

Securitisation sourcebook

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Chapter 1

Introduction

1.1 Application

- 1.1.1** **G** (1) The *rules, guidance* and directions in this sourcebook apply to:
- sponsors;*
 - originators;*
 - original lenders;*
 - SSPEs;*
 - body corporates* applying to be registered as *securitisation repositories;*
 - securitisation repositories;*
 - trade repositories;*
 - sellers of securitisation positions;*
 - persons* applying to be registered as *third party verifiers;*
 - institutional investors;* and
 - retail clients.*
- (2) Each chapter of *SECN* has its own application provision which provides further details about who the requirements apply to.
- 1.1.2** **G** *GEN* does not apply in respect of the *rules* and *guidance* in *SECN*, except as provided for in ■ **SECN 1.1.3R** and ■ **SECN 1.1.4G**.
- 1.1.3** **R** The *rules* and *guidance* in ■ **GEN 1.3**, ■ **GEN 2.1**, ■ **GEN 2.2.1R** to ■ **GEN 2.2.16G** and ■ **GEN 2.2.18R** to ■ **GEN 2.2.25G** apply to the entities in ■ **SECN 1.1.1G(1)** as they apply to *authorised persons*, insofar as they do not already apply.
- 1.1.4** **G** (1) *GEN* applies in its entirety to *rules* in ■ **SECN 4** applying to *sponsors* and *institutional investors* who are *authorised persons*, as these *rules* were made under the *general rule-making powers*.
- (2) *GEN* also applies in its entirety to *rules* in ■ **SECN 7** applying to *institutional investors* who are *authorised persons*, as these *rules* were made under the *general rule-making powers*.
- 1.1.5** **R** The entities referred to in ■ **SECN 1.1.1G(1)** must deal with the *FCA* in an open and cooperative way.



1.2 Purpose

- 1.2.1 **G** The general purpose of this sourcebook is to impose requirements by way of *rules* and directions and give *guidance* in relation to securitisation.
- 1.2.2 **G** The *Securitisation Regulations 2024* restate some provisions of the *Securitisation Regulation*, in some cases with modifications.
- 1.2.3 **G** This sourcebook should be read together with the *Securitisation Regulations 2024* and the Securitisation Part of the *PRA Rulebook*.

Chapter 2

Requirements on STS securitisations

2.1 Application

2.1.1

G The *rules* in this chapter apply to the *person(s)* who notify the *FCA* under **■** **SECN 2.5**. Some of the provisions in this chapter are also directly applicable to any *sponsors, originators, SSPEs* or *original lenders* where relevant.



2.2 STS criteria: Simple, transparent and standardised non-ABCP securitisation

2.2.1 R A securitisation which is not an ABCP programme or an ABCP transaction must fulfil the following requirements to be considered an STS securitisation:
(1) those in SECN 2.2.2R to SECN 2.2.29R; and
(2) the FCA must have received an STS notification in respect of that securitisation and the securitisation must appear on the list it publishes under regulation 10(2) of the Securitisation Regulations 2024; and
(3) the originator and sponsor involved in the securitisation must be established in the United Kingdom.

Simplicity requirements

2.2.2 R (1) Any SSPE must acquire title to the underlying exposures in a manner enforceable against the seller or any other third party, whether transfer of title is by means of:
(a) true sale;
(b) assignment; or
(c) another transfer with the same legal effect as (a) or (b).
(2) If the seller becomes insolvent, the transfer of the title to the SSPE must not be subject to severe clawback provisions.

2.2.3 R For the purposes of SECN 2.2.2R(2), the following are severe clawback provisions:
(1) those allowing the seller’s liquidator to invalidate the sale of the underlying exposures solely because it was concluded within a certain period before the declaration of the seller’s insolvency;
(2) provisions where the SSPE can prevent the invalidation referred to in (1) only if it can prove it was unaware of the seller’s insolvency at the time of sale.

2.2.4 R For the purposes of SECN 2.2.2R(1), if provisions of national insolvency laws allow a liquidator or court to invalidate the sale of underlying exposures in

the following circumstances, such provisions are not severe clawback provisions:

- (1) fraudulent transfers; or
- (2) unfair prejudice to creditors or transfers intended to improperly favour particular creditors over others.

2.2.5 **R** If the seller is not the *original lender*, the transfer of the underlying exposures to that seller by any of the means in **■ SECN 2.2.2R(1)** (whether direct or through one or more intermediate steps) must meet the requirements in **■ SECN 2.2.1** to **■ SECN 2.2.3**.

2.2.6 **R** If the transfer of the underlying exposures is performed by assignment and perfected after the transaction's closing, the triggers to effect such perfection must be set broadly enough to require perfection in all of the following events:

- (1) severe deterioration in the seller's credit quality standing;
- (2) the seller's insolvency; and
- (3) unremedied breaches of the seller's contractual obligations, including the seller's default.

2.2.7 **R** The seller must provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the *securitisation* are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the transfer by the means in **■ SECN 2.2.2R(1)**.

2.2.8 **R**

- (1) The underlying exposures the seller transfers to the *SSPE* (if an *SSPE* is used) or that are otherwise securitised must meet predetermined, clear and documented eligibility criteria prohibiting active portfolio management of those exposures on a discretionary basis.
- (2) For the purposes of **■ SECN 2.2.8R(1)**, substitution of exposures that are in breach of representations and warranties is not considered active portfolio management.
- (3) Exposures transferred to the *SSPE* (if an *SSPE* is used) or otherwise added to the *securitisation* after the closing of the transaction must meet the eligibility criteria applied to the initial underlying exposures.

2.2.9 **R**

- (1) The *securitisation* must be backed by a pool of underlying exposures that are homogeneous in terms of asset type, considering the specific characteristics relating to the asset type's cash flows, including their contractual, credit-risk and prepayment characteristics.
- (2) Further details specifying which underlying exposures are homogeneous for the purposes of (1) are set out at **■ SECN 2.4**.

- (3) The underlying exposures must contain contractually binding and enforceable obligations, with full recourse to debtors and, where applicable, guarantors.
- (4) The underlying exposures must have defined periodic payment streams (the instalments of which may differ in their amounts) relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.
- (5) The underlying exposures must not include any *transferable security*, other than corporate bonds not listed on a *trading venue*.

2.2.10 **R** The underlying exposures must not include any *securitisation position*.

- 2.2.11** **R**
- (1) The underlying exposures must be originated:
 - (a) in the ordinary course of the *originator's* or *original lender's* business; and
 - (b) following underwriting standards at least as rigorous as those the *originator* or *original lender* applied at the time of origination to similar unsecuritised exposures, to the extent there are any.
 - (2) The *originator* or the *original lender* (as the case may be) must fully disclose to potential *investors*, without undue delay:
 - (a) the underwriting standards pursuant to which the underlying exposures are originated; and
 - (b) any material changes from former underwriting standards.
 - (3) For *securitisations* with residential loans as underlying exposures, the pool of loans must not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the lender might not verify the information provided.
 - (4) The assessment of the borrower's creditworthiness must meet the requirements in:
 - (a) ■ CONC 5.2A.7R;
 - (b) ■ MCOB 11.6.2R(1)(a), ■ MCOB 11.6.2R(1)(b), ■ MCOB 11.6.2R(2), ■ MCOB 11.6.5R(1), ■ MCOB 11.6.60R and ■ MCOB 11A.2.1R; or
 - (c) where applicable, equivalent requirements in a *third country*.
 - (5) The *originator* or *original lender* must have expertise in originating exposures of a similar nature to those securitised.

- 2.2.12** **R**
- (1) After the underlying exposures have been selected, they must be transferred to the *SSPE* (if an *SSPE* is used) or otherwise securitised without undue delay.
 - (2) At the time of selection, the underlying exposures must not include exposures in default within the meaning of Article 178(1) of the *UK*

CRR or exposures to a credit-impaired debtor or guarantor who, to the best of the *originator's* or *original lender's* knowledge:

- (a) was, at the time of origination, where applicable:
 - (i) on a public credit registry of persons with adverse credit history; or
 - (ii) if there is no such public credit registry, another credit registry that is available to the *originator* or *original lender*;
 - (b) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable unsecuritised exposures the *originator* holds, if any;
 - (c) has been declared insolvent;
 - (d) had a court grant its creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years before the date of origination; or
 - (e) has undergone a debt restructuring process with regard to its *non-performing exposures* within 3 years before the date of transfer of the underlying exposures to the *SSPE* (if an *SSPE* is used) or other means of securitising the underlying exposure.
- (3) If a credit-impaired debtor or guarantor has undergone a debt restructuring process as described in (2)(e), the underlying exposures may include exposures to that credit-impaired debtor or guarantor if:
- (a) the restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least 1 year before the date the underlying exposures were transferred to the *SSPE* (if an *SSPE* is used) or otherwise securitised; and
 - (b) the information the *originator*, *sponsor* and *SSPE* have provided in accordance with ■ **SECN 6.2.1R(1)** and ■ **SECN 6.2.1R(5)(a)** explicitly sets out:
 - (i) the proportion of total underlying exposures, which have been restructured;
 - (ii) the time and details of the restructuring; and
 - (iii) their performance since the date they were restructured.

2.2.13

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The debtors must, at the time the exposures are transferred, have made at least one payment, except in the case of revolving *securitisations* backed by exposures payable in a single instalment or with a maturity of less than 1 year (including, without limitation, monthly payments on revolving credits).

2.2.14

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- (1) A *securitisation* must not be structured so that repayment of *investors* depends predominantly on the sale of the assets securing the underlying exposures.
- (1) Paragraph (1) must not prevent such assets from subsequently being rolled over or refinanced.
- (3) If a *securitisation's* underlying exposures are secured by assets, and the value of those assets is guaranteed or fully mitigated by an

obligation on the seller or another third party to repurchase them, that *securitisation* does not contravene the prohibition in (1).

Standardisation requirements

- 2.2.15 **R** The *originator, sponsor or original lender* must satisfy the risk-retention requirement in accordance with ■ **SECN 5**.
- 2.2.16 **R**

 - (1) The interest rate and currency risks arising from the *securitisation* must be appropriately mitigated. Any measures taken to that effect must be disclosed.
 - (2) The *securitisation* must be structured such that:
 - (a) the *SSPE* does not enter into derivative contracts, unless to hedge interest rate or currency risk; and
 - (b) the pool of underlying exposures does not include derivatives.
 - (3) Any derivatives into which the *SSPE* does enter in accordance with (2)(a) must be underwritten and documented according to common standards in international finance.
- 2.2.17 **R** Any referenced interest payments under the *securitisation* assets and liabilities must:

 - (1) be based on generally used market interest rates or generally used sectoral rates reflective of the cost of funds; and
 - (2) not reference complex formulae or derivatives.
- 2.2.18 **R** If an enforcement or an acceleration notice has been delivered:

 - (1) no cash may be trapped in the *SSPE* above what is needed to ensure the *SSPE's* operational functioning or the orderly repayment of *investors* under the *securitisation's* contractual terms. However, an amount of cash may be so trapped if exceptional circumstances require it to be used (in the *investors' best interests*) to pay expenses to prevent deterioration in the underlying exposures' credit quality;
 - (2) principal receipts from the underlying exposures must be passed to *investors* via sequential amortisation of the *securitisation positions*, as determined by the *securitisation positions' seniority*;
 - (3) repayment of the *securitisation positions* must not be reversed with regard to their seniority; and
 - (4) no provisions may require automatic liquidation of the underlying exposures at market value.
- 2.2.19 **R** Transactions featuring non-sequential priority of payments must include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers must include the deterioration in

- the credit quality of the underlying exposures below a predetermined threshold.
- 2.2.20** **R** The transaction documentation must include appropriate *early amortisation provisions* or, in the case of a *revolving securitisation*, triggers for termination of the revolving period, including in the following circumstances:
- (1) the underlying exposures' credit quality deteriorating to or below a predetermined threshold;
 - (2) an insolvency-related event with regard to the *originator* or the *servicer* occurring;
 - (3) the value of the underlying exposures falling below a predetermined threshold (early amortisation event); and
 - (4) failing to generate sufficient new underlying exposures meeting the predetermined credit quality (trigger for termination of the revolving period).
- 2.2.21** **R** The transaction documentation must clearly specify:
- (1) the *servicer's*, any trustee's and other ancillary service providers' contractual obligations, duties and responsibilities;
 - (2) the processes and responsibilities necessary to ensure that the *servicer's* default or insolvency does not result in servicing terminating, such as a contractual provision enabling the *servicer* to be replaced in such cases; and
 - (3) provisions ensuring derivative counterparties, liquidity providers and the account bank are replaced in the case of their default, insolvency and other specified events, where applicable.
- 2.2.22** **R** The *servicer* must have:
- (1) expertise in servicing exposures of a similar nature to those securitised; and
 - (2) well-documented and adequate policies, procedures and risk-management controls relating to the exposures' servicing.
- 2.2.23** **R**
- (1) The transaction documentation must clearly and consistently set out definitions, remedies and actions relating to:
 - (a) delinquency and default of debtors;
 - (b) debt restructuring;
 - (c) debt forgiveness;
 - (d) forbearance;
 - (e) payment holidays;
 - (f) losses;

- (g) charge offs;
 - (h) recoveries; and
 - (i) other asset performance remedies.
- (2) The transaction documentation must clearly specify:
- (a) the priorities of payment and events triggering any change to these; and
 - (b) the obligation to report such events.
- (3) Any change in the priorities of payments which will materially adversely affect a *securitisation position's* repayment must be reported to *investors* without undue delay.

2.2.24 **R** The transaction documentation must include clear:

- (1) provisions facilitating timely resolution of conflicts between different classes of *investors*;
- (2) definitions of voting rights;
- (3) allocation of voting rights to classes of *investor*; and
- (4) identification of responsibilities of the trustee and other entities with fiduciary duties to *investors*.

Transparency requirements.....

2.2.25 **R** Before pricing or original commitment to invest, the *originator* and the *sponsor* must make available to potential *investors*:

- (1) data covering a period of at least 5 years about static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised; and
- (2) the sources of the data in (1) and the reasons those exposures are substantially similar exposures to those being securitised.

2.2.26 **R**

- (1) An appropriate and independent external party must verify a sample of the underlying exposures before the securities resulting from the *securitisation* are issued.
- (2) That verification must confirm that the data disclosed in respect of the underlying exposures is accurate.

2.2.27 **R**

- (1) Before pricing or original commitment to invest, the *originator* or the *sponsor* must make available to potential *investors* a liability cashflow model precisely representing the contractual relationship between the underlying exposures and the payments flowing between:
 - the *originator*;
 - the *sponsor*;

the *investors*;
other third parties; and
the *SSPE*.

- (2) After pricing or original commitment to invest, the *originator* or the *sponsor* must continually make that model available to *investors* and potential *investors* on request.

2.2.28

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For a *securitisation* whose underlying exposures are residential loans or auto loans or leases, the *originator* and *sponsor* must publish the available information about the environmental performance of the assets financed by such residential loans or auto loans or leases as part of the information disclosed pursuant to ■ SECN 6.2.1R(1).

2.2.29

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- (1) Before pricing or original commitment to invest, the following information must be made available to potential *investors*:
- (a) that required by ■ SECN 6.2.1R(1); and
 - (b) at least in draft or initial form, that required by ■ SECN 6.2.1R(2) to ■ SECN 6.2.1R(4).
- (2) The final documentation must be made available to *investors* at the latest 15 *days* after closing of the transaction.



2.3 STS criteria: Simple, transparent and standardised asset backed commercial paper securitisation

2.3.1

R

- (1) An *ABCP transaction* must fulfil the following requirements to be considered an *STS securitisation*:
 - (a) those in ■ SECN 2.3.2R to ■ SECN 2.3.22R;
 - (b) the *FCA* must have received an *STS notification* in respect of that *securitisation* and must have included the *securitisation* in the list it publishes under regulation 10(2) of the *Securitisation Regulations 2024*; and
 - (c) the *sponsor* involved in the *ABCP programme* of which that *ABCP transaction* forms part must be *established in the United Kingdom*.
- (2) An *ABCP programme* must fulfil the following requirements to be considered an *STS securitisation*:
 - (a) those in ■ SECN 2.3.30R to ■ SECN 2.3.37R;
 - (b) The *FCA* must have received an *STS notification* in respect of that *securitisation* and must have included the *securitisation* in the list it publishes under regulation 10(2) of the *Securitisation Regulations 2024*; and
 - (c) the *sponsor* involved in the *ABCP programme* must be *established in the United Kingdom*.
- (3) For the purposes of ■ SECN 2.3, a 'seller' means '*originator*' or '*original lender*'.

Transaction-level requirements

2.3.2

R

- (1) Any *SSPE* must acquire title to the underlying exposures in a manner enforceable against the seller or any other third party, whether transfer of title is by means of:
 - (a) true sale;
 - (b) assignment; or
 - (c) another transfer with the same legal effect as (a) or (b).
- (2) The transfer of the title to the *SSPE* must not be subject to severe clawback provisions if the seller becomes insolvent.

- 2.3.3** **R** (1) For the purposes of ■ **SECN 2.3.2R(2)**, the following are severe clawback provisions:
- (a) those allowing the seller's liquidator to invalidate the sale of the underlying exposures solely because it was concluded within a certain period before the declaration of the seller's insolvency;
 - (b) provisions where the *SSPE* can prevent the invalidation referred to in (a) only if it can prove it was not aware of the seller's insolvency at the time of sale.
- 2.3.4** **R** For the purposes of ■ **SECN 2.3.2R** if provisions of national insolvency laws allow a liquidator or court to invalidate the sale in the following circumstances, such provisions are not severe clawback provisions:
- (1) fraudulent transfers; or
 - (2) unfair prejudice to creditors or transfers intended to improperly favour particular creditors over others.
- 2.3.5** **R** If the seller is not the *original lender*, the transfer of the underlying exposures to the seller by any of the means in ■ **SECN 2.3.2R(1)** (whether direct or through one or more intermediate steps) must meet the requirements in ■ **SECN 2.3.2R**, ■ **SECN 2.3.3** and ■ **SECN 2.3.4R**.
- 2.3.6** **R** If the transfer of the underlying exposures is performed by assignment and perfected after the transaction's closing, the triggers to effect such perfection must be set broadly enough to require perfection in all of the following events:
- (1) severe deterioration in the seller's credit quality standing;
 - (2) the seller's insolvency; and
 - (3) unremedied breaches of the seller's contractual obligations, including the seller's default.
- 2.3.7** **R** The seller must provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the *securitisation* are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the transfer by the means in ■ **SECN 2.3.2R(1)**.
- 2.3.8** **R**
- (1) The underlying exposures the seller transfers to the *SSPE* (if an *SSPE* is used) or that are otherwise securitised must meet predetermined, clear and documented eligibility criteria prohibiting active portfolio management of those exposures on a discretionary basis.
 - (2) For the purposes of (1), substitution of exposures that are in breach of representations and warranties is not considered active portfolio management.

- (3) Exposures transferred to the *SSPE* (if an *SSPE* is used) or otherwise added to the *securitisation* after the closing of the transaction must meet the eligibility criteria applied to the initial underlying exposures.
- 2.3.9 **R** The underlying exposures must not include any *securitisation positions*.
- 2.3.10 **R**
- (1) After the underlying exposures have been selected, they must be transferred to the *SSPE* (if an *SSPE* is used) or otherwise securitised without undue delay.
 - (2) At the time of selection, the underlying exposures must not include exposures in default within the meaning of Article 178(1) of the *UK CRR* or exposures to a credit-impaired debtor or guarantor who, to the best of the *originator's* or *original lender's* knowledge:
 - (a) was, at the time of origination, where applicable:
 - (i) on a public credit registry of persons with adverse credit history; or
 - (ii) if there is no such public credit registry, another credit registry that is available to the *originator* or *original lender*;
 - (b) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable unsecuritised exposures the *originator* holds, if any;
 - (c) has been declared insolvent;
 - (d) had a court grant its creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years before the date of origination; or
 - (e) has undergone a debt restructuring process with regard to its *non-performing exposures* within 3 years before the date of transfer of the underlying exposures to the *SSPE* (if an *SSPE* is used) or other means of securitising the underlying exposure.
 - (3) If a credit-impaired debtor or guarantor has undergone a debt restructuring process as described in (2)(e), the underlying exposures may include exposures to that credit-impaired debtor or guarantor if:
 - (a) the restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least 1 year before the date the underlying exposures were transferred to the *SSPE* (if an *SSPE* is used) or otherwise securitised; and
 - (b) the information the *originator*, *sponsor* and *SSPE* have provided in accordance with ■ **SECN 6.2.1R(1)** and ■ **SECN 6.2.1R(5)(a)** explicitly sets out:
 - (i) the proportion of total underlying exposures, which have been restructured;
 - (ii) the time and details of the restructuring; and
 - (iii) their performance since the date they were restructured.

- 2.3.11** **R** The debtors must, at the time the exposures are transferred, have made at least one payment, except in the case of *revolving securitisations* backed by exposures payable in a single instalment or with a maturity of less than 1 year (including, without limitation, monthly payments on revolving credits).
- 2.3.12** **R**
- (1) The *securitisation* must not be structured so that repayment of *securitisation investors* depends predominantly on the sale of the assets securing the underlying exposures.
 - (2) Paragraph (1) must not prevent such assets from subsequently being rolled over or refinanced.
 - (3) If a *securitisation's* underlying exposures are secured by assets, and the value of those assets is guaranteed or the risks related to that value are fully mitigated by an obligation on the seller of those assets, or on another third party, to repurchase them, that *securitisation* does not contravene the prohibition in (1).
- 2.3.13** **R**
- (1) The interest rate and currency risks arising from the *securitisation* must be appropriately mitigated. Any measures taken to that effect must be disclosed.
 - (2) The *securitisation* must be structured such that:
 - (a) the *SSPE* does not enter into derivative contracts, unless to hedge interest rate or currency risk; and
 - (b) the pool of underlying exposures does not include derivatives.
 - (3) Any derivatives into which the *SSPE* does enter in accordance with (2)(a) must be underwritten and documented according to common standards in international finance.
- 2.3.14** **R**
- (1) The transaction documentation must clearly and consistently set out definitions, remedies and actions relating to:
 - (a) delinquency and default of debtors;
 - (b) debt restructuring;
 - (c) debt forgiveness;
 - (d) forbearance;
 - (e) payment holidays;
 - (f) losses;
 - (g) charge offs;
 - (h) recoveries; and
 - (i) other asset performance remedies.
 - (2) The transaction documentation must clearly specify:
 - (a) the priorities of payment and events triggering any change to these; and
 - (b) the obligation to report such events.

- (3) Any change in the priorities of payments which will materially adversely affect a *securitisation position's* repayment must be reported to *investors* without undue delay.
- 2.3.15** **R** The transaction documentation must include clear:
- (1) provisions facilitating timely resolution of conflicts between different classes of *investors*;
 - (2) definitions of voting rights;
 - (3) allocation of voting rights to classes of *investor*; and
 - (4) identification of responsibilities of the trustee and other entities with fiduciary duties to *investors*.
- 2.3.16** **R**
- (1) Before pricing or original commitment to invest, the *originator* and the *sponsor* must make the following data available to potential *investors*:
 - (a) except as provided in (2), data covering a period of at least 5 years about static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised; and
 - (b) the sources of the data in (1)(a) and the reasons those exposures are substantially similar to those being securitised.
 - (2) If the data in (1)(a) relates to trade receivables and other short-term receivables, it must cover a period of at least 3 years.
 - (3) If the *sponsor* cannot access such data, it must obtain from the seller access to static or dynamic data about the historical performance of exposures substantially similar to those being securitised (such as delinquency and default data).
- 2.3.17** **R**
- (1) *ABCP transactions* must be backed by a pool of underlying exposures that are homogeneous in terms of asset type, considering the specific characteristics relating to the asset type's cash flows, including their contractual, credit-risk and prepayment characteristics.
 - (2) The pool of underlying exposures must have a remaining weighted average life of not more than 1 year. The underlying exposures must not have a residual maturity of more than 3 years.
 - (3) By way of derogation from (2), pools of auto loans, auto leases and equipment lease transactions must have a remaining weighted average life of not more than 3.5 years. The underlying exposures must not have a residual maturity of more than 6 years.
 - (4) Further details specifying which underlying exposures are homogeneous for the purposes of (1) are set out at **■SECN 2.4**.
 - (5) The underlying exposures must not include loans secured by residential or commercial mortgages.

- (6) The underlying exposures:
 - (a) must contain contractually binding and enforceable obligations, with full recourse to debtors;
 - (b) must have defined payment streams relating to rental, principal, interest, or any other right to receive income from assets warranting such payments;
 - (c) may generate proceeds from the sale of any financed or leased assets; and
 - (d) must not include any *transferable security*, other than corporate bonds not listed on a *trading venue*.

