any matter and circumstance for which a certificate is expressly provided for hereunder or under any Transaction Document or in respect of the ratings of the Rated Notes and it shall not be bound, in any such case, to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be incurred by its failing to do so; and
- (o) may, in determining whether the exercise of any power, authority, duty or discretion under or in relation hereto or to the Notes, the Conditions or any Transaction Document, is materially prejudicial to the interests of the Noteholders, contact the Rating Agencies so to assess whether the then current ratings of the Rated Notes would not be downgraded, withdrawn or qualified and have regard to any other confirmation which it considers, in its sole and absolute discretion, as necessary and/or appropriate.

- 29.4 Any consent or approval given by the Representative of the Noteholders under these Rules, the Notes, the Conditions or any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders thinks fit and, notwithstanding anything to the contrary contained herein, in the Conditions or in any Transaction Document, such consent or approval may be given retrospectively.
- 29.5 No provision of these Rules, the Notes, the Conditions or any Transaction Document shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations, or expend or risk its own funds, or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its powers or discretions, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds to believe that it will not be reimbursed for any funds, or that it will not be indemnified or pre-funded against any loss or liability which it may incur as a result of such action.

### Article 30

#### *Security*

- 30.1 The Representative of the Noteholders shall be entitled to exercise all the rights granted by the Issuer in favour of the Representative of the Noteholders on behalf of the Noteholders and the Other Issuer Creditors under the Security.
- 30.2 The Representative of the Noteholders, acting on behalf of the Noteholders and the Other Issuer Creditors, may:
- (a) prior to enforcement of the Security, appoint and entrust the Issuer to collect, in the interest of the Noteholders and the Other Issuer Creditors and on their behalf, any amounts deriving from the Security and may instruct, jointly with the Issuer, the obligors whose obligations form part of the Security to make any payments to be made thereunder to an Account of the Issuer;
  - (b) agree that the Accounts shall be operated in compliance with the provisions of the Cash Allocation, Management and Payments Agreement and the Intercreditor Agreement;
  - (c) agree that all funds credited to the Accounts from time to time shall be applied prior to the enforcement of the Security, in accordance with the Conditions and the Intercreditor Agreement;
  - (d) agree that cash deriving from time to time from the Security and the amounts standing to the credit of the Accounts shall be applied prior to enforcement of the Security, in and towards satisfaction not only of amounts due to the Noteholders and the Other Issuer Creditors, but also of such amounts due and payable to the other creditors of the Issuer that rank *pari passu* with, or higher than, the Noteholders and the Other Issuer Creditors, according to the applicable Priority of Payments and, to the extent that all amounts due and payable to the Noteholders and the Other Issuer Creditors have been paid in full, also towards satisfaction of amounts due to the other creditors of the Issuer that rank below the Noteholders and the Other Issuer Creditors. The Noteholders and the Other Issuer Creditors irrevocably waive any right which they may have hereunder in respect of cash deriving from time to time from the Security and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the Security, under the Security, except in accordance with the foregoing, the Conditions and the Intercreditor Agreement; and
  - (e) agree that (i) prior to the occurrence of an Early Termination Date (as defined in the Swap Agreement for all transactions thereunder), the amounts and/or securities standing to the credit (if any) of the Collateral Accounts may only be withdrawn from the Collateral Accounts and



paid exclusively in or towards satisfaction of the amounts (if any) that are due and payable to the Swap Counterparty pursuant to the Swap Agreement, irrespective of whether such amounts are set forth in the applicable Priority of Payments, and the Noteholders and the Other Issuer Creditors (other than the Swap Counterparty) irrevocably waive any right which they may have hereunder in respect of such amounts and/or securities which is not in accordance with the foregoing; and (ii) following the date on which all transactions under the Swap Agreement are terminated, amounts and/or securities (if any) standing to the credit of the Collateral Accounts may be withdrawn from the Collateral Accounts in an amount equal to the Excess Swap Collateral (if any) and paid exclusively in or towards satisfaction of the amounts (if any) that are due and payable to the Swap Counterparty pursuant to the Swap Agreement, irrespective of whether such amounts are set forth in the applicable Priority of Payments and the Noteholders and the Other Issuer Creditors (other than the Swap Counterparty) irrevocably waive any right which they may have hereunder in respect of such amounts which is not in accordance with the foregoing.

### **Article 31**

#### *Indemnity*

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Intercreditor Agreement to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any of the Other Issuer Creditors and without any obligation first to make demand upon the Noteholders or the Other Issuer Creditors, all adequately documented Liabilities properly incurred by or claimed against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the preparation and execution of, the exercise or the purported exercise of its powers, authority and discretion and performance of its duties under, and in any other manner in relation to, these Rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document, in each case, including but not limited to, legal and travelling expenses (properly incurred and documented), and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders or the above-mentioned appointed person.

### **TITLE IV**

#### **THE ORGANISATION OF NOTEHOLDERS UPON SERVICE OF A TRIGGER NOTICE**

### **Article 32**

#### *Powers*

- 32.1 It is hereby acknowledged that, upon service of a Trigger Notice and/or failure by the Issuer to exercise its rights, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of Noteholders, also in the interest and for the benefits of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Receivables. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of Noteholders, will be authorised, also pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents.
- 32.2 In particular and without limiting the generality of the foregoing, following the service of a Trigger Notice, the Representative of the Noteholders will be entitled, until the Notes have been repaid in full or cancelled in accordance with the Conditions:

- (a) to request the Account Bank to transfer all monies standing to the credit of the Collections Account, the Payments Account, the Principal Funds Account, the Interest Funds Account, the Commingling Reserve Account, the Expenses Account and the Cash Reserve Account to, respectively, a replacement Collections Account, a replacement Payments Account, a replacement Principal Funds Account, a replacement Interest Funds Account, a replacement Commingling Reserve Account, a replacement Expenses Account and a replacement Cash Reserve Account opened for such purpose by the Representative of the Noteholders with a replacement Account Bank which is an Eligible Institution;
- (b) to request the Account Bank to transfer all units of money markets funds, debt securities or other debt instruments from time to time purchased by or on behalf of the Issuer pursuant to the Cash Allocation, Management and Payments Agreement standing to the credit of the Securities Account, to, respectively, a replacement Securities Account opened for such purpose by the Representative of the Noteholders with a replacement Account Bank which is an Eligible Institution;
- (c) to require performance by any Other Issuer Creditor of its obligations under the relevant Transaction Document to which such Other Issuer Creditor is a party, to bring any legal actions and exercise any remedies in the name and on behalf of the Issuer that are available to the Issuer under the relevant Transaction Document against such Other Issuer Creditor in case of failure to perform and generally to take such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio, the Receivables and the Issuer's Rights;
- (d) to instruct the Servicer in respect of the recovery of the Issuer's Rights;
- (e) to take possession, as an agent of the Issuer and to the extent permitted by applicable laws, of all Collections (by way of a power of attorney granted hereunder in respect of the relevant Accounts) and of the Receivables and to sell or otherwise dispose of the Receivables or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its discretion, deem appropriate and to apply the proceeds in accordance with the Post-Trigger Priority of Payments; and
- (f) (i) to distribute the monies from time to time standing to the credit of the Accounts and such other accounts as may be opened by the Representative of the Noteholders pursuant to paragraphs (a) and (b) above to the Noteholders in accordance with the applicable Priority of Payments; (ii) with specific regard to payments due to the Swap Counterparty in respect of any return of the Collateral payable to it in accordance with the Swap Agreement, to return such Collateral to the Swap Counterparty in accordance with clauses 6.10 and 11.3 of the Intercreditor Agreement and (iii) with specific regard to payments due to the Subordinated Loan Provider in respect of the repayment of principal and payment of interest on the Commingling Reserve Subordinated Loan and any return of the amounts standing to the credit of the Commingling Reserve Account, the Representative of the Noteholders will pay, repay or return such amounts to the Subordinated Loan Provider in accordance with clauses 6.2 and 11.4 of the Intercreditor Agreement. For the purposes of this Article 32, all the Noteholders irrevocably appoint, as from the date hereof and with effect on the date on which the Notes will become due and payable following the service of a Trigger Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders from and including the date on which the Notes will become due and payable and to apply such monies in accordance with the applicable Priority of Payments provided however that, (i) with specific regard to payments due to the Swap Counterparty in respect of any return of the Collateral payable to it in accordance with the Swap Agreement, the Representative of the Noteholders will return of such

Collateral to the Swap Counterparty in accordance with clause 11.3 of the Intercreditor Agreement and (ii) with specific regard to payments due to the Subordinated Loan Provider in respect of the repayment of principal and payment of interest on the Commingling Reserve Subordinated Loan and any return of the amounts standing to the credit of the Commingling Reserve Account, the Representative of the Noteholders will pay, repay or return such amounts to the Subordinated Loan Provider in accordance with clauses 6.2 and 11.4 of the Intercreditor Agreement.

**TITLE V**  
**GOVERNING LAW AND JURISDICTION**

**Article 33**

*Governing law and jurisdiction*

- 33.1 These Rules and any non-contractual obligations arising out of, or in connection with, them are governed by, and will be construed in accordance with, the laws of Italy.
- 33.2 All disputes arising out of or in connection with these Rules, including those concerning their validity, interpretation, performance and termination, shall be exclusively settled by the Courts of Milan.

## USE OF PROCEEDS

Monies available to the Issuer on the Issue Date consisting of:

- (i) the proceeds from the issue of the Notes, being €500,000,000;
- (ii) the amount to be drawn down by the Issuer under the Subordinated Loan Agreement, in an amount equal to €24,500,000; and
- (iii) a portion of the Income Collections credited to the Interest Funds Account from the Portfolio Transfer Effective Date to the Issue Date, in an amount equal to €100,000,

will be applied by the Issuer on the Issue Date:

- (a) to credit €100,000 to the Expenses Account;
- (b) to credit €7,000,000 to the Cash Reserve Account;
- (c) to credit €17,500,000 to the Commingling Reserve Account;
- (d) to pay to FGAC €499,997,356.68, representing the purchase price payable by the Issuer to FGAC as consideration for the purchase of the Receivables pursuant to the terms of the Receivables Purchase Agreement;
- (e) to credit €2,643.32 (such amount being the difference between the proceeds from the issue of the Notes and the consideration for the purchase of the Receivables pursuant to the terms of the Receivables Purchase Agreement) on the Principal Funds Account.

Pursuant to the Senior Notes and Class B Notes Subscription Agreement, the Issuer and the Joint Lead Managers have agreed that €499,997,356.68, being the proceeds from the issue of the Senior Notes and the Class B Notes less the amounts referred under paragraph (e) above, will be applied towards payment of a corresponding portion of the purchase price of the Portfolio payable by the Issuer to FGAC on the Issue Date as consideration for the purchase of the Portfolio pursuant to the Receivables Purchase Agreement.

The amount payable by FGAC to the Issuer on the Issue Date as consideration for the subscription of the Class C Notes, the Class D Notes and the Junior Notes under the Class C Notes, Class D Notes and Junior Notes Subscription Agreement, being €40,000,000, will be offset against a portion (of equal amount) of the purchase price of the Portfolio payable by the Issuer to FGAC on the Issue Date as consideration for the purchase of the Receivables pursuant to the Receivables Purchase Agreement.

# THE ISSUER

## Introduction

The Issuer was incorporated in the Republic of Italy as a limited liability company with sole quotaholder (*società a responsabilità limitata con socio unico*) under the name “Asset-Backed European Securitisation Transaction Ten S.r.l.” by an extraordinary resolution of the meeting of its quotaholders held on 3 October 2014. The Issuer’s by-laws provides for termination of the same on 31 December 2100. The registered office of the Issuer is Via Vittorio Alfieri, 1, 31015 Conegliano (TV) Italy, the fiscal code and number of enrolment with the companies register of Treviso is 04688040262. The Issuer has no employees and no subsidiaries. The Issuer’s telephone number is +39 0438 360 926. The Issuer is registered in the register of special purpose vehicles held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 29 April 2011 under registration no. 35154.4.

The authorised and issued quota capital of the Issuer is Euro 10,000.00, fully paid up and held by SVM Securitisation Vehicles Management S.r.l.

Since the date of its incorporation, the Issuer has not commenced operations other than those incidental to its incorporation, authorising the issue of the Notes and the entering into the documents referred to in this Prospectus and matters which are incidental or ancillary to the foregoing.

The Issuer has not declared or paid any dividends or, save as otherwise described in paragraph “Capitalisation and indebtedness statement” below, incurred any indebtedness.

## Issuer’s principal activities

The sole corporate object of the Issuer as set out in article 4 of its by-laws (*statuto*) and in compliance with the Securitisation Law is to perform securitisation transactions (*operazioni di cartolarizzazione*) and issue asset backed securities.

The Issuer was established as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in Condition 5 (*Covenants*).

Condition 5 (*Covenants*) provides that, *inter alia* and so long as any of the Notes remain outstanding, the Issuer shall not, unless with the prior written consent of the Representative of the Noteholders and as provided in the Conditions and the Transaction Documents, incur any other indebtedness for borrowed monies (except in relation to any further securitisation carried out in accordance with the Transaction Documents) engage in any activities (other than acquiring and holding the assets on which the Notes are secured, issuing the Notes and entering into the Transaction Documents to which it is a party or entering into further permitted securitisations), pay any dividends, repay or otherwise return its quota capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or in the Intercreditor Agreement), or increase its share capital.

The Issuer will covenant in the Intercreditor Agreement to observe, *inter alia*, those restrictions which are detailed in Condition 5 (*Covenants*).

## **Sole director**

The current sole director of the Issuer is Andrea Perin, appointed by the Quotaholder from the date of incorporation until the date of resignation or revocation, a managing director of Securitisation Services S.p.A., a company providing services related to securitisation transactions. The domicile of Andrea Perin, in his capacity of Sole Director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

## **The Quotaholder Agreement**

Pursuant to the term of the Quotaholder Agreement entered into on or about the Issue Date, between, *inter alios*, the Issuer, the Quotaholder, the Originator and the Representative of the Noteholders, the Quotaholder has agreed, *inter alia*, not to amend the by-laws (*statuto*) (other than as otherwise (a) required by any applicable law or by the Bank of Italy, or (b) necessary (i) to correct any formal or technical manifest error, (ii) to transfer the registered office of the Issuer within the Republic of Italy, or (iii) to extend the termination date of the Issuer) of the Issuer and not to pledge, charge or dispose of the quotas (save as set out below) of the Issuer without the prior written consent of the Representative of the Noteholders. The Issuer believes that the provisions of the Quotaholder Agreement and of the other Transaction Documents are adequate to ensure that the participation by the Quotaholder in the quota capital of the Issuer is not abused. The Quotaholder Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and will be construed in accordance with, Italian law.

## **Accounts of the Issuer and accounting treatment of the Portfolio**

Pursuant to Bank of Italy's regulations, the accounting information relating to the securitisation of the Receivables will be contained in the explanatory notes to the Issuer's accounts (*nota integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liability companies (*società a responsabilità limitata*).

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the first fiscal year ended on 31 December 2014.

## **Capitalisation and indebtedness statement**

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes, is as follows:

<b>Quota capital</b>	<b>Euro</b>
Issued, authorised and fully paid up quota capital	10,000.00
<b>Loan Capital</b>	<b>Euro</b>
€437,500,000 Class A Asset-Backed Floating Rate Notes due December 2028	437,500,000.00
€22,500,000 Class B Asset-Backed Floating Rate Notes due December 2028	22,500,000.00
€10,000,000 Class C Asset-Backed Fixed Rate Notes due December 2028	10,000,000.00
€5,000,000 Class D Asset-Backed Fixed Rate Notes due December 2028	5,000,000.00
€25,000,000 Class M Asset-Backed Notes due December 2028	25,000,000.00
€24,500,000 Subordinated Loan	24,500,000.00
<b>Total loan capital (euro)</b>	<b>524,500,000.00</b>
<b>Total capitalisation and indebtedness (euro)</b>	<b>524,510,000.00</b>

Subject to the above, as at the date of this Prospectus, the Issuer has no borrowings or indebtedness in respect of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

#### **Financial statements and auditors**

The Issuer's accounting reference date is 31 December in each year. As at the date of this Prospectus, no financial statements are available and no auditors have been appointed. According to the Quotaholder's Agreement, the Issuer will give notice to the Luxembourg Stock Exchange in the event the auditors will be appointed.

## **THE ACCOUNT BANK, THE CASH MANAGER, THE CALCULATION AGENT AND THE PRINCIPAL PAYING AGENT**

Elavon Financial Services Limited, a limited liability company registered in Ireland with the Companies Registration Office (registered number 418442), acting through its UK Branch (registered number BR009373)) will be appointed as Account Bank, Cash Manager, Calculation Agent and Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services Limited (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U. S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the U.K. Branch of Elavon Financial Services Limited from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services Limited is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services Limited is authorised by the Central Bank of Ireland and the activities of its U.K. Branch are also subject to the limited regulation of the U.K. Financial Conduct Authority and Prudential Regulation Authority.

U.S. Bank Global Corporate Trust Services in combination with U. S. Bank National Association, the legal entity through which the Corporate Trust Division conducts business in the United States, is one of the world's largest providers of trustee services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of 48 U.S.-based offices, an Argentinean office and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), with \$364 billion in assets as of Dec. 31, 2013, is the parent company of U.S. Bank, the 5th largest commercial bank in the United States. The company operates 3,081 banking offices in 25 states and 4,906 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.



## THE SWAP COUNTERPARTY

UniCredit Bank AG, formerly Bayerische Hypo- und Vereinsbank AG (“**UniCredit Bank**” or “**HVB**”, and together with its consolidated subsidiaries, the “**HVB Group**”) was formed in 1998 through the merger of Bayerische Vereinsbank Aktiengesellschaft and Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. It is the parent company of HVB Group, which is headquartered in Munich. UniCredit Bank has been an affiliated company of UniCredit S.p.A., Rome (“**UniCredit S.p.A.**”, and together with its consolidated subsidiaries, “**UniCredit Group**”) since November 2005 and hence a major part of UniCredit Group from that date as a sub-group. UniCredit S.p.A. holds directly 100% of UniCredit Bank’s share capital.

UniCredit Bank has its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich and is registered with the Commercial Register at the Local Court (*Amtsgericht*) in Munich under number HRB 42148, incorporated as a stock corporation under the laws of the Federal Republic of Germany. It can be reached via telephone under +49-89-378-0 or via [www.hvb.de](http://www.hvb.de). With effect on 15 December 2009 HVB changed its legal name from ‘Bayerische Hypo- und Vereinsbank Aktiengesellschaft’ to ‘UniCredit Bank AG’. The brand name ‘HypoVereinsbank’ has not changed.

UniCredit Bank offers a comprehensive range of banking and financial products and services to private, corporate and public-sector customers, international companies and institutional customers. This range extends from mortgage loans, consumer loans, savings-and-loan and insurance products and banking services for private customers through to business loans and foreign trade financing for corporate customers and fund products for all asset classes, advisory and brokerage services, securities transactions, liquidity and financial risk management, advisory services for affluent customers and investment banking products for corporate customers.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is an overview of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents upon request at the specified office of the Representative of the Noteholders.

### The Receivables Purchase Agreement

On 6 October 2014 (the “**Initial Execution Date**”), the Originator and the Issuer entered into the Receivables Purchase Agreement pursuant to which the Originator assigned without recourse (*pro soluto*) to the Issuer, in accordance with articles 1 and 4 of the Securitisation Law a pool of monetary receivables capable of being identified as a pool (*crediti pecuniari individuabili in blocco*) arising under the Loan Agreements under which the Originator grants loans for the purchase of new and used cars (the “**Receivables**”), together with any ancillary rights and Collateral Security relating thereto.

Under the Receivables Purchase Agreement, the Receivables comprised in the Portfolio were selected by the Originator on the basis of the Criteria as at the Portfolio Transfer Effective Date.

