**AFME / ESF Prospectus for UK Auto Loan Transaction**

**As of December 2012**

**[*NAME OF ISSUER*]**

*(incorporated in England and Wales with limited liability under registered number [•])*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Notes** | **Initial Principal Amount** | **Issue Price** | **Interest Reference Rate** | **Relevant Margin[[1]](#footnote-1)** | **Optional Call Date** | **Pre-Call Redemption Profile** | **Final Redemption Date** | **Ratings** |
| [•] | [•] | [•] | [•] | [•] | [•] | [•] | [•] | [•] |
| [•] | [•] | [•] | [•] | [•] | [•] | [•] | [•] | [•] |

|  |  |
| --- | --- |
| **Issue Date** | The Issuer expects to issue the Notes in the classes set out above on [*date*] (the "**Closing Date**"). |
| **Underlying Assets** | The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising auto loans originated and/or acquired by [*name of Seller/Originator*] (the "**Receivables Pool**") which will be purchased by the Issuer on the Closing Date. [*Specify whether there will be sale of additional portfolio*] [*Cross refer to section of the prospectus containing further information on this*] These loan agreements provide for [equal monthly payments over the term of the loan/monthly payments and a final bullet payment.] |
| **Credit Enhancement** | - Subordination of junior ranking Notes; [*Cross refer to section of the prospectus containing further information on this*]  - [*Reserve funds (if relevant)*]; [*Cross refer to section of the prospectus containing further information on this*]  - [*List other available credit enhancement*]. [*Cross refer to section of the prospectus containing further information on this*] |
| **Redemption Provisions** | Information on any optional and mandatory redemption of the Notes is summarised on page [•] (*Transaction Overview -* *Summary of the Terms and Conditions of the Notes*) and set out in full in Condition [•]. |
| **Credit Rating Agencies** | [*List the Rating Agencies*]. Each of such Credit Rating Agencies operated in the European Community before 7 June 2010 and has submitted an application for registration in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies (the "**CRA Regulations**") and such application for registration has not been refused. |
| **Credit Ratings** | Ratings are expected to be assigned to the Notes as set out above on or before the Closing Date.  [The ratings assigned by [Fitch] [and] [S&P] address the likelihood of (a) timely payment of interest due to the Noteholders on each Interest Payment Date and ((b) full payment of principal by a date that is not later than the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the class of Notes held by the Noteholder by the Final Maturity Date.] [*Others tbc*]  **The assignment of ratings to the Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be revised or withdrawn at any time.** |
| **Listing** | This document comprises a prospectus (the "**Prospectus**"), for the purpose of Directive 2003/71/EC (the "**Prospectus Directive**"). An application has been made to the [*name of competent authority*] as competent authority under the Prospectus Directive in order for the Prospectus to be approved. An application has been made to the [*name of relevant authority and/or stock exchange*] for the Notes to be admitted to the Official List (the "**Official List**") and to trading on its regulated market. The regulated market of [*name of relevant stock exchange*] is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). |
| **Further Issues** | [*Specify if further, additional and/or new notes can be issued*]. [*Cross refer to section of the prospectus containing further information on this*] |
| **Obligations** | The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of [*name of Originator/Seller*], its affiliates or any other party named in the Prospectus. |
| **Retention Undertaking** | [•] will undertake to the Issuer and the Trustee, on behalf of the Noteholders, that it will retain, on an ongoing basis, a material net economic interest which shall in any event not be less than 5%, in accordance with Article 122(a) of Directive 2006/48/EC (as amended by Directive 2009/111/EC), referred to as the Capital Requirements Directive ("**CRD 2**") by [*specify how such interest will be retained, e.g. a portion of the portfolio, percentage of subordinated notes, vertical slice, etc.*] [*Cross refer to section of the prospectus containing further information on this*] |

**THE "*RISK FACTORS*" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.**

**Arranger[s]**

**[•]**

**[*Lead Managers*]**

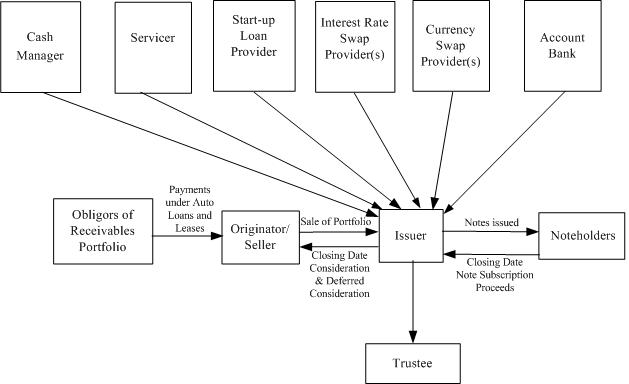
**[•] [•] [•]**

[*Date of prospectus*]