- 2.3.18 **R** (1) Any referenced interest payments under the *ABCP transaction's* assets and liabilities must:
 - (a) be based on generally used market interest rates or generally used sectoral rates reflective of the cost of funds; and
 - (b) not reference complex formulae or derivatives.

(2) Referenced interest payments under the *ABCP transaction's* liabilities may be based on interest rates reflective of an *ABCP programme's* cost of funds.

- 2.3.19 **R** Following the seller's default or an acceleration event:
 - (1) no amount of cash may be trapped in the *SSPE* above what is needed to ensure the *SSPE's* operational functioning or the orderly repayment of *investors* under the *securitisation's* contractual terms. However, an amount of cash may be so trapped if exceptional circumstances require it to be used (in the *investors'* best interests) to pay expenses to prevent deterioration in the underlying exposures' credit quality;
 - (2) principal receipts from the underlying exposures must be passed to *investors* via sequential payment of the *securitisation positions*, as determined by the *securitisation positions'* seniority; and
 - (3) no provisions may require automatic liquidation of the underlying exposures at market value.

- 2.3.20 **R** (1) The underlying exposures must be originated:
 - (a) in the ordinary course of the seller's business; and
 - (b) following underwriting standards at least as rigorous as those the seller applied at the time of origination to similar unsecuritised exposures, to the extent there are any.

(2) The *originator* or the *original lender* must fully disclose to the *sponsor* and other parties directly exposed to the *ABCP transaction* without undue delay:

 - (a) the underwriting standards pursuant to which the underlying exposures are originated; and
 - (b) any material changes from prior underwriting standards.

(3) The seller must have expertise in originating exposures of a similar nature to those securitised.

2.3.21 **R** If an *ABCP transaction* is a *revolving securitisation*, the transaction documentation must include triggers for termination of the revolving period, including in the following circumstances:

- (1) the underlying exposures' credit quality deteriorating to or below a predetermined threshold; and
- (2) an insolvency-related event with regard to the seller or the *servicer* occurring.

2.3.22 **R** The transaction documentation must clearly specify:

- (1) the *sponsor's*, *servicer's*, any trustee's and ancillary service providers' contractual obligations, duties and responsibilities;
- (2) the processes and responsibilities necessary to ensure that the *servicer's* default or insolvency does not result in servicing terminating;
- (3) provisions ensuring derivative counterparties and the account bank are replaced in the case of their default, insolvency, and other specified events, where applicable; and
- (4) how the *sponsor* meets the requirements of ■ **SECN 2.3.25R**.

Requirements on the sponsor of an STS ABCP programme.....

2.3.23 **R** The *sponsor of an ABCP programme* must:

- (1) be a *CRR firm*; and
- (2) not be an *investment firm*.

2.3.24 **R** The *sponsor of an ABCP programme* must:

- (1) be a liquidity facility provider;
- (2) support all *securitisation positions* on an *ABCP programme* level by covering all liquidity and credit risks and any material dilution risks of the securitised exposures as well as any other transaction and programme-level costs if necessary to guarantee to the *investor* the full payment of any amount under the ABCP with such support; and
- (3) disclose to *investors* a description of the support provided at transaction level and of the liquidity facilities provided.

2.3.25 **R** (1) Before a *credit institution* may sponsor an *STS ABCP programme*, it must demonstrate to the *PRA* that its role under ■ **SECN 2.3.24R** does not pose risks to its solvency and liquidity, even in extremely stressed market conditions.

- (2) The requirement referred to in (1) is fulfilled if the *PRA* has determined, based on the review and evaluation referred to in regulation 34A(2) of the *Capital Requirements Regulations 2013*, that:
 - (a) the arrangements, strategies, processes and mechanisms that *credit institution* has implemented; and
 - (b) the own funds and liquidity that *credit institution* holds, ensure sound management and coverage of its risks.

2.3.26

R

The *sponsor* must:

- (1) perform its own due diligence;
- (2) verify compliance with the requirements set out in ■ [SECN 4.2.1R](#) and ■ [SECN 4.2.2R](#) or equivalent *PRA rules*; and
- (3) verify the seller has in place servicing capabilities and collection processes meeting the requirements specified in Article 265(2)(h)–(p) of the *UK CRR* or equivalent requirements in a *third country*.

2.3.27

R

The seller, at the level of a transaction, or the *sponsor*, at the level of the *ABCP programme*, must satisfy the risk-retention requirement referred to in ■ [SECN 5](#) or equivalent *PRA rules*.

2.3.28

R

Before pricing or original commitment to invest, the *sponsor* must make available to potential *investors* pricing on request:

- (1) the aggregate information required by ■ [SECN 6.2.1R\(1\)](#) or equivalent *PRA rules*; and
- (2) the information required by ■ [SECN 6.2.1R\(2\)](#) to ■ [SECN 6.2.1R\(7\)](#) or equivalent *PRA rules*, at least in draft or initial form.

2.3.29

R

If the *sponsor* does not renew the funding commitment of the liquidity facility before it expires, the liquidity facility must be drawn down and the maturing securities must be repaid.

Programme-level requirements

2.3.30

R

- (1) All *ABCP transactions* within an *ABCP programme* must fulfil the requirements of ■ [SECN 2.3.2R](#) to ■ [SECN 2.3.22R](#).
- (2) Notwithstanding (1), a maximum of 5% of the aggregate amount of the exposures underlying the *ABCP transactions* and which are funded by the *ABCP programme* may temporarily not comply with the requirements of ■ [SECN 2.3.10R](#), ■ [SECN 2.3.11R](#) and ■ [SECN 2.3.12R](#) without affecting the *ABCP programme's* STS status.
- (3) For the purposes of (2), an appropriate and independent external party must regularly verify compliance of a sample of the underlying exposures.

- (4) The *sponsor* of the *ABCP programme* must comply with the requirements under ■ SECN 2.3.23R to ■ SECN 2.3.29R;
- 2.3.31 **R** The remaining weighted average life of the underlying exposures of an *ABCP programme* must not be more than 2 years.
- 2.3.32 **R** The *ABCP programme* must be fully supported by a *sponsor* in accordance with ■ SECN 2.3.24R.
- 2.3.33 **R** The *ABCP programme* must not contain any *resecuritisation*. The credit enhancement must not establish a second layer of tranching at the programme level.
- 2.3.34 **R** The securities an *ABCP programme* issues must not include the following clauses, if they are exercisable at the discretion of the seller, *sponsor* or *SSPE*:
- (1) call options;
 - (2) extension clauses; and
 - (3) other clauses that affect the final maturity of those securities.
- 2.3.35 **R**
- (1) The interest rate and currency risks arising at *ABCP programme* level must be appropriately mitigated. Any measures taken to that effect must be disclosed.
 - (2) The *ABCP programme* must be structured such that:
 - (a) the *SSPE* must not enter into derivative contracts, unless to hedge interest rate or currency risk; and
 - (b) the pool of underlying exposures does not include derivatives.
 - (3) Any derivatives into which the *SSPE* does enter in accordance with (2)(a) must be underwritten and documented according to common standards in international finance.
- 2.3.36 **R** The *ABCP programme's* documentation must clearly specify:
- (1) the responsibilities of the trustee and other entities with fiduciary duties, if any, to *investors*;
 - (2) the contractual obligations, duties and responsibilities of the *sponsor* (who must have expertise in credit underwriting), any trustee and other ancillary service providers;
 - (3) the processes and responsibilities necessary to ensure that the *servicer's* default or insolvency does not result in servicing terminating;
 - (4) the provisions ensuring derivative counterparties and the account bank at *ABCP programme* level are replaced in case of their default,

insolvency and other specified events, where the liquidity facility does not cover such events;

- (5) the remedial steps that must be taken on specified events, or on the *sponsor's* default or insolvency to achieve collateralisation of the funding commitment or replacement of the liquidity facility provider (as appropriate); and
- (6) that the liquidity facility must be drawn down and the maturing securities repaid if the *sponsor* does not renew the liquidity facility's funding commitment before it expires.

2.3.37

R The *servicer* must have:

- (1) expertise in servicing exposures of a similar nature to those securitised; and
- (2) well-documented and adequate policies, procedures and risk-management controls relating to the exposures' servicing.

2.4 STS criteria: Homogeneity of underlying exposures

Qualifying conditions

2.4.1

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- (1) For the purposes of ■ SECN 2.2.9R and ■ SECN 2.3.17R, underlying exposures are homogeneous if:
 - (a) they correspond to one of the following asset types:
 - (i) residential loans either secured by one or more mortgages on residential immovable property or fully guaranteed by an eligible protection provider among those under Article 201(1) of the *UK CRR* and qualify for the credit quality step 2 or above under Part Three, Title II, Chapter 2 of the *UK CRR*;
 - (ii) commercial loans secured by one or more mortgages on commercial immovable property, including offices or other commercial premises;
 - (iii) credit facilities provided to individuals for personal, family or household consumption purposes and credit facilities provided to enterprises where the *originator* applies the same credit risk assessment approach as for individuals not covered under (i), (ii) and (iv) to (viii);
 - (iv) credit facilities, including loans and leases, provided to any type of enterprise or corporation;
 - (v) auto loans and leases;
 - (vi) credit card receivables;
 - (vii) trade receivables; or
 - (viii) other underlying exposures which, in the opinion of the *originator* or *sponsor*, constitute a distinct asset type based on internal methodologies and parameters;
 - (b) they are underwritten according to standards applying similar approaches for assessing associated credit risk;
 - (c) they are serviced according to similar procedures for monitoring, collecting and administering cash receivables of the *originator*, or on the asset side of the *SSPE*; and
 - (d) one or more of the homogeneity factors are applied in accordance with ■ SECN 2.4.2R, where applicable.
- (2) For the purposes of (1)(a), if an underlying exposure corresponds to more than one asset type, that exposure must be assigned only to one asset type in that *securitisation*.

2.4.2

R

- (3) Any changes to underlying exposures in a pool that is deemed to be homogenous pursuant to ■ SECN 2.4 will not affect such homogeneity where such changes are for reasons outside the *originator's* or *sponsor's* control.

Homogeneity factors

- (1) The homogeneity factors for the asset type referred to in ■ SECN 2.4.1R(1)(a)(i) are the following:
 - (a) ranking of security rights, whereby the pool of underlying exposures comprises only one of the following:
 - (i) loans secured by first ranking security rights on a residential immovable property;
 - (ii) loans secured by lower and all prior ranking rights on a residential immovable property; or
 - (iii) loans secured by lower ranking security rights on a residential immovable property;
 - (b) type of residential immovable property, whereby the pool comprises only one of the following types:
 - (i) income-producing properties; or
 - (ii) non-income producing properties;
 - (c) jurisdiction, whereby the pool comprises exposures secured by residential immovable properties located in the same jurisdiction.
- (2) The homogeneity factors for the asset type referred to in ■ SECN 2.4.1R(1)(a)(ii) are the following:
 - (a) ranking of security rights, whereby the pool comprises only one of the following types of underlying exposures:
 - (i) loans secured by first ranking security rights on a commercial immovable property;
 - (ii) loans secured by lower and all prior ranking rights on a commercial immovable property; or
 - (iii) loans secured by lower ranking security rights on a commercial immovable property;
 - (b) type of immovable commercial property, whereby the pool comprises only one of the following types:
 - (i) office buildings;
 - (ii) retail space;
 - (iii) hospitals;
 - (iv) storage facilities;
 - (v) hotels;
 - (vi) industrial properties; or
 - (vii) other specific type of commercial immovable properties;
 - (c) jurisdiction, whereby the pool comprises underlying exposures secured by properties located in the same jurisdiction.

- (3) The homogeneity factors for the asset type referred to in ■ SECN 2.4.1R(1)(a)(iv) are the following:
 - (a) type of obligor, whereby the pool comprises only one of the following types of obligors:
 - (i) micro, small and medium-sized enterprises; or
 - (ii) other types of enterprises and corporates;
 - (b) jurisdiction, whereby the pool comprises only one of the following types of underlying exposures:
 - (i) exposures secured by immovable property located in the same jurisdiction; or
 - (ii) exposures to obligors with residence in the same jurisdiction.
- (4) The homogeneity factors for the asset type referred to in ■ SECN 2.4.1R(1)(a)(v) are the following:
 - (a) type of obligor, whereby the pool comprises underlying exposures with only one of the following types of obligors:
 - (i) individuals and enterprises where the *originator* applies the same approach for assessing the credit risk associated with exposures to enterprises as for exposures to individuals;
 - (ii) micro, small and medium-sized enterprises;
 - (iii) other types of enterprises and corporates;
 - (iv) public sector entities; or
 - (v) financial institutions;
 - (b) jurisdiction, whereby the pool comprises underlying exposures to obligors with residence in the same jurisdiction.
- (5) The homogeneity factors for the asset type referred to in ■ SECN 2.4.1R(1)(a)(vi) are the following:
 - (a) type of obligor, whereby the pool comprises underlying exposures with only one of the following types of obligors:
 - (i) individuals and enterprises where the *originator* applies the same approach for assessing the credit risk associated with exposures to enterprises as for exposures to individuals;
 - (ii) micro, small and medium-sized enterprises;
 - (iii) other types of enterprises and corporates;
 - (iv) public sector entities; or
 - (v) financial institutions;
 - (b) jurisdiction, whereby the pool comprises underlying exposures to obligors with residence in the same jurisdiction.
- (6) The homogeneity factors for the asset type referred to in ■ SECN 2.4.1R(1)(a)(viii) are any of the following:
 - (a) type of obligor;
 - (b) ranking of security rights;
 - (c) type of immovable property; or
 - (d) jurisdiction.

2.4.3

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Under the requirements of ■ SECN 2.4.1R(1)(b) and ■ (c) we would normally expect homogenous residential mortgage portfolios to contain owner-occupier or buy-to-let mortgages but not generally both. However, they may be homogenous where the owner-occupier and buy-to-let mortgages are both underwritten and serviced according to similar standards.

2.5 STS notification

2.5.1

R

- (1) If a *securitisation* which is not an *ABCP programme* or an *ABCP transaction* meets the relevant *STS criteria*, the *originator* and *sponsor* jointly may notify the *FCA* of that fact as described in ■ SECN 2.6.
- (2) If:
 - (a) an *ABCP programme* meets the relevant *STS criteria*; or
 - (b) an *ABCP transaction* meets the relevant *STS criteria*,
 the *sponsor* may notify the *FCA* of that fact as described in ■ SECN 2.6.
- (3) A notice given in accordance with (1) or (2) must explain how the relevant *STS criteria* have been complied with.
- (4) If the *originator* and *sponsor* involved in a *securitisation* jointly give the *STS notification*, the *STS notification* must designate one of them to be the first contact point for *investors* and the *FCA*.

2.5.2

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- (1) The *originator*, *sponsor* or *SSPE* may use the service of a third party registered under regulation 25 of the *Securitisation Regulations 2024* to check whether a *securitisation* complies with the relevant *STS criteria*.
- (2) When using a third party under ■ SECN 2.5.2R(1) the *originator*, *sponsor* or *SSPE* must check that such third party is registered under regulation 25 of the *Securitisation Regulations 2024*.
- (3) Using the service of a third party under ■ SECN 2.5.2R (1) does not affect the liability of the *originator*, *sponsor* or *SSPE* in respect of their legal obligations under *SECN*.
- (4) If the *originator*, *sponsor* or *SSPE* use the service of a registered third party under (1), the *STS notification* must include a statement that the registered third party has confirmed compliance with the *STS criteria*.
- (5) The *STS notification* must include the registered third party's:
 - (a) name; and
 - (b) place of establishment.

- 2.5.3** **R** If the *originator* or *original lender* is not a *CRR firm* or an *FCA investment firm*, the *STS notification* pursuant to ■ **SECN 2.5.1R(1)** or ■ **SECN 2.5.1R(2)** must be accompanied by:
- (1) confirmation by the *originator* or *original lender* that (other than in respect of trade receivables not originated in the form of a loan):
 - (a) its credit granting is based on sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing credits; and
 - (b) the *originator* or *original lender* has effective systems in place to apply such processes in accordance with ■ **SECN 8** (or equivalent *PRA rules*); and
 - (2) a declaration by the *originator* or *original lender* as to whether credit granting referred to in (1) is subject to supervision.
- 2.5.4** **R** The *originator* and *sponsor* must immediately notify the *FCA* if a *securitisation* no longer meets the relevant *STS criteria*.
- 2.5.5** **R** Multiple *STS notifications* may be submitted in respect of the same *securitisation* where:
- (1) the relevant *securitisation* is an *ABCP transaction*, in which case one notification should be submitted in accordance with ■ **SECN 2.5.1(2)** by each *sponsor* of a relevant *ABCP programme* wishing to treat the *securitisation* as an *STS securitisation*; or
 - (2) both a *securitisation* which is not an *ABCP transaction* or an *ABCP programme* and an *ABCP transaction*, in which case one notification may be submitted in accordance with ■ **SECN 2.5.1R(1)** and one notification should be submitted in accordance with ■ **SECN 2.5.1(2)** by each *sponsor* of a relevant *ABCP programme* wishing to treat the *securitisation* as an *STS securitisation*.



2.6 Information to be included in the STS notification by the originator or sponsor

2.6.1

R

- (1) The following information must be included in the *STS notification*:
 - (a) if the *securitisation* is a non-ABCP *securitisation*, the information specified in ■ SECN 2 Annex 1R;
 - (b) if the *securitisation* is an *ABCP transaction*, the information specified in ■ SECN 2 Annex 2R;
 - (c) for an *ABCP programme*, the information specified in ■ SECN 2 Annex 3R.
- (2) For *securitisations* where section 85 of the *Act* (Contravention of prohibition relating to public offer of securities) and *rules* made by the *FCA* for the purposes of Part 6 of the *Act* (official listing) do not require a prospectus to be drawn up, the information to be included in the *STS notification* pursuant to (1) must be accompanied by the following:
 - (a) where the *securitisation* is a non-ABCP *securitisation*, the information specified in fields STSS9 and STSS10 of ■ SECN 2 Annex 1R;
 - (b) where the *securitisation* is an *ABCP transaction*, the information specified in fields STSAT9 and STSAT10 of ■ SECN 2 Annex 2R;
 - (c) for an *ABCP programme*, the information specified in field STSAP9 of ■ SECN 2 Annex 3R.
- (3) For the purposes of regulation 10 of the *Securitisation Regulations 2024*, the publication of the *STS notification* for those *securitisations* is limited to the information referred to in ■ SECN 2.6.1R.

Additional information

2.6.2

R

- (1) If the documents at ■ SECN 2.6.2R(2) include information relevant to the *STS notification*, a reference to the relevant parts of those documents may be provided in the 'Additional information' column in ■ SECN 2 Annex 1R, ■ SECN 2 Annex 2R or ■ SECN 2 Annex 3R.
- (2) The documents referred to in ■ SECN 2.6.2R(1) are:
 - (a) an approved prospectus as contemplated by section 85 of the *Act* (Contravention of prohibition relating to public offer of securities) and drawn up pursuant to *rules* made by the *FCA* for the purposes of Part 6 of the *Act* (official listing);

2.6.3

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In the Annexes to this chapter, references to 'pricing' must be read to also include 'original commitment to invest'.

- (b) any other underlying documentation referred to in
 - SECN 6.2.1R(2);
- (c) any other document with information relevant to the *STS notification*.

(3) Where such information is provided, the documentation must be clearly identified.



2.7 Templates for STS notification

- 2.7.1** **R** The information in ■ SECN 2.6.1R(1) and ■ SECN 2.6.1R(2) must be provided by means of the template set out in ■ SECN 2 Annex 4R.
- 2.7.2** **R** The information in ■ SECN 2.6.1R(1)(b) and ■ SECN 2.6.1R(2)(b) must be provided by means of the template set out in ■ SECN 2 Annex 5R.
- 2.7.3** **R** The information in ■ SECN 2.6.1R(1)(c) and ■ SECN 2.6.1R(2)(c) must be provided by means of the template set out in ■ SECN 2 Annex 6R.
- 2.7.4** **R** Where the information to be provided pursuant to ■ SECN 2.7 is not available or is not required due to the application of the transitional provisions in ■ SECN 14 the notification must state 'Not applicable due to the application of transitional provisions' in the relevant field or fields of ■ SECN 2 Annex 4R, ■ SECN 2 Annex 5R or ■ SECN 2 Annex 6R.
- 2.7.5** **R** The information referred to in ■ SECN 2.7 must be submitted in an electronic and machine-readable form.
- 2.7.6** **R** The 'Additional information' referred to in ■ SECN 2.6.2 must be included in the field 'Box to complete' of ■ SECN 2 Annex 4R, ■ SECN 2 Annex 5R or ■ SECN 2 Annex 6R.

**Information to be included in the STS notification for a non-ABCP
securitisation**

Information to be included in the STS notification for a non-ABCP securitisation

**Information to be included in the STS notification for an ABCP
transaction**

Information to be included in the STS notification for an ABCP transaction

**Information to be included in the STS notification for an ABCP
programme**

Information to be included in the STS notification for an ABCP programme

STS notification template for a non-ABCP securitisation

STS notification template for a non-ABCP securitisation

STS notification template for an ABCP transaction

STS notification template for an ABCP transaction

STS notification template for an ABCP programme

STS notification template for an ABCP programme

Chapter 3

Selling securitisation positions to retail clients

3.1 Application

3.1.1

G This chapter applies to sellers of *securitisation positions* who are *established in the United Kingdom*, except for ■SECN 3.2.2G which applies to *retail clients established in the United Kingdom*.

3.2 Selling of securitisations to retail clients

- 3.2.1** **R** (1) The seller of a *securitisation position* shall not sell such a position to a *retail client*, unless all of the following conditions are fulfilled:
- (a) the seller of the *securitisation position* has performed a suitability test in accordance with ■ COBS 9A.2.1R and ■ COBS 9A.2.16R;
 - (b) the seller of the *securitisation position* is satisfied, on the basis of the test referred to in (a), that the *securitisation position* is suitable for that *retail client*;
 - (c) the seller of the *securitisation position* immediately communicates in a report to the *retail client* the outcome of the suitability test.
- (2) Where the conditions set out in (1) are fulfilled and the financial instrument portfolio of that *retail client* does not exceed £500,000, the seller shall ensure, on the basis of the information provided by the *retail client* in accordance with ■ SECN 3.2.2G, that the *retail client* does not invest an aggregate amount exceeding 10% of that client's financial instrument portfolio in *securitisation positions*, and that the initial minimum amount invested in one or more *securitisation positions* is £10,000.
- 3.2.2** **G** The *retail client* shall provide the seller with accurate information on the *retail client's* financial instrument portfolio, including any investments in *securitisation positions*.
- 3.2.3** **R** For the purposes of ■ SECN 3.2.1R and ■ SECN 3.2.2G, the *retail client's* financial instrument portfolio shall include cash deposits and financial instruments, but shall exclude any financial instruments that have been given as collateral.