Furthermore the Originator has represented that each Receivable comprised in the Portfolio meets the following eligibility criteria as at the Portfolio Transfer Effective Date (save as otherwise provided):

- (i) it is owed by a Borrower which is, as at the time of entering into the relevant Loan Agreement, a physical person (*persona fisica*) that is resident in Italy, has Italian nationality and, as at the Portfolio Transfer Effective Date, is not a FGAC employee;
- (ii) it arises from a Loan Agreement entered into by FGAC in the ordinary course of business and duly executed in compliance with all applicable laws and regulations and the Credit and Collection Policies;
- (iii) it arises from a Loan Agreement governed by Italian law and is denominated in Euro;
- (iv) it has not been registered by the EDP FGAC System as a Delinquent Receivable or a Defaulted Receivable;
- (v) it does not arise from a balloon Loan Agreement (i.e. a Loan Agreement pursuant to which, *inter alia*, the relevant Borrower (a) may opt - upon sending the relevant request - either to (i) return the car to the car seller, buy a new car (or simply return the car to the car seller without buying a new car) and irrevocably and unconditionally delegate the car seller to pay the final balloon instalment, or (ii) pay the final balloon instalment, or (b) upon payment of the last instalment, will have to pay the final balloon instalment);
- (vi) it arises from a Loan Agreement which provides for the relevant Borrower to pay each Instalment in a predetermined amount specified in the amortisation plan of the relevant Loan Agreement;
- (vii) at least one Instalment of the Loan Agreement has already been duly recorded by FGAC as paid by the relevant Borrower;
- (viii) it is freely assignable and free from any mortgage, lien, privilege, attachment (*pignoramento*), sequestration, constraint or other security interest of whatever nature or other third party claim;

- (ix) it is at any time identifiable as a Receivable transferred to the Issuer;
- (x) it is payable, on the basis of the means of payment indicated by the Borrower in the relevant Loan Agreement, exclusively by way of SEPA Direct Debit;
- (xi) it arises from a Loan Agreement with a maturity date which does not fall more than 84 months following the Portfolio Transfer Effective Date;
- (xii) the application for the relevant Loan Agreement from which such Receivable arises from has been received in original by FGAC and is duly filled in and signed by the relevant Borrower and Guarantors (if any);
- (xiii) the financed Car has already been delivered to the Borrower; and
- (xiv) it does not arise from a Loan Agreement entered into by way of distance communication means.

The purchase price payable pursuant to the Receivables Purchase Agreement for the Portfolio shall be equal to the Net Present Value of the Receivables comprised in the Portfolio, calculated as at the Portfolio Transfer Effective Date. The purchase price for the Portfolio will be paid on the Issue Date using the net proceeds of the issue of the Notes.

The Receivables Purchase Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. These include undertakings to refrain from conducting activities with respect to the Receivables which may adversely affect the Receivables and the relevant Collateral Securities and, in particular, not to assign or transfer the whole or any part of the Receivables to any third party, not to create or allow to be created, to arise or to exist any Security Interest or other right in favour of any third party in respect of the Receivables between the Initial Execution Date and the date of perfection of the assignment and to transfer promptly to the Issuer all amounts received by the Originator from or in respect of the Receivables comprised in the Portfolio. The Originator has also undertaken not to modify or cancel any term or condition of the Loan Agreements or any document to which it is a party relating to the Receivables which may prejudice the Issuer's rights to the Receivables, save in the event such modifications or cancellations are provided for by the Credit and Collection Policies or required by law.

Under the terms of the Receivables Purchase Agreement, the Originator has been given an option right pursuant to article 1331 of the Italian civil code to repurchase *pro soluto* one or more Receivables comprised in the Portfolio from the Issuer, subject to the occurrence of certain conditions set forth in the Receivables Purchase Agreement. The Receivables repurchased by the Originator may not exceed 5 per cent of the Net Present Value of the Portfolio as at the Issue Date.

Under the terms of the Receivables Purchase Agreement, the Originator has been given an option right pursuant to article 1331 of the Italian civil code, exercisable on any Payment Date falling after the date on which the Net Present Value of the Portfolio is equal to or lower than 10 per cent of the Net Present Value of the Portfolio as at the Issue Date, to repurchase *pro soluto* in whole (but not part) the Portfolio from the Issuer, subject to the occurrence of certain conditions set forth in the Receivables Purchase Agreement.

The Receivables Purchase Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

## The Servicing Agreement

On the Initial Execution Date, the Originator and the Issuer entered into the Servicing Agreement, pursuant to which the Issuer has appointed the Originator to act as “Servicer” of the Receivables. In particular, the Servicer is responsible for the receipt of cash collections in respect of the Loans and the Receivables and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*) pursuant to the Securitisation Law and the relevant implementing regulations. The Servicer will carry out certain management, collection, recovery activities and services in relation to the Receivables comprised in the Portfolio in accordance with all applicable laws and regulations, the Credit and Collection Policies and pursuant to specific instructions that may be given by the Issuer or, subject to certain conditions set out in the Servicing Agreement, the Representative of the Noteholders from time to time. The Servicer will be entitled to delegate certain of its activities as Servicer pursuant to the Servicing Agreement but may not delegate the monitoring functions contained in article 2, paragraph 6-bis of the Securitisation Law. It will remain directly and solely responsible for the performance of all delegated duties and obligations and will be liable for the conduct of such delegated entity. Within the limits of article 2, paragraph 6-bis, of the Securitisation Law, the Servicer is also responsible for ensuring that such activities comply with the provisions and regulations of Italian law.

The Servicer has agreed to manage the Portfolio with the same diligence and care as if it were the owner of the relevant Receivables and to ensure that it is equipped at all times with the technical resources, hardware and software systems necessary for the efficient performance of the activities required to be performed by it. The Servicer may, at its own expense and liability, continue to use debt collection companies (*società di recupero crediti*) to perform the collection of the Receivables (including the management of Collections and Recoveries and the transfer of the same to the Issuer and the recovery procedures).

In return for the collection services in relation to the Receivables (other than Defaulted Receivables and Delinquent Receivables) provided pursuant to the Servicing Agreement, the Servicer will receive a fee for each Collection Period, equal to 0.030 per cent. per annum, of the arithmetic average of the Net Present Value of the Receivables (other than Defaulted Receivables and Delinquent Receivables) comprised in the Portfolio as at the relevant Calculation Date immediately preceding the relevant Collection Period.

For performing the management, administration and recovery procedures in relation to Defaulted Receivables and Delinquent Receivables, the Issuer will pay the Servicer a fee for each Collection Period equal to 0.15 per cent. per annum of the arithmetic average of the Net Present Value of the Defaulted Receivables and Delinquent Receivables comprised in the Portfolio as at the relevant Calculation Date immediately preceding the relevant Collection Period.

In return for certain compliance and consultancy services provided by the Servicer pursuant to the Servicing Agreement, the Servicer will receive a monthly fee of €500 plus VAT (to the extent applicable) payable in arrears by the Issuer on each Payment Date.

Under the Servicing Agreement, the Servicer has undertaken, *inter alia*, to notify each Borrower, in accordance with the provisions of the Loan Agreements and pursuant to its ordinary procedure, no later than the last calendar day of the eleventh month following the Initial Execution Date, of the assignment of the Receivables to the Issuer, provided that:

- (i) in the event the Servicer's long-term, unsecured and unsubordinated debt obligations cease to be rated at least "BB-" by Fitch, such notification shall be carried out no later than 20 Business Days following the occurrence of such downgrading event and provided further that, in case such notification is not carried out by FGAC within the above described 20 Business Days term, such notification will be carried out by the Issuer as agent of FGAC;
- (ii) in the event FGAC obtains the banking license to act as a bank and becomes a deposit taking institution *vis-à-vis* Borrowers who have not received the above notification, such notification shall be carried out before the opening of the relevant deposit accounts.

The Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable within the limits of the lowest of the amounts due by the Issuer to the Servicer and the amount which may be applied by the Issuer in making such payments in accordance with the applicable Priority of Payments.

The Servicer has undertaken to prepare and submit to the Issuer daily, weekly and monthly reports containing, a summary of the performance of the Portfolio, a detailed summary of the status of the Receivables and a report on the level of collections in respect of principal and interest on the Portfolio, for delivery to, *inter alios*, with respect to daily reports, the Issuer, the Account Bank and the Calculation Agent, with respect to weekly and monthly reports, the Issuer, the Account Bank, the Calculation Agent and, upon request, the Representative of the Noteholders. Copies of the monthly reports will also be sent by email and upon confirmation by telefax, to the Rating Agencies.

The Issuer will have the power to (i) revoke the mandate granted to the Servicer under the Servicing Agreement, and (ii) to appoint a successor servicer as servicer upon the occurrence of certain events affecting the Servicer including, *inter alia*, the following:

- (i) the insolvency or winding-up of the Servicer, or the initiation of any such procedure; and
- (ii) breach by the Servicer of certain of its obligations under the Servicing Agreement unless, in certain cases, it remedies the breach within 10 Business Days from the earlier of the date on which the Servicer's knows of such breach, and the date of the sending of a written notice to the Servicer from the Issuer or the Representative of the Noteholders.

In case of termination of the appointment of the Servicer, the Issuer, with the agreement of the Representative of the Noteholders shall appoint a successor servicer which is required to have, *inter alia*, the following characteristics:

- (a) it must be a company that has been operating in the Republic of Italy and having one or more branches in the territory of the Republic of Italy; and
- (b) it must have proved experience in the Republic of Italy in the management of loans similar to the Loans; and
- (c) it must have software that is compatible with the role of the Servicer; and
- (d) it must be a company eligible to act as servicer for the purposes of the Securitisation Law; or
- (e) it is the Back-up Servicer (as defined below).

The Issuer has undertaken to promptly appoint, with the cooperation of the Back-up Servicer Facilitator, as back-up servicer when the Servicer's long-term, unsecured and unsubordinated debt

obligations cease to be rated at least “BB-” by Fitch, an entity (selected by the Back-up Servicer Facilitator) having the characteristics summarised above to replace the Servicer should the Servicing Agreement be terminated for any reason (the “**Back-up Servicer**”). The Back-up Servicer shall, *inter alia*, undertake to enter into a back-up servicing agreement substantially in the form of the Servicing Agreement and assume all duties and obligations applicable to it as set forth in the Transaction Documents.

The Servicing Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Warranty and Indemnity Agreement**

On the Initial Execution Date, the Issuer and the Originator entered into the Warranty and Indemnity Agreement, pursuant to which the Originator has given certain representations and warranties in favour of the Issuer in relation to its status, the Receivables comprised in the Portfolio, the Loan Agreements, the Collateral Securities and certain other matters in connection with the assignment of the Receivables to the Issuer and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Receivables.

The Warranty and Indemnity Agreement sets out certain representations and warranties in respect of the Receivables including, *inter alia*, (i) general warranties in respect of the Originator’s ability to enter into each of the Transaction Documents to which it is a party, its solvency and the accuracy of certain information provided to the Issuer; (ii) general warranties in respect of the Loan Agreements and any related Collateral Security; (iii) specific warranties and representations in respect of the Loans and the Receivables; (iv) specific warranties and representations in respect of the Collateral Security; (v) warranties and representations in respect of judicial proceedings; (vi) warranties and representations in respect of the Borrowers and the Guarantors.

In particular, pursuant to the Warranty and Indemnity Agreement the Originator represented and warranted to the Issuer, *inter alia*, that:

- (i) each party to a Loan Agreement and/or any related Collateral Security arrangement had, at the date of execution of the relevant Loan Agreement and/or Collateral Security, full power and authority to enter into and execute the same, and the obligations assumed by the relevant parties to each Loan Agreement and any related Collateral Security constitute legal, valid and binding obligations of each such party enforceable in accordance with the terms of the relevant Loan Agreement or Collateral Security, as the case may be;
- (ii) each Loan Agreement, application and document by which Collateral Security is created is in the possession of FGAC and is validly existing and enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally), complies in all respects with all applicable laws and regulations in force, and each Collateral Security has been duly and validly executed and delivered by the relevant parties thereto, has been properly granted and perfected and duly renewed and preserved where applicable (other than in the case of the perfection of any Mortgage);
- (iii) each authorisation, approval, consent, licence, exemption, registration, recording, notification, filing or notarisation which is necessary or desirable to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan Agreement and/or any related Collateral Security (other than in the case of any Mortgage) has

been duly and unconditionally obtained or made, each duty, tax or fee of any kind which was payable prior to the Portfolio Transfer Effective Date and which was necessary to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan Agreement and/or any related Collateral Security (other than in the case any Mortgage) has been paid and any other action which is necessary to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan Agreement and/or any related Collateral Security (other than in the case any Mortgage) has been duly and unconditionally obtained, made or taken;

- (iv) save for the right of, respectively, termination provided for under article 125-*quinquies* of the Consolidated Banking Act and prepayment provided for under article 125-*sexies*, no Borrower and/or Guarantor, as the case may be, thereunder is entitled to exercise any rights of termination, counterclaim, set-off or defence to or in respect of the operation of any of the terms of the relevant Loan Agreement and/or Collateral Security or in respect of any amount payable or repayable thereunder that would render the relevant Loan Agreement or Collateral Security, as the case may be, unenforceable, in whole or in part, or subject to any right of rescission, counterclaim, set-off or defence, and no such right of rescission, counterclaim, set-off or defence has been asserted or threatened;
- (v) each Loan Agreement and each Collateral Security is governed by Italian law;
- (vi) each Loan Agreement was entered into and is in compliance with all applicable laws, rules and regulations (as implemented, supplemented or amended from time to time), including, without limitation, (i) articles 121 to 126 of the Consolidated Banking Act, (ii) article 1469 *bis* of the Italian civil code, (iii) the Italian Legislative Decree No. 206 of 6 September 2005, (iv) article 1283 of the Italian civil code, (v) the Usury Law, (vi) the Data Protection Regulations; the creation of any Collateral Security and FGAC's ownership of the Receivables relating to such Loan Agreement was, at all relevant times (including at the Portfolio Transfer Effective Date), in compliance with all applicable laws, rules and regulations, including, without limitation, in each case, all laws, rules and regulations relating to consumer credit regulations and Data Protection Regulations;
- (vii) each Loan Agreement and all related Collateral Security was granted, entered into or accepted, as the case may be, by FGAC, and the servicing and collection practices adopted by FGAC with respect to the relevant Receivables have in all respects been conducted, in accordance with the Credit and Collection Policies, and any discretion accorded to any person under the Credit and Collection Policies has been exercised in a prudent and diligent manner and in accordance with the Credit and Collection Policies and the Credit and Collection Policies are and at all times will be in accordance with all applicable laws and regulations and the best practices of a prudent lender of consumer finance;
- (viii) FGAC is not aware of any default, breach or violation under any Loan Agreement or any related Collateral Security, nor of any fact or circumstance which may cause any such default, breach or violation to occur;
- (ix) the execution of each of the Loan Agreements and the advance of each of the Loans thereunder have been made in compliance with all applicable Italian laws, rules and regulations and in accordance with the Credit and Collection Policies;

- (x) each Receivable comprised in the Portfolio is free and clear from any mortgage, lien, privilege, attachment (*pignoramento*), sequestration, constraint or other security interest of whatever nature or other third party claim, and FGAC is the sole and exclusive owner thereof;
- (xi) there are no litigation or any other judicial proceeding in relation to any Receivable comprised in the Portfolio and, to the best of the knowledge and belief of FGAC, no such proceedings are pending or threatened;
- (xii) under the relevant Insurance Policy, the relevant Borrower is the only beneficiary of any payments to be made by the insurance company and FGAC is neither a beneficiary nor is entitled to require the insurance company to make any payment under the relevant Insurance Policy directly to FGAC or its assignees;
- (xiii) any Insurance Policy is expressed to be governed by Italian law;
- (xiv) the Loan Agreement directed to finance the purchase price of the relevant Car cannot be considered as a “linked credit contract” (“*contratto di credito collegato*”) to such Insurance Policy pursuant to the definition contained in article 121 paragraph 1(d) of the Consolidated Banking Act and, therefore, the Borrower does not have the right to terminate the Loan Agreement directed to finance the purchase price of the relevant Car as a consequence of the default by the relevant insurance company under the Insurance Policy in the circumstances referred to under article 125-*quinquies* of the Consolidated Banking Act;
- (xv) all the data and information supplied by it to the Issuer and/or the Representative of the Noteholders and/or the Arrangers and/or the Rating Agencies and their respective affiliates, representatives, agents, advisers and/or consultants for the purpose of or in connection with, *inter alios*, the Warranty and Indemnity Agreement and/or the other Transaction Documents and this Prospectus and all data and information included in, *inter alios*, the Warranty and Indemnity Agreement, the other Transaction Documents and this Prospectus, relating to itself, the Receivables, the Loan Agreements, the Collateral Security, the Enforcement Proceedings, the Judicial Proceedings, the Insolvency Proceedings and the application of the Criteria, were on the date of inclusion true, correct, accurate and complete in all material respects and no information material to the interests of the Issuer which is available to FGAC in respect of itself, the Receivables, the Loan Agreements, the Collateral Security, the Enforcement Proceedings, the Judicial Proceedings and the Insolvency Proceedings and the application of the Criteria has been omitted therefrom;
- (xvi) FGAC is party to each Loan Agreement and the beneficiary of each Collateral Security relating thereto and it is the absolute legal and beneficial owner of the Receivables relating thereto in each case free of any Adverse Claims and has not assigned, sold, transferred (whether absolutely or by way of security), mortgaged, charged or otherwise disposed of any of its rights, title, interest or benefit in, nor terminated, nor waived, amended or varied (otherwise than in accordance with the Credit and Collection Policies and in accordance with all prudent and customary practices relating to the provision of Consumer Credit Regulations) any of or any of the terms of such Loan Agreement or Collateral Security or created or allowed to be created any Adverse Claim on or over such Loan Agreement or Collateral Security, nor will it do so, other than pursuant to the Transaction Documents to which it is or is to become a party;
- (xvii) the execution and performance by it of the Warranty and Indemnity Agreement and the other Transaction Documents to which it is or is to become a party and any other instrument and



document to be executed pursuant thereto does not and will not contravene or constitute a default under or a waiver or renunciation of any right or cause to be exceeded any limitations on it or the powers of its directors imposed by or contained in (A) its constitutional documents, (B) any law, rule or regulation applicable to it; (C) any contract, deed, agreement, document, or other instrument binding upon it; or (D) any order, writ, judgment, award, injunction or decree binding upon or affecting it or its property;

- (xviii) the Warranty and Indemnity Agreement and the other Transaction Documents to which it is or is to become a party constitute or, when entered into, will constitute, its legal, valid and binding obligations, enforceable in accordance with their respective terms; and
- (xix) each Loan Agreement and any Receivable arising therefrom or in respect thereof complies with the Criteria specified in the Receivables Purchase Agreement and with the Eligibility Criteria.

All the representations and warranties set out in the Warranty and Indemnity Agreement shall be deemed made or repeated:

- (i) on the Portfolio Transfer Effective Date;
- (ii) on the Initial Execution Date; and
- (iii) on the Issue Date.

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless without set-off, deduction or counterclaim the Issuer, its officers, agents and employees and its permitted assigns from and against any and all damages, losses, claims, costs and expenses suffered by or incurred by or awarded against the Issuer resulting from:

- (i) any breach of any representation, warranty and/or covenant given by the Originator in the Warranty and Indemnity Agreement;
- (ii) a default by the Originator in the performance of any of its obligations under the Warranty and Indemnity Agreement and/or any of the transactions contemplated therein;
- (iii) a default by the Originator in the performance of any of its obligations under the Receivables Purchase Agreement and/or any other Transaction Documents to which the Originator is or will be a party and any of the transactions contemplated therein, to the extent that the relevant damage, loss, claim, cost or expense is not indemnified pursuant to the Receivables Purchase Agreement or the relevant Transaction Document, as the case may be;
- (iv) the termination of the relevant Loan Agreement in accordance with article 125-*quinquies* of the Consolidated Banking Act; or
- (v) any Receivable not being collected or recovered as a consequence of the proper exercise by any Borrowers and/or Insolvency Practitioner of a Borrower (if any) of (i) any set-off or (ii) any other rights and/or any counterclaim against FGAC;
- (vi) the validity or effectiveness of any Collateral Security having been successfully challenged in Court by way of claw-back or otherwise;
- (vii) a Borrower's non-payment (in whole or in part) of an Instalment, or the exercise by the Borrower of set-off rights in respect of an Instalment, as a consequence of the default by the relevant

insurance company under the relevant Insurance Policy following the opening of Insolvency Proceedings in relation to such insurance company, provided that FGAC's liability shall be limited to such portion of the unpaid Instalment that relates to the subscription (premium) of the Insurance Policy financed under the relevant Loan Agreement.

Moreover, the Warranty and Indemnity Agreement provides that, in the event of a misrepresentation or a breach of any of the representations and warranties made by the Originator under the Warranty and Indemnity Agreement and such misrepresentation or breach is not cured, whether by payment of damages or indemnification or otherwise, by the Originator or any Receivable becoming subject to an attachment or sequestration (*pignoramento o sequestro*) prior to the publication of the notice of transfer of the Receivable in the Official Gazette and deposit of the notice of assignment of such transfer with the local companies registry, the Originator shall within 5 (five) Business Days following notification by the Originator to the Issuer and the Servicer (including for the avoidance of doubt any replacement Servicer) of the relevant breach or of the relevant attachment event or, upon the Issuer having become aware of such breach or attachment event, following notification by the Issuer to the Originator, purchase from the Issuer the relevant Receivables affected by any such misrepresentation or breach or attachment event for a purchase price determined in accordance with the Warranty and Indemnity Agreement.