**[*Important information, responsibility statement, stabilisation language etc to be inserted*]**

**DIAGRAMMATIC OVERVIEW OF THE TRANSACTION**

**Visio doc 2379227**

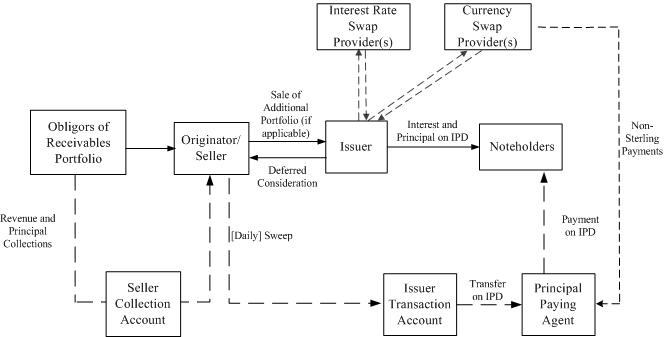


**DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOW**

Contractual obligations () Cashflows ()



**Visio doc 2379227**



[*If there are other features of the transaction, please include those features in the relevant diagram*]

**DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE**

Visio doc no. 2603238



**TRANSACTION SUMMARY**

*The information set out below is an overview of various aspect of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.*

**TRANSACTION PARTIES ON THE CLOSING DATE**

| **Party** | | **Name** | | **Address** | | **[*Document under which appointed/Further Information*]** |
| --- | --- | --- | --- | --- | --- | --- |
| **Issuer** | | [•] | | [•] | | N/A [*Cross refer to section of the prospectus containing further information on this*] |
| **Seller/Originator** | | [•] | | [•] | | N/A [*Cross refer to section of the prospectus containing further information on this*] |
| **Servicer** | | [•] | | [•] | | *[Cross refer to section of the prospectus containing further information on this*] |
| **[*Delegated Third Party Servicer/Back-Up Servicer/Special Servicer (if any)*]** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Cash Manager** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **[*Start-up /Subordinated Loan Provider* (if any)]** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Interest Rate Swap Provider** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Currency Swap Provider** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Account Bank** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Trustee [*or specify if there is a separate Security Trustee and Note Trustee*]** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Principal Paying Agent** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **[*list other agents where relevant*]** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Corporate Services Provider** | | [•] | | [•] | | [*Cross refer to section of the prospectus containing further information on this*] |
| **Listing Authority and Stock Exchange** | [•] | | [•] | | N/A | |
| **Clearing Systems** | [•] | | [•] | | N/A | |
| **Rating Agencies** | [•] | | [•] | | N/A | |
|  | |  | |  | |  |

[*List additional transaction parties if relevant for the transaction*]

**RECEIVABLES POOL AND SERVICING**

*Please refer to the sections entitled* "*Disclosure of the Receivables Pool – Sale of the Receivables Pool under the Receivables Sale Agreement*", *"Disclosure of the Receivables Pool – Pool Stratification Tables*" and *"Disclosure of the Receivables Pool - Servicing of the Receivables Pool" for further detail in respect of the characteristics of the Receivables Pool and the sale and the servicing arrangements in respect of the Receivables Pool.*