Chapter 4

Due diligence requirements

4.1 Application

4.1.1

G This chapter applies to:

- (1) *institutional investors who are not PRA-authorised persons or an occupational pension scheme, except for ■ SECN 4.3; and*
- (2) *in the case of ■ SECN 4.3, sponsors who are not PRA-authorised persons and who are established in the United Kingdom.*

4.2 Before holding a securitisation position

4.2.1

R

- (1) Prior to holding a *securitisation position*, an *institutional investor*, other than the *originator*, *sponsor* or *original lender*, shall verify that:
- (a) where the *originator* or *original lender* is established in the *United Kingdom* and is not a *CRR firm* or *FCA investment firm*, the *originator* or *original lender* grants all the credits giving rise to the underlying exposures (unless they are trade receivables not originated in the form of a loan) on the basis of:
 - (i) sound and well-defined criteria; and
 - (ii) clearly established processes for approving, amending, renewing and financing those credits,
 and has effective systems in place to apply those criteria and processes, in accordance with ■ **SECN 8.2** (or equivalent *PRA rules*);
 - (b) where the *originator* or *original lender* is not established in the *United Kingdom*, the *originator* or *original lender* grants all the credits giving rise to the underlying exposures (unless they are trade receivables not originated in the form of a loan) on the basis of:
 - (i) sound and well-defined criteria; and
 - (ii) clearly established processes for approving, amending, renewing and financing those credits,
 and has effective systems in place to apply those criteria and processes, to ensure that credit granting is based on a thorough assessment of the obligor's creditworthiness;
 - (c) if established in the *United Kingdom*, the *originator*, *sponsor* or *original lender* retains on an ongoing basis a material net economic interest in accordance with ■ **SECN 5** (or equivalent *PRA rules*) and the risk retention is disclosed to the *institutional investor* in accordance with ■ **SECN 6**, ■ **SECN 11** and ■ **SECN 12** (or equivalent *PRA rules*);
 - (d) if not established in the *United Kingdom*, the *originator*, *sponsor* or *original lender* retains on an ongoing basis a material net economic interest which, in any event, must not be less than 5%, determined in accordance with ■ **SECN 5** (or equivalent *PRA rules*), and discloses the risk retention to *institutional investors*; and
 - (e) the *originator*, *sponsor* or *SSPE* has made available sufficient information to enable the *institutional investor* independently to assess the risks of holding the *securitisation position*, and has committed to make further information available on an ongoing

basis, as appropriate. That information must include at least the following:

	Information	Frequency
1	In the case of a <i>securitisation</i> which is not an <i>ABCP programme</i> or an <i>ABCP transaction</i> , details of the underlying exposures.	At least quarterly.
2	In the case of an <i>ABCP programme</i> or an <i>ABCP transaction</i> , information on the underlying receivables or credit claims.	At least monthly.
3	Investor reports providing periodic updates on: (i) the credit quality and performance of the underlying exposures; (ii) any relevant financial or other triggers contained in the transaction documentation, including information on events which trigger changes to the priority of payments or a substitution of any counterparty to the transaction; (iii) data on the cash flows generated by the underlying exposures and by the liabilities of the <i>securitisation</i> ; and (iv) the calculation and modality of retention of a material net economic interest in the transaction by the <i>originator, sponsor or original lender</i> .	(i) At least quarterly in the case of a <i>securitisation</i> which is not an <i>ABCP programme</i> or an <i>ABCP transaction</i> . (ii) At least monthly in the case of an <i>ABCP programme</i> or an <i>ABCP transaction</i> .
4	All information on the legal documentation needed to understand the transaction, in	In the case of primary market investments: (i) before pricing or commitment to

	Information	Frequency
	cluding detail of the legal provisions governing the structure of the transaction, any credit enhancement or liquidity support features, the cash flows and loss waterfalls, <i>investors'</i> voting rights, and any triggers or other events that could result in a material impact on the performance of the <i>securitisation position</i> .	invest in draft or initial form; (ii) no later than 15 <i>days</i> after closing of the transaction in final form; and (iii) an updated version as soon as practicable following any material change. In the case of secondary market investments: (i) before a commitment to invest in final form; and (ii) an updated version as soon as practicable following any material change.
5	Information describing any changes or events materially affecting the transaction, including breaches of obligations under the transaction documents.	As soon as practicable following that material change or event.
6	Any approved prospectus or other offering or marketing document prepared with the cooperation of the <i>originator</i> or <i>sponsor</i> .	In the case of primary market investments: (i) before pricing or commitment to invest in draft or initial form; and (ii) no later than 15 <i>days</i> after closing of the transaction in final form. In the case of secondary market investments, before a commitment to invest in final form.
7	If there is an <i>STS notification</i> or a notification falling within regulation 12(3)(b) of the <i>Sec-</i>	In the case of primary market investments: (i) before pricing or commitment to

Information	Frequency
<p><i>uritisation Regulations 2024</i> in respect of the transaction, that <i>STS notification</i> or that notification falling within regulation 12(3)(b) of the <i>Securitisation Regulations 2024</i>.</p>	<p>invest in draft or initial form;</p> <p>(ii) no later than 15 days after closing of the transaction in final form; and</p> <p>(iii) an updated version as soon as practicable following any material change.</p> <p>In the case of secondary market investments:</p> <p>(i) before a commitment to invest in final form; and</p> <p>(ii) an updated version as soon as practicable following any material change.</p>

R

- (1) Prior to holding a *securitisation position*, an *institutional investor*, other than the *originator*, *sponsor* or *original lender*, shall carry out a due diligence assessment, which enables it to assess the risks involved. That assessment shall consider at least all of the following:
- (a) the risk characteristics of the individual *securitisation position* and of the underlying exposures;
 - (b) all of the structural features of the *securitisation* that can materially impact the performance of the *securitisation position*, including the contractual priorities of payment and priority of payment-related triggers, credit enhancements, liquidity enhancements, market value triggers, and transaction-specific definitions of default;
 - (c) with regard to a *securitisation* included on the list maintained under regulation 10(2) of the *Securitisation Regulations 2024*, compliance with ■ SECN 2;
 - (d) with regard to a *securitisation* that appears to the *institutional investor* to be an overseas STS securitisation as defined in regulation 12(2) of the *Securitisation Regulations 2024*, whether the *securitisation* falls within a description of *securitisation* specified in regulations made from time to time under regulation 13(1) of the *Securitisation Regulations 2024* in relation to a country or territory designated under such regulations;
 - (e) with regard to a *securitisation* falling within paragraph (3)(b) and (c) of regulation 12 of the *Securitisation Regulations 2024*, compliance with the requirements referred to in paragraph (3)(a) of that regulation and with Article 27 of the *Securitisation Regulation* as it had effect in relation to the *EU* at the time of the notification mentioned in paragraph (3)(b) of that regulation;

- (f) in considering the matter referred to in point (c), an *institutional investor* may rely to an appropriate extent on the *STS notification* and on the information disclosed by the *originator, sponsor* and *SSPE* concerning compliance with the *STS criteria*, without solely or mechanistically relying on that notification or information; and
 - (g) in considering the matter referred to in point (d), an *institutional investor* may rely to an appropriate extent on the notification referred to in regulation 12(3)(b) of the *Securitisation Regulations 2024* and on the information disclosed by the *originator, sponsor* and *SSPE* to *ESMA* concerning compliance with the requirements referred to in regulation 12(3)(a) of the *Securitisation Regulations 2024*, without solely or mechanistically relying on that notification or information.
- (2) Notwithstanding (1)(a) and (b), in the case of a *fully supported ABCP programme*, *institutional investors* in the commercial paper issued by that *ABCP programme* shall consider the features of the *ABCP programme* and the full liquidity support.

4.2.3

R The requirements in ■ SECN 4.2.1R and ■ SECN 4.2.2R continue to apply where a *third party verifier* has provided services under ■ SECN 2.5.2R.

4.3 Requirements on sponsors

4.3.1

R

- (1) As regards *fully supported ABCP transactions* the requirement specified in ■ SECN 4.2.1R(1)(a) shall apply to the *sponsor* and not to the *institutional investor*.
- (2) In such cases, the *sponsor* must verify that the *originator* or *original lender* which is not a *CRR firm* or an *FCA investment firm* grants all the credits giving rise to the underlying exposures (other than any underlying exposures that are trade receivables not in the form of a loan) on the basis of:
 - () sound and well-defined criteria; and
 - () clearly established processes for their approving, amending, renewing and financing those credits,and has effective systems in place to apply those criteria and processes, in accordance with ■ SECN 8.2 (or equivalent *PRA rules*).

4.4 While holding a securitisation position

4.4.1

R An *institutional investor*, other than the *originator*, *sponsor* or *original lender*, holding a *securitisation position*, shall at least:

- (1) establish appropriate written procedures that are proportionate to the risk profile of the *securitisation position* and, where relevant, to the *institutional investor's* trading and non-trading book in order to monitor, on an ongoing basis, compliance with ■ SECN 4.2.1R and ■ SECN 4.2.2R and the performance of the *securitisation position* and of the underlying exposures. Where relevant with respect to the *securitisation* and the underlying exposures, those written procedures shall include monitoring of:
 - (a) the exposure type;
 - (b) the percentage of loans more than 30, 60 and 90 *days* past due;
 - (c) default rates;
 - (d) prepayment rates;
 - (e) loans in foreclosure;
 - (f) recovery rates;
 - (g) repurchases;
 - (h) loan modifications;
 - (i) payment holidays;
 - (j) collateral type and occupancy; and
 - (k) frequency distribution of credit scores or other measures of creditworthiness across underlying exposures, industry and geographical diversification, frequency distribution of loan-to-value ratios with bandwidths that facilitate adequate sensitivity analysis;
- (2) in the case of a *securitisation* other than a *fully supported ABCP programme*, regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures or, in the absence of sufficient data on cash flows and collateral values, stress tests on loss assumptions, having regard to the nature, scale and complexity of the risk of the *securitisation position*;
- (3) in the case of *fully supported ABCP programmes*, regularly perform stress tests on the solvency and liquidity of the *sponsor*;

- (4) ensure internal reporting to its management body so that the management body is aware of the material risks arising from the *securitisation position* and so that those risks are adequately managed;
- (5) be able to demonstrate to the *FCA*, upon request, that it has a comprehensive and thorough understanding of the *securitisation position* and its underlying exposures and that it has implemented written policies and procedures for the risk management of the *securitisation position* and for maintaining records of the verifications and due diligence in accordance with ■ SECN 4.2.1R and ■ SECN 4.3 and of any other relevant information; and
- (6) in the case of exposures to a *fully supported ABCP programme*, be able to demonstrate to the *FCA*, upon request, that it has a comprehensive and thorough understanding of the credit quality of the *sponsor* and of the terms of the liquidity facility provided.

4.4.2

R Where the underlying exposures of a *securitisation* are themselves *securitisation positions*, in accordance with ■ SECN 7 or Article 8 of Chapter 2 of the Securitisation Part of the *PRA Rulebook*, *institutional investors* shall also monitor the exposures underlying those *securitisation positions*.

4.5 Institutional investor delegation

4.5.1

R Without prejudice to ■ SECN 4.2 and ■ SECN 4.4, where the managing party has been given authority by the *institutional investor* described below to make investment management decisions that might expose it to a *securitisation*, the following paragraphs apply in respect of any exposure to a *securitisation* arising from those decisions. Unless specified below the responsibility for fulfilling the obligations under ■ SECN 4.1, ■ SECN 4.2 and ■ SECN 4.4 shall remain with the *institutional investor*:

- (1) Where an *institutional investor* who is subject to ■ SECN 4.5.1R ('the managing party') is instructed under ■ SECN 4.5.1R to fulfil any of the obligations of another *institutional investor* who is also subject to ■ SECN 4.5.1R and fails to do so, the managing party is responsible for the failure to comply with the relevant obligation and not the *institutional investor* who is exposed to the *securitisation*.
- (2) Where an *institutional investor* who is subject to ■ SECN 4.5.1R ('the managing party') is instructed under ■ SECN 4.5.1R to fulfil any of the obligations of another *institutional investor* who is subject to Article 5 of Chapter 2 of the Securitisation Part of the *PRA Rulebook* or to regulation 32A to 32D of the *Securitisation Regulations 2024* and fails to do so, the managing party is responsible for the failure to comply with the relevant obligation.
- (3) Where an *institutional investor* ('the managing party') who is subject to Article 5 of Chapter 2 of the Securitisation Part of the *PRA Rulebook* is instructed under ■ SECN 4.5.1R to fulfil any of the obligations of another *institutional investor* who is subject to ■ SECN 4.5.1R and fails to do so, the *institutional investor* who is exposed to the *securitisation* is not responsible for the failure to comply.

Chapter 5

Requirements on risk retention

5.1 Interpretation and application

Application

5.1.1 **G** This chapter applies to *originators, sponsors and original lenders*, which are not *PRA-authorized persons*, and which are *established in the United Kingdom*.

Interpretation

5.1.2 **R** In this chapter, the following definitions apply:

- 5.1.3 **R**
- (1) 'contingent form of retention' means retention of a material net economic interest through the use of guarantees, letters of credit and other similar forms of credit support ensuring an immediate enforcement of the retention;
 - (2) 'synthetic form of retention' means retention of a material net economic interest through the use of derivative instruments; and
 - (3) 'UK Solvency II Firm' has the same definition as in Article 2.1 of Chapter 2, Solvency II Firms: Insurance General Application of the *PRA Rulebook*.



5.2 Retention of a material net economic interest

- 5.2.1** **R** The *originator, sponsor or original lender* of a *securitisation* shall retain on an ongoing basis a material net economic interest in the *securitisation* of not less than 5%. That interest shall be measured at the origination and shall be determined by the notional value for off-balance-sheet items.
- 5.2.2** **R** Where the *originator, sponsor or original lender* have not agreed between them who will retain the material net economic interest, the *originator* shall retain the material net economic interest.
- 5.2.3** **R** There shall be no multiple applications of the retention requirements for any given *securitisation*.
- 5.2.4** **R** The material net economic interest shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging.
- 5.2.5** **R** For the purposes of ■ SECN 5, an entity shall not be considered to be an *originator* where the entity has been established or operates for the sole purpose of securitising exposures.
- 5.2.6** **R** Subject to ■ SECN 5.2.7R, *originators* shall not select assets to be transferred to the *SSPE* with the aim of rendering losses on the assets transferred to the *SSPE*, measured over the life of the transaction, or over a maximum of 4 years where the life of the transaction is longer than 4 years, higher than the losses over the same period on comparable assets held on the balance sheet of the *originator*.
- 5.2.7** **R** *Originators* may select assets to be transferred to the *SSPE* that ex ante have a higher than average credit risk profile as compared to the comparable assets, if any, that remain on the balance sheet of the *originator* provided that the higher credit risk profile of the assets transferred to the *SSPE* is clearly communicated to the *investors* or potential *investors*.
- 5.2.8** **R** (1) Only the following shall qualify as a retention of a material net economic interest of not less than 5% within the meaning of ■ SECN 5.2.1R:

- (a) the retention of not less than 5% of the nominal value of each of the *tranches* sold or transferred to *investors*;
 - (b) in the case of *revolving securitisations* or *securitisations of revolving exposures*, the retention of the *originator's* interest of not less than 5% of the nominal value of each of the securitised exposures;
 - (c) the retention of randomly selected exposures, equivalent to not less than 5% of the nominal value of the securitised exposures, where such non-securitised exposures would otherwise have been securitised in the *securitisation*, provided that the number of potentially securitised exposures is not less than 100 at origination;
 - (d) the retention of the *first loss tranche* and, where such retention does not amount to 5% of the nominal value of the securitised exposures, 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 not less than 5% of the nominal value of the securitised exposures; or
 - (e) the retention of a first loss exposure of not less than 5% of every securitised exposure in the *securitisation*.
- (2) (a) By way of derogation from (1), in the case of *NPE securitisations*, where a *non-refundable purchase price discount* has been agreed, the retention of a material net economic interest for the purposes of (1) shall not be less than 5% of the sum of the net value of the securitised exposures that qualify as *non-performing exposures* and, if applicable, the nominal value of any performing securitised exposures.
- (b) The net value of a *non-performing exposure* shall be calculated by deducting the *non-refundable purchase price discount* agreed at the level of the individual securitised exposure at the time of origination or, where applicable, a corresponding share of the *non-refundable purchase price discount* agreed at the level of the pool of underlying exposures at the time of origination from the exposure's nominal value or, where applicable, its outstanding value at the time of origination.
- (c) In addition, for the purpose of determining the net value of the securitised *non-performing exposures*, the *non-refundable purchase price discount* may include the difference between the nominal amount of the *tranches* of the *NPE securitisation* underwritten by the originator for subsequent sale and the price at which these *tranches* are first sold to unrelated third parties.

5.2.9

R

- (1) Where:
- (a) a *mixed financial holding company*;
 - (b) a *UK parent institution*;
 - (c) a *financial holding company* that is established in the United Kingdom; or
 - (d) a subsidiary of such a company or institution,

as an *originator* or *sponsor*, securitises exposures from one or more *CRR firms*, *FCA investment firms* or other *financial institutions* which are included in the scope of supervision on a consolidated basis, the requirements set out in ■ [SECN 5.2.1R](#) to ■ [SECN 5.2.5R](#) may be satisfied based on the consolidated situation of the *mixed financial holding company*, *UK parent institution* or *financial holding company* concerned.

- (2) Subject to the modifications for *FCA investment firms* in (3), (1) applies only if *CRR firms*, *FCA investment firms* or *financial institutions* which created the securitised exposures:
 - (a) comply with the requirements in Chapter 4 of the Internal Capital Adequacy Assessment Part of the *PRA Rulebook*; and
 - (b) deliver the information needed to satisfy the requirements in ■ [SECN 4](#) or equivalent *PRA rules*, in a timely manner, to the *originator* or *sponsor* and, if the *originator* or *sponsor* is a subsidiary, to the *mixed financial holding company*, *UK parent institution* or *financial holding company* which is the parent undertaking of the subsidiary.
- (3) In the case of *FCA investment firms*, compliance with the requirements set out in Article 4.2 of Chapter 4 of the Internal Capital Adequacy Assessment Part of the *PRA Rulebook* are modified in accordance with this subparagraph:
 - (a) *FCA investment firms* must have internal methodologies that enable them to assess the credit risk of exposures to individual obligors, securities or *securitisation positions* and credit risk at the portfolio level;
 - (b) the internal methodologies must not rely solely or mechanistically on external credit ratings; and
 - (c) where an *FCA investment firm* determines the amount of own funds that it should hold by reference to a rating by an external credit assessment institution or by reference to the fact that an exposure is unrated, this does not exempt the *FCA investment firm* from additionally considering other relevant information for assessing its allocation of internal capital.
- (4) In ■ [SECN 5.2.9R](#) 'subsidiary' has the meaning given in Article 4(1)(16) of *UK CRR*.

5.2.10

R ■ [SECN 5.2.1R](#) to ■ [SECN 5.2.5R](#) shall not apply where the securitised exposures are exposures to or exposures fully, unconditionally and irrevocably guaranteed by:

- (1) central governments or central banks;
- (2) regional governments, local authorities and 'public sector entities' within the meaning of Article 4(1)(8) of *UK CRR*;
- (3) institutions to which a 50% risk weight or less is assigned under Part Three, Title II, Chapter 2 of *UK CRR* and articles 132a to 132c of Chapter 3 of the Standardised Approach and Internal Ratings Based Approach to Credit Risk (CRR) Part of the *PRA Rulebook*;

(4) national promotional banks or institutions within the meaning of Article 2(3) of Regulation (EU) 2015/1017 of the European Parliament and of the Council; or

(5) the multilateral development banks listed in Article 117 of *UK CRR*.

5.2.11

R

■ SECN 5.2.1R to ■ SECN 5.2.5R shall not apply to transactions based on a clear, transparent and accessible index, where the underlying reference entities are identical to those that make up an index of entities that is widely traded, or are other tradable securities other than *securitisation positions*.



5.3 Retainers of material net economic interest

- 5.3.1** **R** The requirement that the retained material net economic interest shall not be split among different types of retainers under **■ SECN 5.2.4R** shall be fulfilled by any of the following:
- (1) the *originator* or *originators*;
 - (2) the *sponsor* or *sponsors*; or
 - (3) the *original lender* or *original lenders*.
- 5.3.2** **R** Where more than one *originator* is eligible to fulfil the retention requirement each *originator* shall fulfil that requirement on a pro rata basis by reference to the securitised exposures for which it is the *originator*.
- 5.3.3** **R** Where more than one *original lender* is eligible to fulfil the retention requirement, each *original lender* shall fulfil that requirement on a pro rata basis by reference to the securitised exposures for which it is the *original lender*.
- 5.3.4** **R** By way of derogation from **■ SECN 5.3.2R** and **■ SECN 5.3.3R**, the retention requirement may be fulfilled in full by a single *originator* or *original lender* provided that either of the following conditions is met:
- (1) the *originator* or *original lender* has established and is managing the *ABCP programme* or other *securitisation*; or
 - (2) the *originator* or *original lender* has established the *ABCP programme* or other *securitisation* and has contributed over 50% of the total securitised exposures measured by nominal value at origination.
- 5.3.5** **R** Where more than one *sponsor* is eligible to fulfil the retention requirement, the retention requirement shall be fulfilled by either:
- (1) the *sponsor* whose economic interest is most appropriately aligned with *investors* as agreed by the multiple sponsors on the basis of objective criteria including, but not limited to, the transaction's fee structure, the *sponsor's* involvement in the establishment and

5.3.6

R

The following must be taken into account when assessing whether an entity has been established or operates for the sole purpose of securitising exposures as referred to in ■ SECN 5.2.5R:

management of the *ABCP programme* or other *securitisation* and exposure to credit risk of the *securitisations*; or

(2) by each *sponsor* in proportion to the total number of *sponsors*.

the entity has a business strategy and the capacity to meet payment obligations consistent with a broader business model and involving material support from capital, assets, fees or other income available to the entity, relying neither on the exposures being securitised, nor on any interests retained or proposed to be retained in accordance with ■ SECN 5, as well as any corresponding income from such exposures and interests; and

(2) the members of the management body have the necessary experience to enable the entity to pursue the established business strategy, and the entity has adequate corporate governance arrangements.

5.4 Fulfilment of the retention requirement through a synthetic form of retention or contingent form of retention

5.4.1

R

- (1) The fulfilment of the retention requirement in a manner equivalent to one of the options set out in ■ SECN 5.2.8R through a synthetic or contingent form of retention shall meet all of the following conditions:
 - (a) the amount retained is at least equal to the amount required under the option which the synthetic or contingent form of retention corresponds to; and
 - (b) the retainer has explicitly disclosed in the final offering document, prospectus, transaction summary or overview of the main features of the *securitisation* that it will retain a material net economic interest in the *securitisation* through a synthetic or contingent form of retention on an ongoing basis.
- (2) For the purposes of ■ SECN 5.4.1R(1)(b) the retainer shall disclose in the final offering document, prospectus transaction summary or overview of the main features of the *securitisation*, all the details on the applicable synthetic form of retention or contingent form of retention, including, the methodology used in its determination of the material net interest retained and an explanation on which of the options in in ■ SECN 5.2.8R the retention is equivalent to.
- (3) Where an entity other than a *CRR firm* or a UK Solvency II Firm retains an economic interest through a synthetic form of retention or contingent form of retention, that interest retained on a synthetic or contingent basis must be fully collateralised in cash and held on a segregated basis as *client money* as referred to in ■ CASS 7.12.1R.

5.5 Retention of not less than 5% of the nominal value of each of the tranches sold or transferred to investors

5.5.1

R

The retention of not less than 5% of the nominal value of each of the *tranches* sold or transferred to the *investors* referred to in ■ SECN 5.2.8R(1)(a) may be complied with through any of the following methods:

- (1) the retention of not less than 5% of the nominal value of each of the securitised exposures, provided that the retained credit risk ranks *pari passu* with or is subordinated to the credit risk securitised in relation to the same exposures;
- (2) the provision, in the context of an *ABCP programme*, of a liquidity facility, where all the following conditions are met:
 - (a) the liquidity facility covers 100% of the share of the credit risk of the securitised exposures of the relevant *securitisation* transaction that is being funded by the respective *ABCP programme*;
 - (b) the liquidity facility covers the credit risk for as long as the retainer has to retain the material net economic interest by means of such liquidity facility for the relevant *securitisation* transaction;
 - (c) the liquidity facility is provided by the *originator*, *sponsor* or *original lender* in the *securitisation* transaction; and
 - (d) the *investors* becoming exposed to such *securitisations* have been given access to appropriate information with the initial disclosure to enable them to verify that (a), (b) and (c) are complied with; or
- (3) the retention of an exposure which exposes its holder to the credit risk of each issued *tranche* of a *securitisation* transaction on a *pro-rata* basis (*vertical tranche*) of not less than 5% of the total nominal value of each of the issued *tranches*.



5.6 Retention of the originator's interest in a revolving securitisation of revolving exposures

5.6.1

R

The retention of the *originator's* interest of not less than 5% of the nominal value of each of the securitised exposures as referred to in ■ **SECN 5.2.8R(1)(b)** shall only be considered fulfilled where the retained credit risk of such exposures ranks *pari passu* with or is subordinated to the credit risk securitised in relation to the same exposures.

5.7 Retention of randomly selected exposures equivalent to not less than 5% of the nominal value of the securitised exposures

5.7.1

R

- (1) The pool of at least 100 potentially securitised exposures from which retained non-securitised and securitised exposures are to be randomly selected, as referred to in ■ SECN 5.2.8R(1)(c), shall be sufficiently diverse to avoid an excessive concentration of the retained interest.
- (2) When selecting the exposures, referred to in ■ SECN 5.7.1R(1), retainers shall take into account quantitative and qualitative factors that are appropriate for the type of securitised exposures to ensure that the distinction between retained non-securitised and securitised exposures is random. For that purpose, and where relevant, retainers shall take into consideration the following factors when selecting exposures:
 - (a) the time of the origination of the loan (vintage);
 - (b) the type of securitised exposures;
 - (c) the geographical location;
 - (d) the origination date;
 - (e) the maturity date;
 - (f) the loan to value ratio;
 - (g) the collateral type;
 - (h) the industry sector;
 - (i) the outstanding loan balance; and
 - (j) any other factor deemed relevant by the retainer.
- (3) Retainers shall not select different individual exposures at different points in time, except where that may be necessary to fulfil the retention requirement in relation to a *securitisation* in which the securitised exposures fluctuate over time, either due to new exposures being added to the *securitisation* or to changes in the level of the individual securitised exposures.
- (4) Where the retainer is the *securitisation's servicer*, the selection conducted in accordance with ■ SECN 5.7.1R must not lead to a deterioration in the servicing standards applied by the retainer on the transferred exposures relative to the retained exposures.