The Warranty and Indemnity Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

#### **The Cash Allocation, Management and Payments Agreement**

On or about the Issue Date, the Issuer, the Originator, the Servicer, the Cash Manager, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Account Bank, the Cash Manager and the Principal Paying Agent entered into the Cash Allocation, Management and Payments Agreement.

Under the terms of the Cash Allocation, Management and Payments Agreement:

- (i) the Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Payments Account, the Collections Account, the Collateral Accounts, the Principal Funds Account, the Interest Funds Account, the Expenses Account, the Commingling Reserve Account and the Cash Reserve Account and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts;
- (ii) the Cash Manager, on behalf of the Issuer and subject to (a) having all authorisations, approvals, licences and consents necessary under any law or any regulation from time to time required to effect the investment of such funds in Eligible Investments, and (b) having received written instructions from the Servicer (which has been appointed by the Issuer to carry out such activity on its behalf), shall instruct the Account Bank to invest amounts standing to the credit of the Payments Account, the Principal Funds Accounts, the Interest Funds Account, the Commingling Reserve Account and the Cash Reserve Account in Eligible Investments;
- (iii) the Corporate Servicer has agreed to operate the Expenses Account, in accordance with the instructions of the Issuer;

- (iv) the Calculation Agent has agreed to provide the Issuer with calculation services and the delivery of the Payments Report (and, upon delivery of a Trigger Notice, the Post-Trigger Notice Report) and the Investor Report;
- (v) the Principal Paying Agent has agreed to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes;
- (vi) the Back-up Servicer Facilitator has undertaken, for as long as FGA Capital S.p.A. acts as Servicer in accordance with the provisions of the Servicing Agreement, in the event that the long-term rating of the Servicer's unsecured, unsubordinated and unguaranteed debt obligations falling below "BB-" by Fitch, to (i) use its best efforts in order to select an entity to be appointed as Back-up Servicer in accordance with the Servicing Agreement and (ii) cooperate with the Issuer for the appointment of such Back-up Servicer in accordance with clause 11 of the Servicing Agreement.

The Payments Account, the Collections Account, the Principal Funds Account, Interest Funds Account, the Expenses Account and the Cash Reserve Account held with the Account Bank shall be opened in the name of the Issuer and shall be operated by the Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

If the Cash Manager (having received written instructions from the Servicer) selects any Eligible Investments which comprise bonds, debentures, notes or other financial instruments, the Cash Manager shall on behalf of the Issuer prior to such selection open the Securities Account with the Account Bank for the deposit of such Eligible Investments. The Cash Manager, the Account Bank and the Issuer shall execute such documents and give such notices as may be required by the Representative of the Noteholders in connection therewith. The Issuer will at all times maintain with the Account Bank, as a separate account in the name of the Issuer and in the interests of the Noteholders and the Other Issuer Creditors, the Securities Account, which if opened, will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

The Issuer may (with the prior approval of the Representative of the Noteholders) revoke its appointment of any of the Calculation Agent, Principal Paying Agent, the Cash Manager and Account Bank (each an "**Agent**") by giving not less than three months' written notice. The appointment of each Agent shall terminate forthwith in accordance with article 1456 of the Italian civil code if: (i) an Insolvency Event occurs in relation to it; or (ii) it is rendered unable to perform its obligations for a period of 60 days by circumstances beyond its control. Each Agent may resign from its appointment, upon giving not less than three months' (or such shorter period as the Representative of the Noteholders may agree) prior written notice of resignation to the Issuer and the Representative of the Noteholders. Such resignation will be subject to and conditional upon the Representative of the Noteholders consenting in writing to the resignation and a substitute Agent being appointed by the Issuer, with the prior written approval of the Representative of the Noteholders, on substantially the same terms as those set out in the Cash Allocation, Management and Payments Agreement.

Save for certain provisions which are governed by English law, the Cash Allocation, Management and Payments Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

## **The Intercreditor Agreement**

On or about the Issue Date, the Issuer and the Other Issuer Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from collections in respect of the Portfolio and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

In the Intercreditor Agreement the Other Issuer Creditors have agreed, *inter alia*, to the order of priority of payments to be made out of the Issuer Available Funds. In addition, the Other Issuer Creditors (including (i) the Swap Counterparty in relation to all payments due to it, other than those in respect of any return of Collateral and (ii) the Subordinated Loan Provider in relation to all payments due to it, other than those in respect of repayment of principal, payment of interest on the Commingling Reserve Subordinated Loan and any return of the amounts standing to the credit of the Commingling Reserve Account) have agreed and acknowledged that the obligations owed by the Issuer to the Other Issuer Creditors are limited recourse obligations of the Issuer and that they will have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Under the terms of the Intercreditor Agreement, the Issuer has undertaken, following the service of a Trigger Notice, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Portfolio.

In particular, the Issuer has undertaken, *inter alia*:

- (a) to exercise all its rights under the Transaction Documents in a timely manner, to use its best efforts to remedy any default by any counterparty under any of the Transaction Documents in a timely manner and, in general, to execute and undertake all such documents, assurances, acts and things as may be necessary or appropriate for the fulfilment by the Issuer of its obligations under the Transaction Documents;
- (b) to grant on demand and without delay to the Representative of the Noteholders, English law and/or Italian law powers of attorney, in addition to the powers of attorney granted pursuant to the Mandate Agreement and the Deed of Charge, as requested by the Representative of the Noteholders, in order that the Representative of the Noteholders may be able to exercise all the Issuer's rights under the Transaction Documents;
- (c) to hold all meetings of the board of directors of the Issuer in Italy and not hold any such meeting outside Italy;
- (d) not to establish any "establishment", as that term is used in Article 2(h) of the Insolvency Regulation, outside Italy; and
- (e) to deliver, through the Corporate Servicer, its audited financial statements to the Representative of the Noteholders each year as soon as practicable after the same are available.

The Intercreditor Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

## **The Mandate Agreement**

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Mandate Agreement under which, subject to a Trigger Notice being served upon the Issuer or upon

failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

The Mandate Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Deed of Pledge**

On or about the Issue Date, the Issuer and the Representative of the Noteholders (acting for itself and on behalf of the Noteholders and the Other Issuer Creditors) entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by the Securitisation Law and the Deed of Charge securing the discharge of the Issuer's obligations to the Noteholders and the Other Issuer Creditors, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors all monetary claims and rights and all the amount (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled to from time to time pursuant to certain Transaction Documents, with the exclusion of the Receivables and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Trigger Notice.

The Deed of Pledge, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Deed of Charge**

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Deed of Charge under which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law and the Deed of Pledge securing the discharge of the Issuer's obligation to the Noteholders and the Other Issuer Creditors, the Issuer granted in favour of the Representative of the Noteholders for itself and as security trustee for the Noteholders and the Other Issuer Creditors, *inter alia*, (i) an English law charge over (a) the Accounts (other than than Securities Account which will not established unless and until it is required, the "**Charged Accounts**"), all its present and future right, title and interest in or to the Charged Accounts and all amounts (including interest) now or in the future standing to the credit of, or accrued or accruing on the Charged Accounts and (b) all its present (if any) and future right, title and interest in or to the cash, the units of debt securities or other debt instruments from time to time purchased by or on behalf of the Issuer pursuant to the Cash Allocation, Management and Payments Agreement or to any monies deriving therefrom standing to the credit of any of the Charged Accounts; (ii) an English law assignment by way of security of all the Issuer's rights, title, interest and benefit present and future in, to, and under the Swap Agreement executed on or about the Signing Date and the English law governed provisions of the Cash Allocation, Management and Payments Agreement and all other present and future contracts, agreements, deeds and documents governed by English law to which the Issuer is or may become a party in relation to the Notes, the Receivables and the Portfolio; and (iii) a floating charge over all of the Issuer's assets which are expressed to be subject to the charge and assignments described under (i) and (ii) above and not effectively assigned or charged by way of first fixed charge or assignment thereunder.

To the extent that money-market funds constituting any Eligible Investments purchased from time to time by or on behalf of the Issuer pursuant to the Cash Allocation, Management and Payments

Agreement are held for the account of the Issuer with a third party, the English law security created by the Deed of Charge will not confer a proprietary interest in such Eligible Investments so held.

The Deed of Charge, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with English law.

## **The Swap Agreement**

### *General*

In order to hedge the interest rate exposure of the Issuer in relation to its floating rate obligations under the Senior Notes and the Class B Notes, the Issuer will enter into a swap transaction (the “**Swap Transaction**”) with the Swap Counterparty on or prior to the Issue Date.

The Swap Transaction will be documented as a confirmation under a 1992 ISDA Master Agreement (Multicurrency-Cross Border) as published by ISDA, the schedule and the credit support annex thereto (a “**Credit Support Annex**”) and governed by English law (collectively, the “**Swap Agreement**”).

Under the terms of the Swap Transaction, which will be effective as of the Issue Date:

- (a) the Issuer agrees to pay to the Swap Counterparty on a monthly basis an amount equal to the product of (i) the applicable notional amount, (ii) the fixed rate and (iii) a day count fraction; and
- (b) the Swap Counterparty agrees to pay to the Issuer on a monthly basis an amount equal to the product of (i) the applicable notional amount, (ii) EURIBOR and (iii) a day count fraction.

In respect of each calculation period, the applicable notional amount will be 100% of the combined Principal Amount Outstanding of the Senior Notes and the Class B Notes from time to time.

Where the net payment under the Swap Agreement is due to be made by the Swap Counterparty, the Swap Counterparty will make the relevant payment to the Issuer on the relevant Payment Date. Where the net payment is due to be made by the Issuer, the Issuer will make the relevant payment to the Swap Counterparty on the relevant Payment Date in accordance with the applicable Priority of Payments.

### *Rating downgrade provisions*

The Swap Agreement contains certain limited termination events and events of default which will entitle either party to terminate the Swap Transaction. Some of these termination events are summarised here.

In particular, following the occurrence of a Rating Event, the Swap Counterparty may be required to, *inter alia*, either:

- (i) transfer all of its rights and obligations under the Swap Agreement to a suitably rated entity; or
- (ii) procure another suitably rated entity to become co-obligor or guarantor in respect of its obligations under the Swap Agreement; or
- (iii) transfer collateral in accordance with the Credit Support Annex.

If, following a Rating Event, the Swap Counterparty fails to take any one of the required measures set out in the Swap Agreement (which may include but which are not limited to (i), (ii) and (iii) above) within the relevant time period specified in the Swap Agreement, then, subject to any terms specified under the Swap Agreement, such failure will constitute a termination event with the Issuer being entitled to terminate the Swap Transaction if certain additional conditions are met.

Moreover, the Swap Counterparty will be entitled, under certain circumstances, to terminate the Swap Transaction in the event that (i) it is obliged to gross up payments following any withholding or deduction for or on account of any taxes or (ii) it receives a payment in respect of which an amount is required to be deducted or withheld for or on account of any taxes.

#### *Return of Excess Swap Collateral*

If, following the occurrence of a Rating Event, the Swap Counterparty is required to transfer collateral in accordance with the Credit Support Annex, any collateral in the form of cash will be deposited to the credit of the Cash Collateral Account and any collateral in the form of securities will be deposited to the credit of the Securities Collateral Account. Each of the Cash Collateral Account and the Securities Collateral Account has been opened with the Account Bank. Each of the Cash Collateral Account and the Securities Collateral Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

The Issuer's obligation to return, from time to time, any Excess Swap Collateral to the Swap Counterparty will be met, from time to time, by utilising monies and/or securities standing to the credit of the Collateral Accounts. The Issuer will make these payments and/or will return collateral to the Swap Counterparty as they fall due which may include days other than the Payment Dates. These payments and/or return of collateral will be made directly to the Swap Counterparty and outside of the applicable Priority of Payments.

The obligations of the Issuer under the Swap Agreement (with the exclusion of any obligation of reimbursement of any amount held by the Issuer in respect of any amount or securities deposited in the Collateral Accounts and payable (or the equivalent of which is payable) to the Swap Counterparty pursuant to the Swap Agreement) shall be limited in recourse to, both prior and following the service of a Trigger Notice, the Issuer Available Funds as at the relevant date, which may be applied for the relevant purpose in accordance with the applicable Priority of Payments.

The Swap Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by English law.

#### **The Corporate Services Agreement**

On or about the Issue Date, the Issuer and the Corporate Servicer entered into the Corporate Services Agreement under which the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

The Corporate Services Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

#### **The Corporate Administration Agreement**

Under the Corporate Administration Agreement entered into on the Signing Date, between the Issuer and the Corporate Administrator, the Corporate Administrator has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

The Corporate Administration Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by and shall be construed in accordance with Italian law.

### **The Quotaholder Agreement**

On or about the Issue Date, the Issuer and the Quotaholder entered into the Quotaholder Agreement under which the Quotaholder has agreed the corporate and management structure of the Issuer.

The Quotaholder Agreement provides, *inter alia*, that the Quotaholder will not approve the payment of any dividends, or any repayment or return of capital by the Issuer, prior to the date on which all amounts of principal and interest on the Notes and all sums due to the Other Issuer Creditors have been paid in full.

The Quotaholder Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by Italian law.

### **The Subordinated Loan Agreement**

On or about the Issue Date, the Issuer and the Subordinated Loan Provider entered into the Subordinated Loan Agreement, under which the Subordinated Loan Provider has granted to the Issuer a subordinated loan in an aggregate amount equal to €24,500,000 (the “**Subordinated Loan**”).

The Subordinated Loan will be drawn down by the Issuer on the Issue Date and an amount equal to, respectively, (i) €7,000,000 (the “**Cash Reserve Subordinated Loan**”) will be immediately credited to the Cash Reserve Account and (ii) €17,500,000 (the “**Commingling Reserve Subordinated Loan**”) will be immediately credited to the Commingling Reserve Account.

The Cash Reserve Subordinated Loan will be repaid in accordance with the applicable Priority of Payments.

The Cash Reserve Subordinated Loan will accrue interest at a rate equal to 4 per cent. Interest accrued on the Cash Reserve Subordinated Loan will be payable monthly, in arrears and in accordance with the applicable Priority of Payments.

The Commingling Reserve Subordinated Loan will be repaid in accordance the Subordinated Loan Agreement, the Intercreditor Agreement and the Cash Allocation, Management and Payments Agreement. The Issuer’s obligation to repay principal on the Commingling Reserve Subordinated Loan will be limited solely to the amounts then standing to the credit of the Commingling Reserve Account and FGAC will not have any recourse to any of the Issuer Available Funds. These payments will be (i) made directly to FGAC; and (ii) outside of the applicable Priority of Payments.

The Commingling Reserve Subordinated Loan will accrue interest in an amount equal to the aggregate of the interest, dividends or other distributions actually received on the Commingling Reserve Account and on any other Eligible Investments made with monies originally standing to the credit of the Commingling Reserve Account (if any) with the exclusion of any distributions representing payment or repayment of principal in respect of such Commingling Reserve Account and Eligible Investments. The Issuer’s obligation to pay interest on the Commingling Reserve Subordinated Loan will be limited solely to the amounts from time to time equal to the aggregate of the interest, dividends or other distributions actually received on the Commingling Reserve Account and on any other Eligible Investments made with monies originally standing to the credit of the Commingling Reserve Account (if any) (with the exclusion of any distributions representing payment



or repayment of principal in respect of such Commingling Reserve Account and Eligible Investments) and FGAC will not have any recourse to any of the Issuer Available Funds in relation to payment of interest on the Commingling Reserve Subordinated Loan.

Interest accrued on the Commingling Reserve Subordinated Loan will be payable monthly (i) directly to FGAC; and (ii) outside of the applicable Priority of Payments.

The Subordinated Loan Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by Italian law.

## EXPECTED WEIGHTED AVERAGE LIFE OF THE SENIOR NOTES AND THE CLASS B NOTES AND ASSUMPTIONS

The expected average life of the Senior Notes and the Class B Notes cannot be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown.

Calculated estimates as to the expected average life of the Senior Notes and the Class B Notes can be made based on certain assumptions. These estimates have certain inherent limitations. No representations are made that such estimates are accurate, that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised.

The table below shows the expected average life of the Senior Notes and the Class B Notes based on the following assumptions:

- (a) that the Loans are subject to a constant rate of prepayment as shown in the table below;
- (b) that repayment of principal under the Senior Notes occurs from the Payment Date falling on 10 December 2014;
- (c) there are no Defaulted Receivables or Delinquent Receivables;
- (d) that the clean-up call option will be exercised in accordance with the Receivables Purchase Agreement and Condition 8.3 (*Optional redemption*);
- (e) that no event under Condition 8.4 (*Optional redemption for taxation reasons*) occurs;
- (f) the Instalments will not be reduced and the term of the Loans are not extended.

	Constant prepayment rate		
	0%	5%	15%
<b>Expected weighted average life of Senior Notes (years)</b>	1.80	1.65	1.38
<b>Expected weighted average life of Class B Notes (years)</b>	4.01	3.85	3.51

Assumption (a) above is stated as an average annualised prepayment rate as the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

Assumption (c) and (f) above relates to circumstances which are not predictable.

The weighted average lives of the Senior Notes are subject to factors largely outside of the Issuer's control and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

## TAXATION

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. This overview will not be updated by the Issuer after the Issue Date to reflect changes in laws after the Issue Date and, if such a change occurs, the information in this description could become invalid.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

### Tax treatment of the Notes

Italian legislative decree No. 239 of 1 April 1996, as subsequently amended (“**Decree 239**”), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from the Notes.

### Italian resident Noteholders

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see under “*Capital gains tax*” below – where applicable); (ii) a non-commercial partnership (i.e. other than *società in nome collettivo*, *società in accomandita semplice* or a similar partnership), a de facto partnership not carrying out a commercial activity and a professional association; (iii) a public and private entity (other than a company) and trust not carrying out commercial activities; or (iv) an investor exempt from Italian corporate income taxation, interest (including the difference between the redemption amount and the issue price), premium and other income relating to the Notes, accrued during the relevant holding period, are subject to an *imposta sostitutiva*, levied at the rate of 26 per cent.

If the Noteholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the personal income tax due.

Non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent on financial proceeds deriving from their investments (including the Notes) from 1 July 2014 to 31 December 2014, as certified by the relevant withholding tax agent, and a notional 20 per cent taxation, provided that such tax credit is disclosed by such entities in the annual income tax return.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy, to which the Notes are effectively connected, of a non-Italian resident entity and the Notes are deposited with an authorised intermediary, interest (including the difference between the redemption amount and the issue price), premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to ordinary Italian corporate taxation (and, in certain circumstances, depending on the “status” of the Noteholder, also to IRAP – the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into Law with amendments by Law No. 410 of 23 November 2001, payments of interest (including the difference between the redemption amount and the issue price), premiums or other proceeds in respect of the Notes, deposited with an authorised intermediary, received by Italian real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994 (the “**Italian Real Estate Fund**”), are subject neither to substitute tax nor to any other income tax in the hands of the Italian Real Estate Fund. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent on distributions made by the Italian Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in the Italian Real Estate Fund owning more than 5 per cent of the fund’s units. Pursuant to Art. 9, Legislative Decree of 4 March 2014, No. 44, the same regime applicable to Italian Real Estate Funds also applies to real estate fixed capital investment companies (*società di investimento a capitale fisso*, “**SICAF**”) ruled by Legislative Decree No. 58 of 24 February 1998.

Where an Italian resident Noteholder is an Italian open-ended or a closed-ended investment fund (“**Fund**”) or a *società d’investimento a capitale variabile* (“**SICAV**”) and the Notes are deposited with an authorised intermediary, interest (including the difference between the redemption amount and the issue price), premium and other income relating to the Notes are subject neither to substitute tax nor to any other income tax in the hands of the Fund. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent on distributions made by the Funds.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of Italian legislative decree No. 252 of 5 December 2005, as subsequently amended, “**Italian Pension Fund**”) and the Notes are deposited with an authorised intermediary, interest (including the difference between the redemption amount and the issue price), premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject, for fiscal year 2014, to an 11.5 per cent substitute tax. For the following tax periods the substitute tax referred to above will apply at the rate of 11 per cent.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (“**SIMs**”), fiduciary companies, *società di gestione del risparmio* (“**SGRs**”), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an “**Intermediary**”). An Intermediary must (i) be resident in Italy or a permanent establishment in Italy of a non-Italian resident financial intermediary; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in the ownership of the relevant Notes or a transfer of the Notes to another deposit or account held with the same or another Intermediary.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the intermediary paying interest to a Noteholder (or by the Issuer, should the interest be paid directly by the latter).