|  |  |
| --- | --- |
| **Sale of Portfolio** | The Receivables Pool will consist of the Receivables, the Ancillary Rights and all monies derived therein from time to time, which will be sold to the Issuer on the Closing Date.  Each Receivable and Ancillary Rights will be governed by [*English*] Law  [*Specify if sale of additional portfolio is relevant*]  [*Specify if substitution/revolving period is applicable*]  [*Cross refer to section of the prospectus containing further information on this*] |
| **Features of Receivables** | |  |  |  |  | | --- | --- | --- | --- | | The following is a summary of certain features of the Receivables as at the Cut-Off Date and investors should refer to, and carefully consider, further details in respect of the Receivables set out in "*Disclosure of the Receivables Pool – Pool Stratification Tables*". | | | | | Type of Receivable | *Auto loan* | | | | Number of Receivables | [•] | | | | Number of Borrowers | [•] | | | | Initial Aggregate Principal Value | [•] | | | | Initial Aggregate Net Present Value | [•] | | | | Original Amount Financed | [•] | | | | Financed Vehicles - New | [•] | | | | Financed Vehicles - Used | [•] | | | | [Receivables Agreement Type – [•]] | [•] | | | | [Receivables Agreement Type – [•]] | [•] | | | | Weighted Average Annual Percentage Rate |  | [•] |  | | Weighted Average Original Term |  | [•] |  | | Weighted Average Remaining Term |  | [•] |  | | Average Current Balance |  | [•] |  | | Weighted Average LTV |  | [•] |  | | Weighted Average Seasoning |  | [•] |  | |  | | | | |
| **Consideration** | Consideration payable by the Issuer in respect of the sale of the Receivables Pool shall be equal to [*describe the basis on which initial consideration is calculated, e.g. Outstanding Principal Amount of the Receivables plus accrued but unpaid interest or such amount less a discount*] and deferred consideration. |
| **Representations and Warranties** | The Seller will make certain Warranties regarding the Receivables and Ancillary Rights to the Issuer on the Closing Date [*and on each date on which transfers of new portfolios/substitution* *take place*].  Broadly speaking, in addition to representations and warranties in respect of the legal nature of the Receivables and their Ancillary Rights (e.g. the valid, binding and enforceable nature of the relevant Receivable and the Ancillary Rights), there are also asset Warranties which include the following:  • the Receivables must be payable in [pound sterling];  • the Receivable must have a positive net present value;  • the related contract must have been entered into to finance the purchase of a [motor vehicle];  • final loan repayment date not falling beyond [•];  • the Receivables were originated or acquired in the United Kingdom in ordinary course of business and underwritten pursuant to the working instructions;  • The Receivables comply in all material respects with the laws of England, [Scotland and Northern Ireland];  • the Receivables are enforceable payment obligations of the customers and no customer has asserted any right of rescission, set-off or defences against a receivable;  • the Receivables are secured by the assignment of all claims of the customer under his or her comprehensive insurance;  • no Receivable has been due and unpaid for more than [thirty days];  • [*specify if delinquency, product type or geographical concentration limits are applicable*]  [*Cross refer to full list of representations and warranties in the relevant section of the prospectus*] |
| **[Substitution/Sale of Additional Receivables Portfolios Criteria]** | [*Only if substitution/sale of additional Receivables Portfolios is permitted in the structure* ]  The assignment by the Seller of additional Receivables and their Ancillary Rights to the Issuer shall be subject to the satisfaction of certain criteria [*on the date of substitution/portfolio additions*], which, broadly speaking, include the following:  • [*the list of representations above would usually be repeated*]; and  • [*specify if delinquency, product type or geographical concentration limits are applicable*].  • the Rating Agencies confirm that such substitution will not adversely affect the then current rating of each Class.  • the exchange of the Notes, in whole but not in part only, for other securities or instruments having substantially the same rights and benefits as the Notes, provided that the then current rating of each Class by the Rating Agencies is attributed to any such new securities or instruments.  • subject to the relevant provisions of the Trust Deed and the other Transaction Documents and to such amendments thereof as the Trustee may deem appropriate.  [*Cross refer to full list of criteria in the relevant section of the prospectus*] |
| **Repurchase of the Receivables and Ancillary Rights** | The Issuer shall offer to sell and the Seller shall repurchase the relevant Receivables and their Ancillary Rights in the following circumstances:   * upon a breach of Warranties (which is either not capable of remedy or if the Seller failed to remedy it within the agreed grace period); * If [•] as servicer materially impairs any receivable, it must purchase the impaired receivable unless it cures the impairment. * [(*if applicable*), *upon failure of the* *Asset Conditions* [*if new portfolio can be added to the Receivables Pool subject to the satisfaction of Asset Conditions*]]   The Seller may re-purchase all of the Receivables and their Ancillary Rights in the following circumstances:   * if the Seller exercises its Clean Up Call Option; * [*if the Seller exercises its general call option, if any*] * [*specify others, if any*] |
| **Consideration for repurchase:** | Consideration payable by the Seller in respect of the repurchase of the Receivables and Ancillary Rights shall be equal to [*describe the basis on which the repurchase price is calculated, e.g. the Outstanding Principal Amount of the Receivables plus accrued but unpaid interest*]. |
| **Perfection Events:** | Transfer of the legal title to the relevant Receivables and Ancillary Rights will be completed on the occurrence of certain Perfection Events, which include insolvency of the Seller, [downgrade of the Seller to below the agreed ratings (as to which see the *Rating Triggers Table* below)] and [*list others*]. |
|  | Prior to the completion of the transfer of legal title to the relevant Receivables and Ancillary Rights, the Issuer will hold only the equitable title to those Receivables and will therefore be subject to certain risks as set out in the risk factor entitled [•] in the Risk Factors section. |
| **Servicing of the Receivables Pool:** | The Servicer will be appointed by the Seller and the Issuer (and, in certain circumstances, the Trustee) to service the Receivables Pool on a day-to-day basis. The appointment of the Servicer may be terminated by the Issuer and the Trustee upon the occurrence of any of the following events (the "**Servicer Termination Events**"):   * Servicer Insolvency Event * material non performance * [*specify others*]   The Servicer may also resign upon giving [•] days' notice provided a replacement servicer has been appointed by the Issuer and Trustee.  [In the absence of a Servicer Termination Event, Noteholders have no right to instruct the Trustee to terminate the appointment of the Servicer. Once a Servicer Termination Event has occurred, Noteholders may, by Extraordinary Resolution, instruct the Trustee to replace the Servicer.] |
| **Delegation:** | The Servicer may delegate some of its servicing functions to a third party provided that the Servicer remains responsible for the performance of any functions so delegated. [*Cross reference to section of the prospectus containing further information on this*] |

**[***Please set out any other key features of the Receivables Pool and/or Servicing particular for this transaction which are not described in this section***]**

**SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES**

*Please refer to section entitled "Terms and Conditions of the Notes" for further detail in respect of the terms of the Notes.*