5.8 Retention of the first loss tranche

5.8.1

R

- (1) The retention of the *first loss tranche* referred to in ■ SECN 5.2.8R(1)(d) may be fulfilled by holding either on-balance sheet or off-balance sheet positions and by either of the following methods:
 - (a) provision of a contingent form of retention or of a liquidity facility in the context of an *ABCP programme*, which fulfils all of the following criteria:
 - (i) the exposure covers at least 5% of the nominal value of the securitised exposures;
 - (ii) the exposure constitutes a first loss position in relation to the *securitisation*;
 - (iii) the exposure covers the credit risk for the entire duration of the retention commitment;
 - (iv) the exposure is provided by the retainer; and
 - (v) the *investors* have been given access within the initial disclosure to all information necessary to verify that (i) to (iv) are complied with; or
 - (b) *over collateralisation*, if it operates as a 'first loss' position of not less than 5% of the nominal value of the securitised exposures.
- (2) Where the *first loss tranche* exceeds 5% of the nominal value of the securitised exposures, the retainer may choose to retain a pro-rata portion of such *first loss tranche* only, provided that portion is equivalent to at least 5% of the nominal value of the securitised exposures.

5.9 Retention of a first loss exposure of not less than 5% of every securitised exposure

5.9.1

R

- (1) The retention of a first loss exposure at the level of every securitised exposure as referred to in ■ SECN 5.2.8R(1)(e) shall only be considered to be fulfilled where the retained credit risk is subordinated to the credit risk securitised in relation to the same exposures.
- (2) By way of derogation from (1), the retention of a first lost exposure at the level of every securitised exposure as referred to in ■ SECN 5.2.8R(1)(e) may also be fulfilled through the sale by the *originator* or *original lender* of the underlying exposures at a discounted value where each of the following conditions is met:
 - (a) the amount of the discount is not less than 5% of the nominal value of each exposure; and
 - (b) the discounted sale amount is refundable to the *originator* or *original lender* only if that discounted sale amount is not absorbed by losses related to the credit risk associated to the securitised exposures.

5.10 Application of the retention options on NPE securitisations

5.10.1

R

- (1) In case of *NPE securitisations* as referred to in ■ SECN 5.2.8(2), for the purposes of applying ■ SECN 5.5.1R(1) and ■ SECN 5.6R to ■ SECN 5.9R to the share of *non-performing exposures* in the pool of underlying exposures of a *securitisation*, any reference to the nominal value of the securitised exposures shall be construed as a reference to the net value of the *non-performing exposures*.
- (2) For the purposes of ■ SECN 5.7, the net value of the retained *non-performing exposures* shall be calculated using the same amount of the *non-refundable purchase price discount* that would have been applied had the retained *non-performing exposures* been securitised.
- (3) For the purposes of ■ SECN 5.2.8R(1)(a), ■ SECN 5.6 or ■ SECN 5.9 the net value of the retained part of the *non-performing exposures* shall be computed using the same percentage of the *non-refundable purchase price discount* that applies to the part that is not retained.
- (4) Where the *non-refundable purchase price discount* as referred to in ■ SECN 5.2.8(2)(b) has been agreed at the level of the pool of underlying *non-performing exposures*, the net value of individual securitised *non-performing exposures* included in the pool or sub-pool, as applicable, shall be calculated by applying a corresponding share of the *non-refundable purchase price discount* agreed at pool or sub-pool level to each of the securitised *non-performing exposures* in proportion to their nominal value or, where applicable, their outstanding value at the time of origination.
- (5) Where the *non-refundable purchase price discount* includes the difference between the nominal amount of one tranche or several *tranches* of a *NPE securitisation* underwritten by the *originator* for subsequent sale and the price at which that *tranche* or those *tranches* are first sold to unrelated third parties as referred to in ■ SECN 5.2.8R(2)(c), that difference shall be taken into account in the calculation of the net value of individual securitised *non-performing exposures* by applying a corresponding share of the difference to each of the securitised *non-performing exposures* in proportion to their nominal value.

5.11.1

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5.11 Measurement of the level of retention

- (1) When measuring the level of retention of the net economic interest, the following criteria shall be applied:
 - (a) the origination shall be considered as the time at which the exposures were first securitised;
 - (b) where the calculation of the level of retention is based on nominal values, it shall not take into account the acquisition price of assets;
 - (c) finance charge collections and other fee income in respect of the securitised exposures net of costs ('excess spread') shall not be taken into account when measuring the retainer's net economic interest; and
 - (d) the retention option and methodology used to calculate the net economic interest shall not be changed during the life of a *securitisation* transaction, unless exceptional circumstances require a change and that change is not used as a means to reduce the amount of the retained interest.
- (2) The retainer shall not be required to replenish or readjust its retained interest to at least 5% as losses are realised on its retained exposures or allocated to its retained positions.



5.11A Measurement of the material net economic interest to be retained for exposures in the form of drawn and undrawn amounts of credit facilities

5.11A.1

R

The calculation of the net economic interest to be retained for credit facilities, including credit cards, shall be based on amounts already drawn, realised or received only and shall be adjusted in accordance with changes to those amounts.

5.12.1

R

5.12 Prohibition of hedging or selling the retained interest

- (1) The obligation in ■ SECN 5.2.1R to retain on an ongoing basis a material net economic interest in the *securitisation* shall be deemed to have been met only where, taking into account the economic substance of the transaction, both of the following conditions are met:
 - (a) the retained material net economic interest is not subject to any credit risk mitigation or hedging of either the retained *securitisation positions* or the retained exposures; and
 - (b) the retainer does not sell, transfer or otherwise surrender all or part of the rights, benefits or obligations arising from the retained net economic interest.
- (2) By way of derogation from ■ SECN 5.12.1R(1)(a), the retainer may hedge the net economic interest where the hedge:
 - (a) is not against the credit risk of either the retained *securitisation positions* or the retained exposures; or
 - (b) is undertaken prior to the *securitisation* as a prudent element of credit granting or risk management and does not create a differentiation for the retainer's benefit between the credit risk of the retained *securitisation positions* or exposures and the *securitisation positions* or exposures transferred to *investors*.
- (3) The retainer may use retained exposures or *securitisation positions* as collateral for secured funding purposes including, where relevant, funding arrangements that involve a sale, transfer or other surrender of all or part of the rights, benefits or obligations arising from the retained net economic interest, provided that such use as collateral does not transfer the exposure to the credit risk of those retained exposures or *securitisation positions* to a third party.
- (4) ■ SECN 5.12.1R(1)(b) shall not apply:
 - (a) in the event of the insolvency of the retainer; or
 - (b) in the case of retention on a consolidated basis, in accordance with ■ SECN 5.14.



5.13 Transactions for which the retention requirement does not apply as referred to in SECN 5.2.11R

5.13.1

R

Transactions for which the retention requirement does not apply, as referred to in ■ SECN 5.2.11R, shall include *securitisation positions* in the correlation trading portfolio, which are either reference instruments satisfying the criterion in Article 338(1)(b) of the *UK CRR* or which are eligible for inclusion in the correlation trading portfolio.

5.14 Retention on a consolidated basis

5.14.1

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A mixed financial holding company, a UK parent institution or financial holding company established in the United Kingdom satisfying, in accordance with ■ SECN 5.2.9R, the retention requirement on the basis of its consolidated situation shall, in the case the retainer is no longer included in the scope of supervision on a consolidated basis, ensure that one or more of the remaining entities included in the scope of supervision on a consolidated basis fulfils the retention requirement.



5.15 Arrangements or embedded mechanisms

5.15.1

R

Retainers shall not use arrangements or embedded mechanisms in the *securitisation* by virtue of which the retained interest at origination would decline faster than the interest transferred. In the allocation of the cash flows, the retained interest shall not be prioritised to preferentially benefit from being repaid or amortised ahead of the transferred interest. The amortisation of the retained interest via cash flow allocation or through the allocation of losses that, in effect, reduce the level of retention over time, shall be allowed.



5.16 Fulfilment of the retention requirements in securitisations of own issued debt instruments

5.16.1

R

Where an entity securitises its own issued debt instruments, including *covered bonds*, and the underlying exposures of the securitisation comprise exclusively those own-issued debt instruments, the retention requirement in ■ SECN 5.2.1R to ■ SECN 5.2.5R shall be considered complied with.

5.17 Retention requirement on resecuritisations

5.17.1

R

- (1) Subject to (2), in the context of *resecuritisation* as far as enabled in accordance with ■ SECN 7.2 and ■ SECN 7.3, a retainer must retain the material net economic interest in relation to each of the respective transaction levels.
- (2) The *originator* of a *resecuritisation* is not obliged to retain a material net economic interest at the transaction level of the *resecuritisations* where all of the following conditions are met:
 - (a) the *originator* of the *resecuritisation* is also the *originator* and the retainer of the underlying *securitisations*;
 - (b) the *resecuritisation* is backed by a pool of exposures comprising solely exposures or positions which were retained by the *originator* in the underlying securitisation in excess of the required minimum net economic interest prior to the date of origination of the *resecuritisation*; and
 - (c) there is no maturity mismatch between the underlying *securitisation positions* or exposures and the *resecuritisation*.
- (3) A fully supported *ABCP programme*, which meets the requirements of ■ SECN 7.3 is not a *resecuritisation* for the purposes of ■ SECN 5.17.
- (4) The retransferring by the *securitisation's originator* of an issued tranche into contiguous *tranches* shall not constitute a *resecuritisation*.

5.18 Assets transferred to SSPE

5.18.1

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- (1) For the purposes of ■ SECN 5.2.6R, assets held on the balance sheet of the *originator* that according to the documentation of the *securitisation* meet the eligibility criteria shall be deemed to be comparable to the assets to be transferred to the *SSPE* where, at the time of the selection of the assets, both of the following conditions are met:
- (a) the expected performance of both the assets to be further held on the balance sheet and the assets to be transferred is determined by similar factors; and
 - (b) on the basis of indications including past performance and applicable models, it can be reasonably expected that the performance of the assets to be further held on the balance sheet will not be significantly better during the time period referred to in ■ SECN 5.2.6R than the performance of the assets to be transferred.
- (2) An *originator* shall be deemed to have complied with ■ SECN 5.2.6R where, after the *securitisation*, there are no exposures left on the *originator's* balance sheet that are comparable to the securitised exposures, other than the exposures which the *originator* is already contractually committed to securitise, and provided that that fact has been clearly communicated to investors.

5.18.2

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In assessing whether the originator has complied with ■ SECN 5.2.6R, the *FCA* would expect to take into account the actions the *originator* has taken to comply with that *rule*. In particular, the *FCA* would expect to take account of any internal policies, procedures and controls put in place by the *originator* to prevent the systematic or intentional selection for *securitisation* purposes of assets of a higher average credit risk profile than comparable assets retained on its balance sheet.



5.19 Disclosure of the level of the commitment to maintain a net economic interest

5.19.1

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- (1) The retainer shall disclose to *investors* within the final offering document, prospectus, transaction summary or overview of the main features of the *securitisation* at least the following information regarding the level of its commitment to maintain a net economic interest in the *securitisation*:
 - (a) confirmation of the retainer's identity, whether it retains as *originator, sponsor or original lender* and, where the retainer is the *originator*, how it meets the requirement set out in
 - SECN 5.2.5R taking into account the principles set out in
 - SECN 5.3.6R;
 - (b) which of the modalities provided for in ■ SECN 5.2.8R(1) has been applied to retain a net economic interest; and
 - (c) confirmation of the level of retention at origination and of the commitment to retain on an ongoing basis, which shall relate only to the continuation of fulfilment of the original obligation and shall not require data on the current nominal or market value, or on any impairments or write-downs on the retained interest.
- (2) Where the exemptions referred to in ■ SECN 5.2.10R and ■ SECN 5.2.11R apply to a *securitisation* transaction, *firms* acting as *originator, sponsor or original lender* shall disclose within the final offering document, prospectus, transaction summary or overview of the main features of the *securitisation* information on the applicable exemption to *investors*.
- (3) The disclosure referred to in (1) and (2) shall be appropriately documented within the final offering document, prospectus, transaction summary or overview of the main features of the *securitisation* and made publicly available, except in bilateral or private transactions where private disclosure is considered by the parties to be sufficient. The inclusion of a statement on the retention commitment in the prospectus for the securities issued under the *securitisation programme* is an appropriate means of fulfilling the requirement.

Chapter 6

Transparency requirements for originators, sponsors and SSPEs



6.1 Application

6.1.1

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This chapter applies to *originators, sponsors* and *SSPEs* which are not *PRA-
authorised persons*, and which are *established in the United Kingdom*.

6.2 Provision of information to holders of a securitisation position

6.2.1

R The *originator, sponsor* and *SSPE* of a securitisation shall, in accordance with ■ SECN 6.3, ■ SECN 11 and ■ SECN 12 make at least the following information available to holders of a *securitisation* position, to the *FCA* and, upon request, to potential *investors*:

- (1) information on the underlying exposures on a quarterly basis, or, in the case of asset backed commercial paper, information on the underlying receivables or credit claims on a monthly basis;
- (2) all underlying documentation essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
 - (a) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
 - (b) for *traditional securitisation*, the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
 - (c) the derivatives and guarantee agreements, as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the *originator*;
 - (d) the servicing, back-up servicing, administration and cash management agreements;
 - (e) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
 - (f) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements; and
 - (g) a detailed description of the priority of payments of the *securitisation*;
- (3) where section 85 of the Act (Contravention of prohibition relating to public offer of securities) and *rules* made by the *FCA* for the purposes of Part 6 of the Act (Official Listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the *securitisation*, including, where applicable:
 - (a) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;

- (b) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
 - (c) details regarding the voting rights of the holders of a *securitisation position* and their relationship to other secured creditors; and
 - (d) a list of all triggers and events referred to in the documents provided in accordance with ■ **SECN 6.2.1R(2)** that could have a material impact on the performance of the *securitisation position*;
- (4) in the case of *STS securitisations*, the *STS notification* referred to in ■ **SECN 2.5**;
- (5) quarterly investor reports, or, in the case of asset backed commercial paper, monthly investor reports, containing at least the following:
- (a) all materially relevant data on the credit quality and performance of underlying exposures;
 - (b) information on events which trigger changes in the priority of payments or the replacements of any counterparties, and, in the case of a *securitisation* which is not an *ABCP transaction* or an *ABCP programme*, data on the cash flows generated by the underlying exposures and by the liabilities of the *securitisation*; and
 - (c) information about the risk retained, including information on which of the modalities provided for in ■ **SECN 5.6.1R** has been applied, in accordance with ■ **SECN 5**, ■ **SECN 11** and ■ **SECN 12**.
- (6) any inside information relating to the *securitisation* that the *originator*, *sponsor* or *SSPE* is obliged to make public in accordance with Article 17 of the *Market Abuse Regulation*;
- (7) where ■ **SECN 6.2.1R(6)** does not apply, any significant event, such as:
- (a) a material breach of the obligations provided for in the documents made available in accordance with ■ **SECN 6.2.1R(2)**, including any remedy, waiver or consent subsequently provided in relation to such a breach;
 - (b) a change in the structural features that can materially impact the performance of the *securitisation*;
 - (c) a change in the risk characteristics of the *securitisation* or of the underlying exposures that can materially impact the performance of the *securitisation*;
 - (d) in the case of *STS securitisations*, where the securitisation ceases to meet the STS requirements or where the *FCA* or *PRA* have taken remedial or administrative actions; and
 - (e) any material amendment to transaction documents.

6.2.2

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- (1) The information described in ■ **SECN 6.2.1R(1)** and ■ **SECN 6.2.1R(5)** shall be made available simultaneously each quarter at the latest one *month* after the due date for the payment of interest or, in the case of *ABCP transactions*, at the latest one *month* after the end of the period the report covers.

(2) The information described in ■ SECN 6.2.1R(2), ■ SECN 6.2.1R(3) and ■ SECN 6.2.1R(4) must be made available before pricing or original commitment to invest in draft or initial form. Final versions of this information must be made available at the latest 15 days after closing of the transaction.

6.2.3 **R** In the case of ABCP the information described in ■ SECN 6.2.1R(1), ■ SECN 6.2.1R(3)(b) and ■ SECN 6.2.1R(5)(a) shall be made available in aggregate form to holders of *securitisation positions* and, on request, to potential *investors*. Loan-level data must be made available to the *sponsor* and, on request, to the *FCA*.

6.2.4 **R** Without prejudice to the provisions of the *Market Abuse Regulation*, the information described in ■ SECN 6.2.1R(6) and ■ SECN 6.2.1R(7) shall be made available without delay.

6.2.5 **R** When complying with ■ SECN 6.2.1R, the *originator, sponsor* and *SSPE* of a *securitisation* may provide the information specified in anonymised or aggregated form or, in relation to ■ SECN 6.2.1R(2), as a summary of the specified documentation, where and to the extent that is necessary in order to comply with the law applicable in the *United Kingdom* governing the protection of confidentiality of information and the processing of personal data and with any confidentiality obligation relating to customer, original lender or debtor information.

6.2.6 **G** Nothing in ■ SECN 6.2.5R affects the *FCA's* powers by and under the *Act* relating to the ability to request and process confidential information.

6.3 Designation relating to securitisation repository

- 6.3.1 **R** (1) The *originator, sponsor* and *SSPE* of a *securitisation* must designate one of their number to be the entity responsible for fulfilling the information requirements under ■ SECN 6.2.1R(1), ■ SECN 6.2.1R(2), ■ SECN 6.2.1R(4), ■ SECN 6.2.1R(5), ■ SECN 6.2.1R(6) and ■ SECN 6.2.1R(7).
- (2) Such designation does not relieve the other parties referred to in ■ SECN 6.3.1R of their responsibilities under ■ SECN 6.2.
- 6.3.2 **R** The reporting entity shall make the information for a *securitisation* transaction available by means of a *securitisation repository* registered by the *FCA*.
- 6.3.3 **R** The obligations referred to in ■ SECN 6.3.2R and ■ SECN 6.3.4R shall not apply to *securitisations* for which section 85 of the *Act* and rules made by the *FCA* for the purposes of Part 6 of the *Act* do not require a prospectus to be drawn up.
- 6.3.4 **R** Where no *securitisation repository* is registered in accordance with regulation 14 of the *Securitisation Regulations 2024*, the reporting entity must make the information available by means of a website that:
- (1) includes a well-functioning data quality control system;
 - (2) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website;
 - (3) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk;
 - (4) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and
 - (5) makes it possible to keep records of the information for at least 5 years after the maturity date of the *securitisation*.
- 6.3.5 **R** In relation to ■ SECN 6.3.2R and ■ SECN 6.3.4R, the reporting entity and the *securitisation repository* where the information is made available shall be indicated in the documentation regarding the *securitisation*.

Chapter 7

Ban on resecuritisation



7.1 Application

7.1.1

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- (1) The *rules* in this chapter apply to *originators, sponsors and SSPEs* which are not *PRA-authorised persons*, and which are *established in the United Kingdom*.
- (2) The *rules* in this chapter also apply to *institutional investors* which are not *occupational pension schemes* or *PRA-authorised persons*.



7.2 Securitisation positions as underlying exposures

7.2.1

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- (1) The underlying exposures used in a *securitisation* shall not include *securitisation positions*.
- (2) Paragraph (1) does not apply to:
 - (a) any *securitisation* the securities of which were issued before 1 January 2019; or
 - (b) any *securitisation* in respect of which the *FCA* has disapplied, modified or dispensed with (1) such that the underlying exposures may include *securitisation positions*.

7.2.2

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- (1) Where an *originator*, *sponsor* or *SSPE* has included *securitisation positions* as an underlying exposure in a *securitisation* in accordance with ■ SECN 7.2.1R(1) an *institutional investor* may apply to the *FCA* for a waiver of ■ SECN 7.2.1R(1) in order to invest in the *resecuritisation*. The *FCA*'s applicable waiver powers are set out in ■ SECN Sch 6.



7.3 Fully supported ABCP programme

7.3.1

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A *fully supported ABCP programme* shall not be considered to be a *resecuritisation* for the purposes of  **SECN 7**, provided that none of the *ABCP transactions* within that programme is a *resecuritisation* and that the credit enhancement does not establish a second layer of tranching at the programme level.

Chapter 8

Criteria for credit granting



8.1 Application

- G** This chapter applies to *originators, sponsors and original lenders* which are not *PRA-authorised persons*, and which are *established in the United Kingdom*.



8.2 Granting of credit

- R** *Originators, sponsors and original lenders shall apply to exposures to be securitised (unless they are trade receivables not originated in the form of a loan) the same sound and well-defined criteria for credit-granting which they apply to non-securitised exposures. To that end, the same clearly established processes for approving and (where relevant) amending, renewing and refinancing credits shall be applied.*

- R** *Originators, sponsors and original lenders shall have effective systems in place to apply those criteria and processes in order to ensure credit-granting is based on a thorough assessment of the obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting the obligor's obligations under the credit agreement.*

8.3 Verification arrangements

8.3.1 **R** Where the underlying exposures of *securitisations* are residential loans made on or after 20 March 2014, the pool of those loans shall not include any loan that is marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the lender.

8.3.2 **R** Where an *originator* purchases a third party's exposures for its own account and then securitises them, that *originator* shall verify that the entity which was, directly or indirectly, involved in the original agreement which created the obligations or potential obligations to be securitised fulfils the requirements referred to in **■** SECN 8.3.1R (or equivalent *PRA rules*).

8.3.3 **R** **■** SECN 8.3.2R does not apply if:

- (1) the original agreement, which created the obligations or potential obligations of the debtor or potential debtor, was entered into before 20 March 2014; and
- (2) the *originator* that purchases a third party's exposures for its own account and then securitises them meets the obligations that *originator* institutions were required to meet under Article 21(2) of Commission Delegated Regulation (EU) No 625/2014 before 1 January 2019.

Chapter 9

Requirements on securitisation repositories



9.1 Application

9.1.1

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This chapter applies to *securitisation repositories* which are *established in the United Kingdom* except, for the directions set out in ■ SECN 9.4.1D to ■ SECN 9.4.3D which applies to applicants for registration as a *securitisation repository* or a *trade repository*.



9.2 Registration conditions

9.2.1

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A registered *securitisation repository* must comply at all times with the conditions for registration.

9.3 Availability of data

9.3.1

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Without prejudice to ■ SECN 6.3, a *securitisation repository* must collect and maintain details of the *securitisation*. It must provide direct and immediate access free of charge to the following entities to enable them to fulfil their respective responsibilities, mandates and obligations:

- (1) the relevant authorities whose respective supervisory responsibilities and mandates cover transactions, markets, participants and assets which fall within the scope of *SECN*;
- (2) the Bank of England;
- (3) the *FCA*, the *PRA* and the Pensions Regulator; and
- (4) *investors* and potential *investors*.



9.4 Format of applications for registration as a securitisation repository or for extension of a registration of a trade repository

- 9.4.1** **D** Applicants for registration as a *securitisation repository* under regulation 14(1) of the *Securitisation Regulations 2024* must complete the applications set out in ■ SECN 9 Annex 1D.
- 9.4.2** **D** *Trade repositories* applying for an extension of registration under regulation 14(2) of the *Securitisation Regulations 2024* must complete the applications set out in ■ SECN 9 Annex 2D.
- 9.4.3** **D** For the purposes of ■ SECN 9.4.1D and ■ SECN 9.4.2D, the applications must be submitted:
- (1) in a *durable medium*; and
 - (2) with a unique reference number assigned to each document in the application.