### **Non-Italian resident Noteholders**

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which

allows for a satisfactory exchange of information with Italy (the “**White List States**”); (ii) an international body or entity set up in accordance with international agreements which has entered into force in Italy; (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is incorporated in a White List State, even if it is not subject to income tax therein.

White List States are currently identified by Ministerial Decree of 4 September 1996, as amended from time to time. However, once the provisions introduced by Law 24 December 2007 No. 244 will become effective, non-Italian resident beneficial owners of the Notes, without a permanent establishment in Italy to which the Notes are effectively connected, will not be subject to the substitute tax on interest, premium and other income, provided that the non-Italian beneficial owners are resident in countries included in the forthcoming Ministerial Decree (the “**Decree**”) that allow an adequate exchange of information with the Italian Tax Authorities. The list of countries included in the above-mentioned Decree to be issued will become effective as of the tax period following the one in which the Decree will be enacted. For the five years starting on the date of publication of the Decree in the Official Gazette, States and territories that are not included in the current black - lists set forth by Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Ministerial Decree of 4 September 1996 are deemed to be included in the new white - list.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (i) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or a SIM or with a non-Italian resident entity or company participating in a centralised securities management system connected on-line with the Ministry of Economy and Finance; and (ii) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked and in which the Noteholder declares to be eligible for the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy, nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by the Ministerial Decree dated 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders which are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy or for which the above-mentioned provisions are not met.

### **Capital gains tax**

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by (a) Italian resident companies; (b) Italian resident commercial partnerships; (c) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent on financial proceeds deriving from their investments (including the Notes) from 1 July

2014 to 31 December 2014, as certified by the relevant withholding tax agent, and a notional 20 per cent taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

Where an Italian resident Noteholder is an individual holding the Notes not in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent, pursuant to Legislative Decree No. 461 of 21 November 1997 ("**Decree 461**"). In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the standard regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Under Decree No. 66/2014 capital losses realized prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08 per cent of their amount. Moreover, pursuant to Decree No. 66/2014, capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92 per cent of their amount.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being made punctually in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under Decree No. 66/2014 capital losses realized prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08 per cent of their amount. Moreover, pursuant to Decree No. 66/2014, capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92 per cent of their amount. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the

Notes, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent substitute tax to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return. According to Decree No. 66/2014, asset management tax referred to above will apply at the higher rate of 26 per cent on the increase in value accrued starting from 1 July 2014. Moreover, under Decree No. 66/2014 decrease in value accrued prior to 31 December 2011 may be carried forward against increase in value of the investment portfolio accrued after 1 July 2014 only to the extent of 48.08 per cent of their amount. Moreover, pursuant to Decree No. 66/2014, decrease in value accrued from 1 January 2012 to 30 June 2014 may be carried forward against increase in value of the investment portfolio accrued after 1 July 2014 only to the extent of 76.92 per cent of their amount.

Any capital gains realised by a Noteholder which is an Italian Real Estate Fund or SICAF concurs to the year-end appreciation of the managed assets, which is exempt from any income tax according to the real estate investment fund tax treatment described above. A withholding tax may apply in certain circumstances at the rate of 26 per cent on distributions made by Italian Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in the Italian Real Estate Fund owning more than 5 per cent of the fund’s units.

Capital gains realised by a Noteholder which is a Fund or a SICAV will not be subject either to substitute tax or to any other income tax in the hands of the Fund or the SICAV. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent on distributions made by the Fund or SICAV to certain categories of investors.

Any capital gains realised by a Noteholder which is an Italian Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject for fiscal year 2014 to the 11.5 per cent substitute tax. For the following tax periods the substitute tax referred to above will apply at the rate of 11 per cent.

The 26 per cent final *imposta sostitutiva* on capital gains may be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in the Republic of Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy, pursuant to Article 23 TUIR, if the Notes are traded on a regulated market in Italy or abroad and, in certain cases, subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Notes are not traded on a regulated market in Italy or abroad, pursuant to the provisions of article 5 of Decree 461, non-Italian resident beneficial owners of the Notes without a permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Notes, if they are resident, for tax purposes, in a White List State as defined above.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold the Notes with an Italian authorised financial intermediary, in order to benefit from exemption from Italian taxation on capital gains, such non-Italian residents may be required to timely file with the authorised financial intermediary an appropriate self-declaration stating they are resident for tax purposes in a White List State.

Exemption from Italian *imposta sostitutiva* on capital gains realised upon disposal of Notes not listed on a regulated market also applies to non-Italian residents who are (a) international bodies and organisations established in accordance with international agreements ratified in Italy; (b) certain foreign institutional investors established in White List States, even if not subject to income tax therein; and (c) Central Banks or other entities, managing also official State reserves.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold the Notes with an Italian authorised financial intermediary, in order to benefit from exemption from Italian taxation on capital gains, such non-Italian residents may be required to timely file, with the authorised financial intermediary, appropriate documents which include, *inter alia*, a certificate of residence issued by the competent tax authorities of the country of residence of the non-Italian residents.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Notes deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident noteholders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

### **Italian inheritance and gift tax**

Under Law Decree No. 262 of 3 October 2006 (converted with amendments into Law No. 286 of 24 November 2006), as subsequently amended, transfers of any valuable asset (including shares, bonds or other securities) as a result of death or gift or gratuities are taxed as follows:

- (a) transfers in favour of spouses, direct ascendants or descendants are subject to an inheritance and gift tax applied at a rate of 4 per cent on the entire value of the inheritance or the gift exceeding Euro 1,000,000.00 for each beneficiary;
- (b) transfers in favour of relatives within the fourth degree, ascendants or descendants relatives in law or other relatives in law within the third degree are subject to an inheritance and gift tax at a rate of 6 per cent on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent inheritance and gift tax on the entire value of the inheritance or the gift exceeding Euro 100,000.00 for each beneficiary; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent on the entire value of the inheritance or the gift.



If the transfer is made in favour of persons affected by an handicap deemed as “critical” pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value exceeding Euro 1,500,000.

### **Transfer tax**

Transfer tax has been repealed by Law Decree No. 248 of 31 December 2007, converted in law by Law No. 31 of 28 February 2008. The transfer deed may be subject to registration tax at a fixed amount of € 200.

### **Wealth tax**

According to article 19 of Decree of 6 December 2011, No. 201 (“**Decree No. 201/2011**”), converted with Law of 22 December 2011, No. 214, Italian resident individuals holding financial assets – including the Notes – outside of the Italian territory are required to pay a wealth tax at the rate of 0.2 per cent. The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial assets held outside of the Italian territory. Taxpayers are enabled to deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

### **Stamp duty**

According to Article 19 of Decree No. 201/2011, a proportional stamp duty applies on a yearly basis at the rate of 0.2 per cent on the market value or – in the lack of a market value – on the nominal value or the redemption amount of any financial product or financial instruments.

For investors other than individuals, the annual stamp duty cannot exceed the amount of Euro 14.000,00. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Finance on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **EU Savings Directive and implementation in Italy**

Legislative decree No. 84 of 18 April 2005 (“**Decree 84**”) implemented in Italy, as of 1 July 2005, the European Council Directive No. 2003/48/EC on the taxation of savings income. Under the Directive, Member States, if a number of important conditions are met, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg announced that it had decided to apply information exchange as per the EC Council Directive 2003/48/EC as from 1<sup>st</sup> January 2015. The final form of the measures is still unknown. Moreover, a revised version of the Savings Directive was adopted by the European Council on 24 March 2014 (Official Journal L. 155 of 15 April 2014). National rules for transposing the revised Savings Directive should be adopted by the States member of the European Union by January 2016.

Same details of payments of interest (or similar income) shall be provided to the tax authorities of a number of non-EU countries and territories, which have agreed to adopt similar measures with effect from the same date.

Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

Each of the Joint Lead Managers has, pursuant to a subscription agreement dated the Signing Date between the Issuer, the Arrangers, the Joint Lead Managers, the Representative of the Noteholders and FGAC (the “**Senior Notes Subscription Agreement**”), agreed to severally subscribe and pay for, or procure the subscription and payment for the Senior Notes and the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of each of the Senior Notes and the Class B Notes.

FGAC will pay to (i) the Joint Lead Managers a combined selling, management and underwriting commission and (ii) the Arrangers a structuring commission.

FGAC will also reimburse the Joint Lead Managers in respect of certain of their expenses. Pursuant to the terms of the Senior Notes and Class B Notes Subscription Agreement, the Issuer and FGAC have agreed to jointly and severally indemnify the Arrangers and the Joint Lead Managers against certain liabilities in connection with the issue and offering of each of the Senior Notes and the Class B Notes.

The Senior Notes and Class B Notes Subscription Agreement is subject to a number of conditions and may be terminated in certain circumstances prior to payment to the Issuer for the Senior Notes and the Class B Notes.

In addition FGAC has, pursuant to a subscription agreement dated the Signing Date between the Issuer, FGAC as Originator and Subscriber (together with the Joint Lead Managers, the “**Relevant Parties**”) and the Representative of the Noteholders (the “**Class C Notes, Class D Notes and Junior Notes Subscription Agreement**” and, together with the Senior Notes and Class B Notes Subscription Agreement, the “**Subscription Agreements**” and each a “**Subscription Agreement**”), agreed to subscribe and pay the Issuer for the Class C Notes, the Class D Notes and the Junior Notes at the issue price of 100 per cent. of the aggregate principal amount of each of the Class C Notes, the Class D Notes and the Junior Notes, respectively.

The Class C Notes, Class D Notes and Junior Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Subscriber in certain circumstances prior to payment to the Issuer for the Class C Notes, the Class D Notes and the Junior Notes.

Under each Subscription Agreement, the Issuer has provided, *inter alia*, the following representations and warranties:

### 1. **Incorporation**

- (a) the Issuer (i) is a limited liability company with sole quotaholder (*società a responsabilità limitata con socio unico*), duly organised and validly existing under the laws of the Republic of Italy, qualified as a *società per la cartolarizzazione dei crediti* under article 3 of the Securitisation Law and duly registered with the register of the special purpose vehicles held by the Bank of Italy (*elenco delle società veicolo tenuto dalla Banca d'Italia ai sensi del Provvedimento del Governatore della Banca d'Italia del 29 aprile 2011*) under number 35154.4; and (ii) has full power and authority to own its property and assets and conduct its business as described in this Prospectus;
- (b) the Issuer has not engaged in any activities since its incorporation (other than those matters which are necessary for, or are reasonably incidental to, its registration and incorporation under all relevant rules of Italian law, the purchase of the Portfolio, the authorisation of this Agreement and the other Transaction Documents, the issue of

this Prospectus and matters which are incidental or ancillary to the foregoing, or any of the activities which any of the Transaction Documents provide or envisage that the Issuer will engage in) and has neither paid any dividends nor made any distributions since its incorporation;

- (c) the Issuer was incorporated for the purpose of issuing asset-backed securities in accordance with the Securitisation Law, acquiring, holding and disposing of receivables and engaging in the activities incidental thereto and will not incur any liability other than in connection with the Notes, the Transaction Documents and any other agreement entered into by the Issuer in relation thereto in accordance with the Conditions;

2. **Centre of main interests**

the Issuer has its “centre of main interests”, as that term is used in article 3(1) of the Insolvency Regulation, in the Republic of Italy;

3. **Home member state**

the Issuer will have on or about the Issue Date its “home Member State”, as that term is used in article 2 of Directive 2004/109/EC of 15 December 2004, as implemented in Italy with the Legislative Decree n. 195 of 6 November 2007, outside of the Republic of Italy;

4. **Litigation**

the Issuer is not involved in any litigation, arbitration or administrative proceedings nor, so far as the Issuer is aware, is any such litigation, arbitration or administrative proceeding pending or threatened;

5. **Solvency**

the Issuer is not Insolvent and no Insolvency Event or event which, with the giving of notice or lapse of time or other condition, would constitute an Insolvency Event is subsisting, and no event has occurred which would constitute an Insolvency Event or which, with the giving of notice or lapse of time or other conditions, would constitute such an Insolvency Event;

6. **Tax residence**

the Issuer is a company which is, and has since incorporation been, resident for Tax purposes solely in the Republic of Italy;

7. **Management and administration**

the Issuer’s management, the places of residence of its directors, and the place at which meetings of its quotaholders and its board of directors (if appointed) have been and will be held are all situated in the Republic of Italy;

8. **No establishment, subsidiaries, employees or premises**

the Issuer has no establishment, as that term is used in article 2(h) of the Insolvency Regulation, no branch offices and no subsidiaries, employees or premises outside the Republic of Italy;

9. **No other security**

no Security Interest exists over or in respect of any assets of the Issuer other than and the ring-fencing of the Receivables and Collections pursuant to the Securitisation Law and, upon the execution of the Deed of Charge and the Deed of Pledge, the Security Interest created thereby;

10. **Financial statements**

the Issuer has not prepared any financial statements as at the date of hereof. The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year, with the exception of the first fiscal year which started on the date of its incorporation and which will end on 31 December 2014;

11. **No adverse change**

there has been no adverse change or any development involving a prospective adverse change in the condition (financial or otherwise), business, general affairs, properties, shareholders' equity or results of operations of the Issuer since the date of its incorporation that is material in the context of the issue and performance of the Notes or the offering of the Notes;

12. **Consents**

the Issuer has or will, prior to the Issue Date, have obtained and maintained in effect, all authorisations, approvals, licenses and consents required in connection with its business pursuant to any requirement of law or regulation applicable to the Issuer in the Republic of Italy and in each other jurisdiction in which the Issuer carries on business;

13. **Capitalisation**

the authorised, issued and paid up quota capital of the Issuer is Euro 10,000 and is held by SVM Securitisation Vehicles Management S.r.l. and the Issuer has issued no other voting securities;

14. **Issuer separate entity**

the Issuer is a corporate entity separate and distinct from the Originator, maintains corporate records and books of account separate from the Originator and maintains an arm's length relationship with the Originator;

15. **Directors of the Issuer**

none of the directors of the Issuer is a director, officer, employee of the Originator or of any of its affiliates;

16. **Liabilities**

the Issuer has no liabilities (contingent or otherwise) other than those that may be incurred through the entry into the Transaction Documents and the performance of the transactions contemplated thereby and those incurred in respect of any costs necessary to maintain its corporate existence;

17. **Tax returns**

the Issuer has filed all Tax returns which are required to be filed and paid all Taxes, if applicable, including any assessments received by it, to the extent that such Taxes have become due; any Taxes payable by the Issuer in connection with the Securitisation, the execution, delivery and performance of the Transaction Documents and the issue of the Notes if due on or prior to the Issue Date, have been paid or will be paid on or prior to the Issue Date or, if due after the Issue Date, will be paid when so due;

18. **Corporate power**

the Issuer is lawfully qualified to do business in those jurisdictions in which business is conducted by it and has the requisite power and authority to:

- (a) enter into the Transaction Documents to which it is expressed to be a party;
- (b) create and issue the Notes of each Class on the Issue Date; and
- (c) undertake and perform the obligations expressed to be assumed by it in the Notes and the Transaction Documents;

19. **Authorisations**

all acts, conditions and things required to be done, fulfilled or performed in order to:

- (a) enable the Issuer to purchase the Portfolio;
- (b) enable the Issuer to lawfully issue, distribute and perform the terms of the Notes and distribute this Prospectus, including any required consents, approvals, authorisations and other orders of all regulatory authorities in the Republic of Italy or the Grand-Duchy of Luxembourg;
- (c) enable the Issuer to lawfully enter into the Transaction Documents to which it is expressed to be a party;
- (d) enable the Issuer to lawfully exercise its rights under and perform and comply with the obligations expressed to be assumed by it in the Transaction Documents;
- (e) ensure that the obligations expressed to be assumed by the Issuer in the Transaction Documents are legal, valid, binding and enforceable against it except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws and any general principle of law applicable affecting the enforcement of the rights of creditors generally; and
- (f) make such Transaction Documents admissible in evidence in Italy (subject to the need for registration under Italian tax law provisions and the requirement to have non-Italian language documents accompanied by an Italian translation officially sworn by a qualified translator),

have been done, fulfilled and performed and are in full force and effect or, as the case may be, have been effected and no steps have been taken to challenge, revoke or cancel any such authorisation obtained or effected;

20. **Execution**

the Transaction Documents have been duly executed by the Issuer or, as the case may be, will be duly executed by the Issuer on or prior to the Issue Date;

21. **No breach of law or contract**

the execution and delivery by the Issuer of the Transaction Documents, the issue of the Notes, the performance by the Issuer of its other obligations contemplated by the Transaction Documents including, without limitation, the purchase of the Portfolio and compliance with the terms of the Transaction Documents do not and will not:

- (a) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the constitutive documents of the Issuer or any indenture, deed, mortgage, or other agreement or instrument to which the Issuer is a party or by which it or any of its properties, revenues or assets is bound;
- (b) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Issuer or any of its properties, revenues or assets; or
- (c) result in the creation or imposition of any Security Interest on any of its properties revenues or assets, save as provided in the Transaction Documents,

where such conflict, breach, infringement or default would have an adverse effect on the Issuer, any Transaction Document, the Notes or any of the Issuer's Rights;

22. **Valid and binding obligations**

the obligations expressed to be assumed by the Issuer under the Transaction Documents do (or will, upon their due execution and delivery on or prior to the Issue Date or as required from time to time thereafter) constitute legal, valid, binding and enforceable obligations of the Issuer, except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws and any general principle of law applicable affecting the enforcement of the rights of creditors generally;

23. **Validity of the Notes**

the Notes have been duly authorised by the Issuer and, when duly executed, issued and delivered, will constitute legal, valid, binding and enforceable obligations of the Issuer except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws and any general principle of law applicable affecting the enforcement of the rights of creditors generally;

24. **Status of the Notes and subordination**

- (a) the Notes on issue will constitute direct limited recourse obligations of the Issuer.
- (b) The ranking and subordination of the Notes are as set out in Condition 4 (*Status, Segregation and Ranking*);

25. **Arm's length transaction**

the Transaction Documents to which the Issuer is a party have been entered into by the Issuer in good faith for the benefit of the Issuer and on arm's length commercial terms;

26. **No cross default**

the Issuer is not in breach of or in default under any agreement to which it is a party or which is binding on it or any of its property, assets or revenues which breach or default is likely to be material in the context of the issue and performance of the Notes or the offering of the Notes;

27. **Security for the Notes and statutory segregation**

the Notes and the obligations of the Issuer under the Transaction Documents will be secured in the manner provided for in the Deed of Pledge and the Deed of Charge and will have the benefit of the charges, covenants and other security provided for therein. Under the provisions of the Securitisation Law, the Portfolio will be segregated for all purposes from the other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and amounts deriving from the Portfolio will be exclusively available for the purposes of satisfying the obligations of the Issuer to the Noteholders and the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation;

28. **Consents**

the Issuer does not require the consent of any other party or the consent, licence, approval or authorisation of any governmental authority in connection with the creation and the issue of the Notes, the signing of the Transaction Documents and the distribution of this Prospectus;

29. **Accuracy of information**

all information and documentation supplied by the Issuer to the Joint Lead Managers, the Arrangers and the Rating Agencies in connection with the Securitisation is at the date hereof and as at the Issue Date true and accurate in all respects and not misleading because of any omission or ambiguity or for any other reasons;

30. **No Trigger Event**

prior to the Issue Date and as at the Issue Date, no event has occurred or circumstances have arisen which would constitute (after the issue of the Notes) a Trigger Event (as defined in Condition 10 (*Trigger Events*)) or which with the giving of notice or the lapse of time or other condition would (after the issue of the Notes) constitute a Trigger Event;

31. **Title to the Portfolio**

on the Issue Date and thereafter, the Issuer will be the legal owner of, and will have good and transferable title to, each Receivable comprised in the Portfolio free from Security Interests other than the segregation provided for by the Securitisation Law;

32. **No litigation**

the Issuer has not received written notice of any litigation or claim calling into question its title to any Receivables comprised in the Portfolio.



## SELLING RESTRICTIONS

Each of the Issuer and each Relevant Party has undertaken to the others that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the relevant Notes or has in its possession or distribute this Prospectus or any related offering material, in all cases at its own expense.

Each of the Issuer and each Relevant Party has, pursuant to the relevant Subscription Agreement, represented and warranted that it has not made or provided and undertaken not to make or provide any representation or information regarding the Issuer, the Originator or the Notes save as contained in or consistent with this Prospectus or as approved for such purpose by the Issuer or the Originator or which is a matter of public knowledge.