**FULL CAPITAL STRUCTURE OF THE NOTES**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Class [•]** | **Class [•]** | **Class [•]** | **Class [•]** | **Class [•]** |
| **Currency** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Initial Principal Amount** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Sterling Equivalent (if relevant)[[2]](#footnote-2)** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Note Credit Enhancement** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Reserve Credit Enhancement** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Issue Price** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Interest Reference Rate** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Relevant Margin[[3]](#footnote-3)** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Interest Accrual Method** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Interest Determination Date** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Interest Payment Dates** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Business Day Convention** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **First Interest Payment Date** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **First Interest Period** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Pre-Enforcement Redemption Profile** | **[Bullet/Scheduled Redemption/Pro rata/Sequential pass-through/other]** | | | | |
| **Post-Enforcement Redemption Profile** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Optional Call Date** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Clean Up Call** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Other Early Redemption in full Events** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Final Redemption Date** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Form of the Notes** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Application for Listing** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **[Rule 144A ISIN]** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **[Rule 144A Common Code]** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **[Reg S ISIN]** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **[Reg S Common Code]** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Clearance/Settlement** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Minimum Denomination** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Retained Amount** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |
| **Commission** | **[•]** | **[•]** | **[•]** | **[•]** | **[•]** |

|  |  |
| --- | --- |
| **Ranking** | The Notes within each Class will rank *pari passu* and rateably without any preference or priority among themselves as to payments of interest and principal at all times.  [*Specify if there are time tranching features within the same class of Notes*]  [*If there are time tranching features within the same class of Notes and/or if Notes are denominated in different currencies within the same class, specify the meaning of "Class" i.e. whether it refers to the entire class or each sub-class of Notes*]  Class A Notes will rank senior to the other Classes of Notes as to payments of interest and principal at all times.  [*Describe ranking of other classes*]  [*Define meaning of "Most Senior Class", in particular, where there are time tranching features within the same class, clarify that the Most Senior Class would be the entire class of Notes.*] |
| **Security** | The Notes are secured and will share the Security with the other Secured Obligations of the Issuer as set out in the Deed of Charge described in Condition [•]. The security granted by the Issuer includes:   * 1. a first fixed charge over the benefit of the Issuer in the Receivables, their Ancillary Rights and any related rights;   2. a first fixed charge over the benefit of each Authorised Investment;   3. assignment by way of first fixed security of the benefit of the Issuer under each relevant Transaction Document; and   4. a first floating charge over all the assets and undertaking of the Issuer to the extent not effectively charged pursuant to (a) to (d) above.   [*Update for Scottish/Northern Irish security if applicable*].  Some of the other Secured Obligations rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Post-Enforcement Priority of Payments.  [See also the following risk factor under "*Risk Factors – Fixed charges may take effect under English law as floating charges* ".] |
| **[Vehicle Declaration of Trust]** | [*Describe any vehicle declaration of trust granted by the Seller over the financed vehicles in favour of the Issuer]* |
| **Interest Provisions** | Please refer to "*Full Capital Structure of the Notes*" as set out above. |
| **Interest Deferral** | To the extent that, on any Interest Payment Date, the Issuer does not have sufficient funds to pay in full interest on the Notes of [any] Class [other than the Most Senior Class of Notes], this payment may be deferred. [Any amounts of Deferred Interest will accrue Additional Interest described in Condition [•] and payment of any Additional Interest will also be deferred.]  Payment of the shortfall representing Deferred Interest [and Additional Interest] will be deferred until [the first Interest Payment Date on which the Issuer has sufficient funds] / [*specify other date*], **provided that** the payment of such shortfall shall not be deferred beyond [the Final Maturity Date] / [*specify other date*], as described in Condition [•]. On such date, any amount which has not by then been paid in full shall become due and payable. |
| **Gross-up** | [None of the Issuer or any Agent will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.] |
| **Redemption** | The Notes are subject to the following optional or mandatory redemption events:   * mandatory redemption in whole on the Final Redemption Date, as fully set out in Condition [•]; * mandatory partial redemption in part on any Interest Payment Date commencing on [*the first Interest Payment Date/specify if different*] subject to availability of Available Principal Funds on the basis of [*specify basis of partial redemption, e.g. pro rata partial redemption/scheduled redemption/sequential pass through/others*], as fully set out in Condition [•]; * optional redemption exercisable by the Issuer in whole on [•] and on any Interest Payment Date following that date, as fully set out in Condition [•]; * optional redemption exercisable by the Issuer in whole for tax reasons on [•] and on any Interest Payment Date following that date, as fully set out in Condition [•]; * mandatory redemption in whole on any Interest Payment Date if the Seller exercises its Clean Up Call Option, as fully set out in Condition [•]; * [*list other redemption events if any*] |
|  | Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption. |
| **Event of Default** | As fully set out in Condition [•],[*Cross refer to section of the prospectus containing further information on this*], which broadly includes (where relevant, subject to the applicable grace period):   * non-payment of interest [and/or] principal in respect of the [Most Senior Class of Notes/the Notes]; * [material misrepresentation by the Issuer under the Transaction Documents]; * material breach of contractual obligations by the Issuer under the Transaction Documents; * illegality; * Insolvency Event; * The security (or any part thereof) is terminated or otherwise becomes void or ineffective (other than where such is, in the opinion of the Trustee, not materially prejudicial to the interests of any class of Noteholder); * [*specify others if any*].   Insolvency Events include, among other things, situations where:   * an order is made or a petition is presented for the winding up of the Issuer; * the Issuer stops payment of its debts or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or otherwise becomes insolvent; * proceedings are initiated against the Issuer under any applicable liquidation, administration, reorganisation, insolvency or other similar laws. |
| **Enforcement** | If an Event of Default has occurred and is continuing, the Trustee may, and shall, if so requested (i) in writing by the holders of at least [25] per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or (ii) by an Extraordinary Resolution of the Noteholders of the Most Senior Class of outstanding Notes (but only if it has 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) deliver a Note Enforcement Notice and institute such proceedings as may be required in order to enforce the Security. |
| **Limited Recourse** | The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition [•]. |
| **Non petition** | The Noteholders shall not be entitled to take any steps (otherwise than in accordance with the Trust Deed and the Conditions):   * to enforce the Security other than when expressly permitted to do so under Condition [•]; or * to take or join in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or * [until the date falling twoyears after the Final Redemption Date,] to initiate or join in initiating any Insolvency Proceedings in relation to the Issuer; or * to take any steps which would result in any of the Priorities of Payments not being observed. |
| **Governing Law** | English law. |