9.5 Operational standards for data collection, aggregation, comparison, access and verification of completeness and consistency by securitisation repositories

Interpretation

- 9.5.1 **R** For the purposes of ■ SECN 9.5, 'data cut-off date' means the reference date of the information reported in accordance with ■ SECN 11.
End-of-day report
- 9.5.2 **R**
- (1) *Securitisation repositories* must produce, on a daily basis, a single aggregate end-of-day report for all securitisations reported to them, excluding any reported *securitisation* that has been rejected in accordance with ■ SECN 9.5.4R(7). That report must be based on the most recent reported information and must include at least the following information:
 - (a) the unique identifier assigned in accordance with ■ SECN 11.12.1R;
 - (b) the *International Securities Identification Number (ISIN)* codes of the *tranches*, bonds or subordinated loans of the *securitisation*, where available;
 - (c) the sum of the current principal balances of all *tranches*, bonds or subordinated loans of the *securitisation*, in GBP, using the exchange rates published on the website of the Bank of England for the previous *working day*;
 - (d) the *securitisation* name;
 - (e) whether the securitisation is an *ABCP transaction*, an *ABCP programme* or a non-*ABCP securitisation*;
 - (f) whether the securitisation structure type is type 'M' for a Master Trust as reported in field SESS9 of ■ SECN 11 Annex 14R or type 's' for all other *securitisations*;
 - (g) whether the *securitisation* risk transfer method is 'T' for a true sale as reported in field IVSS11 of ■ SECN 11 Annex 12R, 'S' for a synthetic securitisation as reported in field SESV11 of ■ SECN 11 Annex 14R, or 'ABCP' for *ABCP transactions* or *ABCP programmes*;
 - (h) the name and legal entity identifiers (LEI) of the *originator*, *sponsor* and *SSPE*;
 - (i) the most recent interest payment date in ISO 8601 date format;

- (j) the timestamp, in ISO 8601 date and time (UTC) format, to the nearest second, of the most recent data submission received by the *securitisation repository* or, where there are multiple data submissions referenced against the same data cut-off date, the timestamps, in ISO 8601 date and time (UTC) format, of the earliest and most recent data submissions with the same data cut-off date;
 - (k) the data cut-off date, in ISO 8601 date format, of the most recent data submission received by the *securitisation repository*;
 - (l) the number of data submissions received by the *securitisation repository* that are referenced against the same data cut-off date set out in (k);
 - (m) the data completeness score referred to in ■ **SECN 9.5.3R** of the most recent data submission received by the *securitisation repository*;
 - (n) for non-ABCP *securitisations*, the country of establishment of the *originator* or *original lender*;
 - (o) for *ABCP transactions* or *ABCP programmes*, the country of establishment of the relevant *sponsor* of the *ABCP programme*;
 - (p) the country in which the majority of the underlying exposures is located, in terms of underlying exposure current principal balance; and
 - (q) the most prevalent type of the underlying exposures in the *securitisation*, in terms of current principal balance.
- (2) For the purposes of (n), where the *securitisation's* underlying exposures are a combination of exposures from multiple *originators* or *original lenders*, the country of establishment of the *originator* or *original lender* must be the country of establishment of the *originator* or *original lender* that has the largest amount of exposures in terms of current principal balance in the *securitisation*.
- (3) *Securitisation repositories* must make the end-of-day report available in extensible markup language (XML) format.
- (4) Timestamps referred to in ■ **SECN 9.5.2R** must not diverge by more than 1 second from the UTC issued and maintained by one of the timing centres listed in the latest Bureau International des Poids et Mesures (BIPM) Annual Report on Time Activities.

Scoring of completeness of data

9.5.3

R

Securitisation repositories must calculate a data completeness score for each data submission by using the scoring matrix set out in Table 1 of ■ **SECN 9 Annex 3R** and the following inputs:

/MILES/PKF/fca/
graphics/Graphics
/SECN_9_5_3_20
241101_01.png.p
ng

Where:

/MILES/PKF/fca/
graphics/Graphics
/SECN_9_5_3_20
241101_02.png.p
ng

denotes the total number of fields in a data submission containing the respective 'No Data Option' values that are reported in accordance with ■ SECN 11.10.3R.

N denotes the total number of fields in the data submission where any 'No Data Option' values (ND1 to ND4) are permitted to be reported in accordance with ■ SECN 11.10.3R.

For the purposes of calculating the data completeness score, fields completed using the format 'ND4-YYYY-MM-DD' must be understood as 'ND4'.

Verification of completeness and consistency of information

9.5.4

R

- (1) *Securitisation repositories* must verify the completeness and consistency of information reported to them by verifying the following:
 - (a) the name of the *reporting entity*, as reported in field IVSS4 of ■ SECN 11 Annex 12R or in field IVAS3 of ■ SECN 11 Annex 13R; and
 - (b) whether the submission item code, as reported in Table 3 of ■ SECN 11 Annex 1R, is correct.
- (2) With regard to the information referred to in ■ SECN 6.2.1R(1), ■ SECN 6.2.1R(5), ■ SECN 6.2.1R(6) and ■ SECN 6.2.1R(7), *securitisation repositories* must also verify the completeness and consistency of information by:
 - (a) verifying whether the information reported complies with the structure and format of the templates set out in ■ SECN 12 Annex 2R to ■ SECN 12 Annex 15R;
 - (b) comparing the information reported:
 - (i) across different fields for the same data cut-off date and the same underlying exposure, investor report, inside information or significant event information item;
 - (ii) across different underlying exposure, investor report, inside information or significant event information items for the same field and the same data cut-off date;
 - (iii) across the same underlying exposure, investor report, inside information or significant event information items for the same field and different data cut-off dates; and
 - (iv) across similar *securitisations*;
 - (c) verifying whether the data cut-off date of the information reported and the timestamp of the submission comply with ■ SECN 11.11; and
 - (d) verifying that the 'No Data Options' set out in ■ SECN 11.10.3R are only used where permitted and do not prevent the data submission from being sufficiently representative of the underlying exposures in the *securitisation*.

For *ABCP transactions* and *ABCP programmes*, references in (2) to 'underlying exposures' must be construed as references to 'underlying exposure types'.

- (3) *Securitisation repositories* must verify the completeness and consistency of the documentation made available to them under ■ [SECN 6.2.1R\(2\)](#) by requesting from reporting entities a written confirmation of the following:
 - (a) that all items referred to in Table 3 of ■ [SECN 11 Annex 1R](#) and required to be made available pursuant to ■ [SECN 6.2.1R\(2\)](#) have been provided to the *securitisation repository*; and
 - (b) that the documentation is consistent with the actual arrangements and features of the *securitisation*.
- (4) *Securitisation repositories* must request the written confirmation referred to in (3) within the following timeframes:
 - (a) within 5 working days of the first issuance of securities under the securitisation or, for *ABCP transactions* or *ABCP programmes*, within 5 working days of the first issuance of securities under the relevant *ABCP programme*;
 - (b) every 12 months from the dates of the requests referred to in (a); and
 - (c) within 5 working days of a new document being made available pursuant to ■ [SECN 6.2.1R\(2\)](#).
- (5) A *securitisation repository* that has not received a written confirmation within 14 days of the date of any request referred to in (3) must request the *reporting entity* to provide it with the written confirmation within 14 days.
- (6) A *securitisation repository* must verify whether the *STS notification* referred to in ■ [SECN 6.2.1R\(4\)](#), which has been made available to that *securitisation repository*, complies with the structure and format of the templates set out in ■ [SECN 2 Annex 4R](#), ■ [SECN 2 Annex 5R](#) and ■ [SECN 2 Annex 6R](#).
- (7) A *securitisation repository* must reject a submission of information that is incomplete or inconsistent pursuant to (1), (2) and (5), except for (2)(b)(iii) and (2)(b)(iv). The *securitisation repository* must assign submissions rejected pursuant to this paragraph to one of the rejection categories set out in Table 2 of ■ [SECN 9 Annex 3R](#).
- (8) The *securitisation repository* must notify the entities referred to in ■ [SECN 9.3](#) without undue delay of the following:
 - (a) that the submitted information is incomplete or inconsistent pursuant to (2)(b)(iii) and (2)(b)(iv); and
 - (b) that the *securitisation repository* has not received the written confirmation referred to in (3).
- (9) Within 1 hour of the receipt of the information referred to in ■ [SECN 6](#), *securitisation repositories* must provide *reporting entities* with detailed feedback on the results of the verifications performed under (1), (2), (3) and (6), including any rejection category assigned

pursuant to (7). That feedback must also include at least the following:

- (a) the unique identifier of the securitisation assigned in accordance with ■ [SECN 11.12.1R](#);
 - (b) the item code(s) referred to in Table 3 of ■ [SECN 11 Annex 1R](#); and
 - (c) the submission timestamp, in ISO 8601 date and time (UTC) format, to the nearest second, of the information reported.
- (10) By 19.00.00 UTC each Monday, *securitisation repositories* must produce a report on all information rejected by it since 19.00.00 UTC on the previous Monday. That report must include at least the following items:
- (a) the unique identifier of the *securitisation* assigned in accordance with ■ [SECN 11.12.1R](#);
 - (b) the *securitisation* name;
 - (c) the *ISIN* codes of the *tranches* or bonds or subordinated loans of the *securitisation*, where available;
 - (d) the name and LEI of the *originator*, *sponsor* and *SSPE*;
 - (e) the timestamp, in ISO 8601 date and time (UTC) format, to the nearest second, of the submitted information;
 - (f) the submission item code referred to in Table 3 of ■ [SECN 11 Annex 1R](#);
 - (g) the rejection category referred to in Table 2 of ■ [SECN 9 Annex 3R](#) and the specific circumstances for assigning that rejection category; and
 - (h) any explanation(s) provided by the *reporting entity* before 17.00.00 UTC on the Monday of the report publication date as to why the reported information is incomplete or inconsistent, or as to why the written confirmation referred to in (3) has not been provided.

Details of information to which access is to be granted

9.5.5

R

The details of information referred to in ■ [SECN 9.3.1R](#) are the following:

- (1) all information received by the *securitisation repository* from *reporting entities* in accordance with *SECN*;
- (2) the end-of-day report referred to in ■ [SECN 9.5.2R](#), the data completeness score referred to in ■ [SECN 9.5.3R](#) and any information resulting from the verifications carried out pursuant to ■ [SECN 9.5.4R](#); and
- (3) all formulae and calculation and aggregation methods used to produce the information referred to in (1) and (2).

Terms and conditions for access to details of information

9.5.6

R

- (1) Access to the information referred to in ■ [SECN 9.5.5R](#) must be granted on request. The request for access must include the following information:

- (a) the name of the requesting entity;
 - (b) the contact person at the requesting entity;
 - (c) the type of requesting entity, as referred to in ■ SECN 9.3, that requests access;
 - (d) the names of the persons at the requesting entity who will have access to the requested information;
 - (e) credentials for secure SSH File Transfer Protocol connection as required by ■ SECN 9.5.7R(2);
 - (f) whether the request is an ad hoc or predefined periodic request;
 - (g) the identification of the information requested based on any combination of the criteria in (4); and
 - (h) any other technical information relevant to the requesting entity's access.
- (2) For the purposes of (1), *securitisation repositories* must:
- (a) designate a person or persons responsible for liaising with the entities referred to in ■ SECN 9.3.1R;
 - (b) publish on their website the terms and conditions for accessing the information and the instructions for submitting a request for accessing that information;
 - (c) provide access only to the information specified in the request for access; and
 - (d) as soon as possible, but no later than 30 *days* following a request to set up access to that information, establish the technical arrangements necessary to enable the entities referred to in ■ SECN 9.3.1R to submit requests to access that information.
- (3) Access to the information referred to in ■ SECN 9.5.5R must be granted within the following timeframes:
- (a) no later than 19.00.00 UTC on the *day* to which the report relates for an ad hoc or predefined periodic request for an end-of-day report as referred to in ■ SECN 9.5.2R;
 - (b) no later than 12.00.00 UTC on the first *day* following the *day* of receipt of the request for access where the information concerns a *securitisation* that has either not yet been priced or has not yet matured or has matured less than 1 year before the date on which the request was submitted;
 - (c) no later than 3 working *days* following the *day* of receipt of the request for access where the information concerns a *securitisation* that has matured more than 1 year before the date on which the request was submitted; and
 - (d) no later than 3 working *days* following the *day* of receipt of the request for access where the information concerns several *securitisations* falling under both (b) and (c).
- (4) (a) *securitisation* type:
- (i) non-ABCP *securitisation*; or
 - (ii) ABCP *transaction* or ABCP *programme*;

- (b) *securitisation* structure type: either
 - (i) 'M' for Master Trust as reported in field SESS9 of ■ SECN 11 Annex 14R; or
 - (ii) 'S' for all other *securitisations*;
- (c) *securitisation* risk transfer method: either type '
 - (i) 'T' for true sale as reported in field IVSS11 in ■ SECN 11 Annex 12R;
 - (ii) 'S' for synthetic as reported in field SESV11 in ■ SECN 11 Annex 14R; or
 - (iii) 'ABCP' for *ABCP transactions* or *ABCP programmes*;
- (d) *securitisation* item code;
- (e) *securitisation* underlying exposure type;
- (f) *securitisation* underlying exposure section;
- (g) *securitisation* investor report template section;
- (h) *securitisation* inside information or significant event information template section;
 - (i) identifier:
 - (i) unique identifier;
 - (ii) transaction identifier;
 - (iii) *ISIN*;
 - (iv) new or original *tranche*/bond identifier;
 - (v) new or original underlying exposure identifier;
 - (vi) new or original obligor identifier;
 - (vii) *originator* LEI;
 - (viii) *sponsor* LEI;
 - (ix) *SSPE* LEI;
 - (x) *original lender* LEI; or
 - (xi) collateralised loan obligation (CLO) manager LEI;
 - (j) geography:
 - (i) geographic region; or
 - (ii) governing law;
- (k) date and time:
 - (i) submission timestamp;
 - (ii) data cut-off date;
 - (iii) *tranche*/bond issue date;
 - (iv) *tranche*/bond legal maturity;
 - (v) underlying exposure origination date; or
 - (vi) underlying exposure maturity date; and
- (l) currency:
 - (i) *tranche*/bond currency; or

(ii) underlying exposure currency denomination.

- (5) *Securitisation repositories* must make the following information available using XML format:
- (a) the information referred to in ■ SECN 6.2.1R(1) and ■ SECN 6.2.1(4) to ■ SECN 6.2.1(7); and
 - (b) the information produced by *securitisation repositories* in accordance with ■ SECN 9.5.2R and ■ SECN 9.5.4R, with the exception of written confirmations received under ■ SECN 9.5.4R(3).

Standards for data collection and access

9.5.7

R

- (1) *Securitisation repositories* must use electronic signature and data encryption protocols to receive data from *reporting entities* or other *securitisation repositories* and to transfer data to the entities referred to in ■ SECN 9.3.
- (2) For the purposes of (1), *securitisation repositories* must establish and maintain a secure machine-to-machine interface and make that interface available to the *reporting entities* and the entities referred to in ■ SECN 9.3. That interface must make use of the SSH File Transfer Protocol.
- (3) *Securitisation repositories* must use standardised XML messages to communicate through the interface referred to in (2) and make the information set out in ■ SECN 9.5.6R(5) available to the entities referred to in ■ SECN 9.3.

Recordkeeping

9.5.8

R

- (1) *Securitisation repositories* must record the following:
 - (a) verifications pursuant to ■ SECN 9, and any other validation carried out by the *securitisation repository*;
 - (b) the written confirmations received by the *securitisation repository* referred to in ■ SECN 9.5.4R(3);
 - (c) the results provided by the *securitisation repository* to the *reporting entity* pursuant to ■ SECN 9.5.4R(9);
 - (d) any explanation provided by the *reporting entity* as to why the submitted information is incomplete or inconsistent, or as to why there is no written confirmation as referred to in ■ SECN 9.5.4R(10)(h);
 - (e) in a reporting log, the details of any corrections or cancellations submitted by the *reporting entity*; and
 - (f) any other information produced or submitted pursuant to SECN.
- (2) Each record must be retained for 10 years following the termination of the *securitisation* to which that record relates.
- (3) The reporting log referred to in (1)(e) must include the unique identifier of the *securitisation*, the item code, the timestamp of the affected submission, the timestamp of the changes and a clear

description of the changes to the submitted information, including the previous and new contents of that information.

9.6 Details of the application for registration of a securitisation repository and the details of the simplified application for an extension of registration of a trade repository

Interpretation

9.6.1

D

- (1) For the purposes of ■ SECN 9.6, the following definitions apply:
 - (a) 'user', in relation to a *securitisation repository*, means any of the following:
 - (i) any entity listed in ■ SECN 9.3;
 - (ii) any *reporting entity* in relation to that *securitisation repository*; or
 - (iii) any other client of the *securitisation repository* who uses core securitisation services provided by the *securitisation repository*;
 - (b) 'core securitisation services' means services for which registration as a *securitisation repository* is required under SECN;
 - (c) 'ancillary securitisation services' means services provided by a *securitisation repository* that are directly related to and arise from the delivery of core *securitisation services* provided by that *securitisation repository*;
 - (d) 'ancillary non-securitisation services' means services that are neither core *securitisation services* nor ancillary *securitisation services*; and
 - (e) 'senior management' means the person or persons who effectively direct the business of the *securitisation repository*, and the executive member or members of its board.
- (2) For the purposes of ■ SECN 9.6, the following expressions have the meaning given to that expression in Article 2 of EMIR:
 - (a) 'group';
 - (b) 'parent undertaking';
 - (c) 'subsidiary';
 - (d) 'capital';
 - (e) 'board'.

Identification, legal status and type of securitisation

9.6.2

D

- (1) An application for registration as a *securitisation repository* must identify the applicant and the activities that the applicant intends to carry out for which registration as a *securitisation repository* is required.
- (2) For the purposes of (1), the application must contain the following:
 - (a) the corporate name of the applicant, its legal address within the *United Kingdom* and the corporate name and legal address of any subsidiaries and branches of the applicant;
 - (b) the applicant's LEI registered with the Global Legal Entity Identifier Foundation;
 - (c) the uniform resource locator (URL) of the applicant's website;
 - (d) an excerpt from the relevant commercial or court register showing the place of incorporation and scope of business activity of the applicant, or some other form of certified evidence of the place of incorporation and scope of business activity of the applicant, valid in either case as at the date of the application for registration as a *securitisation repository*;
 - (e) the securitisation types (*ABCP transaction* or non-*ABCP securitisation*), risk transfer methods (*traditional securitisation* or *synthetic securitisation*) and underlying exposure types (residential real estate, commercial real estate, corporate, leasing, consumer, automobile, credit card or esoteric) for which the applicant wishes to be registered;
 - (f) whether the applicant is authorised or registered by the *PRA* or the *FCA* in the *United Kingdom* and, if so, any reference number(s) relating to the authorisation(s) or registration(s);
 - (g) the articles of incorporation or equivalent terms of establishment and, where relevant, other statutory documentation stating that the applicant is to conduct core *securitisation* services;
 - (h) the name and contact details of the person(s) responsible for compliance, or any other staff involved in compliance assessments for the applicant, in relation to its provision of core *securitisation* services;
 - (i) the name and contact details of the contact person for the purposes of the application;
 - (j) the programme of operations, including the location of the main business activities of the applicant;
 - (k) any ancillary *securitisation* or ancillary non-*securitisation* service that the applicant provides or intends to provide; and
 - (l) any information on any pending judicial, administrative, arbitration or any other litigation proceedings, irrespective of their type, that the applicant may be party to, particularly as regards tax and insolvency matters and where significant financial or reputational costs may be incurred, or any non-pending proceedings that may still have any material impact on *securitisation repository* costs.
- (3) On request, the applicant must provide the *FCA* with additional information during the examination of the application for

registration where such information is needed for the assessment of the applicant’s ability to comply with the applicable requirements of *SECN* and for the *FCA* to duly interpret and analyse the documentation to be submitted or already submitted.

- (4) Where an applicant considers that a requirement under *SECN* does not apply to it, it must clearly indicate that requirement in its application and explain why that requirement does not apply.

Organisational chart

9.6.3

D

- (1) An application for registration as a *securitisation repository* must contain a chart detailing the organisational structure of the applicant, including that of any ancillary *securitisation* services and of any ancillary non-*securitisation* services.
- (2) The chart referred to in (1) must include information about the identity of the person responsible for each significant role, including the identity of each member of its senior management and of persons who effectively direct the business of any subsidiaries and branches.

Corporate governance

9.6.4

D

- (1) An application for registration as a *securitisation repository* must contain information regarding the applicant’s internal corporate governance policies and the procedures and terms of reference which govern its senior management, including the board, its non-executive members and, where established, committees.
- (2) The information referred to in (1) must describe the selection process, appointment, performance evaluation and removal of senior management.
- (3) Where the applicant adheres to a recognised corporate governance code of conduct, the application for registration as a *securitisation repository* must identify the code and provide an explanation for any situations where the applicant deviates from that code.

Internal control

9.6.5

D

- (1) An application for registration as a *securitisation repository* must contain detailed information about the internal control system of the applicant, including information regarding its compliance function, risk assessment, internal control mechanisms and the arrangements of its internal audit function.
- (2) The detailed information referred to in (1) must contain:
 - (a) the applicant’s internal control policies and the procedures to ensure the consistent and effective implementation of those policies;
 - (b) any policies, procedures and manuals for monitoring and evaluating the adequacy and effectiveness of the applicant’s systems;

- (c) any policies, procedures and manuals for controlling and safeguarding the applicant's information processing systems; and
 - (d) the identity of the internal bodies in charge of evaluating any internal control findings.
- (3) An application for registration as a *securitisation repository* must contain the following information with respect to the applicant's internal audit activities:
- (a) where there is an internal audit committee, its composition, competences and responsibilities;
 - (b) its internal audit function charter, methodologies, standards and procedures;
 - (c) an explanation of how its internal audit function charter, methodology and procedures are developed and applied, taking into account the nature and extent of the applicant's activities, complexities and risks; and
 - (d) a work plan for the internal audit committee for the 3 years following the date of application, focusing on the nature and extent of the applicant's activities, complexities and risks.

Conflicts of interest

- (1) An application for registration as a *securitisation repository* must contain the following information on the policies and procedures put in place by the applicant to manage conflicts of interest:
- (a) policies and procedures with respect to the identification, management, elimination, mitigation and disclosure of conflicts of interest without delay;
 - (b) a description of the process used to ensure that the relevant persons are aware of the policies and procedures referred to in (a);
 - (c) a description of the level and form of separation that exists between the various business functions within the applicant's organisation, including a description of:
 - (i) the measures taken to prevent or control the exchange of information between functions where a risk of a conflict of interest may arise; and
 - (ii) the supervision of those whose main functions involve interests that are potentially in conflict with those of a client; and
 - (d) any other measures and controls put in place to ensure the policies and procedures referred to in (a) with respect to conflicts of interest management and the process referred to in (b) are followed.
- (2) An application for registration as a *securitisation repository* must contain an up-to-date inventory, at the time of the application, of existing and potential material conflicts of interest in relation to any core or ancillary *securitisation* services as well as any ancillary non-*securitisation* services provided or received by the applicant and a description of how those conflicts are, or will be, managed. The

inventory must include conflicts of interest arising from the following situations:

- (a) any situation where the applicant may realise a financial gain or avoid a financial loss to the detriment of a client;
 - (b) any situation where the applicant may have an interest in the outcome of a service provided to a client, which is distinct from the client's interest in that outcome;
 - (c) any situation where the applicant may have an incentive to prioritise its own interests or the interests of another user or group of users rather than the interests of the client to whom a service is provided; and
 - (d) any situation where the applicant receives or may receive an incentive from any person other than the client, in relation to a service provided to the client, in the form of money, goods or services, but excluding incentives by way of commission or fees received for the service.
- (3) Where an applicant is part of a group, the inventory must include any existing and potential material conflicts of interest arising from other undertakings within the group and how those conflicts are being managed and mitigated.

Ownership of the securitisation repository

9.6.7

D

- (1) An application for registration as a *securitisation repository* must contain:
 - (a) a list of the names of each person or entity who directly or indirectly holds 5% or more of the applicant's capital or of its voting rights or whose holding makes it possible to exercise a significant influence over the applicant's management; and
 - (b) a list of any undertakings in which a person referred to in (a) holds 5% or more of the capital or voting rights or over whose management they exercise a significant influence.
- (2) Where the applicant has a parent undertaking or an ultimate parent undertaking, the applicant must:
 - (a) identify the LEI registered with the Global Legal Entity Identifier Foundation and the legal address of the parent undertaking or the ultimate parent undertaking; and
 - (b) indicate whether the parent undertaking or ultimate parent undertaking is authorised or registered and subject to supervision and, when this is the case, state any reference number and the name of the responsible supervisory authority.

Ownership chart

9.6.8

D

- (1) An application for registration as a *securitisation repository* must contain a chart showing the ownership links within the applicant's group, including between the ultimate parent undertaking, parent undertaking, subsidiaries and any other associated entities or branches.

- (2) The undertakings in the chart referred to in (1) must be identified by their full name, legal status, legal address and LEI registered with the Global Legal Entity Identifier Foundation.