### General

Persons into whose hands this Prospectus comes are required to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

### EEA Standard Selling Restriction

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Relevant Party represents, warrants and undertakes to the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of the relevant Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the relevant Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the relevant Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Amending Prospectus Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an “*offer of Notes to the public*” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression “*Amending Prospectus Directive*” means Directive 2010/73/EU.

## **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Relevant Party has agreed that it will not offer, sell or deliver the relevant Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the completion of the offering of the Notes, within the United States or to, or for the account or benefit of, any U.S. person, and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells the relevant Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, any U.S. person.

In addition, until 40 days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## **United Kingdom**

Each Relevant Party has, pursuant to the relevant Subscription Agreement, represented, warranted and undertaken to the Issuer and each of the other that:

- (a) *Financial promotion*: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any relevant Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **Italy**

Each Relevant Party has, pursuant to the relevant Subscription Agreement, represented, warranted and undertaken to the Issuer that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any relevant Notes, copy of this Prospectus nor any other offering material relating to the relevant Notes other than to “qualified investors” (“*investitori qualificati*”) as referred to in article 100 of the Financial Laws Consolidation Act and article 34-ter, paragraph 1, letter (b) of the CONSOB regulation No. 11971 of 14 May 1999 (as amended and integrated from time to time, “**CONSOB Regulation**”) and in accordance with any applicable Italian laws and regulations.

Any offer of the Notes to qualified investors in the Republic of Italy shall be made only by banks, investment firms or financial intermediaries permitted to conduct such business in accordance with the Consolidated Banking Act, to the extent that they are duly authorised to engage in the placement

and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Financial Laws Consolidation Act, Consob Regulation as amended, the Consolidated Banking Act and any other applicable laws and regulations.

*General*

Each Relevant Party has, pursuant to the relevant Subscription Agreement, acknowledged that (i) no action has or will be taken by it which would allow an offering (nor a “*offerta al pubblico di prodotti finanziari*”) of the relevant Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; (ii) the relevant Notes may not be offered, sold or delivered by it and neither this Prospectus nor any other offering material relating to the relevant Notes will be distributed or made available by it to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy will only be made by each Relevant Party in accordance with Italian securities, tax and other applicable laws and regulations and no application has been made by it to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

## REGULATORY DISCLOSURE AND RETENTION UNDERTAKING

On 26 June 2013, the European Parliament and the European Council adopted the Directive 2013/36/EC (the “**CRD IV**”) and the Regulation (EU) 575/2013 (the “**CRR**”) repealing in full the so-called capital requirements directive (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC).

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in article 405 of the CRR (“**Article 405**”). Article 405 specifies that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to such credit institution that it will retain, on an ongoing basis, a material net economic interest not lower than 5% in such securitisation.

The CRR (including Article 405) is directly applicable and became effective on 1 January 2014. The CRD IV has been implemented in Italy by the Bank of Italy Instructions (*Disposizioni di Vigilanza per le Banche*) entered into force in 1 January 2014.

Similar requirements to those set out in articles 405 and following of the CRR (a) are imposed on EU-regulated alternative investment fund managers by chapter 3, section 5 of Regulation (EU) No 231/2013 from 22 July 2013 (the “**AIFMR**”) and, in particular, article 51 thereof (“**Article 51**”).

In the Senior Notes and Class B Notes Subscription Agreement, FGA Capital S.p.A., in its capacity as Originator, has undertaken to the Issuer, the Arrangers, the Joint Lead Managers and the Representative of the Noteholders that:

- (i) so long as the Notes are outstanding, it will retain a material net economic interest of at least 5 per cent. in the Securitisation in accordance with option (d) of Article 405 (i.e. “*the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total no less than 5% of the nominal value of the securitised exposures*”), the Bank of Italy Instructions and option (d) of Article 51;
- (ii) the Junior Notes retained in compliance with the above shall not be subject to any credit risk mitigation or any short protection or other hedge, as to the extent required by articles 405-410 (inclusive) of CRR and chapter 3, section 5 of the AIFMR;
- (iii) it shall not change the manner in which the net economic interest set out above is held until the Final Maturity Date, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in the Securitisation;
- (iv) it shall notify to the Issuer, the Arrangers, the Joint Lead Managers and the Representative of the Noteholders any change, made pursuant to paragraph (iii) above, to the manner in which the net economic interest set out above is held;
- (v) it shall comply with the disclosure obligations imposed on the originator under article 409 of the CRR, the Bank of Italy Instructions and chapter 3, section 5 of the AIFMR; and
- (vi) it shall make available to each Noteholder, upon its reasonable request, all such necessary information in the Originator’s possession to comply with the Noteholder’s on-going

monitoring obligations arising as a direct and immediate consequence of paragraph 2 of article 406 of the CRR and/or chapter 3, section 5 of the AIFMR. For the purposes of this provision, a Noteholder's request of information shall be considered reasonable to the extent that the relevant Noteholder provides evidence satisfactory to the Originator that the additional information required by it is necessary to comply with paragraph 2 of article 406 of the CRR and/or chapter 3, section 5 of the AIFMR and the domestic implementing regulations to which such Noteholder is subject.

In particular, the Originator has undertaken to retain all the Junior Notes which represent the 5% of the Outstanding Principal of the Receivables comprised in the Portfolio as at the Issue Date.

Article 406 of the CRR further requires an EU regulated credit institution, before investing, and as appropriate thereafter, for each of its individual exposure in securitisation transaction, to carry out a due diligence in respect of each such exposure and the relevant securitisation, to implement formal policies and procedures appropriate for such activities to be conducted on an on-going basis, to regularly perform its own stress tests appropriate to its exposure and to monitor on an ongoing basis and in a timely manner performance information on such exposures. Failure to comply with one or more of the requirements set out in article 406 of the CRR will result in the imposition of a higher capital requirement in relation to the relevant exposure by the relevant EU regulated credit institution. In such respect, article 409 of the CRR requires originators sponsors and original lenders to ensure that prospective investors have readily available access as at the Issue Date and on an ongoing basis to all information necessary to comply with their due diligence and monitoring obligations and all relevant data necessary to conduct comprehensive and well informed stress tests on the underlying exposures.

Similar provisions to those described above are imposed on EU-regulated alternative investment fund managers by chapter 3, section 5 of AIFMR.

FGA Capital S.p.A., in its capacity as Originator, (i) has made available on the Issue Date, (ii) has undertaken in the Senior Notes and Class B Notes Subscription Agreement to make available, on a monthly basis through the Monthly Report, the information required by article 409 of the CRR and chapter 3, section 5 of the AIFMR necessary to prospective investors for the purposes above (including, in particular, the information regarding the net economic interest from time to time held by the Originator in the Securitisation) and (iii) has expressly authorised the Calculation Agent to include in the Investor Report such information contained in the Monthly Report, provided that the Calculation Agent will include such information in the Investor Report on the basis and to the extent of the information received by the Servicer in the Monthly Report. It is understood that the Investor Report shall be deemed to have been produced on behalf of the Originator, under the Originator's full responsibility, with reference to the information that the Originator has the obligation to make available (or cause to make available, if the case) to investors under article 409 of the CRR and chapter 3, section 5 of the AIFMR.

## SELECTED ASPECTS OF ITALIAN LAW

### The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy.

It applies, *inter alia*, to securitisation transactions involving a “true” sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

#### *Ring-fencing of the assets*

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which performs the securitisation (including any other assets purchased by such company pursuant to the Securitisation Law). Prior to and on a winding up of such a company such receivables will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant receivables. In addition, the receivables relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

The segregation principle set out in the second paragraph of article 3 of the Securitisation Law has been extended by Law Decree number 91 of 24 June 2014 (as converted into law by Law number 116 of 11 August 2014) in order to include not only the relevant receivables but also (i) any monetary right arising, in the context of the relevant securitisation transaction, in favour of the company incorporated under the Securitisation Law, (ii) the cash-flows deriving from the relevant receivables and such monetary rights and (iii) the financial instruments acquired in the context of the relevant securitisation transaction with such cash-flows.

In addition, Law Decree number 91 of 24 June 2014 (as converted into law by Law number 116 of 11 August 2014) has introduced the new paragraphs 2-*bis* and 2-*ter* to article 3 of the Securitisation Law, pursuant to which the segregation principle of amounts standing to the credit of the accounts opened in the context of securitisation transactions has been strengthened and the commingling risk in respect of collections collected, on behalf of the relevant company incorporated under the Securitisation Law, by the servicers and/or sub-servicers of the relevant securitisation transaction has been limited.

Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

#### *The assignment*

The assignment of the receivables is governed by the Securitisation Law.

According to article 4, first paragraph, of the Securitisation Law, article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act is applicable to the assignment of receivables made pursuant to the Securitisation Law. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the originator of

the relevant receivables, the debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice of sale in the Official Gazette and, in the case of the debtors, registration in the companies register, so avoiding the need for individual notification to be served on each debtor. However, please note that in the presence of a contractual undertaking of the seller to notify the borrowers of the assignment of the receivables, enforceability of the assignment *vis-à-vis* the borrowers may be obtained only upon notification.

Pursuant to article 4, first paragraph, of the Securitisation Law, the notice of sale in the Official Gazette of the assignment of those receivables which have the characteristics set out under article 1 of the Italian Law number 52 of 21 February 1991 (i.e. receivables arising out of contracts executed by the originator in the ordinary course of its business) may be simplified by including only information regarding the originator, the assignee and the date of assignment. As an alternative, the perfection of the assignment of such receivables may be governed by article 5, paragraph 1, 1-*bis* and 2 of Italian Law number 52 of 21 February 1991, according to which relating to the enforceability of the assignment against third parties is obtained by having the payment of the relevant purchase price with date certain at law.

According to article 4, second paragraph, of the Securitisation Law, as from the date of the publication of the notice in the Official Gazette or the date certain at law of payment (in whole or in part) of the purchase price for the assigned receivables:

- 1) no legal action may be brought in respect of the assigned receivables or the sums derived therefrom, other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction;
- 2) notwithstanding any provision of law providing otherwise, no set-off may be exercised by the debtors among the assigned receivables and any debtors' claims towards the originator arising after such date;
- 3) the assignment becomes enforceable against:
  - (a) any other assignee of the originator who has failed to render its purchase of receivables enforceable against any third party prior to such date;
  - (b) any creditors of the originator who have not obtained, prior to the date of the publication of the notice in the Official Gazette, an attachment order (*pignoramento*) in respect of any of the receivables and then only to the extent of the receivables already attached.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

According to article 4, paragraph 3, of the Securitisation Law, payments made by an assigned debtor to a securitisation company are not subject to any claw-back action according to article 67 of the Bankruptcy Law. Furthermore, pursuant to the same provision, payments made by assigned debtors in relation to the relevant receivables assigned in the context of a securitisation transaction carried out pursuant to the Securitisation Law will not be subject to declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law.

## Consumer credit provisions

- (i) *Consumer credit provisions and enactment of Law Decree 141* – The Portfolio includes Loans which qualify as “consumer loans”, i.e. loans extended to individuals acting outside the scope of their entrepreneurial, commercial, craft or professional activities. In Italy consumer loans are regulated by, amongst others: (i) articles 121 to 126 of the Consolidated Banking Act and (ii) some provisions of the Consumer Code. Consumer protection legislation has been subject to a full revision by the enactment of law decree 13 August 2010 number 141 (as subsequently amended “**Law Decree 141**”) which transposed in the Italian legal system EC Directive 2008/48 on credit agreements for consumers. Law Decree 141 has become enforceable on 19 September 2010.
- (ii) *Law Decree 141 and existing credit consumer agreements* - Even if Law Decree 141 does not provide anything on the matter, on the basis of both article 30 of the Directive and the implementing measures of Law Decree 141, it can be stated that the provisions set by Law Decree 141 do not apply to agreements existing on the date on which latter entered into force, except for some provisions, applicable to open-end credit agreements only.
- (iii) *Scope of application* - Prior to the entry into force of Law Decree 141, consumer loans were only those granted for amounts respectively lower and higher than the maximum and minimum levels set by the *Comitato Interministeriale per il Credito e il Risparmio* (“**CICR**”) (the inter-ministerial committee for credit and savings), such levels being fixed at €30,987.41 and €154.94 respectively. Current article 122 of the Consolidated Banking Act rules that provisions concerning consumer loans apply to loans granted for amounts from €200 (included) to €75,000 (included); moreover, the same article 122 sets a list of other deeds and agreement which shall not be considered as consumer loans.
- (iv) *Right of withdrawal* - Pursuant to article 125-ter of the Consolidated Banking Act, consumers have a period of 14 calendar days in which to withdraw from the credit agreement without giving any reason. That period of withdrawal shall begin (a) either from the day of the conclusion of the credit agreement, or (b) from the day on which the consumer receives the contractual terms and conditions and information to be provided to it pursuant to paragraph 1 of article 125-bis of the Consolidated Banking Act, if that day is later than the date referred to under point (a). In case the consumer enforces its right of withdrawal, within thirty days following the date of enforcement the consumer shall pay to the lender any amount outstanding under the relevant consumer loan, plus matured interest and non recoverable expenses paid by the lender to the public administration in connection with the granting of the relevant consumer loan. If the credit agreement has been negotiated by distance marketing, withdrawal periods as calculated under article 67-duodecies of the Consumer Code will apply. Pursuant to article 125-quater of the Consolidated Banking Act, a consumer may always withdraw from an open-end credit agreement without paying any penalty or expense to the lender. Before the enactment of Law Decree 141, rights of withdrawal in favour of consumers under consumer loan agreements were limited to specific cases, such as in case of consumer credit agreement concluded to finance acquisition of goods or services pursuant to a distance contract.

## The Issuer

According to the Securitisation Law, the Issuer shall be a *società di capitali*.



## **The enforcement proceedings in general**

The enforcement proceedings can be carried out on the basis of final judgments or other legal instruments known collectively as *titoli esecutivi*.

Save where the law provides otherwise, the enforcement must be preceded by service of the order for the execution (*formula esecutiva*) and the notice to comply (*atto di precetto*).

The notice to comply (*atto di precetto*) is a formal notice by a creditor to his debtor advising that the enforcement proceedings will be initiated if the obligation specified in the title is not fulfilled within a given period (not less than ten days but not more than 90 days from the date on which the notice to comply (*atto di precetto*) is served). If delay would be prejudicial, the court may reduce or eliminate this period upon a justified request of the creditor.

Enforcement of an obligation to pay an amount of money is performed in different ways, according to the kind of the debtor's assets the creditor wants to seize. Therefore and mentioning the most important only, the Italian code of civil procedure provides for different rules concerning respectively:

- distraint and forced liquidation of mobile goods in possession of the debtor;
- distraint and forced liquidation of debtor's receivables or mobile goods in possession of third parties; and
- distraint and forced liquidation of real estate properties.

The Italian code of civil procedure provides for some common provisions applicable to any form of enforcement of an obligation to pay an amount of money and specific rules applicable to each form of enforcement.

Distraint and forced liquidation of assets are carried out in the following steps:

- first, the debtor's goods are seized;
- second, other creditors may intervene;
- third, the debtor's assets are liquidated; and
- fourth, the creditor is paid, or the proceeds from the liquidation of the debtor's assets are distributed amongst the creditors.

Seizure of assets is the necessary first step in forcing the liquidation of a property, when it is not already held in pledge.

### **Enforcement proceedings of mobile goods in possession of the debtor**

With reference to the seizure and forced liquidation of mobile goods in possession of the debtor, seizure begins with the application of the lawyer to the bailiff to proceed at the debtor's house/office or other place and to seize all the debtor's movable assets he will find there. The bailiff may look for the movables assets to seize in the debtor's house or in other places related to him and he is free to evaluate assets found and keep them seized. However, certain items of personal property cannot be seized.

After the seizure, the bailiff writes a record that contains the injunction to the debtor to refrain from any act that would interfere with the liquidation of the seized property and the description of the movables beings seized. Normally the debtor is named as custodian of the assets since any interference by causing the destruction, deterioration, or removal of seized property is a criminal offence.

After the seizure, the bailiff must deposit the record and the title executed and the notice to comply in the chancery of the execution judge. In this moment the chancellor will open the file of the execution.

After the deposit of the written petition above, the judge fixes the hearing to define the formalities of the sale. At that hearing the parties can pass their proposals about the formalities of the sale. This hearing is also the last possibility for the parties to raise remedies against the enforcement procedure. If there are no oppositions to the procedure or if the parties reach an agreement about the oppositions, the judge fixes the sale. The judge may choose to delegate the sale to a commission agent. In the delegation, the judge fixes the lowest price of the sale and the total amount who must be obtained from the sale. Otherwise the judge may choose to realise the sale by auction.

After the sale, if there is only one secured creditor without others creditors intervened in the execution, the judge will pay the secured creditor's principal debt and the interests and also the costs of the enforcement proceedings with the sale's proceeds. If there are more than one secured creditor or if there are intervened creditors, they may prepare a project of distribution and propose it to the judge. If the judge is agrees, he provides consequently to the distribution. If there is no agreement between the creditors the judge provides to the distribution on the basis of the ranking of the creditors.

In addition to securing the creditor's rights, seizure serves the purpose of identifying the property to be liquidated. When movables in the possession of the debtor are seized, the bailiff must draw up a protocol describing the seized assets and indicating their value. When real estates are seized, distraint is recorded in the land registry, and the value should be set by a special technician appointed by the judge.

The seized assets are entrusted to a custodian. Although the debtor himself may be appointed custodian, he normally may neither use seized property nor keep rents, profits, interest, and similar revenues. Seizure also covers rents, profits, interest, and other revenues of the seized property.

The debtor may avoid the seizure by paying the amount due to the bailiff for delivery to the creditor. Such payment does not constitute recognition of the debt and the debtor is not precluded from bringing an action for restitution of the amount, should he prove that the enforcement procedure was wrongfully instituted.

If the value of seized property exceeds the amount of the debt and costs, the judge, after hearing the creditor and any creditors who have intervened, may order that part of the properties are released.

The creditor may select the property that is to be liquidated. He may select various types of property and may bring proceedings in more than one district. However, if he selects more properties than necessary to satisfy his right, the debtor may apply to have this selection restricted. The creditor who requested the seizure must apply for the sale by auction of the seized assets within a deadline of ninety days, otherwise the seizure lapses.

Normally, the debtor's distrainted property is sold (*vendita forzata*). Sometimes, however, property may be assigned to the creditors in lieu of sale (*assegnazione forzata*). Seized property may be sold or assigned solely on the motion of the creditor who started the enforcement proceeding or of one of the

intervening creditors who possesses an authority to execute. Unless the property is perishable, a motion to sell or assign it may not be made until at least ten days after distraint, but within 90 days.

The creditor who applies for the sale has the duty to anticipate court expenses and the sale fees.

Seized movable property may be sold through acquiring sealed bids (*vendita senza incanto*) or auction (*vendita con incanto*). Seized property may as well be offered for sale in several lots. Once the required amount has been obtained, the sale is discontinued.

Seized property may also be assigned to the creditors instead of being sold. Property may be assigned to discharge the debtor's obligation to the assignees up to the value of the assigned property. If the property is worth more than the amount of the debt, the assignees must pay the balance.

Unless the debtor's assets are assigned to the creditors in satisfaction of their claims, the proceeds of the liquidation must be distributed. The proceeds include:

- (a) money received upon the sale or assignment of the debtor's assets;
- (b) rents, profits, interest, and other revenues accruing from the debtor's assets during the period of distraint; and
- (c) penalties or damages paid to the Court by the defaulting purchasers or assignees.

Distribution of the proceeds is made according to the following steps:

- costs and expenses of the proceeding are paid first;
- preferred creditors are paid in the order of their degree of priority;
- unsecured creditors who commenced or intervened into the proceeding in due time are paid: they share equally, in proportion to the amount of their claims, if there are insufficient funds to satisfy them;
- creditors who intervened after the hearing set for the authorisation of the liquidation of assets: they share the balance in proportion to their claims; and
- any surplus is returned to the debtor.

If there is any dispute concerning the distribution of proceeds, the judge hears the parties and he will decide. In this case distribution of the proceeds is suspended except to the extent to which it can be effected without prejudicing the rights of the claimants.

### **Subrogation**

Legislative Decree 141 has introduced in the Consolidated Banking Act article 120-*quater*, which provides for certain measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of the Bersani Decree, replicating though, with some additions, such repealed provisions. The purpose of article 120-*quater* of the Consolidated Banking Act is to facilitate the exercise by the borrowers of their right of subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code (the "**Subrogation**"), providing in particular that, in case of a loan, overdraft facility or any other financing granted by a bank, the relevant borrower can exercise the Subrogation, even if the

borrower's debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation.