[*Please set out any other key features of the Notes particular for this transaction which are not described in this section*]

**RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS**

*Please refer to sections entitled "Terms and Conditions of the Notes" and "Rights of Noteholders and other Secured Creditors" for further detail in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Creditors.*

|  |  |
| --- | --- |
| **Prior to an Event of Default** | Noteholders holding no less than [10]% of the Principal Amount Outstanding of the Notes then outstanding are entitled to convene a Noteholders' meeting. Noteholders can also participate in a Noteholders' meeting convened by the Issuer or Trustee to consider any matter affecting their interests.  However, unless the Issuer has an obligation to take such action under the relevant Transaction Documents, so long as no Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any actions, either directly or through the Trustee, without the consent of the Issuer and, if applicable, certain other transaction parties. |
| **Following an Event of Default** | Following the occurrence of an Event of Default, Noteholders may, if they hold not less than [25]% of the Principal Amount Outstanding of the Notes then outstanding or if they pass an Extraordinary Resolution, direct the Trustee (provided it has been indemnified to its satisfaction) to deliver a Note Acceleration Notice to the Issuer stating that all classes of Notes are immediately due and repayable at their respective Principal Amount Outstanding.  [*Specify if there are different voting requirements in relation to enforcement of Security and/or sale of underlying assets*] |
| **Noteholders Meeting provisions** | *Initial meeting* *Adjourned meeting*   |  |  |  | | --- | --- | --- | | Notice period: | 21 clear days | 14 clear days | | Quorum: | [50]% of the Principal Amount Outstanding of the relevant Class of Notes (other than Basic Terms Modification, which requires [75%] of the Principal Amount Outstanding of the relevant Class of Notes)  [one or more persons holding or representing a clear majority in principal amount of the relevant class for the time being outstanding] | Any holding (other than Basic Terms Modification, which requires [50%] of the Principal Amount Outstanding of the relevant Class of Notes) | | Required majority: | [50]% of votes cast for matters requiring Ordinary Resolution | [75]% of votes cast for matters requiring Extraordinary Resolution  [If effects more than one class - 66 2/3% of holders of the more senior class outstanding so affected] | | Written Resolution: | [100%] of the Principal Amount Outstanding of the relevant class of Notes. A Written Resolution has the same effect as an Extraordinary Resolution | | |
| **Matters requiring Extraordinary Resolution** | Broadly speaking, the following matters require an Extraordinary Resolution.   * Basic Terms Modification; * [*List others*]. |
| **Relationship between Classes of Noteholders** | Subject to the provisions governing a Basic Terms Modification, an Extraordinary Resolution of Noteholders of the Most Senior Class shall be binding on all other Classes and would override any resolutions to the contrary by them.  A Basic Terms Modification requires an Extraordinary Resolution of all Classes of Notes then outstanding.  [*Specify additional voting provisions, if any, if there are time tranching features within the same class*] |
| **Originator/Seller as Noteholder** | [*Specify voting rights of Originator/Seller in respect of retained portion of the Note*] |
| **Relationship between Noteholders and other Secured Creditors** | So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders and the other Secured Creditors, the Trustee will take into account the interests of the Noteholders only in the exercise of its discretion. |
| **Provision of Information to the Noteholders** | [*Information in respect of the underlying Receivables Pool will be provided to the investors on a [quarterly] basis in accordance with the applicable investor reporting [guideline/code of practice] published by [•] from time to time*.]  [*The [Cash Manager/Servicer] will further provide an investor report on a [monthly] basis containing information in relation to the Notes including, but not limited to, ratings of the Notes, amounts paid by the Issuer pursuant to the Priorities of Payments in respect of the relevant period and required counterparty information.*] |
| **Communication with Noteholders** | Any notice to be given by the Issuer or Trustee to Noteholders shall be given in the following manner:   * so long as the Notes are held in the Clearing Systems, by delivery to the relevant Clearing System for communication by it to Noteholders; and * so long as the Notes are listed on the a recognised stock exchange, by delivery in accordance with the notice requirements of that exchange; * [*Specify others*].   The Trustee shall be at liberty to disregard any such method where, in its opinion, the use of such method would be unreasonable and/or contrary to the interests of Noteholders, in which case it shall inform Noteholders accordingly. |