Policies and procedures

9.6.9

D

Policies and procedures that are to be provided as part of an application for registration as a *securitisation repository* must contain the following:

- (1) evidence that the board approves the policies and that senior management approves the procedures and is responsible for the implementation and maintenance of those policies and procedures;
- (2) a description of how those policies and procedures are communicated within the applicant’s organisation, how compliance with those policies and procedures is ensured and monitored on a day-to-day basis, and who is responsible for compliance with those policies and procedures;
- (3) any records indicating that staff members (including those operating under any outsourcing arrangement) are aware of those policies and procedures;
- (4) a description of the measures to be taken in the event of a breach of those policies and procedures;
- (5) a description of the procedure for reporting to the *FCA* any material breach of the policies or procedures which may result in a breach of the conditions for registration; and
- (6) a description of the arrangements for notifying the *FCA* promptly of any planned material changes to the applicant’s information technology systems, before their implementation.

Regulatory compliance

9.6.10

D

An application for registration as a *securitisation repository* must contain the following regarding the applicant’s policies and procedures for ensuring compliance with *SECN*:

- (1) a description of the roles of the persons responsible for compliance and of any other staff involved in the compliance assessments, including a description of how the independence of the compliance function from the rest of the business is ensured;
- (2) the internal policies and procedures designed to ensure that the applicant, including its managers and employees, complies with *SECN*, including a description of the role of the board and senior management; and
- (3) where available, the most recent internal report on compliance with *SECN* prepared by the persons responsible for such compliance or by any other staff involved in such compliance assessments within the applicant’s organisation.

Staffing policies and procedures

- 9.6.11 **D** An application for registration as a *securitisation repository* must contain the following:
- (1) a copy of the remuneration policy for senior management, board members and staff employed in the risk and control functions of the applicant; and
 - (2) a description of the measures put in place by the applicant to mitigate the risk of over-reliance on any individual employee.

Information about the applicant's staff members involved in the provision of core securitisation services

- 9.6.12 **D** An application for registration as a *securitisation repository* must contain the following information about the applicant's staff members involved in the provision of core *securitisation* services:
- (1) a general list of staff members directly employed by the applicant, including their role and qualifications per role;
 - (2) a specific description of the information technology staff members directly employed to provide core *securitisation* services, including the role and the qualifications of each individual and written evidence of the information technology experience of at least 1 staff member responsible for information technology matters;
 - (3) a description of the roles and qualifications of each individual who is responsible for internal audits, internal controls, compliance, risk assessments and internal reviews;
 - (4) the identity of staff members and the identity of staff members who are operating under any outsourcing arrangement; and
 - (5) details of training provided to staff members on the applicant's policies and procedures as well as on the *securitisation repository* business, including any examination or other type of formal assessment required for staff members regarding the conduct of core *securitisation* services.

Financial reports and business plans

- 9.6.13 **D**
- (1) An application for registration as a *securitisation repository* must contain the following financial information:
 - (a) a complete set of financial statements of the applicant, prepared in conformity with:
 - (i) *UK-adopted international accounting standards*; or
 - (ii) UK accounting standards as defined by section 464 of the Companies Act 2006;
 - (b) where the financial statements of the applicant are subject to an audit of annual accounts or consolidated accounts insofar as required by the law of the *United Kingdom*, the financial statements must contain the audit report on the annual and consolidated financial statements;

- (c) where the applicant is audited, the name and the national registration number of the external auditor.
- (2) Where the financial information referred to in paragraph (1) is not available, an application for registration as a *securitisation repository* must contain the following information about the applicant:
- (a) a pro-forma statement demonstrating proper resources and expected business status in the 6 *months* following registration as a *securitisation repository*;
 - (b) an interim financial report where the financial statements are not yet available for the period of time required under the acts specified in paragraph (1); and
 - (c) a statement of financial position, such as a balance sheet, income statement, changes in equity and of cash flows, a summary of accounting policies and other explanatory notes required under the acts specified in paragraph (1).
- (3) An application for registration as a *securitisation repository* must contain a financial business plan, containing different business scenarios for the provision of core *securitisation* services over a minimum 3-year reference period and including the following information for each scenario:
- (a) the expected revenue from each of the following categories of service provided by the applicant, stated separately for each category:
 - (i) core *securitisation* services;
 - (ii) ancillary *securitisation* services;
 - (iii) core trade repository services of centrally collecting and maintaining the records of derivatives under *EMIR*;
 - (iv) ancillary trade *repository* services that directly relate to and arise from centrally collecting and maintaining the records of derivatives under *EMIR*;
 - (v) core trade repository services of centrally collecting and maintaining the records of securities financing transactions under the *Securities Financing Transactions Regulation*;
 - (vi) ancillary trade *repository* services that directly relate to and arise from centrally collecting and maintaining the records of securities financing transactions under the *Securities Financing Transactions Regulation*;
 - (vii) combined ancillary services that directly relate to and arise from each of the following combinations of service:
 - (A) both core *securitisation* services and core trade repository services of centrally collecting and maintaining the records of derivatives under *EMIR*;
 - (B) both core *securitisation* services and core trade repository services of centrally collecting and maintaining the records of securities financing transactions under the *Securities Financing Transactions Regulation*; and
 - (C) both core trade repository services of centrally collecting and maintaining the records of derivatives under *EMIR* and core trade repository services of centrally collecting

and maintaining the records of securities financing transactions under the *Securities Financing Transactions Regulation*; and

- (viii) any ancillary non-*securitisation* services, whether or not provided in the *United Kingdom*, that are subject to registration and to supervision by a public authority;
 - (b) the number of *securitisation* transactions that the applicant expects to be made available to users listed in ■SECN 9.3; and
 - (c) the fixed and variable costs for providing core *securitisation* services.
- (4) The different business scenarios identified in the financial business plan must include a base revenue scenario, positive and negative variations of at least 20% from that base revenue scenario, and positive and negative variations of at least 20% from the base expected number of *securitisation* transactions identified in the financial business plan.
- (5) An application for registration as a *securitisation repository* must contain the audited annual financial statements of any parent undertaking for the 3 financial years preceding the date of the application, where available.
- (6) An application for registration as a *securitisation repository* must contain the following information about the applicant:
- (a) a description of any future plans for the establishment of subsidiaries and the location of those subsidiaries; and
 - (b) a description of planned business activities, including business activities of any subsidiaries or branches.

Information technology resources

9.6.14

D

An application for registration as a *securitisation repository* must contain the following information about information technology resources:

- (1) a detailed description of the information technology system used by the applicant to provide core *securitisation* services, including a description of which information technology system will be used for which *securitisation* type and underlying exposure type as referred to in ■SECN 9.6.2D(2)(e);
- (2) the relevant business requirements, the functional and technical specifications, the storage capacity, the system scalability (both for performing its functions and handling increases in information to process and access requests), the maximum limits on the size of data submissions made in accordance with ■SECN 9.6, the architectural and technical design of the system, the data model and data flows and the operations and administrative procedures and manuals;
- (3) a detailed description of user facilities developed by the applicant in order to provide services to users;
- (4) the investment and renewal policies and procedures on information technology resources of the applicant, including the review and

development cycle of the applicant's systems and versioning and testing policies;

- (5) a document describing in detail how the applicant has implemented the reporting templates, via an extensible markup language (XML) schema, set out in the annexes to ■ SECN 12, the annexes to ■ SECN 2.7 and any additional XML messages, using the specifications made available by the FCA; and
- (6) the policies and procedures for handling any changes to the reporting templates set out in the annexes to ■ SECN 12.

Information collection and availability mechanisms

9.6.15

D

- (1) An application for registration as a *securitisation repository* must contain:
 - (a) a detailed description of the procedure and of the resources, methods and channels that the applicant will use to ensure the timely, structured and comprehensive collection of data from *reporting entities*, including a copy of any reporting manual to be made available to *reporting entities*;
 - (b) a description of the resources, methods and channels that the applicant will use to ensure direct and immediate access to the information referred to in ■ SECN 11.3 to ■ SECN 11.9 to the entities listed in ■ SECN 9.3, including a copy of any user manual and internal procedures that are needed for obtaining such access; and
 - (c) a description of the procedures that the applicant will use to calculate the data completeness scores referred to in ■ SECN 9.5.3R and a description of the resources, methods and channels that the applicant will use to ensure direct and immediate access to those data completeness scores to the entities listed in ■ SECN 9.3 in accordance with that section, including a copy of any user manual and internal procedures that are needed for obtaining such access.
- (2) The detailed description referred to in (1)(a) must:
 - (a) distinguish between automated and manual resources, methods, and channels; and
 - (b) where any of the resources, methods or channels are manual:
 - (i) describe how those resources, methods or channels are scalable, as referred to in ■ SECN 9.6.14D(2); and
 - (ii) describe the specific procedures put in place by the applicant to ensure that those resources, methods and channels comply with ■ SECN 9.6.24D.

Ancillary services

9.6.16

D

Where an applicant for registration as a *securitisation repository*, an undertaking within the applicant's group, or an undertaking with which the applicant has an agreement relating to core *securitisation* services, offers, or plans to offer, ancillary *securitisation* services or ancillary non-*securitisation* services, the application for registration must contain:

- (1) a description of the ancillary *securitisation* services or ancillary non-*securitisation* services that the applicant, or the undertaking within its group, performs or plans to perform, and a description of any agreement that the applicant may have with undertakings offering any such services, as well as copies of those agreements; and
- (2) the procedures and policies that will ensure the necessary level of operational separation in terms of resources, systems, information and procedures between the applicant's core *securitisation* services and any ancillary *securitisation* or ancillary non-*securitisation* services, irrespective of whether that service is provided by the applicant, an undertaking within its group, or any other undertaking with which it has an agreement.

Senior management and members of the board

9.6.17

D

- (1) An application for registration as a *securitisation repository* must contain the following information in respect of each member of the senior management:
 - (a) a copy of the member's curriculum vitae, including the following information to the extent relevant in assessing the adequacy of the member's experience and knowledge for the purposes of performing their responsibilities:
 - (i) an overview of the member's post-secondary education;
 - (ii) the member's employment history with dates, identification of positions held and a description of the functions occupied; and
 - (iii) any professional qualification held by the member, together with the date on which that qualification was acquired and the status of any membership in a relevant professional body;
 - (b) detailed information on knowledge and experience on *securitisation* matters and on information technology management, operations and development;
 - (c) details regarding any criminal convictions in connection with the provision of financial or data services or in relation to acts of fraud or embezzlement, in particular in the form of an official certificate, if available;
 - (d) a declaration signed by the member that states whether they:
 - (i) have been convicted of any criminal offence in connection with the provision of financial or data services or in relation to acts of fraud or embezzlement;
 - (ii) have been subject to any adverse decision in any proceedings of a disciplinary nature brought by a regulatory authority or government body or agency or are the subject of any such proceedings which are not concluded;
 - (iii) have been subject to an adverse judicial finding in civil proceedings before a court in connection with the provision of financial or data services, or for impropriety or fraud in the management of a business;
 - (iv) have been part of the board or senior management of an undertaking whose registration or authorisation was withdrawn by a regulatory body;

- (v) have been refused the right to carry on activities which require registration or authorisation by a regulatory body;
- (vi) have been part of the board or senior management of an undertaking which has gone into insolvency or liquidation, either while the member was connected to the undertaking or within a year of the member's ceasing to be connected to the undertaking;
- (vii) have been part of the board or senior management of an undertaking which was subject to an adverse decision or penalty by a regulatory body;
- (viii) have been otherwise fined, suspended, disqualified, or been subject to any other sanction in relation to fraud or embezzlement or in connection with the provision of financial or data services, by a government or regulatory or professional body; and
- (ix) have been disqualified from acting as a director, disqualified from acting in any managerial capacity, or dismissed from employment or other appointment in an undertaking as a consequence of misconduct or malpractice; and
- (e) a declaration of any potential conflicts of interests that the member may have in performing their duties and how these conflicts are managed.

Transparency of access rules

9.6.18

D

- (1) An application for registration as a *securitisation repository* must contain:
 - (a) the policies and procedures pursuant to which different types of user will report and access the information centrally collected, produced and maintained in the *securitisation repository*, including any process for users to access, view, consult or modify the information maintained by the *securitisation repository*, as well as the procedures used to authenticate the identity of users accessing the *securitisation repository*;
 - (b) a copy of the terms and conditions which determine the rights and obligations of the different types of user in relation to information maintained by the *securitisation repository*;
 - (c) a description of the different categories of access available to users;
 - (d) a detailed description of the access policies and procedures to ensure that users have non-discriminatory access to information maintained by the *securitisation repository*, including:
 - (i) any access restrictions;
 - (ii) variations in access conditions or restrictions across *reporting entities* and across the different entities listed in ■ SECN 9.3; and
 - (iii) how the access policies and procedures ensure that access is restricted to the least possible extent and which procedures exist to question and reverse a restriction or denial of access;
 - (e) a detailed description of the access policies and procedures pursuant to which other service providers have non-discriminatory

access to information maintained by the *securitisation repository* where the relevant *reporting entity* has provided its written, voluntary and revocable consent, including:

- (i) any access restrictions;
- (ii) variations in access conditions or restrictions; and
- (iii) how the access policies and procedures ensure that access is restricted to the least possible extent and which procedures exist to question and reverse a restriction or denial of access; and
- (f) a description of the channels and mechanisms to publicly disclose to potential and actual users the procedures by which those users may ultimately access the information maintained by the *securitisation repository* and to publicly disclose to potential and actual *reporting entities* the procedures by which they may ultimately make available information via the applicant.

- (2) The information referred to in (1)(a) to (d) must be specified for each of the following categories of user:
 - (a) staff and other personnel affiliated with the applicant, including within the same group;
 - (b) *originators, sponsors* and *SSPEs* (as a single category);
 - (c) the entities listed in ■ **SECN 9.3**;
 - (d) other service providers; and
 - (e) each other category of user identified by the applicant (with the information specified separately for each such category).

Pricing policy transparency

9.6.19

D

An application for registration as a *securitisation repository* must contain a description of the following:

- (1) the applicant’s pricing policy, including any existing discounts, rebates and conditions to benefit from such reductions;
- (2) the applicant’s fee structure for providing core and ancillary *securitisation services*, including the estimated cost of each of those services, along with the details of the methods used to account for the separate cost that the applicant may incur when providing core *securitisation services* and ancillary *securitisation services*, as well as the fees charged by the applicant for transferring information to another *securitisation repository* and for receiving information transferred from another *securitisation repository*; and
- (3) the methods used by the applicant to make the information referred to in (1) and (2) publicly available, including a copy of the fee structure separated according to core *securitisation services* and, where these are provided, ancillary *securitisation services*.

Operational risk

9.6.20

D

- (1) An application for registration as a *securitisation repository* must contain:

- (a) a detailed description of the resources available and procedures designed to identify and mitigate operational risk and any other material risk to which the applicant is exposed, including a copy of any relevant policies, methodologies, internal procedures and manuals drawn up for that purpose;
- (b) a description of the liquid net assets funded by equity to cover potential general business losses in order to continue providing core *securitisation* services as a going concern;
- (c) an assessment of the sufficiency of the applicant's financial resources to cover the operational costs of a wind-down or reorganisation of the critical operations and services over a period of at least 9 *months*;
- (d) the applicant's business continuity plan and a description of the policy for updating that plan, including:
 - (i) all business processes, resources, escalation procedures and related systems which are critical to ensuring the core *securitisation* services of the applicant, including any relevant outsourced service and the applicant's strategy, policy and objectives for the continuity of those processes;
 - (ii) any arrangements in place with other financial market infrastructure providers, including other *securitisation repositories*;
 - (iii) the arrangements to ensure a minimum service level of the critical functions and the expected timing of the full recovery of those functions;
 - (iv) the maximum acceptable recovery time for business processes and systems, taking into account the deadlines for reporting laid down in ■ **SECN 6.2** and the volume of information that the applicant needs to process within the quarterly period;
 - (v) the procedures to deal with incident logging and reviews;
 - (vi) a periodic testing programme, ensuring that sufficient tests will be carried out to cover an adequate range of possible scenarios, in the short and medium term, including but not limited to system failures, natural disasters, communication disruptions, loss of key staff and inability to use the premises regularly used and providing for the tests to identify how hardware, software and communications respond to potential threats, together with the results and follow-up actions resulting from any tests and those systems that have been shown to be unable to cope with the specific scenarios being tested;
 - (vii) the number of alternative technical and operational sites available, their location, the resources of those sites when compared with the main site and the business continuity procedures in place in the event that alternate sites need to be used;
 - (viii) information on access to a secondary business site to enable staff to ensure continuity of core *securitisation* services if a main office location is not available;
 - (ix) plans, procedures and arrangements for handling emergencies and ensuring safety of staff;

- (x) plans, procedures and arrangements to manage crises, to coordinate the overall business continuity efforts and to determine their timely (within the recovery time objective set by the applicant) and effective activation, mobilisation and escalation capabilities;
 - (xi) plans, procedures and arrangements to recover the applicant's system, application and infrastructure components within the recovery time objective set by the applicant; and
 - (xii) details on staff training on the operation of the business continuity arrangements, and individuals' roles in that regard, including specific security operations staff ready to react immediately to a disruption of services;
- (e) a description of the arrangements for ensuring the applicant's core *securitisation* services in case of disruption and the involvement of its users and other third parties in those arrangements;
 - (f) a description of the applicant's arrangements for publishing on its website and promptly informing the *FCA* and other users of any service interruptions or connection disruptions as well as the time estimated to be needed to resume regular service; and
 - (g) a description of the applicant's arrangements permitting its staff to continuously monitor in real time the performance of its information technology systems.
- (2) An application for registration as a *securitisation repository* must include a copy of policies and procedures to ensure the orderly transfer of information to other *securitisation repositories* and the redirection of reporting flows to other *securitisation repositories*.

Outsourcing

9.6.21

D

- (1) An application for registration as a *securitisation repository* must demonstrate that, where an applicant arranges for activities to be performed on its behalf by third parties, including by undertakings with which it has close links, the applicant ensures that the third party has the ability and the capacity to perform those activities reliably and professionally.
- (2) The application for registration as a *securitisation repository* must specify or contain all of the following:
 - (a) a description of the scope of the activities to be outsourced, as well as the detail and extent to which those activities are outsourced;
 - (b) a copy of the relevant service level agreements, with clear roles and responsibilities, metrics and targets for every key requirement of the applicant that is outsourced, the methods employed to monitor the service level of the outsourced functions and the measures or actions to be taken in the event of service level targets not being met;
 - (c) a copy of the contracts governing those service level agreements, including the identification of the third-party service provider;
 - (d) a copy of any external reports on the outsourced activities, where available; and

- (e) details of the organisational measures and policies with respect to outsourcing and the risks posed by it as specified in (4).
- (3) The application for registration must demonstrate that the outsourcing does not reduce the applicant's ability to perform senior management or management body functions.
- (4) The application for registration as a *securitisation repository* must contain information sufficient to demonstrate how the applicant remains responsible for any outsourced activity and a description of the organisational measures taken by the applicant to ensure the following:
 - (a) that the third-party service provider is carrying out outsourced activities effectively and in compliance with applicable laws and regulatory requirements and that the third party service provider adequately addresses identified failures;
 - (b) the identification by the applicant of risks in relation to outsourced activities and the adequate periodic monitoring of those risks;
 - (c) that there are adequate control procedures with respect to outsourced activities, including effective supervision of those activities and of their risks within the applicant; and
 - (d) the adequate business continuity of outsourced activities.
- (5) For the purposes of (4)(d), the applicant must provide information on the business continuity arrangements of the third-party service provider, including the applicant's assessment of the quality of those business continuity arrangements and, where needed, any improvements to those business continuity arrangements that have been requested by the applicant.
- (6) Where the third-party service provider is supervised by a regulatory authority, the application for registration must also contain information demonstrating that the third-party service provider cooperates with that authority in connection with outsourced activities.

Security

9.6.22

D

- (1) An application for registration as a *securitisation repository* must contain proof of the following:
 - (a) that its information technology systems are protected from misuse or unauthorised access;
 - (b) that its information systems are protected against attacks; 'information systems' means a device or group of interconnected or related devices, one or more of which, pursuant to a programme, automatically processes computer data, as well as computer data stored, processed, retrieved or transmitted by that device or group of devices for the purpose of its or their operation, use, protection and maintenance;
 - (c) that unauthorised disclosure of confidential information is prevented; and

- (d) that the security and integrity of the information received by it under *SECN* is ensured.
- (2) The application must contain proof that the applicant has arrangements in place to identify and manage the risks referred to in (1) in a prompt and timely manner.
- (3) With respect to breaches in the physical and electronic security measures referred to in (1) and (2), the application must contain proof that the applicant has arrangements in place to do the following in a prompt and timely manner:
 - (a) notify the *FCA* of the incident giving rise to the breach;
 - (b) provide the *FCA* with an incident report, indicating the nature and details of the incident, the measures adopted to cope with the incident and the initiatives taken to prevent similar incidents; and
 - (c) notify its users of the incident where they have been affected by the breach.

Verification procedure

9.6.23

D

- (1) An application for registration as a *securitisation repository* must contain a description of the policies and procedures the applicant has put in place to:
 - (a) authenticate the identity of the user accessing the applicant's systems;
 - (b) authorise and permit the recording of information received by the applicant under *SECN* for the relevant *securitisation*;
 - (c) comply with ■ [SECN 9.5.2R](#) to ■ [SECN 9.5.4R](#);
 - (d) verify and highlight duplicate submissions; and
 - (e) identify information not received by it where there is an obligation to make that information available under ■ [SECN 6.2](#).
- (2) The application must also contain documentation providing several detailed example test cases, including graphics, that demonstrate the applicant's ability to comply with the obligations set out in (1). With regard to (1)(c), several detailed example test cases must be provided for each of the verifications listed in ■ [SECN 9.5.4R](#).

Quality of information produced

9.6.24

D

With respect to information produced by the applicant pursuant to ■ [SECN 9.5](#), an application for registration as a *securitisation repository* must contain a detailed description of the procedures put in place by the applicant to ensure that it accurately makes available the information received from *reporting entities*, without itself introducing any errors or omitting information.

Confidentiality

9.6.25

D

- (1) An application for registration as a *securitisation repository* must contain a detailed description of the internal policies, procedures and mechanisms that prevent:
 - (a) any use of the information maintained by the applicant for illegitimate purposes;
 - (b) the disclosure of confidential information; and
 - (c) the commercial use of information maintained by the applicant where such use is prohibited.
- (2) The description referred to in (1) must contain a description of the internal procedures on staff permissions for using passwords to access the information, specifying the staff purpose and the scope of the information being viewed and any restrictions on the use of information.
- (3) Applicants must provide the *FCA* with information on the processes to keep a log identifying each staff member accessing the information maintained by the applicant, the time of access, the nature of the information accessed and the purpose.

Record-keeping policy

9.6.26

D

- (1) An application for registration as a *securitisation repository* must contain the following information:
 - (a) the record-keeping systems, policies and procedures that are used in order to ensure that the information made available by a *reporting entity* under *SECN* by means of the applicant is recorded and maintained by the applicant in accordance with Article 80(3) of *EMIR*, as applied by regulation 14(3) of the *Securitisation Regulations 2024*;
 - (b) a detailed description of the record-keeping systems, policies and procedures that are used in order to ensure that information made available by a *reporting entity* under *SECN* by means of the applicant is modified appropriately and in accordance with relevant legislative or regulatory requirements; and
 - (c) information about the receipt and administration of information made available by a *reporting entity* under *SECN* by means of the applicant, including a description of any policies and procedures put in place by the applicant to ensure the following:
 - the timely and accurate recording of the information received;
 - the record-keeping of all information received that relates to the receipt, modification or termination of a *securitisation* transaction in a reporting log;
 - that the information is maintained both online and offline; and
 - that the information is adequately copied for business continuity purposes.
- (2) The application for registration must also include the applicant's policies and procedures to promptly record, and maintain for at least

10 years following the termination of the *securitisation*, the verifications, validations and information produced by the applicant under ■ SECN 9.5.

Payment of fees

9.6.27 **D** An application for registration as a *securitisation repository* must contain proof of payment of the registration fees referred to in *FEES*.

Verification of the accuracy and completeness of the application

9.6.28 **D**

- (1) Any information submitted to the *FCA* during the registration process must be accompanied by a letter signed by a member of the board of the applicant and a member of the applicant's senior management, attesting that the information submitted is accurate and complete to the best of their knowledge, as of the date of submission.
- (2) The information must also be accompanied, where relevant and available, with the relevant corporate legal documentation certifying the accuracy of the application information.