Furthermore, paragraph 7 of article 120-*quater* of the Consolidated Banking Act provides that, in case the Subrogation is not perfected within 30 working days from the date on which the original lender has been requested to cooperate for the conclusion of the Subrogation, the original lender shall indemnify the borrower for an amount equal to 1% of the loan or facility granted, for each month or fraction of month of delay. The original lender has the right to ask for indemnification from the subrogating lender, in case the latter is to be held liable for the delay in the conclusion of the Subrogation.

### **Accounting treatment of the Receivables**

Pursuant to Bank of Italy's regulations of 29 March 2000 ("**Schemi di bilancio delle società di cartolarizzazione dei crediti**"), and on 14 February 2006 (*istruzioni per la redazione dei bilanci degli intermediari finanziari iscritti nell'elenco speciale, degli IMEL delle SGR e delle SIM*) the accounting information relating to the securitisation of the Receivables will be contained in the Issuer's *nota integrativa*, which, together with the balance sheet and the profit and loss statements form part of the financial statements of Italian companies.

## GENERAL INFORMATION

### Authorisation

The issue of the Notes has been authorised by resolutions of the quotaholder's meeting of the Issuer passed on 3 October 2014.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be from collections made in respect of the Portfolio.

### Listing and admission to trading

This Prospectus has been approved by the CSSF as a prospectus issued in compliance with the Prospectus Directive. Application has been made for the Rated Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. Approval by the CSSF relates only to the Rated Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

### Clearing systems

The Rated Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg. The ISINs and the Common Codes for the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class M Notes are as follows:

	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class M Notes</b>
Common Code:	112496637	112505571	112506446	112507183	N.A.
ISIN:	IT0005058729	IT0005058737	IT0005058745	IT0005058752	IT0005058760

The address of Monte Titoli is Piazza degli Affari, 6, 20154 Milan, Italy, the address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

### Material adverse change

Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus. The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on 11 September 2014 and which will end on 31 December 2014. Consequently, the first statutory accounts of the Issuer are those relating to the fiscal year which will end on 31 December 2014 and expected to be approved in 2015.

Save as disclosed in the section headed “The Issuer”, there has been no significant change in the financial or trading position of the Issuer since the date of its incorporation (such date being 11 September 2014).

No material contracts or arrangements, other than the Transaction Documents disclosed in this Prospectus, have been entered into by the Issuer since the date of its incorporation.

### **Legal and arbitration proceedings**

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since its incorporation, significant effects on the financial position or profitability of the Issuer.

### **Conflicts of interest**

There are no restrictions on the Joint Lead Managers and the Originator, *inter alia*, acquiring, respectively, the Senior Notes and the Mezzanine Notes and the Junior Notes and/or financing to or for third parties. Consequently, conflicts of interest may exist or may arise as a result of the Joint Lead Managers and the Originator having different roles in this transaction and/or carrying out other transactions for third parties.

### **Accounts**

The Issuer will produce proper accounts (*ordinaria contabilità interna*) and audited financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be promptly deposited after their approval at the registered office of the Issuer and the Representative of the Noteholders, where such documents will be available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours.

### **Borrowings**

Save as disclosed in this Prospectus, as at the date of this Prospectus, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

### **Post issuance reporting**

Under the terms of the Cash Allocation, Management and Payments Agreement, the Calculation Agent shall submit, to the Principal Paying Agent, the Corporate Administrator, the Servicer, the Rating Agencies, the Swap Counterparty, the Joint Lead Managers and the Representative of the Noteholders (by no later than the eighth Business day after each Payment Date), until the date on which the Notes have been redeemed or cancelled in full, the Investor Reports, containing details of, *inter alia*, the Notes (and any amounts paid thereunder on the immediately preceding Payment Date), the Receivables, amounts received by the Issuer from any source during the preceding Collection Period, including any payments received from the Swap Counterparty, amounts paid by the Issuer during such Collection Period and amounts paid by the Issuer on the immediately preceding Payment Date.

Each released Investor Report shall contain an indication of the Notes publicly placed to the investors which are not part of the FGA group, a glossary of the defined terms used therein and be published on

Bloomberg or such other equivalent information channel and shall remain available until the date on which the Notes are redeemed or cancelled in full.

The first Investor Report that follows the award of the PCS Label (to the extent that the PCS Label will be awarded for the Senior Notes), will contain the following information:

- (a) the amount of the Senior Notes privately placed with investors which are not in the FGAC group;
- (b) the amount of the Senior Notes retained by a member of the FGAC group; and
- (c) the amount of the Senior Notes publicly placed with investors which are not in the FGAC group.

The above information will remain available until the date on which the Senior Notes have been redeemed or cancelled in full.

In addition, pursuant to the Senior Notes and Class B Notes Subscription Agreement, until the date on which the Senior Notes and the Class B Notes have been redeemed or cancelled in full, the Originator has undertaken to make available to the investors, directly or through an entity providing cash flow models to investors, a cash flow model to the investors in the Senior Notes and the Class B Notes.

#### **Documents**

As long as the Rated Notes are listed on the Official List of the Luxembourg Stock Exchange, copies of the following documents (and, with regard to the documents listed under paragraphs (a) and (b) below, the English translations thereof) will, when published, be available (and, in respect of paragraphs (a), (b), (c), (d)(15) and (d)(16) below, for collection and free of charge) in electronic means during usual business hours on any weekday (Saturdays and public holidays excepted) from the registered office of the Issuer, the registered office of the Representative of the Noteholders and the Specified Office of the Principal Paying Agent:

- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
- (b) the annual audited (to the extent required) financial statements of the Issuer. The financial statements and the financial reports are drafted in Italian. The Issuer does not publish statutory interim accounts;
- (c) the Servicer Reports setting forth the performance of the Receivables and Collections made in respect of the Receivables prepared by the Servicer; and
- (d) copies of the following documents:
  - 1. the Cash Allocation, Management and Payments Agreement;
  - 2. the Corporate Administration Agreement;
  - 3. the Corporate Services Agreement;
  - 4. the Deed of Charge;
  - 5. the Deed of Pledge;
  - 6. the Intercreditor Agreement;

7. the Master Definitions Agreement;
8. the Mandate Agreement;
9. the Quotaholder Agreement;
10. the Receivables Purchase Agreement;
11. the Servicing Agreement;
12. the Subordinated Loan Agreement;
13. the Swap Agreement;
14. the Warranty and Indemnity Agreement;
15. the Investor Reports; and
16. a copy of this Prospectus.

The Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

#### **Annual fees**

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein (inclusive of the total expenses related to the admission to trading, being equal to €3,750) amount to approximately €115,750, excluding all fees payable to the Servicer under the Servicing Agreement, plus any VAT if applicable.

#### **No Resecuritisation nor Synthetic Securitisation**

The Securitisation is not a Resecuritisation or a Synthetic Securitisation.

#### **Rating Triggers**

The rating trigger applicable to some of the agents of the Issuer which will trigger a requirement for:

- (a) the provision of collateral;
- (b) the provision of a third party guarantee; or
- (c) the provisions of a replacement,

will be disclosed in each Investor Report.

#### **Borrower concentration**

As at the Portfolio Transfer Effective Date, the aggregate outstanding principal balance of the Receivables comprised in the Portfolio due from:

- (A) the largest individual Obligor is equal to or less than the lesser of (I) 0.25 per cent. of the aggregate outstanding principal balance of all the Receivables; and (II) €500,000; and
- (B) the largest ten individual Obligor is equal to or less than 0.60 per cent. of the aggregate outstanding principal balance of all the Receivables.



## **PCS Label for the Senior Notes**

Application may be made to Prime Collateralised Securities UK Limited (“**PCS**”) for the Senior Notes to receive the Prime Collateralised Securities label (the “**PCS Label**”). There can be no assurance that the Senior Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Senior Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Senior Notes at a later date. The PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). PCS is not an “expert” within the meaning of the Securities Act. By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. Investors should conduct their own research regarding the nature of the PCS Label. None of the Issuer, the Originator, the Arrangers and the Joint Lead Managers or any other party to the Transaction Documents gives any representation or warranty as to the awarding of the PCS Label for such purpose, nor do they accept any obligation or liability in relation to such awarding, or lack of awarding of the PCS Label to, the Senior Notes at any time.

## **Loan-level data reporting**

Until the date on which the Senior Notes are redeemed in full or cancelled, the Issuer will make available, or cause to be made available through the Originator, to the investors in the Senior Notes, potential investors in the Senior Notes and to firms that generally provide services to investors in the Senior Notes, no later than one month following each Payment Date, the loan-level data and performance information in respect of the Portfolio, by publishing such data and information electronically in the loan-level data repository in compliance with Eurosystem requirements.

## GLOSSARY

“**Account**” means each of the Collections Account, the Payments Account, the Principal Funds Account, the Interest Funds Account, the Expenses Account, the Securities Account, the Commingling Reserve Account, the Collateral Accounts and the Cash Reserve Account and “**Accounts**” means, as the context may require, any two or more or all of them.

“**Account Bank**” means Elavon Financial Services Limited acting in its capacity as account bank pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

“**Account Bank Report**” means the report, substantially in the form set out in schedule 1 to the Cash Allocation, Management and Payments Agreement, produced by the Account Bank in accordance with clause 5.5 of the Cash Allocation, Management and Payments Agreement.

“**Account Bank Report Date**” means the first Business Days of each calendar month in each year.

“**Account Mandate**” means the forms of account mandates required by the Account Bank to operate the Accounts in accordance with the Cash Allocation, Management and Payments Agreement.

“**Accrued Interest**” means, as of any relevant date and in relation to any Receivable, any interest that has accrued due and not been paid and the portion of the Interest Instalment falling due on the next Scheduled Instalment Date which has accrued as at that date.

“**Adverse Claim**” means any mortgage, lien, privilege, attachment (*pignoramento*), sequestration, constraint or other security interest of whatever nature or other third party claim.

“**AIFMR**” means Regulation (EU) no. 231/2013.

“**Arrangers**” means UniCredit Bank AG, London Branch and Crédit Agricole Corporate and Investment Bank, Milan Branch and each of them an “**Arranger**”.

“**Article 51**” means article 51 of the AIMFR.

“**Article 405**” means article 405 of the CRR.

“**Bank of Italy Instructions**” means *Circolare n. 285 (Disposizioni di Vigilanza per le Banche)* issued by the Bank of Italy, as amended from time to time.

“**Back-up Servicer Facilitator**” means Securitisation Services S.p.A., or any other person acting for the time being acting as Back-up Servicer Facilitator pursuant to the Cash Allocation, Management and Payments Agreement.

“**Bankruptcy Law**” means the Italian Royal Decree number 267 of 16 March 1942, as amended from time to time.

“**Borrower**” or “**Obligor**” means, in relation to each Receivable, any person who has entered into a Loan Agreement as a borrower (*finanziato*) thereunder or any successor thereto.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for business in Turin, Munich, Paris, Luxembourg and London and which is a TARGET Settlement Day.

**“Calculation Agent”** means Elavon Financial Services Limited, in its capacity as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**“Calculation Amount”** means €1,000 in Principal Amount Outstanding upon issue.

**“Calculation Date”** means the day falling five Business Days before each Payment Date.

**“Car”** means any new or used car or new or used light commercial vehicle, as the case may be, which a Borrower may purchase from a Car Seller.

**“Car Seller”** means each seller or other person from whom any Borrower has purchased a Car.

**“Cash Allocation, Management and Payments Agreement”** means the agreement so named dated on or about the Signing Date between, the Issuer, the Representative of the Noteholders, the Servicer, the Originator, the Account Bank, the Back-up Servicer Facilitator, the Corporate Servicer, the Cash Manager, the Calculation Agent, and the Principal Paying Agent.

**“Cash Collateral Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-01 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Cash Collateral Account for the purposes of depositing the relevant collateral in the form of cash pursuant to the Swap Agreement.

**“Cash Manager”** means Elavon Financial Services Limited in its capacity as cash manager pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**“Cash Manager Report”** means the report, substantially in the form set out in schedule 4 to the Cash Allocation, Management and Payments Agreement, produced by the Cash Manager in accordance with clause 7.5 of the Cash Allocation, Management and Payments Agreement.

**“Cash Reserve”** means the monies standing to the credit of the Cash Reserve Account at any given time.

**“Cash Reserve Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-03 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Cash Reserve Account.

**“Cash Reserve Subordinated Loan”** means the subordinated loan granted by the Subordinated Loan Provider to the Issuer in an amount equal to €7,000,000 under the Subordinated Loan Agreement.

**“Class”** means a class of the Notes, being the Senior Notes, the Mezzanine Notes or the Junior Notes and **“Classes”** shall be construed accordingly.

**“Class A Noteholder”** means the holder of a Class A Note and **“Class A Noteholders”** means, as the context may require, the holders of some or all of the Class A Notes.

**“Class A Notes”** means the €437,500,000 Class A Asset-Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

**“Class B Noteholder”** means the holder of a Class B Note and **“Class B Noteholders”** means, as the context may require, the holders of some or all of the Class B Notes.

“**Class B Notes**” means the €22,500,000 Class B Asset-Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

“**Class C Noteholder**” means the holder of a Class C Note and “**Class C Noteholders**” means, as the context may require, the holders of some or all of the Class C Notes.

“**Class C Notes**” means the €10,000,000 Class C Asset-Backed Fixed Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

“**Class C Notes, Class D Notes and Junior Notes Subscription Agreement**” means the agreement so named dated on or about the Signing Date and entered into between the Issuer, the Representative of the Noteholders and the Subscriber relating to the subscription for the Class C Notes, the Class D Notes and the Junior Notes.

“**Class D Noteholder**” means the holder of a Class D Note and “**Class D Noteholders**” means, as the context may require, the holders of some or all of the Class D Notes.

“**Class D Notes**” means the €5,000,000 Class D Asset-Backed Fixed Rate Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

“**Clearstream**” means Clearstream Banking, *société anonyme*.

“**Collateral**” means (i) prior to the occurrence of an Early Termination Date as defined in the Swap Agreement, in respect of all transactions thereunder, the amount and/or securities (if any) standing to the credit of the Collateral Accounts; and (ii) following an Early Termination Date, as defined in the Swap Agreement, in respect of all transactions thereunder, the monies and/or securities (if any) standing to the credit of the Collateral Account in an amount equal to the Excess Swap Collateral.

“**Collateral Accounts**” means the Cash Collateral Account and the Securities Collateral Account and “**Collateral Account**” means either of them.

“**Collateral Security**” means any Guarantee or Security Interest granted by Borrowers or Guarantors to the Originator in order to guarantee or secure the payment and/or repayment and/or performance of any of the Loans and/or the performance of the obligations of the relevant Borrowers under the relevant Loan Agreements including the Guarantees, the Promissory Notes and the Mortgages.

“**Collection Period**” means, both prior and after the service of a Trigger Notice, each period commencing on (and including) a Monthly Report Date and ending on (but excluding) the immediately following Monthly Report Date up to the redemption in full or cancellation of the Notes, the first Collection Period commencing on (and including) the Portfolio Transfer Effective Date and ending on (but excluding) the first Monthly Report Date falling after the Issue Date.

“**Collections**” means all amounts in respect of the Receivables and the relevant Collateral Security received or recovered by the Servicer or by any other person delegated under the terms of the Servicing Agreement, and comprising Income Collections and Principal Collections as registered by the EDP FGAC System, on the Borrower’s statement of account. Where not specified otherwise, the definition of Collections includes also the Recoveries.

“**Collections Account**” means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-04 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Collections Account.

“**Commingling Reserve**” means the monies standing to the credit of the Commingling Reserve Account at any given time.

“**Commingling Reserve Account**” means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-05 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Commingling Reserve Account.

“**Commingling Reserve Subordinated Loan**” means the subordinated loan granted by the Subordinated Loan Provider to the Issuer in an amount equal to €17,500,000 under the Subordinated Loan Agreement.

“**Conditions**” means the terms and conditions of the Notes of each Class, as from time to time modified in accordance with the provisions therein contained and including any agreement or document expressed to be supplemental thereto and any reference to a particular numbered Condition shall be construed accordingly.

“**CONSOB**” means Commissione Nazionale per le Società e la Borsa.

“**Consolidated Banking Act**” means Italian Legislative Decree number 385 of 1 September 1993, as amended from time to time.

“**Consolidated Financial Act**” means Italian Legislative Decree number 85 of 24 February 1998, as amended from time to time.

“**Corporate Administration Agreement**” means the agreement so named dated on or about the Signing Date between the Issuer and the Corporate Administrator pursuant to which the Corporate Administrator will provide certain administration services to the Issuer.

“**Corporate Administrator**” means Securitisation Services S.p.A., in its capacity as corporate administrator pursuant to the Corporate Administration Agreement or any other person for the time being acting as such.

“**Corporate Servicer**” means FGAC in its capacity as corporate servicer pursuant to the Corporate Services Agreement or any other person for the time being acting as such.

“**Corporate Services Agreement**” means the agreement so named dated on or about the Signing Date between the Issuer and the Corporate Servicer pursuant to which the Corporate Servicer will provide certain administration services to the Issuer.

“**CRA Regulation**” means the Regulation (EC) No. 1060/2009, as amended from time to time.

“**CRD IV**” means Directive 2013/36/EC.

“**Credit and Collections Policies**” means the procedures for the granting and disbursement of the Loans and for the management, collection and recovery of Receivables, attached as schedule 1 to the Servicing Agreement.

“**Criteria**” means the criteria set out in schedule 5 to the Receivables Purchase Agreement (as subsequently rectified by an interpretation letter between the Issuer and the Originator dated 10 October 2014) on the basis of which the Receivables transferred to the Issuer are identified as a “block” (*in blocco*) pursuant to the Securitisation Law.

“**CRR**” means Regulation (EU) no. 575/2013 (as amended from time to time).

“**CSSF**” means the *Commission de Surveillance du Secteur Financier*, as competent authority under, *inter alia*, the Prospectus Directive.

“**Cumulative Net Prepayment Losses**” (*Perdite Nette Complessive dei Pagamenti Anticipati*) means as at any Calculation Date, the aggregate net losses realised by the Issuer in respect of all Instalments in respect of all Loan Agreements which have been prepaid prior to their respective due dates for payment on or prior to such Calculation Date as calculated by the Servicer in the most recently delivered Monthly Report.

“**Data Protection Regulations**” means the Legislative Decree number 196 of 30 June 2003, as amended from time to time, and the relevant implementing laws and regulations.

“**DBRS**” means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (ii) in any other case, any entity of DBRS Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

“**DBRS Equivalent Rating**” means the DBRS rating equivalent of any of the below ratings by Fitch, Moody’s or S&P:

<b>DBRS</b>	<b>Moody’s</b>	<b>S&amp;P</b>	<b>Fitch</b>
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

**“DBRS Minimum Rating”** means: (a) if a Fitch public rating, a Moody’s public rating and an S&P public rating (each, a **“Public Long Term Rating”**) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody’s and S&P are available at such date, the DBRS Equivalent Rating will be the lower of such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody’s and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of **“C”** shall apply at such time.

**“Decree 239”** means Italian Legislative Decree number 239 of 1 April 1996, as amended from time to time.

**“Decree 239 Deduction”** means any deduction or withholding for or on account of *“imposta sostitutiva”* under Decree 239.

**“Deed of Charge”** means the English law deed so named dated on or about the Signing Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Noteholders and the Other Issuer Creditors).

**“Deed of Pledge”** means the Italian law deed of pledge dated on or about the Signing Date between the Issuer and the Representative of the Noteholders (acting for itself and on behalf of the Noteholders and the Other Issuer Creditors).

**“Defaulted Receivable”** means each Receivable arising from a Loan Agreement:

- (a) in relation to which an Instalment or any other payment due pursuant to the Loan Agreement which gives rise to such Receivable is due but not fully paid and remains unpaid for at least 240 days following the date on which it should have been paid, under the terms of the relevant Loan Agreement;
- (b) in relation to which the relevant Borrower is insolvent, or the Servicer has determined that such Receivable cannot be collected, or legal proceedings have been commenced for its collection; or
- (c) written-off by the Servicer in accordance with the Credit and Collections Policies.

**“Delinquent Receivable”** means each Receivable, other than a Defaulted Receivable, in relation to which a Borrower has not paid at least one Instalment or any other amount due on the basis of the relative Loan Agreement by the term contractually provided for therein and which has been recorded as such in the EDP FGAC System in compliance with the Credit and Collections Policies, and in any case by no later than 21 days after the Receivable’s due date, and which continues to be classified as such.

**“Determination Date”** means:

- (a) with respect to the Initial Interest Period, the day falling two Business Days prior to the Issue Date; and
- (b) with respect to each subsequent Interest Period, the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period.

**“Discount Rate”** means 5.85 per cent.

**“EDP FGAC System”** means the information system used by FGAC to manage the collections deriving from the Receivables, as described in schedule 5 to the Servicing Agreement.