[*Please set out any other key features of the Noteholder rights particular for this transaction which are not described in this section*]

**CREDIT STRUCTURE AND CASHFLOW**

*Please refer to sections entitled "Key Structural Features" for further detail in respect of the credit structure and cash flow of the transaction*

**Visio doc 2530825**



|  |  |  |  |
| --- | --- | --- | --- |
| **Available Funds of the Issuer:** | The Issuer expects to have Available Revenue Funds and Available Principal Funds for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.[[4]](#footnote-4)  Available Revenue Funds will, broadly speaking, include the following:   * Revenue Receipts received during the immediately preceding Collection Period; * interest payable to the Issuer on its bank accounts and income from any Authorised Investments during the relevant Interest Period [or immediately preceding Collection Period]; * amounts received by the Issuer under the Interest Rate Swap Agreement and where relevant, Currency Swap Agreement (subject to certain exceptions as set out in full in the *Key Structural Features* section below); * amounts standing to the credit of the General Reserve Fund during the relevant Interest Period; * any other net income of the Issuer received during the immediately preceding Collection Period; * [*list others if relevant*]   *less*:   * amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to the Seller and/or other third parties, such as certain servicer fees (see *Key Structural Features*)   Available Principal Funds will, broadly speaking, include all Principal Receipts received by the Issuer during the immediately preceding Collection Period (including consideration paid by the Seller in respect of the re-purchase of the Receivables and their Ancillary Rights, recoveries received by the Issuer following disposal of the vehicle relating to a Receivable and receipt of realisation proceeds of the relevant Ancillary Rights) and amounts in respect of principal received by the Issuer under the Currency Swap Agreement. [*list others if relevant*] | | |
| **Summary of Priorities of Payments[[5]](#footnote-5)** | Below is a summary of the relevant payment priorities. For the purposes of the below summary, "trigger" shall refer to [*specify the relevant description of triggers*] in the Non-Rating Triggers Table below. Full details of the payment priorities are set out in the section entitled "*Key Structural Features*". | | |
|  | Pre-enforcement Revenue Priority of Payments:   1. Trustee Fees 2. Other Senior Expenses 3. Payments due to Swap Provider [*specify if ranking of Currency Swap Provider is different*] 4. Class A Interest Amount 5. Class B Interest Amount 6. [*further classes of Notes, if applicable*] 7. Replenish General Reserve Fund 8. Payment of reimbursed losses and principal deficiencies 9. Swap Provider Subordinated Payment 10. Issuer's expenses to the extent not paid above 11. Payments owed to the Start-up/ Subordinated Loan Provider 12. Deferred Consideration to Seller | Pre-enforcement Principal Priority of Payment:   1. [S*pecify the order of repayment of Principal Amount in respect of various classes of Notes and any payments to the Currency Swap Provider*] 2. Principal on the Start-up/Subordinated Loan 3. …… 4. Remainder to form Available Revenue Funds/paid to Seller as deferred consideration. | Post-enforcement Priority of Payments:   1. Trustee Fees 2. Other Senior Expenses 3. Payments due to Swap Provider [*specify if ranking of Currency Swap Provider is different*] 4. Class A Interest Amount and Class A Principal Amount 5. Class B Interest Amount and Class B Principal Amount 6. … 7. Swap Provider Subordinated Payment 8. Payment to the Start-up/ Subordinated Loan Provider 9. Deferred Consideration to Seller |
| **General Credit Structure** | The general credit structure of the transaction includes, broadly speaking, the following elements:  *(a) Credit Support:*   * availability of the General Reserve Fund, funded by the Start-Up/Subordinated Loan Provider on the Closing Date in an amount of £[•] which will be replenished on each Interest Payment Date up to the Required Reserve Amount. The General Reserve Fund may be used by the Issuer to cover [*any*] [*specify relevant class*] revenue shortfalls. [*Specify the order in which the Available Principal Funds, General Reserve Funds and Liquidity Facility can be utilised to cover the revenue shortfalls of the Issuer*]. [*Cross refer to section of prospectus containing further information on this*]; * junior Classes of Notes will be subordinated to more senior Classes of Notes, thereby ensuring that available funds are applied to the Most Senior Class of Notes in priority to more junior Classes of Notes. [*Cross refer to section of prospectus containing further information on this*]; * [the overcollateralisation of the Notes which, when issued, will have an aggregate Principal Amount Outstanding which is less than the principal amount then outstanding under the Loans which are to be sold to the Issuer on the Closing Date/the purchase price paid for the Receivables by the Issuer to the Seller is calculated on a discounted cash flow approach in order to provide the Issuer with interest cash flows in excess of what is available through the regular interest collections on the Receivables]. [*Cross refer to section of prospectus containing further information on this*];   *(b) Liquidity Support:*   * a Principal Deficiency Ledger will be established to record the notional principal losses in respect of Receivables. Available Revenue Funds will be applied in accordance with the relevant Priority of Payment to make up the principal deficiencies. [*Cross refer to section of prospectus containing further information on this*];   *(c) Hedging:*   * availability of an interest rate swap provided by the Interest Rate Swap Provider(s) to hedge against the possible variance between the [*describe the interest bases of the Receivables*] and the [*specify bases of note interest*] based interest payable in respect of the Notes [*cross refer to section of prospectus containing further information on this*]; * availability of a currency swap provided by the Currency Swap Provider to hedge against the variance between the currency of the underlying Receivables Pool and the payments to be made by the Issuer under the Notes [*cross refer to section of prospectus containing further information on this*];   *(d) Ancillary Support:*   * [*describe other reserves/credit enhancement features if applicable*]. [*Cross refer to section of prospectus containing further information on this*]. | | |
| **Bank Accounts and Cash Management** | Collections of revenue and principal in respect of the Receivables in the Receivables Pool are received by the Seller in its collection account. The majority of the interest payments and principal repayments are collected on [*specify dates of the month*]. The Seller (and, where relevant, the Servicer) is obliged to transfer collections in respect of the Receivables in the Receivables Pool to the Distribution Account [*on a daily basis*]. | | |
| **Summary of key Swap Terms** | The interest rate swap has the following key commercial terms:   * Swap Notional Amount: [•] * Issuer payment: [•] * Interest Rate Swap Provider payment: [•] * Frequency of payment: [•]   The currency swap has the following key commercial terms:   * Swap Notional Amount: [•] * Exchange rate: [•] * Issuer payment: [•] * Currency Swap Provider payment: [•] * Frequency of payment: [•] | | |

