

Chapter 1

Commission Delegated Regulation (EU) 2019/885

Article 4 Independence and avoidance of conflicts of interest

(1) The application referred to in Article 1 shall contain detailed information about the applicant's internal control systems for the management of conflicts of interest, including a description of the third party's compliance function and its risk assessment arrangements.

(2) The application referred to in Article 1 shall contain information about the policies and procedures for the identification, management, elimination, mitigation and disclosure of existing or potential conflicts of interest and threats to the independence of the third party's provision of STS compliance services.

(3) The application referred to in Article 1 shall contain a description of any other measures and controls applied to ensure the proper and timely identification, management and disclosure of conflicts of interest.

(4) The application referred to in Article 1 shall contain an up-to-date inventory of any potential or existing conflicts of interest identified by the third party in accordance with Article 28(1)(f) of Regulation (EU) 2017/2402, and shall include:

(a) a description of any actual or potential conflicts of interest involving the third party, shareholders, owners or members of the third party, members of the management body, managers, staff of the third party or any other natural person whose services are placed at the disposal or under the control of the third party;

(b) a description of any actual or potential conflicts of interest arising from existing or envisaged business relationships of the third party, including any existing or envisaged outsourcing arrangements or from the third party's other activities.

(5) The application referred to in Article 1 shall provide details on policies or procedures that aim to ensure that the third party does not provide any form of advisory, audit or equivalent services to the originator, sponsor, or the SSPE involved in the securitisation whose STS compliance the third party assesses.

(6) The application referred to in Article 1 shall provide details on the following:

(a) revenue from other non-STIS related services provided by the third party, disaggregated into the revenue from non-securitisation-related services and the revenue from securitisation-related services, over each of the three annual reporting periods

preceding the date of submission of the application, or where not available, since the incorporation of the third party;

(b) the projected proportion of revenue from STS compliance services compared with the total projected revenue for the forthcoming three years' reference period.

(7) The application referred to in Article 1 shall include, where applicable, the following information on the concentration of revenue from a single undertaking or a group of undertakings:

(a) information identifying any undertaking, or any group of economically connected undertakings, that provided more than 10 % of the third party's total revenue over each of the three annual reporting periods preceding the date of the submission of the application, or, where not available, since the incorporation of the third party;

(b) a statement whether an undertaking, or a group of economically connected undertakings, is projected to provide at least 10 % of the third party's projected revenue from the provision of STS compliance services over each of the next three years.

(8) Where applicable, the application referred to in Article 1 shall contain an assessment of how a concentration of revenue from a single undertaking or a group of economically connected undertakings identified in paragraph 7 is compatible with the third party's policies and procedures on the independence of the STS compliance services referred to in paragraph 2.