**“Eligibility Criteria”** means the criteria set out in schedule 3 to the Receivables Purchase Agreement that must be satisfied by each Receivable on an individual basis.

**“Eligible Borrower”** means any Borrower which is, as at the time of entering into the relevant Loan Agreement, a physical person (*persona fisica*) that is resident in Italy, has Italian nationality and is not a FGAC employee.

**“Eligible Institution”** means a depository institution organised under the laws of any state which is a member of the European Union or of the United States:

- (a) whose unsecured and unsubordinated debt obligations have the following ratings:
  - (i) with respect to DBRS:
    - (x) a long-term public or private rating at least equal to “A”; or
    - (y) in the absence of a public or private rating by DBRS, a DBRS Minimum Rating of “A”; or
    - (z) such other rating as may from time to time comply with DBRS’ criteria; and
  - (ii) with respect to Fitch, a long-term public rating at least equal to “A” and a short-term public rating at least equal to “F1”; or
- (b) whose obligations under the Transaction Documents to which it is a party are guaranteed by an Eligible Institution Guarantee.

**“Eligible Institution Guarantee”** means a first demand, irrevocable and unconditional guarantee issued by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America having at least the ratings set out in paragraphs (a)(i) and (a)(ii) above, provided that such guarantee has been notified to the Rating Agencies.

**“Eligible Investments”** means:

- (a) Euro denominated senior (unsubordinated) debt securities or other debt instruments having the following ratings:
  - (i) with respect to DBRS:
    - (x) if such investments have a maturity date equal to or lower than 30 days: (1) a short-term public or private rating at least equal to “R-1 (middle)” in respect of



short term debt or a long-term public or private rating at least equal to "A" in respect of long-term debt, or (2) in the absence of a public rating by DBRS, a DBRS Minimum Rating at least equal to "A" in respect of long-term debt; or

- (y) such other rating as may from time to time comply with DBRS' criteria; and
- (ii) with respect to Fitch, if such investments have a maturity date lower than 30 calendar days, a short-term public rating at least equal to "F1" and a long-term public rating at least equal to "A",

provided that such investments (i) are in dematerialised form; (ii) are immediately repayable on demand, disposable without any penalty or any loss; (iii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iv) in case of downgrading below the rating levels set out above, shall be liquidated within 3 days (unless a loss would result from the liquidation, in which case they shall be allowed to mature) and (v) have a maturity date not exceeding the Eligible Investment Maturity Date; or

- (b) Euro denominated bank accounts or deposits (including, for the avoidance of doubt, time deposits) opened with an Eligible Institution provided that such investments (i) are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling no later than the immediately following Eligible Investment Maturity Date; (ii) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or, in case early disposal or liquidation, the principal amount upon disposal or liquidation is at least equal to the principal amount invested; (iii) shall be transferred, within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, to another Eligible Institution at cost of the account bank with which the relevant deposits were held; and (iv) the deposits shall be in Euro, held in Italy and subject to a first ranking security in favour of the Noteholders and the Other Issuer Creditors; or
- (c) Euro denominated money market funds which permit daily liquidation of investments and which are rated (i) "R-1 (middle)" by DBRS or in the absence of a public or private rating by DBRS the DBRS Equivalent Rating of "A" and (ii) "AAA" by Fitch or in the absence of a rating by Fitch, the highest rating from at least two other global rating agencies and are redeemable without any penalty or loss, with a maturity date not exceeding the Eligible Investment Maturity Date,

provided further that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities, or (iv) any other instrument from time to time specified in the European Central Bank monetary policy regulations as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested.

“**Eligible Investment Maturity Date**” means, with reference to each Eligible Investment, the earlier of (i) the maturity date of such Eligible Investment, and (ii) the day falling 4 Business Days prior to each Payment Date.

“**Enforcement Proceedings**” has the meaning given to the term “*Procedura Esecutiva*” in the Receivables Purchase Agreement.

“**EONIA**” means Euro Over Night Index Average.

“**Euribor**” means:

- (i) both prior to and, to the extent that the Representative of the Noteholders does not designate a different Business Day as a Payment Date, following the service of a Trigger Notice and in respect of each Interest Period, the rate offered in the euro-zone interbank market for one-month deposits in euro (save that, for the first Interest Period, the rate will be obtained upon linear interpolation of EURIBOR for one and two month deposits in euro) which appears on the Reuters-EuriborØ1 page or (A) such other page as may replace the Reuters-EuriborØ1 page on that service for the purpose of displaying such information or (B) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the Reuters-EuriborØ1 page (the “**Screen Rate**”) at or about 11.00 a.m. (Brussels time) on the Determination Date falling immediately before the beginning of such Interest Period; or
- (ii) following the service of a Trigger Notice and to the extent that the Representative of the Noteholders has designated a different Business Day as a Payment Date, and in respect of each Interest Period, the rate offered in the euro-zone interbank market for deposits in euro applicable in respect of such Interest Period which appears on the Screen Rate nominated and notified by the Principal Paying Agent for such purpose or, if necessary, the relevant linear interpolation, as determined by the Paying Agent in accordance with the Cash Allocation, Management and Payments Agreement at or about 11.00 a.m. (Brussels time) on the Determination Date which falls immediately before the end of the relevant Interest Period; or
- (iii) if the Screen Rate is unavailable at such time for deposits in euro in respect of the relevant period, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which deposits in euro in respect of the relevant period in a representative amount are offered by that Reference Bank to leading banks in the euro-zone interbank market at or about 11.00 a.m. (Brussels time) on the relevant Determination Date; or
- (iv) if, at that time, the Screen Rate is unavailable and only two or three of the Reference Banks provide such offered quotations to the Principal Paying Agent, the relevant rate determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
- (v) if, at that time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the rate in effect for the immediately preceding period to which paragraph (i) or (ii) above shall have applied.

“**Euro**”, “**€**”, “**euro**” and “**EUR**” refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty.

“**Euroclear**” means Euroclear Bank S.A./N.V.

“**Euro-Zone**” means the region comprised of member states of the European Union which adopted the euro in accordance with the Treaty.

“**Excess Swap Collateral**” means, with respect to the Swap Agreement, an amount of Collateral equal in value to the amount of the Collateral (or the applicable part of the Collateral) provided by the Swap Counterparty to the Issuer (as a result of a Ratings Event), which is in excess of the Swap Counterparty’s liability to the Issuer under the Swap Agreement as at the date of termination of all transactions under the Swap Agreement, or which the Swap Counterparty is otherwise entitled to have returned to it under the terms of the Swap Agreement.

“**Expenses**” means:

- (a) any documented fees, costs, expenses and taxes required to be paid to any third party creditors of the Issuer (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable laws; and
- (b) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in, or in connection with, the preservation or enforcement of the Issuer’s Rights.

“**Expenses Account**” means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-06 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Expenses Account for the payment of the Issuer’s Expenses.

“**Extraordinary Resolution**” means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in the Rules by a majority of not less than three quarters of the votes cast.

“**FGAC**” means FGA Capital S.p.A.

“**FGAC Bank Accounts**” means the bank accounts listed under schedule 7 to the Servicing Agreement, opened by FGAC with the banks referred to therein, and all other bank accounts which FGAC may use in the future, in addition or substitution to the foregoing or upon closure of the same, in relation to the collection of any amounts relating to the Receivables, and the details of which shall be promptly notified by FGAC to the Issuer.

“**FGAC Postal Accounts**” means the postal accounts no. 822106 and 60179652 opened by FGAC with the *Centro Compartimentale* of Turin of Poste Italiane S.p.A. and any other postal account which FGAC may use in the future, in addition or substitution to the foregoing, in relation to the collection from the Borrowers of any amounts relating to the Receivables to be paid through the post, and the details of which shall be promptly notified by FGAC to the Issuer.

“**Final Maturity Date**” means the Payment Date falling in December 2028.

“**Final Redemption Date**” means the Payment Date immediately following the earlier of: (i) the date when the Portfolio Outstanding Amount will have been reduced to zero; and (ii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer.

“**First Payment Date**” means the Payment Date falling on 10 December 2014.

“**Fitch**” means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, Fitch Italia – Società Italiana per il Rating S.p.A., and (ii) in any other case, any entity of Fitch Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

“**FSMA**” means the Financial Services and Markets Act 2000.

“**Guarantee**” means any surety or other personal guarantee given by a Guarantor to the Originator to guarantee the obligations of a Borrower to repay a Loan.

“**Guarantor**” means any person, other than the relevant Borrower, who has granted any Collateral Security to the Originator to secure the payment or repayment of any Loan or against whom a Mortgage has been recorded.

“**Holder**” or “**holder**” in respect of a Note means the ultimate owner of such Note.

“**Income Collections**” means:

- (a) all Instalment Interest Amounts collected by the Servicer in respect of the Receivables and credited to a FGAC Bank Account or a FGAC Postal Account, as the case may be;
- (b) the amount of any Recoveries which the Servicer determines are in respect of Instalment Interest Amounts and credited to a FGAC Bank Account or a FGAC Postal Account, as the case may be; and
- (c) all other amounts received or recovered and paid to the Issuer under or in connection with the Receivables, other than Principal Collections.

“**Initial Execution Date**” means 6 October 2014.

“**Initial Interest Period**” means the first Interest Period which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

“**Initial Retention Amount**” means an amount equal to €100,000.00 which shall be formed on the Issue Date using Income Collections available to the Issuer on such date.

“**Insolvency Event**” will have occurred in respect of a company or corporation if:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, “*fallimento*”, “*liquidazione coatta amministrativa*”, “*concordato preventivo*” and “*amministrazione straordinaria*”, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, reorganisation, dissolution or administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a pignoramento or similar procedure having a similar effect (other than in the case of the Issuer any portfolio of assets purchased by the Issuer for the purposes of further separate securitisation transactions), unless in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation and, in the opinion of the Representative of the Noteholders (which may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss given by it in respect of any indebtedness or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (e) such company or corporation becomes subject to any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is incorporated or is deemed to carry on business.

**“Insolvency Practitioner”** means, in relation to a company, a liquidator (except in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Representative of the Noteholders or by an Extraordinary Resolution of the holders of the Most Senior Class of outstanding Notes) provisional liquidator, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

**“Insolvency Proceedings”** means bankruptcy (*fallimento*) or any other insolvency (*procedura concorsuale*) or analogous proceedings from time to time, including, but not limited to *concordato preventivo*, *amministrazione straordinaria*, *liquidazione coatta amministrativa* and *amministrazione straordinaria delle grandi imprese in crisi o in stato di insolvenza* (an arrangement with creditors prior to bankruptcy, an adjustment of creditors’ claims, temporary receivership, compulsory administrative liquidation and the extraordinary administration of large companies in a state of insolvency), and any other such proceedings of other jurisdictions.

**“Insolvency Regulation”** means Council Regulation (EC) No. 1346/2000 on insolvency proceedings which entered into force on 31 May 2002.

**“Insolvent”** means, in respect of a company or corporation, that:

- (a) such company or corporation is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or
- (b) such company or corporation becomes unable to pay its debts as they fall due.

**“Instalment”** means in respect of any Loan, each of the scheduled periodic instalment payments payable by the relevant Borrower pursuant to a Loan Agreement, which includes a principal component and an interest component.

**“Instalment Interest Amount”** means, in relation to an Instalment payable on a given date (t), an amount calculated in accordance with the following formula as applied by the EDP FGAC System:

$$NPV_{t-1} \times [(1 + i)^{(D/365)} - 1]$$

where:

t = the due date of the Instalment on which the Instalment Interest Amount is calculated using the formula

t-1 = the due date of the previous Instalment

NPV<sub>t-1</sub> = the Net Present Value of the relevant Receivable at the due date of the previous Instalment

i = the Discount Rate

D = the number of days between t-1 and t.

**“Insurance Amount”** means the portion of an Instalment referable to the repayment by a Borrower to FGAC of the premium paid up-front by FGAC to an insurance company upon issuance of an Insurance Policy.

**“Insurance Event”** means the non payment (in whole or in part) by a Borrower of an Insurance Amount or the exercise by a Borrower of set-off rights against FGAC in respect of an Insurance Amount as a consequence of the default by the relevant insurance company under the relevant Insurance Policy following the opening of Insolvency Proceedings in relation to such insurance company.

**“Insurance Policies”** means the insurance policies of any kind (including without limitation the “fire and theft insurance policies” or the “credit protection policies” (covering the risk of death, temporary or permanent loss of employment or disability of the relevant Borrower), the “polizze kasko”, etc.) whose premium, when requested by the Borrower, has been financed by FGAC pursuant to a Loan Agreement.

**“Intercreditor Agreement”** means the agreement so named dated on or about the Signing Date between the Issuer and the Other Issuer Creditors.

**“Interest Available Funds”** means, on any Calculation Date, the aggregate of:

- (a) all Income Collections standing to the credit of the Interest Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (b) all amounts received by the Issuer from any Eligible Investments in excess of the original principal amount invested in the relevant Eligible Investment during the Collection Period immediately preceding such Calculation Date other than amounts received from Eligible Investments made out of the amounts invested from the Commingling Reserve Account;
- (c) all amounts of interest accrued on and credited to the Collections Account, the Cash Reserve Account, the Expenses Account, the Interest Funds Account and the Principal Funds Account and relating to the Collection Period immediately preceding such Calculation Date;
- (d) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be

prejudicial for the interests of Rated Noteholders), to the extent that (A) FGAC as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Income Collections in accordance with the provisions of the Servicing Agreement, or (B) FGAC has failed, due to the occurrence of an Insurance Event, to indemnify the Issuer in accordance with the Warranty and Indemnity Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to (X) the actual Income Collections FGAC has failed to transfer to the Issuer under the Servicing Agreement, or, as the case may be, (Y) the Insurance Amount (to the extent unpaid by FGAC) and (ii) the Commingling Reserve;

- (e) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, to the extent of any Interest Shortfall, the lower of (i) that portion of the Cash Reserve which is equal to such Interest Shortfall and (ii) the Cash Reserve;
- (f) any amount due and payable, although not yet paid, to the Issuer by the Swap Counterparty under the Swap Agreement on the Payment Date immediately following the relevant Calculation Date; and
- (g) all amounts of Interest Shortfall to be paid into the Interest Funds Account on the immediately succeeding Payment Date pursuant to item *First* of the Pre-Trigger Notice Principal Priority of Payments,

but excluding (i) any amount paid by the Swap Counterparty upon termination of all transactions under the Swap Agreement in respect of any termination payment (or which is retained as Collateral at such time) and, until a replacement swap counterparty has been found, exceeding the net amounts which would have been due and payable by the Swap Counterparty with respect to the following Payment Date, had the Swap Transaction not been terminated; and (ii) the Collateral (if any).

**“Interest Funds Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-07 and IBAN DE79500700100924895600) as renumbered or redesignated from time to time or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Interest Funds Account.

**“Interest Instalment”** means the interest component of each payment due from a Borrower in respect of a Receivable.

**“Interest Payment Amount”** has the meaning given to such term in Condition 7.6 (*Determination of Interest Rates and calculation of Interest Payment Amounts*).

**“Interest Period”** means each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the Initial Interest Period shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

**“Interest Rate”** means the interest applicable to each Class of Notes from the Issue Date in accordance with the Condition 7.5 (*Rates of Interest*), as the context requires.

**“Interest Shortfall”** means on any Calculation Date, the amount (if any) by which the Interest Available Funds (other than item (g) of that definition) fall short of the aggregate of all amounts that would be payable (but for the operation of Condition 9 (*Limited recourse and non petition*)) on the immediately succeeding Payment Date under items *First* to *Tenth* of the Pre-Trigger Notice Interest Priority of Payments.

“**Investor Report**” means the report of such name which is prepared by the Calculation Agent not later than eight Business Days following each Payment Date pursuant to the Cash Allocation, Management and Payments Agreement containing information referring to the immediately preceding Collection Period and Interest Period.

“**ISDA**” means the International Swaps and Derivatives Association, Inc.

“**Issue Date**” means 28 October 2014 or any other date on which the Notes will be issued.

“**Issue Price**” means:

- (a) in relation to the Class A Notes, 100 per cent. of the Principal Amount Outstanding of the Class A Notes upon issue;
- (b) in relation to the Class B Notes, 100 per cent. of the Principal Amount Outstanding of the Class B Notes upon issue;
- (c) in relation to the Class C Notes, 100 per cent. of the Principal Amount Outstanding of the Class C Notes upon issue;
- (d) in relation to the Class D Notes, 100 per cent. of the Principal Amount Outstanding of the Class D Notes upon issue; and
- (e) in relation to the Junior Notes, 100 per cent. of the Principal Amount Outstanding of the Junior Notes upon issue.

“**Issuer**” means Asset-Backed European Securitisation Transaction Ten S.r.l., a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata* with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 10,000.00 fully paid up, fiscal code and enrolment with the companies register of Treviso number 04688040262, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to the regulation issued by the Bank of Italy on 29 April 2011 and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

“**Issuer Available Funds**” means in respect of any Payment Date, the aggregate of the Interest Available Funds and Principal Available Funds (either at that date or as determined on the immediately preceding Calculation Date as the context may require).

“**Issuer’s Rights**” means the Issuer’s rights under the Transaction Documents.

“**Joint Lead Managers**” means UniCredit Bank AG, Crédit Agricole Corporate & Investment Bank S.A., Citigroup Global Markets Limited and J.P. Morgan Securities plc and each of them a “**Joint Lead Manager**”.

“**Joint Regulation**” means the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008 and published in the Official Gazette number 54 of 4 March 2008.

“**Judicial Proceedings**” has the meaning given to the term “*Procedura Giudiziali*” in the Receivables Purchase Agreement.

“**Junior Noteholder**” means the holder of a Junior Note and “**Junior Noteholders**” means, as the context may require, the holders of some or all of the Junior Notes.



“**Junior Notes**” means the €25,000,000 Class M Asset-Backed Notes due December 2028 issued by the Issuer on the Issue Date or, as the case may be, a specific number thereof.

“**Liabilities**” means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any VAT or similar tax charged or chargeable in respect of any sum referred to in this definition.

“**Loan**” means any fixed-rate or zero-rate instalment loan granted by the Originator to a Borrower, pursuant to a Loan Agreement in relation to the purchase of a Car from a Car Seller.

“**Loan Agreement**” means each contract pursuant to which the Originator has granted a Loan to a Borrower.

“**Mandate Agreement**” means the mandate agreement dated on or about the Signing Date between the Issuer and the Representative of the Noteholders.

“**Master Definitions Agreement**” means the agreement so named dated on or about the Signing Date between the Issuer and the Other Issuer Creditors.

“**Material Adverse Change**” means, in respect of FGAC, a material adverse change to its business, operations, assets, property, condition (financial or otherwise) or prospects which is likely to affect its ability to perform its obligations under any of the Transaction Documents or its rights or remedies under any of the Transaction Documents.

“**Meeting**” means a meeting of Noteholders of any Class or Classes, whether originally convened or resumed following an adjournment.

“**Mezzanine Notes**” means the Class B Notes, the Class C Notes and the Class D Notes.

“**Monte Titoli**” means Monte Titoli S.p.A., with business address at Piazza degli Affari 6, Milan, Italy.

“**Monte Titoli Account Holder**” means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System).

“**Monthly Report**” means the report, substantially in the form set out in schedule 4 to the Servicing Agreement, produced by the Servicer in accordance with clause 7 of the Servicing Agreement.

“**Monthly Report Date**” means the sixth Business Day prior to the first calendar day of each month in each year.

“**Mortgage**” means any voluntary, legal or judicial mortgage or privilege over any other asset of a Borrower (different from a Car) or a Guarantor and securing the obligations of a Borrower under a Loan Agreement and “**Mortgages**” means all of them.

“**Most Senior Class of Notes**” means:

- (a) the Class A Notes (for so long as there are Class A Notes outstanding); or
- (b) if no Class A Notes are then outstanding, the Class B Notes (for so long as there are Class B Notes outstanding); or

- (c) if neither Class A Notes nor Class B Notes are then outstanding, the Class C Notes (for so long as there are Class C Notes outstanding); or
- (d) if neither Class A Notes nor Class B Notes nor Class C Notes are then outstanding, the Class D Notes (for so long as there are Class D Notes outstanding); or
- (e) if neither Class A Notes nor Class B Notes nor Class C Notes nor Class D Notes are then outstanding, the Junior Notes.