Information requirements for a registered trade repository seeking to provide core securitisation services

9.6.29 **D**

- (1) An application under regulation 14(2) of the *Securitisation Regulations 2024* for an extension of registration for the purposes of ■ SECN 6 must contain the information and documentation required by the following provisions:
 - (a) (a) ■ SECN 9.6.2D, except ■ SECN 9.6.2D(2)(d);
 - (b) ■ SECN 9.6.3D;
 - (c) ■ SECN 9.6.5D, except ■ SECN 9.6.5D(2)(d);
 - (d) ■ SECN 9.6.6D;
 - (e) ■ SECN 9.6.9D;
 - (f) ■ SECN 9.6.10D(2);
 - (g) ■ SECN 9.6.12D;
 - (h) ■ SECN 9.6.13D(2);
 - (i) ■ SECN 9.6.14D, ■ SECN 9.6.15D and ■ SECN 9.6.16D;
 - (j) ■ SECN 9.6.17D(1)(b) and ■ SECN 9.6.17D(1)(e);
 - (k) ■ SECN 9.6.18D to ■ SECN 9.6.24D;
 - (l) ■ SECN 9.6.25D(2); and
 - (m) ■ SECN 9.6.26D, ■ SECN 9.6.27D and ■ SECN 9.6.28D.
- (2) Information and documentation required by any provisions of ■ SECN 9.6 that are not covered by (1) must be included in an application only insofar as there is a difference in the content of that particular information or documentation as at the time when the application is made, compared with the content as last provided to the *FCA* most recently before that time under Chapter 1 of Title VI of

EMIR or Chapter III of the *Securities Financing Transactions Regulation*, as applicable.

- (3) For the purposes of this section, references in ■ [SECN 9.6.2D\(3\)](#), ■ [SECN 9.6.2D\(4\)](#) and in ■ [SECN 9.6.3D](#) to ■ [SECN 9.6.28D](#) to an application for registration must be taken to include reference to an application for an extension of registration.

Applications for registration as a securitisation repository

Table 1: General information

Date of application
Corporate name of the <i>securitisation repository</i>
Place of incorporation and scope of business activity
Legal entity identifier (LEI) registered with the Global Legal Entity Identifier Foundation
Legal address of the <i>securitisation repository</i>
Legal address of any subsidiaries of the <i>securitisation repository</i>
Legal address of any branches of the <i>securitisation repository</i>
Uniform resource locator (URL) of the <i>securitisation repository's</i> website
The <i>securitisation</i> types, risk transfer methods and underlying exposure types for which the applicant repository is applying to be registered
If the applicant is authorised or registered in the <i>United Kingdom</i> , the reference number related to the authorisation or registration
Name of the person(s) responsible for the application
Contact details of the person(s) responsible for the application
Name of the person(s) responsible for the <i>securitisation repository</i> compliance (or any other staff involved in compliance assessments for the <i>securitisation repository</i>)
Contact details of the person(s) responsible for the <i>securitisation repository</i> compliance, or any other staff involved in compliance assessments for the <i>securitisation repository</i> , in relation to its provision of core <i>securitisation</i> services
Name of any parent undertaking
LEI registered with the Global Legal Entity Identifier Foundation of any parent undertaking
Legal address of any parent undertaking

Table 2:

Document references For all information required in SECN 9.6, except SECN 9.6.2D(2)(a), (b), (c), (e), (f), (h) and (i) and SECN 9.6.7D(2)

Provision of SECN 9.6.1D to SECN 9.6.29D containing the information requirement to which the document relates	Unique reference number of document	Title of the document	Chapter, section or page of the document where the information is provided or reason why the information is not provided

Applications from trade repositories applying for an extension of registration

Table 1: General information

Date of application
Date of registration of the applicant as a <i>trade repository</i>
Corporate name of the <i>securitisation repository</i>
Legal entity identifier (LEI) registered with the Global Legal Entity Identifier Foundation
Legal address of the <i>securitisation repository</i>
Legal address of any subsidiaries of the <i>securitisation repository</i>
Legal address of any branches of the <i>securitisation repository</i>
Uniform resource locator (URL) of the <i>securitisation repository's</i> website
LEI registered with the Global Legal Entity Identifier Foundation
The <i>securitisation</i> types, risk transfer methods and underlying exposure types for which the applicant repository is applying to be registered
If the applicant is authorised or registered in the <i>United Kingdom</i> , the reference number related to the authorisation or registration
Name of the person(s) responsible for the application
Contact details of the person(s) responsible for the application
Name of the person(s) responsible for the <i>securitisation repository</i> compliance (or any other staff involved in compliance assessments for the <i>securitisation repository</i> , in relation to its provision of core <i>securitisation</i> services)
Contact details of the person(s) responsible for the <i>securitisation repository</i> compliance (or any other staff involved in compliance assessments for the <i>securitisation repository</i>)

Table 2: Document references

(For all information required in SECN 9.6 with the exception of SECN 9.6.2D(2)(a), (b), (c), (f), (h), (i) and SECN 9.6.7D(2))

Provision of SECN 9.6.1D to SECN 9.6.29D containing the information requirement to which the document relates	Unique reference number of document	Title of the document	Chapter, section or page of the document where the information is provided or reason why the information is not provided
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Scoring of completeness of data and rejection categories

Table 1: Data completeness scoring matrix

		Input 1: Percentage of fields entered as 'ND1'			
		Input 1 = 0 %	0 % < Input 1 ≤ 10 %	10 % < Input 1 ≤ 30 %	Input 1 > 30 %
Input 2: Percentage of fields entered as "ND2", "ND3", or "ND4-YYYYMM- DD"	Input 2 = 0 %	A1	B1	C1	D1
	0 % < Input 2 ≤ 20 %	A2	B2	C2	D2
	20 % < Input 2 ≤ 40 %	A3	B3	C3	D3
	Input 2 > 40 %	A4	B4	C4	D4

Table 2: Rejection categories

Rejection categories	Reason
Schema	The submission of information has been rejected because of a non-compliant schema.
Permission	The submission of information has been rejected because the reporting entity has not been granted permission to report on behalf of the originator, sponsor or SSPE
Logical	The submission of information has been rejected because the item code does not match the available values in Table 3 of SECN 11 Annex 1R.
Business	The submission of information has been rejected because the data submission does not comply with one or more content validations.
Representativeness	The submission of information has been rejected pursuant to SECN 9.5.4R(7).

Chapter 10

Requirements relating to application to register as third party verifiers



10.1 Application

10.1.1

G

This chapter applies to persons that apply to the *FCA* to be registered as *third party verifiers* who are *established in the United Kingdom*.

10.2 Identification of the third party

- 10.2.1** D (1) An application for registration as referred to in regulation 26 of the *Securitisation Regulations 2024* must contain the following information, to the extent relevant:
- (a) the corporate name of the third party and its legal form;
 - (b) the third party's legal entity identifier (LEI) or, where not available, another identifier required by *United Kingdom* law;
 - (c) the third party's legal address, as well as the addresses of any of its offices, whether within the *United Kingdom* or in a *third country*;
 - (d) the uniform resource locator (URL) of the third party's website;
 - (e) an excerpt from a relevant commercial or court register, or another form of certified evidence, valid at the date of application, confirming the place of incorporation and the scope of business activity of the third party;
 - (f) the articles of incorporation of the third party, or other statutory documentation, stating that the third party is to assess the compliance of *securitisations* against the *STS criteria*;
 - (g) the most recent annual financial statements of the third party, including individual and consolidated financial statements, where available, and where the financial statements of the third party are subject to a statutory audit as required by the law of the *United Kingdom*, the audit report on these financial statements;
 - (h) the name, title, address, email address and the telephone number(s) of the contact person for the purposes of the application;
 - (i) the list of types of securitisation for which the *third party* intends to provide *STS* compliance services, distinguishing between non-*ABCP securitisations* and *ABCP transactions/ABCP programmes*;
 - (j) a description of any services, other than providing *STS* compliance services, that the third party provides or intends to provide; and
 - (k) a list of parties to whom the third party provides (or intends to provide) advisory, audit or equivalent services.
- 10.2.2** D An application for registration must include the following documentation as attachments:
- (1) a list of the name and business address of each person or entity that holds 10% or more of the third party's capital or 10% or more of its

voting rights, or the holding of which makes it possible to exercise a significant influence over the third party, together with:

- (a) the percentage of the capital and voting rights held, and, where applicable, a description of the arrangements that enable the person or entity to exercise a significant influence over the third party's management; and
 - (b) the nature of the business activities of the persons and entities referred to in (a);
- (2) a list of the name and business address of any entity in which a person or entity referred to in (1) holds 20% or more of the capital or voting rights and a description of that entity's activities; and
- (3) a completed copy of Table 1: Document references.

Provision of SECN	Unique reference number of document	Title of the document	Chapter or section or page of the document where the information is provided or reason why the information is not provided

10

- 10.2.3** D Where the third party has a parent undertaking, the application referred to in ■ **SECN 10.2.1D** must state whether the immediate parent undertaking or ultimate parent undertaking is authorised, registered or subject to supervision and, where this is the case, state any associated reference number and the name of the responsible supervisory authority.
- 10.2.4** D Where the third party has subsidiaries or branches, the application for registration must identify the names and business addresses of those subsidiaries or branches and describe the areas of business activities of each subsidiary or branch.
- 10.2.5** D An application for registration must include a chart showing the ownership links between the third party and:
 - (1) its parent undertaking;
 - (2) its ultimate parent undertaking;
 - (3) its subsidiaries and affiliates; and
 - (4) any other persons and entities associated with or connected with a *network*.

10.2.6

D

The chart referred to in ■ SECN 10.2.5D must identify those undertakings by their full name, their LEI or, where not available, another identifier required under the law, their legal form and their business address in the *United Kingdom*.



10.3 Composition of the management body and the organisational structure

- 10.3.1** **D** The application referred to in ■ **SECN 10.2** must include the third party's internal governance policies and the terms of procedure which govern its management body, its independent directors and, where established, the committees or substructures of its management bodies.
- 10.3.2** **D** The application referred to in ■ **SECN 10.2** must identify the members of the management body, including independent directors and, where applicable, the members of committees or other substructures set up within that management body. For each member of the management body, including its independent directors, the application must describe the position held within the management body, the responsibilities allocated to that position and the time that will be devoted to fulfilling those responsibilities.
- 10.3.3** **D** The application referred to in ■ **SECN 10.2** must contain a chart detailing the organisational structure of the third party, which clearly identifies the roles of each member of the management body of that third party. Where the third party provides or intends to provide, services other than STS compliance services, the organisational chart must detail the identity and responsibility of the members of the management body in respect of those services.
- 10.3.4** **D** The application referred to in ■ **SECN 10.2** must contain the following information in respect of each member of the management body:

 - (1) a copy of each member's curriculum vitae, including:
 - (a) an overview of the member's relevant education;
 - (b) the member's complete employment history with relevant dates, positions held and a description of the positions occupied; and
 - (c) any professional qualification held by the member, together with the date of acquisition and, where applicable, the status of any membership in a relevant professional body;
 - (2) details of any criminal convictions, in particular in the form of an official criminal record certificate;
 - (3) a declaration signed by the member, stating whether they:

- (a) have been subject to an adverse decision in any proceedings of a disciplinary nature brought by a regulatory authority, government body, agency or professional body;
 - (b) have been subject to an adverse judicial finding in civil proceedings before a court, including for impropriety or fraud in the management of a business;
 - (c) have been part of the management body (board or senior management) of an undertaking whose registration or authorisation was withdrawn by a regulatory authority, government body or agency;
 - (d) have been refused the right to perform activities which require registration or authorisation by a regulatory authority, government body, agency or professional body;
 - (e) have been a member of the management body of an undertaking that has gone into insolvency or liquidation, either while they were part of that undertaking's management body or within a year of them ceasing to be a member of that management body;
 - (f) have been a member of the management body of an undertaking which has been subject to an adverse decision or penalty by a regulatory authority, government body, agency or professional body;
 - (g) as a consequence of misconduct or malpractice, have been disqualified from acting as a director, disqualified from acting in any managerial capacity, or dismissed from employment or other appointment in an undertaking;
 - (h) have been otherwise fined, suspended, disqualified, or been subject to any other sanction, including in relation to fraud or embezzlement, by a regulatory authority, government body, agency or professional body;
 - (i) are subject to any current investigation, or pending judicial, administrative, disciplinary or other proceedings, including in relation to fraud or embezzlement, by a regulatory authority, government body, agency or professional body;
 - (j) have been part of the management body (board or senior management) of an undertaking whose registration or authorisation was withdrawn by a regulatory authority, government body or agency;
 - (k) have been refused the right to perform activities which require registration or authorisation by a regulatory authority, government body, agency or professional body; and
 - (l) have been a member of the management body of an undertaking that has gone into insolvency or liquidation, either while they were part of that undertaking's management body or within a year of them ceasing to be a member of that management body;
- (4) a signed declaration of any potential conflict of interest that the member may have in performing their duties and how those conflicts will be managed, including an inventory of any positions held in other undertakings; and

- (5) where not already included in (1), a description of the member's knowledge of and experience in the tasks relevant for the third party's provision of STS compliance services and, in particular, knowledge of and experience in different types of *securitisation* or *securitisations* of different underlying exposures.

10.3.5

D

The application referred to in ■ **SECN 10.2** must contain the following, in respect of each independent director:

- (1) evidence of the director's independence within the management body;
- (2) disclosures of any past or present business, employment or other relationship that creates or might create a potential conflict of interest; and
- (3) disclosures of any business, family or other relationship with the third party, its controlling shareholder or the management of either, that creates or might create a conflict of interest.



10.4 Corporate governance

10.4.1

D

Where the third party adheres to a corporate governance code of conduct for the appointment and role of the independent directors and the management of conflicts of interest, the application referred to in **■** SECN 10.2 must identify that code and provide an explanation for any deviation by the third party from that code.



10.5 Independence and avoidance of conflicts of interest

- 10.5.1** D The application referred to in ■ **SECN 10.2** must 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.
- 10.5.2** D The application referred to in ■ **SECN 10.2** must 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.
- 10.5.3** D The application referred to in ■ **SECN 10.2** must contain a description of any other measures and controls applied to ensure the proper and timely identification, management and disclosure of conflicts of interest.
- 10.5.4** D The application referred to in ■ **SECN 10.2** must contain an up-to-date inventory of any potential or existing conflicts of interest identified by the third party in accordance with regulation 25(2)(f) of the *Securitisation Regulations 2024*, and must include:

 - (1) 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; and
 - (2) 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.
- 10.5.5** D The application referred to in ■ **SECN 10.2** must provide details on policies or procedures which 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.
- 10.5.6** D The application referred to in ■ **SECN 10.2** must provide details about the following:

- (1) revenue from other non-STS 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 3 annual reporting periods preceding the date of submission of the application or, where not available, since the incorporation of the third party; and
- (2) the projected proportion of revenue from STS compliance services compared with the total projected revenue for the forthcoming 3 year reference period.

10.5.7

D

The application referred to in ■ **SECN 10.2** must include, where applicable, the following information on the concentration of revenue from a single undertaking or a group of undertakings:

- (1) 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 3 annual reporting periods preceding the date of the submission of the application or, where not available, since the incorporation of the third party; and
- (2) a statement as to 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 3 years.

10.5.8

D

Where applicable, the application referred to in ■ **SECN 10.2** must contain an assessment of how a concentration of revenue from a single undertaking or a group of economically connected undertakings identified in ■ **SECN 10.5.7D** is compatible with the third party's policies and procedures on the independence of the STS compliance services referred to in ■ **SECN 10.5.2D**.

10.6 Fee structure

10.6.1 **D** The application referred to in ■ SECN 10.2 must contain information on the pricing policies for providing the STS compliance services and must include all of the following:

- (1) pricing criteria and a fee structure or a fee schedule for the STS compliance services for each type of securitisation for which such services are offered (distinguishing non-ABCP *securitisations* from *ABCP transactions* and *ABCP programmes*), including any internal guidelines or procedures governing how the pricing criteria are used to determine or set individual fees;
- (2) details of the methods used to record any specific costs incurred when providing STS compliance services, including additional incidental expenses relating to the provision of STS compliance services, such as transport and accommodation, and, where the third party intends to outsource parts of its provision of STS compliance services, a description as to how that outsourcing is to be taken into account in the pricing criteria;
- (3) a detailed description of any established procedures for the modification of fees or for departing from the fee schedule, including under any frequent use programme;
- (4) a detailed description of any established procedures or internal controls which ensure and monitor compliance with the pricing policies, including any procedures or internal controls which monitor the development of individual fees over time and across different customers to which STS compliance services are provided;
- (5) a detailed description of any processes for reviewing and updating both the costing system and pricing policies; and
- (6) a detailed description of any procedures and internal controls for maintaining records relating to fee schedules, individual fees applied or modifications to the third party's pricing policies.

10.6.2 **D** The application referred to in ■ SECN 10.2 must provide information on the following:

- (1) whether the fees are set in advance of the provision of the STS compliance service;
- (2) whether prepaid fees are non-refundable; and

- (3) any operational safeguards aimed at ensuring that contractual agreements between the third party and an *originator, sponsor* or *SSPE* for the provision of STS compliance services exclude a contractual termination clause or provide for breach of the contract or non-performance of the contract where the result of the STS compliance assessment demonstrates that the *securitisation* does not comply with the *STS criteria*.

10.7 Operational safeguards and internal processes to assess STS compliance

10.7.1 **D** The application referred to in ■ **SECN 10.2** must include a detailed summary of any policies, procedures and manuals on the controls and operational safeguards established to ensure the independence of the third party's assessment of STS compliance and the integrity of its assessment.

10.7.2 **D** The application referred to in ■ **SECN 10.2** must contain any information which demonstrates that the third party has established operational safeguards and internal processes to enable it to properly assess STS compliance, including the following:

- (1) the number of the applicant's employees, calculated on a full-time equivalent basis, disaggregated to types of positions within the applicant company;
- (2) details on the policies and procedures established by the third party regarding:
 - (a) the independence of individual staff members;
 - (b) the termination of employment contracts, including any measures to ensure the independence and integrity of the STS assessment process associated with the termination of the employment, such as policies and procedures relating to negotiating future employment contracts with other undertakings for staff directly involved in the STS assessment;
 - (c) the qualification requirements for staff directly involved in providing STS compliance activities, distinguished by position type;
 - (d) training and development policies for staff directly involved in the provision of STS compliance services; and
 - (e) the performance evaluation and compensation policies for staff directly involved in STS compliance services;
- (3) a description of any measures established by the third party to mitigate the risk of over-reliance on any individual staff members for providing STS compliance services;
- (4) the following information, where the third party relies, in any STS assessment, on outsourcing or external experts:

- (a) details on any policies and procedures with regard to the outsourcing of activities and the engagement of external experts;
 - (b) a description of any outsourcing arrangements entered into or envisaged by the third party, accompanied by a copy of the contracts governing those outsourcing arrangements;
 - (c) a description of the services to be provided by the external expert, including the scope of those services and the conditions under which those services should be rendered; and
 - (d) a detailed explanation of how the third party intends to identify, manage and monitor any risks posed by outsourcing and a description of the safeguards put in place to ensure independence of the STS assessment process;
- (5) a description of any measures to be used in the event of a breach of any of the policies or procedures referred to in (2) and (4)(a);
- (6) a description of any policies on the reporting to the *FCA* of any material breach of the policies or procedures referred to in (2) and (4)(a) or any other fact, event or circumstance which is likely to amount to a breach of the conditions of the authorisation of the third party; and
- (7) a description of any arrangements established to ensure that the relevant persons are aware of the policies and procedures referred to in (2) and (4)(a), and a description of any arrangements relating to the monitoring, review and updating of those policies and procedures.

10.7.3

D

The application referred to in ■ **SECN 10.2** must contain the following for each *securitisation* type for which the third party intends to provide STS compliance services:

- (1) a description of the STS assessment methodology to be applied, including any procedures and methodology for the quality assurance of that assessment; and
- (2) a template of the STS verification report to be provided to the *originator*, the *sponsor* or the *SSPE*.

10.8 Format of the application

- 10.8.1** **D** (1) A third party must allocate a unique reference number to each document it submits to the *FCA* as part of its application.
- (2) A third party must include a substantiated explanation in its application for any requirement of this chapter considered non-applicable.
- 10.8.2** **D** The application referred to in ■ **SECN 10.2** must be accompanied by a letter signed by a member of the third party's management body, confirming that:
- (1) the submitted information is accurate and complete to the best of their knowledge, as of the date of the submission of the application; and
- (2) the applicant is neither a regulated entity as defined in Article 2(4) of Directive 2002/87/EC, nor a credit rating agency as defined in Article 3(1)(b) of the *CRA Regulation*.

Information and the details of a securitisation, which the originator, sponsor and SSPE must make available

Chapter 11

Information and the details of
a securitisation, which the
originator, sponsor and SSPE
must make available



11.1 Application

- 11.1.1 **G** This chapter applies to *originators, sponsors* and *SSPEs* which are not *PRA-
authorised persons* and are *established in the United Kingdom*.
- 11.1.2 **R** The requirements specified in ■ **SECN 11.3** to ■ **SECN 11.5** and ■ **SECN 11.10** to ■ **SECN 11.13** apply to all *securitisations*.
- 11.1.3 **R** The requirements specified in ■ **SECN 11.6** to ■ **SECN 11.9** apply to *securitisations* for which section 85 of the *Act* (Contravention of prohibition relating to public offer of securities) and *rules* made by the *FCA* for the purposes of Part 6 of the *Act* require a prospectus to be drawn up.

11.2 Interpretation

11.2.1

R

- (1) For the purposes of ■ SECN 11, the following definitions apply:
- (a) 'data cut-off date' means the reference date of the information being reported in accordance with ■ SECN 11;
 - (b) 'active underlying exposure' means an underlying exposure which, at the data cut-off date, may be expected to generate cash inflows or outflows in the future;
 - (c) 'inactive underlying exposure' means an underlying exposure that has defaulted with no further recoveries expected or that has been redeemed, prepaid, cancelled, repurchased or substituted;
 - (d) 'debt service coverage ratio' means the annual rental income generated by commercial real estate that is wholly or partially financed by debt, net of taxes and net of any operational expenses to maintain the property's value, relative to the annual combined interest and principal repayment on a borrower's total debt over a given period on the loan secured by the property;
 - (e) 'interest coverage ratio' means the gross annual rental income, before operational expenses and taxes, accruing from a buy-to-let property or the net annual rental income accruing from a commercial real estate property or set of properties relative to the annual interest cost of the loan secured by the property or set of properties;
 - (f) 'medium enterprise' means an *enterprise* which employs fewer than 250 people and has an annual turnover not exceeding £50 million and/or an annual balance sheet total not exceeding £43 million;
 - (g) 'micro enterprise' means an *enterprise* which employs fewer than 10 people and has a turnover or annual balance sheet that does not exceed £2 million; and
 - (h) 'small enterprise' means an *enterprise* which employs fewer than 50 persons and whose annual turnover and/or balance sheet total does not exceed £10 million.

11.2.2

G

In the ■ SECN 11 Annexes, any references to Regulation (EU) 2017/2402 and related technical standards and to specific Articles therein shall be read as referencing the *PRA rules* or *SECN* replacing the relevant provision.



11.3 Information on underlying exposures

11.3.1

R

- (1) The information to be made available for a non-ABCP *securitisation* pursuant to ■ SECN 6.2.1R(1) is specified in:
 - (a) ■ SECN 11 Annex 2R for loans to private households secured by residential real estate, regardless of the purpose of those loans;
 - (b) ■ SECN 11 Annex 3R for loans for the purposes of acquiring commercial real estate or secured by commercial real estate;
 - (c) ■ SECN 11 Annex 4R for corporate underlying exposures, including underlying exposures to micro, small and medium-sized enterprises;
 - (d) ■ SECN 11 Annex 5R for automobile underlying exposures, including both loans and leases to legal or natural persons backed by automobiles;
 - (e) ■ SECN 11 Annex 6R for consumer underlying exposures;
 - (f) ■ SECN 11 Annex 7R for credit card underlying exposures;
 - (g) ■ SECN 11 Annex 8R for leasing underlying exposures; and
 - (a) ■ SECN 11 Annex 9R for underlying exposures that do not fall within any of the categories set out in (a) to (g).
- (2) For the purposes of (1)(a), 'residential real estate' means any immovable property, available for dwelling purposes (including buy-to-let housing or property), acquired, built or renovated by a private household and that is not qualified as commercial real estate.
- (3) For the purposes of (1)(b), 'commercial real estate' means any income-producing real estate, either existing or under development, and excludes social housing and property owned by end-users.
- (4) A property that has mixed commercial and residential use must, where possible, be treated as 2 separate properties: 1 commercial and 1 residential. Where it is not possible to separate the uses in this manner, the property must be treated as being entirely residential or entirely commercial, whichever is the dominant use of the property.

11.3.2

R

- (1) Except as provided in (2) and (3), where a non-ABCP *securitisation* includes more than one of the types of underlying exposures listed in ■ SECN 11.3.1R, the *reporting entity* for that *securitisation* must make available the information specified in the applicable annex for each underlying exposure type.

(2) Where the pool of underlying exposures for a non-ABCP *securitisation* entirely comprises automobile underlying exposures, the information specified in ■ SECN 11 Annex 5R must be provided in respect of the entire pool, regardless of whether the automobile underlying exposures are loans or leases.