[*Cross refer to the appropriate section for further detail in respect of the terms of the relevant swap agreement.*]

[*Please set out any other key features of the credit structure particular for this transaction which are not described in this section*]

**TRIGGERS TABLES**

**Rating Triggers Table**

| **Transaction Party** | **Required Ratings/Triggers** | **Possible effects of Trigger being breached include the following** |
| --- | --- | --- |
| Interest Rate Swap Provider: | (i) [*Specify short term rating of the relevant Rating Agency*] and (ii) [*if required, specify long term rating of the relevant Rating Agency*].  [S*pecify other triggers (if any)*] | * collateral posting * guarantee of Interest Rate Swap Provider's obligations * replacement of Interest Rate Swap Provider * [*summarise others*] |
|  | The consequences of the relevant required rating being breached are set out in more detail in *[cross reference to section of the prospectus containing further information on this]*.  [*Specify time periods within which remedial action is required to be taken*]. | |
| Currency Swap Provider: | (i) [*Specify short term rating of the relevant Rating Agency*] and (ii) [*if required, specify long term rating of the relevant Rating Agency*].  [S*pecify other triggers (if any)*] | * Collateral posting * guarantee of Currency Swap Provider's obligations * replacement of Currency Swap Provider * [*summarise others*] |
|  | The consequences of the relevant required rating being breached are set out in more detail in *[cross reference to section of the prospectus containing further information on this]*.  [*Specify time periods within which remedial action is required to be taken*]. | |
| Seller Collection Account Bank: | (i) [*Specify short term rating of the relevant Rating Agency*] and (ii) [*if required, specify long term rating of the relevant Rating Agency*].  [S*pecify other triggers (if any)*] | * Replacement of Seller Collection Account Bank * [*Summarise others*] |
|  | The consequences of the relevant required rating being breached are set out in more detail in *[cross reference to section of the prospectus containing further information on this]*.  [*Specify time periods within which remedial action is required to be taken*]. | |
| Account Bank: | (i) [*Specify short term rating of the relevant Rating Agency*] and (ii) [*if required, specify long term rating of the relevant Rating Agency*].  [S*pecify other triggers (if any)*] | * Replacement of Account Bank * Guarantee of Account Bank's obligations * [*Summarise others*] |
|  | The consequences of the relevant required rating being breached are set out in more detail in *[cross reference to section of the prospectus containing further information on this]*.  [*Specify time periods within which remedial action is required to be taken*]. | |
| Seller/Originator: | [*Specify rating triggers for Perfection Events (if relevant)*]. | * Perfection Event taking place and legal title to the Receivables to be transferred to the Issuer   [*Specify time periods within which remedial action is required to be taken*]. |
|  | The consequences of the relevant required rating being breached are set out in more detail in *[cross reference to section of the prospectus containing further information on this]*.  [*Specify time periods within which remedial action is required to be taken*]. | |
| Servicer: | [*Describe rating trigger*]  [*Describe rating trigger*]  [*Describe rating trigger*] | * Delivery of information; * Termination of appointment; [and] * [*summarise others*]. |
|  | The consequences of the relevant required rating being breached are set out in more detail in *[cross reference to section of the prospectus containing further information on this]*.  [*Specify time periods within which remedial action is required to be taken*]. | |
|  | The consequences of the relevant required rating being breached are set out in more detail in *[cross reference to section of the prospectus containing further information on this]*.  [*Specify time periods within which remedial action is required to be taken*]. | |