“**Net Present Value**” means the net present value of each Receivable calculated by applying the following formula:

$$\sum_{t=1}^N R_t \times (1 + i)^{- (Dt / 365)}$$

where:

- N = the total number of Instalments payable and not yet collected under the Loan Agreement from which such Receivable is derived during the period commencing on (and including) the date when the Loan Agreement from which such Receivables are derived is purchased by the Issuer to (and including) the date on which it matures;
- Rt = the amount of Instalment number t payable under the relevant Loan Agreement applicable at the date of calculation;
- I = the Discount Rate;
- Dt = the number of days between the due date of Instalment number t and the date of calculation of the Net Present Value;
- t = the sequential number of an Instalment (where, for the avoidance of doubt, “1” shall be the first Instalment payable after the Loan Agreement, from which such Receivable is derived, is purchased by the Issuer and “N” shall be the final Instalment).

“**Noteholders**” means the holders of the Notes.

“**Notes**” means the Senior Notes, the Mezzanine Notes and the Junior Notes.

“**Notice**” means any notice delivered under or in connection with any Transaction Document.

“**Obligations**” means all of the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

“**Official Gazette**” means Gazzetta Ufficiale della Repubblica Italiana.

“**Organisation of the Noteholders**” means the association of the Noteholders, organised pursuant to the Rules.

“**Originator**” means FGAC, in its capacity as originator of the Receivables.

“**Other Issuer Creditors**” means the Representative of the Noteholders on its own behalf, the Principal Paying Agent, the Calculation Agent, the Cash Manager, the Account Bank, the Swap Counterparty, FGAC (in any capacity), the Corporate Administrator, the Back-up Servicer Facilitator, the Joint Lead

Managers and the Servicer and any other party who may after the Issue Date accede to the Intercreditor Agreement in accordance with the provisions thereof.

**“Outstanding Principal”** means, on any relevant date, the aggregate of all the Principal Instalments not yet due and the Principal Instalments due and unpaid.

**“Paying Agents”** means the Principal Paying Agent together with any successor or additional paying agents appointed from time to time pursuant to Condition 10.4 (*Change of Paying Agent*) and the Cash Allocation, Management and Payments Agreement and acting through their respective Specified Offices.

**“Payment Date”** means the tenth calendar day of each month or, if any such day is not a Business Day, the immediately following Business Day provided that, following the delivery of a Trigger Notice, it shall also be any other Business Day designated as such by the Representative of the Noteholders. The First Payment Date will fall on 10 December 2014.

**“Payments Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-08 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Payments Account.

**“Payments Report”** means a report setting out all the payments to be made on the following Payment Date in accordance with the Pre-Trigger Notice Interest Priority of Payments and the Pre-Trigger Notice Principal Priority of Payments which is required to be delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**“PCS Label”** means the Prime Collateralised Securities label.

**“Portfolio”** means the portfolio of Receivables transferred by the Originator to the Issuer pursuant to the Receivables Purchase Agreement.

**“Portfolio Outstanding Amount”** means, on each Payment Date, the aggregate Outstanding Principal of all the Receivables.

**“Portfolio Transfer Effective Date”** means 4 October 2014.

**“Post-Trigger Notice Final Redemption Date”** means the earlier to occur between: (i) the date when all the Notes are due for payment under Condition 8.3 (*Optional redemption*) or 8.4 (*Optional redemption for taxation reasons*) in the event that the Issuer opts for the early redemption of the Notes in accordance therewith, (ii) the date when the Portfolio Outstanding Amount will have been reduced to zero, and (iii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer.

**“Post-Trigger Notice Priority of Payments”** means the order in which the Issuer Available Funds shall be applied in accordance with Condition 6.3 (*Post-Trigger Notice Priority of Payments*) and the Intercreditor Agreement.

**“Post-Trigger Notice Report”** means a report setting out all the payments to be made under the Post-Trigger Notice Priority of Payments which shall be delivered by the Calculation Agent from time to time to the Representative of the Noteholders, the Other Issuer Creditors and the Rating Agencies, pursuant to the Cash Allocation, Management and Payments Agreement or upon request of the Representative of the Noteholders.

**“Pre-Trigger Notice Interest Priority of Payments”** means the Priority of Payments under Condition 6.1 (*Pre-Trigger Notice Interest Priority of Payments*).

**“Pre-Trigger Notice Principal Priority of Payments”** means the Priority of Payments under Condition 6.2 (*Pre-Trigger Notice Principal Priority of Payments*).

**“Principal Amount”** means, in relation to each Instalment, the relevant aggregate amount of such Instalment less the Instalment Interest Amount thereof together with all proceeds from the related Collateral Security and every other amount paid under or in relation to the relevant Loan Agreement from which the Receivable arises and referable to such Instalment to the extent not referable to the Instalment Interest Amount of such Instalment.

**“Principal Amount Outstanding”** means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue minus the aggregate amount of any principal payments in respect of that Note which have become due and payable and been paid on or prior to that day; and
- (b) in relation to each Class, the aggregate of the amount determined in letter (a) in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount determined in letter (a) in respect of all Notes outstanding, regardless of Class.

**“Principal Available Funds”** means, on any Calculation Date, the aggregate of:

- (i) the Principal Collections standing to the credit of the Principal Funds Account as at such Calculation Date and relating to the Collection Period immediately preceding such Calculation Date;
- (ii) on any Calculation Date, up to (and including) the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full (or, if earlier, the date on which confirmation is received by the Representative of the Noteholders that the restitution of the amounts standing to the credit of the Commingling Reserve Account to FGAC would not be prejudicial for the interests of Rated Noteholders), to the extent that FGAC as Servicer has failed, due to the occurrence of an Insolvency Event in relation to the Servicer, to transfer any amounts constituting Principal Collections in accordance with the provisions of the Servicing Agreement, the lower of (i) that portion of the Commingling Reserve which is equal to the actual Principal Collections FGAC has failed to transfer to the Issuer under the Servicing Agreement and (ii) that portion of the Commingling Reserve remaining after the application of funds standing to the credit of the Commingling Reserve in accordance with item (d) of the Interest Available Funds;
- (iii) any amounts to be paid into the Principal Funds Account on the immediately succeeding Payment Date pursuant to items *Twelfth* and *Thirteenth* of the Pre-Trigger Notice Interest Priority of Payments;
- (iv) on the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, the lower of (i) the amount standing to the credit of the Cash Reserve Account at such date and (ii) that portion of the Cash Reserve remaining after the application of funds standing to the credit of the Cash Reserve in accordance with item (e) of the Interest Available Funds; and

- (v) on the Calculation Date immediately preceding the Final Redemption Date or the Post-Trigger Notice Final Redemption Date (as applicable) and on any Calculation Date thereafter, the balance standing to the credit of the Expenses Account at such dates.

**“Principal Collections”** means the aggregate of:

- (a) all Principal Amounts received by the Servicer and credited to an Account;
- (b) any amount paid by the Originator to the Issuer under the Warranty and Indemnity Agreement;
- (c) the amount of Recoveries which the Servicer determines are in respect of Principal Amounts and which are standing to the credit of the Principal Funds Account;
- (d) all other amounts paid by the Originator to the Issuer pursuant to the Receivables Purchase Agreement (other than Instalment Interest Amounts) as well as the collections under clause 10.2 of the Receivables Purchase Agreement; and
- (e) any amounts paid to the Issuer by the Servicer pursuant to clause 5.1.28 of the Servicing Agreement being indemnities in relation to renegotiated Loan.

**“Principal Factor”** means, at any time and in respect of a Class of Notes, the fraction expressed as a decimal to the sixth point of which the numerator is the aggregate Principal Amount Outstanding of the relevant Class of Notes at such time and the denominator is the aggregate Principal Amount Outstanding of the relevant Class of Notes upon issue.

**“Principal Funds Account”** means the euro denominated account established in the name of the Issuer with the Account Bank (No. 732216-09 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Principal Funds Account.

**“Principal Instalment”** means, the principal component of each Instalment.

**“Principal Paying Agent”** means Elavon Financial Services Limited, in its capacity as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement or any other person for the time being acting as such.

**“Principal Payment Amount”** has the meaning given to such term in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

**“Principal Shortfall”** means on any Calculation Date the sum of:

- (a) the aggregate Net Present Value of all Defaulted Receivables in respect of all Loan Agreements as at the Calculation Date, plus the aggregate of all overdue Instalments in respect of Defaulted Receivables as at such Calculation Date; plus
- (b) the aggregate Net Present Value of all Receivables in respect of which there are more than 6 consecutive unpaid Instalments as at the Calculation Date, excluding those Receivables which are Defaulted Receivables as at such date, plus the aggregate of all overdue Instalments in respect of such Receivables as at such Calculation Date (excluding, for the avoidance of doubt, those Receivables which are Defaulted Receivables as at such date); plus
- (c) the Cumulative Net Prepayment Losses as at such Calculation Date; less

(d) the sum of all Interest Available Funds transferred to the Principal Funds Account prior to the relevant Calculation Date in accordance with item *Twelfth* of the Pre-Trigger Notice Interest Priority of Payments.

“**Priority of Payments**” means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

“**Promissory Note**” means a promissory note payable on demand issued to the Originator by a Borrower or by a Guarantor to guarantee the repayment of amounts due to the Originator under a Loan Agreement.

“**Prospectus**” means this prospectus.

“**Prospectus Directive**” means Directive 2003/71/EC of 4 November 2003, as amended from time to time.

“**Purchase Price**” means, in respect of any Receivable or the Portfolio, the purchase price payable by the Issuer to the Originator for the purchase of such Receivable or the Portfolio (as applicable), in each case calculated in accordance with the Receivables Purchase Agreement.

“**Quota Capital Account**” means a euro-denominated deposit account opened with UniCredit S.p.A., Conegliano branch (IBAN IT 38 V 02008 61624 000103403877) or any other account as may replace it in accordance with the Cash Allocation, Management and Payments Agreement into which the sum representing 100 per cent. of the Issuer’s equity capital (equal to €10,000) has been deposited and will remain deposited therein for so long as all notes issued or to be issued by the Issuer (including the Notes) have been paid in full.

“**Quotaholder**” means SVM Securitisation Vehicles Management S.r.l.

“**Quotaholder Agreement**” means the quotaholder agreement dated on or about the Signing Date between the Issuer and the Quotaholder.

“**Rated Noteholders**” means the holders of the Rated Notes.

“**Rated Notes**” means, collectively, the Senior Notes and the Mezzanine Notes.

“**Rating Agencies**” means, collectively, DBRS and Fitch.

“**Rating Event**” will have occurred if the unsecured, unsubordinated debt obligations of the Swap Counterparty (and any guarantor it may have) cease to be rated (by each Rating Agency rating the Senior Notes and Class B Notes at such time) at least as high as the highest rating (by each such Rating Agency) required of such party under the Swap Agreement.

“**Receivable**” means, in relation to each Loan Agreement listed in schedule 6 to the Receivables Purchase Agreement, each and every right, including potential and/or future rights, of the Originator arising under the Loan Agreements and any related Collateral Security as from the Portfolio Transfer Effective Date, assigned to the Issuer pursuant to the Receivables Purchase Agreement, and which include, without limitation:

(a) any and all rights and claims for the payment of outstanding Instalments;

- (b) any and all rights and claims for the payment of any amount owed for damages, expenses, charges, costs, fees and ancillary charges;
- (c) any and all rights and claims for the payment of any other amount or sum owed for any reason;

as well as

- (d) all related Collateral Security and the rights of the Originator in respect of it, including the right to the delivery of any Promissory Note issued to the Originator as a guarantee of the amounts due to the Originator pursuant to the relevant Loan Agreement, the right to obtain the endorsement thereon in favour of the Originator, as well as the right to the fulfilment and collection of any such Promissory Note;
- (e) the liens (*privilegi*) and pre-emption rights (*cause di prelazione*) in the aforesaid rights and claims, as well as any right and claim in relation to the reimbursement of legal and judicial expenses incurred in relation to the recovery of amounts due in respect of the Loan Agreement together with any and all other rights, claims and actions (including any action for damages), substantial and procedural actions and defences inherent or otherwise ancillary to the aforesaid rights and claims including, but not limited to the remedy of rescission of contract and the right to declare the Borrowers and Guarantors debarred due to lapse of time limit (*decaduti dal beneficio del termine*);
- (f) all of the rights of the Originator for the restitution of the amounts paid to the relevant Car Seller pursuant to the relevant Loan Agreement arising as a result of the termination (*risoluzione*) of the relevant Loan Agreement due to a default (*inadempimento*) of the relevant Car Seller (also pursuant to article 125-*quinquies* of the Consolidated Banking Act) under the relevant purchase agreement for a Car; and
- (g) all rights to payment of sums due arising from the Loan Agreements following actions of revocation (*azione revocatoria*) of the said agreements which may be taken against the Originator or the Issuer after the Initial Execution Date in terms of Insolvency Proceedings.

**“Receivables Purchase Agreement”** means the receivables purchase agreement dated 6 October 2014 entered into between the Issuer and the Originator.

**“Recoveries”** means any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any Delinquent Receivables and credited to a FGAC Bank Account or a FGAC Postal Account, as the case may be.

**“Recovery Procedures”** has the meaning given to the term *“Procedura di Recupero”* in the Receivables Purchase Agreement.

**“Reference Banks”** means the three major banks in the Euro-zone inter-bank market selected by the Principal Paying Agent from time to time and if any such bank is unable or unwilling to continue to act, such other bank as may be appointed by the Principal Paying Agent on behalf of the Issuer to act in its place.

**“Relevant Clearing System”** means Euroclear and/or Clearstream, Luxembourg.

**“Relevant Day-Count Fraction”** means, in relation to an Interest Period, the actual number of days in the relevant Interest Period divided by 360.

“**Relevant Parties**” means, together, the Joint Lead Managers and the Subscriber.

“**Representative of the Noteholders**” means U.S. Bank Trustees Limited acting in its capacity as representative of the Noteholders pursuant to the Subscription Agreements, the Mandate Agreement and the Intercreditor Agreement.

“**Resecuritisation**” means a securitisation of a pool of underlying exposures where at least one of the underlying exposures is a securitised exposure.

“**Retention Amount**” means an amount necessary to replenish the Expenses Account up to the Initial Retention Amount plus 2 per cent. of the on-balance sheet expenses which the Issuer paid in the previous Collection Period.

“**Rules**” means the rules of the Organisation of the Noteholders attached as an exhibit to the Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

“**Scheduled Instalment Date**” means any date scheduled for the making of any payment pursuant to a Loan Agreement.

“**Securities Account**” means the securities account which may be established by the Cash Manager in the name of the Issuer with the Account Bank, in accordance with the terms of the Cash Allocation, Management and Payments Agreement.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Securities Collateral Account**” means the securities collateral account established in the name of the Issuer with the Account Bank (No. 732216-10 and IBAN DE79500700100924895600), as renumbered or redesignated from time to time, or such other substitute securities account as may, in accordance with the terms of the Cash Allocation, Management and Payments Agreement, be the Securities Collateral Account for the purposes of depositing the relevant collateral in the form of securities pursuant to the Swap Agreement.

“**Securitisation**” means the securitisation of the Receivables effected by the Issuer through the issuance of the Notes.

“**Securitisation Law**” means Italian Law number 130 of 30 April 1999, as amended from time to time.

“**Security**” means the Security Interests created pursuant to the Deed of Pledge and the Deed of Charge.

“**Security Interest**” means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

“**Senior Noteholders**” means the holders of the Senior Notes.

“**Senior Notes**” means the Class A Notes.



**“Senior Notes and Class B Notes Subscription Agreement”** means the agreement so named dated on or about the Signing Date between the Issuer, the Representative of the Noteholders, FGAC, the Joint Lead Managers and the Arrangers relating to the subscription for the Senior Notes and the Class B Notes.

**“Servicer”** means FGAC in its capacity as servicer pursuant to the Servicing Agreement or any other person for the time being acting as such.

**“Servicing Agreement”** means the agreement dated 6 October 2014 between the Issuer and the Servicer.

**“Signing Date”** means 6 October 2014.

**“Specified Office”** means, with respect to the Principal Paying Agent, 125 Old Broad Street, London EC2N 1AR, United Kingdom and with respect to any additional or other Paying Agent appointed pursuant to Condition 10.4 (*Change of Paying Agent*) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such Paying Agent in accordance with Condition 10.4 (*Change of Paying Agent*) and in each such case, such other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

**“Stock Exchange”** means the Luxembourg Stock Exchange.

**“Subordinated Loan”** means €24,500,000.

**“Subordinated Loan Agreement”** means the subordinated loan agreement dated on or about the Issue Date between the Issuer and the Subordinated Loan Provider.

**“Subordinated Loan Provider”** means FGAC in its capacity as subordinated loan provider pursuant to the terms of the Subordinated Loan Agreement or any other person for the time being acting as such.

**“Subscriber”** means FGAC.

**“Subscription Agreements”** means collectively the Senior Notes and Class B Notes Subscription Agreement and the Class C Notes, Class D Notes and Junior Notes Subscription Agreement.

**“Swap Agreement”** means the ISDA 1992 Master Agreement (Multicurrency Cross Border) (together with the schedule and credit support annex thereto and the confirmation evidencing a transaction thereunder) dated on or about the Signing Date between the Issuer and the Swap Counterparty.

**“Swap Counterparty”** means UniCredit Bank AG in its capacity as swap counterparty pursuant to the Swap Agreement or any other person for the time being acting as such.

**“Swap Transaction”** means the swap transaction entered into between the Issuer and the Swap Counterparty.

**“Swap Trigger”** means the occurrence of an early termination of the Swap Transaction due to either:

- (a) the occurrence of a Rating Event and the failure by the Swap Counterparty to take such action as is required in the Swap Agreement to remedy such Rating Event; or
- (b) the occurrence of an Event of Default (as defined in the Swap Agreement (which, for the avoidance of doubt, is not the same as a Trigger Event under the Notes) and as designated as such by the Issuer) in respect of the Swap Counterparty.

“**Synthetic Securitisation**” means a securitisation of a pool of underlying assets where risk transfer is achieved through the use of credit derivatives or other similar financial instruments and there is no sale or granting of a security interest in the underlying assets.

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

“**Target Cash Reserve Amount**” means €7,000,000, save that on the Calculation Date immediately preceding the Payment Date on which the Mezzanine Notes will be redeemed in full, the Target Cash Reserve Amount will be reduced to zero.

“**Target Commingling Reserve Amount**” means an amount equal to €17,500,000, save that on the Calculation Date immediately preceding the Payment Date on which the Rated Notes will be redeemed in full, the Target Commingling Reserve Amount will be reduced to zero.

“**TARGET Settlement Day**” means a day on which the TARGET2 is open for the settlement of payments in euro.

“**Target System**” means the TARGET2 system.

“**Tax**” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political subdivision thereof or any authority thereof or therein.

“**Tax Deduction**” means any deduction or withholding on account of Tax.

“**Transaction Documents**” means the Cash Allocation, Management and Payments Agreement, the Senior Notes and Class B Notes Subscription Agreement, the Class C Notes, Class D Notes and Junior Notes Subscription Agreement, the Conditions, the Corporate Administration Agreement, the Corporate Services Agreement, the Deed of Charge, the Deed of Pledge, the Intercreditor Agreement, the Mandate Agreement, the Master Definitions Agreement, the Quotaholder Agreement, the Receivables Purchase Agreement, the Servicing Agreement, the Subordinated Loan Agreement, the Swap Agreement, the Warranty and Indemnity Agreement and any other documents executed from time to time after the Issue Date in connection with the Securitisation and designated as such by the relevant parties.

“**Transaction Party**” means any person who is a party to a Transaction Document.

“**Treaty**” means the treaty establishing the European Community, as amended.

“**Trigger Event**” means any of the events described in Condition 12.1 (*Trigger Events*).

“**Trigger Notice**” means the notice described as such in Condition 12.2 (*Delivery of a Trigger Notice*).

“**UCITS**” means Undertakings for Collective Investment in Transferable Securities.

“**Usury Law**” means Law number 108 of 7 March 1996, as subsequently amended and supplemented, and Law number 24 of 28 February 2001, which converted into law the Italian Legislative Decree number 394 of 29 December 2000.

“**Variable Return**” means the amount which may or may not be payable on the Junior Notes on any Payment Date, subject to the Conditions, determined by reference to the residual Issuer Available Funds

after the satisfaction of the items ranking in priority in accordance with the applicable Priority of Payments.

“**VAT**” means *Imposta sul Valore Aggiuntivo (IVA)* as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to IVA) or elsewhere.

“**Warranty and Indemnity Agreement**” means the warranty and indemnity agreement entered into on 6 October 2014 between the Originator and the Issuer.

“**Weekly Report**” means the report, substantially in the form contained in schedule 3 to the Servicing Agreement produced by the Servicer in accordance with clause 7 of the Servicing Agreement.

“**Weekly Report Date**” means the first Business Day of each calendar week.

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