**Non-Rating Triggers Table**

|  |  |  |
| --- | --- | --- |
| **Nature of Trigger** | **Description of Trigger** | **Consequence of Trigger** |
| Perfection Events | The occurrence of any of the following:   * + perfection is required by an order of a court or regulatory authority;   + an Enforcement Notice is served;   + the Security is in jeopardy;   + certain insolvency events in respect of the Seller; or   + [*others*]. | A number of Perfection Acts will occur, including Borrowers being notified of the sale to the Issuer and legal title to the Receivables Pool will be transferred to the Issuer. |
| Servicer Termination Events | The occurrence of any of the following:   * + non-compliance with covenants or obligations which, in aggregate, is materially prejudicial to the interests of the Noteholders;   + certain insolvency events in respect of the Servicer; or   • [•] defaults in respect of any payment to be made by [•] under the servicing agreement,   * + [*others*]. | Termination of appointment of Servicer. |
| Cash Manager Termination Events | The occurrence of any of the following:   * + non-compliance with covenants or obligations which, in aggregate, is materially prejudicial to the interests of the Noteholders; or   + certain insolvency events in respect of the Cash Manager;   + defaults in respect of any payment to be made by [•] under the cash management agreement;   + [*others*]. | Termination of appointment of Cash Manager. |
| [*Arrears/Defaults*] | [*To be described*] [*Cross refer to section of prospectus containing more information on this*] | [*Specify consequences of trigger*] |
| [*Revolving Period Termination Trigger*] | [*To be described*] [*Cross refer to section of prospectus containing more information on this*] | [*Specify consequences of trigger*] |
| [*Others to be specified*] [*or* *[NONE]*] |  |  |

**[***Please set out any other key features of the ratings or non-ratings triggers particular for this transaction which are not described in this section***]**

**FEES**

The following table sets out the on-going fees to be paid by the Issuer to the transaction parties.

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of Fee** | **Amount of Fee** | **Priority in Cashflow** | **Frequency** |
| Servicing fees | [•] (inclusive of VAT) | Ahead of all outstanding Notes | [•] |
| Cash Management fee | [•] | Ahead of all outstanding Notes | [•] |
| Other fees and expenses of the Issuer | Estimated at [•] each year (exclusive of VAT) | Ahead of all outstanding Notes | [•] |

**GLOSSARY**

To create the glossary, insert an index (ensure that all terms required for the glossary are marked first), select the index field and convert it to text using Ctrl-Shift-F9 then convert the text to a table with 2 columns.

|  |  |
| --- | --- |
| Account Bank |  |
| Ancillary Rights |  |
| Asset Conditions |  |
| Authorised Investments |  |
| Available Principal Funds |  |
| Available Revenue Funds |  |
| Basic Terms Modification |  |
| Cash Manager  CCA |  |
| Class |  |
| Class A Interest Amount |  |
| Class A Notes |  |
| Class A Principal Amount |  |
| Class B Interest Amount |  |
| Class B Principal Amount |  |
| Classes |  |
| Classes of Notes |  |
| Clean Up Call Option |  |
| clear day |  |
| Clearing Systems |  |
| Closing Date |  |
| Collection Period |  |
| Corporate Services Provider |  |
| CRD 2 |  |
| Credit Rating Agencies |  |
| Cut-Off Date |  |
| Deed of Charge |  |
| Deferred Consideration |  |
| Distribution Account |  |
| Event of Default |  |
| Extraordinary Resolution |  |
| Final Redemption Date |  |
| General Reserve Fund  Initial Aggregate Principal Value  Initial Aggregate Net Present Value |  |
| Insolvency Event |  |
| Interest Payment Date |  |
| Interest Rate Swap Agreement |  |
| Interest Rate Swap Provider |  |
| Issuer  Loan Agreement |  |
| Markets in Financial Instruments Directive |  |
| Most Senior Class  Net Present Value  New Vehicle |  |
| Note Acceleration Notice |  |
| Noteholders |  |
| Notes |  |
| Official List |  |
| Ordinary Resolution |  |
| Originator |  |
| Outstanding Principal Amount |  |
| Perfection Events |  |
| Principal Amount Outstanding |  |
| Principal Paying Agent |  |
| Principal Receipts |  |
| Priorities of Payments |  |
| Prospectus |  |
| Prospectus Directive |  |
| Reallocated Principal Receipts |  |
| Receivables |  |
| Receivables Pool |  |
| Required Reserve Amount |  |
| Reserve Fund |  |
| Retention Undertaking |  |
| Revenue Receipts |  |
| Security |  |
| Seller |  |
| Senior Expenses |  |
| Servicer |  |
| Servicer Insolvency Event |  |
| Servicer Termination Event |  |
| Servicing Fees |  |
| Start-up/Subordinated Loan Provider |  |
| Swap Provider |  |
| Swap Provider Subordinated Payment |  |
| Transaction Documents |  |
| Trustee |  |
| Trustee Fee  Used Vehicle  Vehicle  Warranties |  |

1. Specify if the Relevant Margin is different post Optional Call Date. [↑](#footnote-ref-1)
2. Specify the relevant foreign exchange rate. [↑](#footnote-ref-2)
3. Specify if the Relevant Margin is different post Optional Call Date. [↑](#footnote-ref-3)
4. To be amended if transaction does not distinguish between interest and principal collections [↑](#footnote-ref-4)
5. To be amended if transaction has a single waterfall. [↑](#footnote-ref-5)