(3) Except in the circumstances contemplated in (2), where the pool of underlying exposures for a non-ABCP *securitisation* entirely comprises leasing underlying exposures, the information specified in ■ SECN 11 Annex 8R must be provided in respect of the entire pool.

11.3.3 **R** The *reporting entity* for a non-performing exposure *securitisation* must make available the information specified in:

(1) the annexes referred to in ■ SECN 11.3.1R(1)(a) to (h), as relevant to the underlying exposure type; and

(2) ■ SECN 11 Annex 10R.

11.3.4 **R** For the purposes of ■ SECN 11.3.3R, a 'non-performing exposure *securitisation*' means a non-ABCP *securitisation*, the majority of whose active underlying exposures, measured in terms of outstanding principal balance as at the data cut-off date, are one of the following:

(1) non-performing exposures as referred to in paragraphs 213 to 239 of Annex V, Part 2, to Commission Implementing Regulation (EU) No 680/2014 as this provision had effect immediately before *IP completion day*;

(2) (a) credit impaired financial assets as defined in Appendix A to International Financial Reporting Standard 9 in Commission Regulation (EC) No 1126/2008 as this provision had effect immediately before *IP completion day*;

(b) credit impaired financial assets as defined in Appendix A to International Financial Reporting Standard 9 as contained in *UK-adopted international accounting standards*;

(c) financial assets accounted for as credit impaired under national rules applying the Generally Accepted Accounting Principles (GAAP) based on Council Directive 86/635/EEC; or

(d) financial assets accounted for as credit-impaired under UK generally accepted accounting principles.

11.3.5 **R** The *reporting entity* for an ABCP *transaction* must make available the information specified in ■ SECN 11 Annex 11R.

11.3.6 **G** Where a *securitisation* is both a non-ABCP *securitisation* and an ABCP *transaction*, the appropriate *reporting entity* or *reporting entities* should make available the required information under ■ SECN 11.3.1R to ■ SECN 11.3.4R and the required information under ■ SECN 11.3.5R.

11.3.7

R

The information to be made available pursuant to ■ SECN 11.3 must be on:

- (1) active underlying exposures as at the data cut-off date;
- (2) inactive underlying exposures that were active underlying exposures at the immediately preceding data cut-off date.



11.4 Information on investor reports

- 11.4.1 **R** The *reporting entity* for a non-ABCP *securitisation* must make available the information on investor reports specified in ■ SECN 11 Annex 12R.
- 11.4.2 **R** The *reporting entity* for an *ABCP transaction* or *ABCP programme* must make available the information on investor reports specified in ■ SECN 11 Annex 13R.
- 11.4.3 **G** Where a securitisation is both a non-ABCP *securitisation* and an *ABCP transaction*, the appropriate *reporting entity* or *reporting entities* should make available the required information under ■ SECN 11.4.1R and the required information under ■ SECN 11.4.2R.

11.5 Information granularity

- 11.5.1 **R**
- (1) The *reporting entity* must make available the information specified in ■ SECN 11 Annexes 2R to ■ 10R and ■ 12R on the following:
- (a) underlying exposures, in relation to each individual underlying exposure;
 - (b) collateral, where any of the following conditions is met and in respect of each item of collateral securing each underlying exposure:
 - (i) the underlying exposure is secured by a guarantee;
 - (ii) the underlying exposure is secured by physical or financial collateral; or
 - (iii) the lender may unilaterally create security over the underlying exposure without the need for any further approval from the obligor or guarantor;
 - (c) tenants, for each of the 3 largest tenants occupying a commercial real estate property, measured as the total annual rent payable by each tenant occupying the property;
 - (d) historical collections, for each underlying exposure and for each *month* in the period from the data cut-off date up to 36 *months* before that date;
 - (e) cashflows, for each inflow or outflow item in the *securitisation*, as set out in the applicable priority of receipts or payments as at the data cut-off date; and
 - (f) tests/events/triggers, for each test/event/trigger that triggers changes in the priority of payments or the replacement of any counterparties.
- (2) For the purposes of (1)(a) and (d), securitised loan parts must be treated as individual underlying exposures.
- (3) For the purposes of (1)(b), each property acting as security for loans referred to in ■ SECN 11.3.1R(1)(a) and (b) must be treated as a single item of collateral.

- 11.5.2 **R**
- The *reporting entity* must make available the information specified in ■ SECN 11 Annexes 11R and ■ 13R on the following:

- (1) *ABCP transactions*, for as many *ABCP transactions* that exist in the *ABCP programme* as at the data cut-off date;

- (2) each *ABCP programme* that is funding the *ABCP transactions* for which information is made available pursuant to (1), as at the data cut-off date;
- (3) tests/events/triggers, for each test/event/trigger in the *ABCP transaction* or *ABCP programme* that triggers changes in the priority of payments or the replacement of any counterparties; and
- (4) underlying exposures, for each *ABCP transaction* on which information is made available pursuant to (1) and for each exposure type that is present in that *ABCP transaction* as at the data cut-off date, in accordance with the list in field IVAL5 in ■ SECN 11 Annex 11R.



11.6 Item codes

11.6.1

R

Reporting entities must assign item codes to the information made available to *securitisation repositories*. For this purpose, *reporting entities* must assign the item code specified in Table 3 of ■ SECN 11 Annex 1R that best corresponds to that information.



11.7 Inside information

- 11.7.1 **R** The *reporting entity* for a non-ABCP *securitisation* must make available the inside information specified in ■ SECN 11 Annex 14R.
- 11.7.2 **R** The *reporting entity* for an *ABCP transaction* or *ABCP programme* must make available the inside information specified in ■ SECN 11 Annex 15R.
- 11.7.3 **G** Where a *securitisation* is both a non-ABCP *securitisation* and an *ABCP transaction*, the appropriate *reporting entity* or *reporting entities* should make available the required information under ■ SECN 11.7.1R and the required information under ■ SECN 11.7.2R.



11.8 Information on significant events

- 11.8.1 **R** The *reporting entity* for a non-ABCP *securitisation* must make available the information on significant events specified in ■ SECN 11 Annex 14R.
- 11.8.2 **R** The *reporting entity* for an *ABCP transaction* or *ABCP programme* must make available the information on significant events specified in ■ SECN 11 Annex 15R.
- 11.8.3 **G** Where a securitisation is both a non-ABCP *securitisation* and an *ABCP transaction*, the appropriate *reporting entity* or *reporting entities* should make available the required information under ■ SECN 11.8.1R and the required information under ■ SECN 11.8.2R.

11.9 Information granularity

- 11.9.1** **R** The *reporting entity* must make available the information specified in ■SECN 11 Annex 14R on the following:
- (1) the *tranches/bonds* in the *securitisation*, for each *tranche* issuance in the *securitisation* or other instrument to which an *ISIN* has been assigned and for each subordinated loan in the *securitisation*;
 - (2) accounts, for each account in the *securitisation*;
 - (3) counterparties, for each counterparty in the *securitisation*;
 - (4) where the *securitisation* is a synthetic non-ABCP *securitisation*:
 - (a) synthetic coverage, for as many protection arrangements as exist in the *securitisation*; and
 - (b) issuer collateral, for each individual collateral asset held by the *SSPE* on behalf of *investors* that exists for the given protection arrangement; and
 - (5) where the *securitisation* is a collateralised loan obligation (CLO) non-ABCP *securitisation*:
 - (a) the CLO manager, for each CLO manager in the *securitisation*; and
 - (b) the CLO *securitisation*.
- 11.9.2** **R** For the purposes of ■SECN 11.9.1R(4)(b), each asset for which an *ISIN* exists must be treated as an individual collateral asset, cash collateral of the same currency must be aggregated and treated as an individual collateral asset, and cash collateral of different currencies must be reported as separate collateral assets.
- 11.9.3** **R** The *reporting entity* must make available the information specified in ■SECN 11 Annex 15R on the following:
- (1) *ABCP transactions*, for as many *ABCP transactions* that exist in the *ABCP programme* as at the data cut-off date;
 - (2) *ABCP programmes*, for as many *ABCP programmes* that, at the data cut-off date, are funding the *ABCP transactions* on which information is made available pursuant to (1);

- (3) the *tranche*/bonds in the *ABCP programme*, for each *tranche* or commercial paper issuance in the *ABCP programme* or other instrument to which an *ISIN* has been assigned and for each subordinated loan in the *ABCP programme*;
- (4) accounts, for each account in each *ABCP transaction*; and
- (5) counterparties, for each counterparty in each *ABCP transaction*.



11.10 Information completeness and consistency

- 11.10.1** **R** The information made available pursuant to **■ SECN 6** and this chapter must be complete and consistent.
- 11.10.2** **R** Where the *reporting entity* identifies factual errors in any information that it has made available pursuant to **■ SECN 6** and this chapter, it must make available, without undue delay, a corrected report of all information about the *securitisation* required under **■ SECN 6** and this chapter.
- 11.10.3** **R** Where permitted in the corresponding annex, the *reporting entity* may report one of the following 'No Data Option' ('ND') values corresponding to the reason justifying the unavailability of the information to be made available:
- (1) value 'ND1', where the required information has not been collected because it was not required by the lending or underwriting criteria at the time of origination of the underlying exposure;
 - (2) value 'ND2', where the required information has been collected at the time of origination of the underlying exposure but is not loaded into the reporting system of the *reporting entity* at the data cut-off date;
 - (3) value 'ND3', where the required information has been collected at the time of origination of the underlying exposure but is loaded into a separate system from the reporting system of the *reporting entity* at the data cut-off date;
 - (4) value 'ND4-YYYY-MM-DD', where the required information has been collected but it will only be possible to make it available at a date taking place after the data cut-off date. 'YYYY-MM-DD' must respectively refer to the numerical year, *month*, and *day* corresponding to the future date on which the required information will be made available; and
 - (5) value 'ND5', where the required information is not applicable to the item being reported.
- 11.10.4** **R** (1) For the purposes of **■ SECN 11.10.3R**, the report of any ND values must not be used to circumvent the requirements in this chapter.

- (2) On request by the *FCA, PRA* or the Pensions Regulator, the *reporting entity* must provide details of the circumstances that justify the use of those ND values.



11.11 Information timeliness

- 11.11.1** **R** Where a *securitisation* is not an ABCP *securitisation*, the information made available pursuant to this chapter must not have a data cut-off date later than 2 *months* before the submission date.
- 11.11.2** **R** Where a *securitisation* is an ABCP *transaction* or ABCP *programme*:
- (1) the information specified in ■ SECN 11 Annex 11R and in the 'transaction information section' in ■ SECN 11 Annex 13R and ■ SECN 11 Annex 15R must not have a data cut-off date later than 2 *months* before the submission date; and
 - (2) the information specified in all sections of ■ SECN 11 Annex 13R and ■ SECN 11 Annex 15R other than the 'transaction information section' must not have a data cut-off date later than 1 *month* before the submission date.

11.12 Unique identifiers

- 11.12.1** **R** Each *securitisation* must be assigned a unique identifier composed of the following elements, in sequential order:
- (1) the legal entity identifier (LEI) of the *reporting entity*;
 - (2) the letter 'A' where the *securitisation* is an *ABCP programme* or the letter 'N' where the *securitisation* is a non-*ABCP securitisation*;
 - (3) the 4-digit year corresponding to:
 - (a) the year in which the first securities of the *securitisation* were issued, where the *securitisation* is a non-*ABCP securitisation*;
 - (b) the year in which the first securities within the *ABCP programme* were issued, where the *securitisation* is an *ABCP programme*; and
 - (4) the number 01 or, where there is more than one *securitisation* with the same identifier as referred to in (1), (2) and (3), a 2-digit sequential number corresponding to the order in which information about each *securitisation* is made available. The order of simultaneous *securitisations* must be discretionary.
- 11.12.2** **R** Each *ABCP transaction* in an *ABCP programme* must be assigned a unique identifier composed of the following elements, in sequential order:
- (1) the letter 'T';
 - (2) the letter 'T';
 - (3) the 4-digit year corresponding to the first closing date of the *ABCP transaction*; and
 - (4) the number 01 or, where there is more than one *ABCP transaction* with the same identifier as referred to in (1), (2) and (3), a 2-digit sequential number corresponding to the order of the first closing date of each *ABCP transaction*. The order of simultaneous *ABCP transactions* must be discretionary.
- 11.12.3** **R** Unique identifiers must not be amended by the *reporting entity*.



11.13 Classifications reporting

- 11.13.1** **R** The information relating to the System of Accounts classification must be made available using the codes set out in Table 1 of ■ SECN 11 Annex 1R.

- 11.13.2** **R** The information relating to the Servicer Watchlist classifications must be made available using the codes set out in Table 2 of ■ SECN 11 Annex 1R.

Classifications reporting and item codes

'Classifications reporting and item codes'

Underlying exposures information – Residential real estate (RRE)

'Underlying exposures information – Residential real estate (RRE)'

Underlying exposures information – Commercial real estate (CRE)

'Underlying exposures information – Commercial real estate (CRE)'

Underlying exposures information – Corporate

'Underlying exposures information – Corporate'

Underlying exposures information – Consumer

'Underlying exposures information – Automobile'

Underlying exposures information – Consumer

'Underlying exposures information – Consumer'

Underlying exposures information – Credit card

'Underlying exposures information – Credit card'

Underlying exposures information – Leasing

'Underlying exposures information – Leasing'

Underlying exposures information – Esoteric

'Underlying exposures information – Esoteric'

Underlying exposures information – add-on for non-performing exposures

'Underlying exposures information – add-on for non-performing exposures'

Underlying exposures information – asset-backed commercial paper

'Underlying exposures information – asset-backed commercial paper'

Investor report information – Non-asset backed commercial paper securitisation

'Non-asset backed commercial paper securitisation'

Investor report information – Asset backed commercial paper securitisation

'Asset backed commercial paper securitisation'

Inside information or significant event information – Non-asset backed commercial paper securitisation

'Non-asset backed commercial paper securitisation'

Inside information or significant event information – Asset backed commercial paper securitisation

'Asset backed commercial paper securitisation'

Chapter 12

Format and standardised templates for making available the information and details of a securitisation

12.1 Application

- 12.1.1 **G** This chapter applies to *originators, sponsors* and *SSPEs* which are not *PRA-
authorised persons* and which are *established in the United Kingdom*.
- 12.1.2 **R** The requirements specified in ■ **SECN 12.2**, ■ **SECN 12.3** and ■ **SECN 12.6** apply to all *securitisations*.
- 12.1.3 **R** The requirements specified in ■ **SECN 12.4** and ■ **SECN 12.5** apply to *securitisations* for which section 85 of the *Act* (Contravention of prohibition relating to public offer of securities) and *rules* made by the *FCA* for the purposes of Part 6 of the *Act* require a prospectus to be drawn up.
- 12.1.4 **G** In the ■ **SECN 12 Annexes**, any references to Regulation (EU) 2017/2402 and related technical standards and to specific Articles therein shall be read as referencing the *PRA rules* or *SECN* replacing the relevant provision.

12.2 Underlying exposure templates

- 12.2.1** **R** The information referred to in ■ SECN 11.3.1R(1) and ■ SECN 11.3.2R must be made available using the following templates:
- (1) the template set out in ■ SECN 12 Annex 2R for loans to private households secured by residential real estate, regardless of the purpose of those loans;
 - (2) the template set out in ■ SECN 12 Annex 3R for loans for the purposes of acquiring commercial real estate or secured by commercial real estate;
 - (3) the template set out in ■ SECN 12 Annex 4R for corporate underlying exposures, including underlying exposures to micro, small and medium-sized enterprises;
 - (4) the template set out in ■ SECN 12 Annex 5R for automobile underlying exposures, including loans and leases to legal or natural persons that are backed by automobiles;
 - (5) the template set out in ■ SECN 12 Annex 6R for consumer underlying exposures;
 - (6) the template set out in ■ SECN 12 Annex 7R for credit card underlying exposures;
 - (7) the template set out in ■ SECN 12 Annex 8R for leasing underlying exposures; and
 - (8) the template set out in ■ SECN 12 Annex 9R for underlying exposures that do not fall within any of the categories set out in (1) to (7).
- 12.2.2** **R** The information referred to in ■ SECN 11.3.3R and ■ SECN 11.3.4R must be made available using the following templates:
- (1) the templates set out in ■ SECN 12.2.1R, as relevant to the underlying exposure type; and
 - (2) the template set out in ■ SECN 12 Annex 10R for non-performing exposure *securitisations* as referred to in ■ SECN 11.3.4R.
- 12.2.3** **R** The information referred to in ■ SECN 11.3.5R must be made available using the template set out in ■ SECN 12 Annex 11R.



12.3 Investor report templates

- 12.3.1 **R** The information referred to in ■ SECN 11.4.1R must be made available using the template set out in ■ SECN 12 Annex 12R.
- 12.3.2 **R** The information referred to in ■ SECN 11.4.2R must be made available using the template set out in ■ SECN 12 Annex 13R.



12.4 Inside information templates

- 12.4.1** **R** The information referred to in ■ SECN 11.7.1R must be made available using the template set out in ■ SECN 12 Annex 14R.

- 12.4.2** **R** The information referred to in ■ SECN 11.7.2R must be made available using the template set out in ■ SECN 12 Annex 15R.



12.5 Significant event templates

- 12.5.1 **R** The information referred to in ■ SECN 11.8.1R must be made available using the template set out in ■ SECN 12 Annex 14R.
- 12.5.2 **R** The information referred to in ■ SECN 11.8.2R must be made available using the template set out in ■ SECN 12 Annex 15R.



12.6 Format of information

- 12.6.1** **R** The format of the information provided in the templates set out in **■** SECN 12 Annexes 1R to **■** 15R must conform to the corresponding format set out in Table 1 of **■** SECN 12 Annex 1R.

- 12.6.2** **R** The information must be made available in an electronic and machine-readable form via common extensible markup language (XML) templates.

Field formats

Field formats

Underlying exposures template – Residential real estate

Underlying exposures template – Residential real estate

Underlying exposures template – Commercial real estate

Underlying exposures template – Commercial real estate

Underlying exposures template – Corporate

Underlying exposures template – Corporate

Underlying exposures template – Automobile

Underlying exposures template – Automobile

Underlying exposures template – Consumer

Underlying exposures template – Consumer

Underlying exposures template – Credit card

Underlying exposures template – Credit card

Underlying exposures template – Leasing

Underlying exposures template – Leasing

Underlying exposures template – Esoteric

Underlying exposures template – Esoteric

Underlying exposures template – Add-on for non-performing exposures

Underlying exposures template – Add-on for non-performing exposures

Underlying exposures template – Asset-backed commercial paper

Underlying exposures template – Asset-backed commercial paper

**Investor report template – Non-asset backed commercial paper
securitisation**

Investor report template – Non-asset backed commercial paper securitisation

Investor report template – Asset backed commercial paper securitisation

Investor report template – Asset backed commercial paper securitisation

Inside information or significant event template – Non-asset backed commercial paper securitisation

Inside information or significant event template – Non-asset backed commercial paper securitisation

**Inside information or significant event template – Asset backed
commercial paper securitisation**

Inside information or significant event template – Asset backed commercial paper securitisation

Chapter 13

Modification of rules under regulation 5(6) of the Securitisation Regulations 2024

13.1 Application and purpose

- 13.1.1 **G** This chapter applies to *originators, sponsors, original lenders* and *SSPEs* which are not *PRA-authorized persons* and which are *established in the United Kingdom*.
- 13.1.2 **G**
- (1) Under regulation 5(6) of the *Securitisation Regulations 2024*, which was made under section 71N(4) of the *Financial Services and Markets Act 2023*, the *FCA* is able to dispense with, modify or reimpose (with or without modifications) requirements that have been imposed under the rule making power in regulation 5(1) of the *Securitisation Regulations 2024*, in such cases or circumstances as determined by the *FCA*.
 - (2) This chapter sets out the cases or circumstances in which the *FCA* may dispense with, modify or reimpose requirements (with or without modifications) imposed by *rules*.

13.2 Cases in which rules can be dispensed with or modified

13.2.1

R

- (1) *Sponsors, originators, SSPEs and original lenders* subject to the *rules* set out in ■ SECN 5 to ■ SECN 8 and ■ SECN 11 to ■ SECN 14 may apply to the *FCA* for a decision that:
 - (a) the *rule* is not to apply to that *person*;
 - (b) the *rule* is to apply to the *person* with modifications; or
 - (c) the *rule* that was previously dispensed with or modified under (a) or (b) is to be varied.
- (2) With the consent of the person subject to the *rule*, the *FCA* may dispense with, modify or reimpose (with or without modifications) any of the *rules* set out in ■ SECN 5 to ■ SECN 8.
- (3) A decision that dispenses with, modifies or reimposes (with or without modification) a *rule* following an application under (1) and via consent under (2) may be varied, or revoked by a further decision on the *FCA's* own initiative without the consent of the person subject to the *rule*.

13.3 Applications for dispensation or modification of rules

- 13.3.1** **R** The application in ■ SECN 13.2.1R(1) must set out:
- (1) the *rules* which the applicant seeks a dispensation for; or
 - (2) the modification of *rules* sought.
- 13.3.2** **D**
- (1) The application must be made in the manner and form made available by the *FCA* from time to time.
 - (2) The application must be accompanied by such information or documents as reasonably required by the *FCA*.
 - (3) The *FCA* may request further information and documents as it reasonably considers to be necessary to determine the application.
- 13.3.3** **G** Different forms or information may be required in relation to different applications, or categories of application.



13.4 Decisions: written notices

- 13.4.1** **G** A decision issued under ■ **SECN 13.2.1R** will be in writing and will indicate:
- (1) in the case of an application, whether the application has been approved;
 - (2) if an application has been refused, the reasons for the decision;
 - (3) the date on which the decision takes effect and, if relevant, the date on which it expires; and
 - (4) if relevant, any conditions to which the decision is subject.



13.5 Publication

13.5.1

R

A decision issued under ■ SECN 13.4.1G(1) may be published by the *FCA* in a way appearing to the *FCA* to be best calculated for bringing it to the attention of the *persons* likely to be affected by it.

Chapter 14

Conversion of legislative requirements into rules

14.1 Application

14.1.1

G

- (1) This chapter applies to *sponsors, original lenders, originators and SSPEs* which are not *PRA-authorised persons*, and which are *established in the United Kingdom*.
- (2) This chapter applies to *institutional investors* who are not *occupational pension schemes or PRA-authorised persons*.

14.2 Conversion of requirements relating to pre-2019 securitisation

14.2.1 **R** The due-diligence requirements as provided for in the *EU CRR* and *AIFMD level 2 regulation* respectively shall continue to apply as in the version applicable on 31 December 2018 as if they still had effect and were set out expressly here in respect of *securitisations* the securities of which were issued:

- (1) on or after 1 January 2011 but before 1 January 2019; and
- (2) before 1 January 2011 where new underlying exposures have been added or substituted after 31 December 2014.

14.2.2 **R** (1) In respect of *securitisations* the securities of which were issued before 1 January 2019:

- (a) Article 405 of the *EU CRR* shall continue to apply as in the version applicable on 31 December 2018 as if it still had effect and was set out expressly here to an *FCA investment firm*.
- (b) Article 51 of the *AIFMD level 2 regulation* shall continue to apply as in the version applicable on 31 December 2018 as if it still had effect and was set out expressly here to an AIFM (as defined in point (e) of the definition of an *institutional investor* in regulation 3(1) of the *Securitisation Regulations 2024*).

(2) For the purposes of **SECN 14.2.2R(1)**, Article 405 of the *EU CRR* is to be read with the following modifications:

- (a) read paragraph 2 as if:
 - (i) for the first subparagraph there were substituted:

'Where:

 - (a) a *mixed financial holding company*;
 - (b) a UK parent institution which is a credit institution;
 - (c) a financial holding company established in the United Kingdom; or
 - (d) a subsidiary of such a company or institution,as an *originator* or *sponsor*, securitises exposures from one or more credit institutions, investment firms or other financial institutions which are included in the scope of supervision on a consolidated basis, the requirement set out in paragraph 1 may be satisfied on the basis of the consolidated situation of the

mixed financial holding company, UK parent institution or financial holding company concerned.’;

(ii) in the second subparagraph for the words from ‘in a timely manner’ to the end there were substituted ‘the information needed to satisfy the requirements set out in Article 409, in a timely manner, to the originator or sponsor and, if the *originator or sponsor* is a subsidiary, to the *mixed financial holding company, UK parent institution or financial holding company* which is the parent undertaking of the subsidiary’; and

(iii) after the second subparagraph there were inserted:

‘In this paragraph, ‘credit institution’, ‘financial holding company’, ‘financial institution’, ‘investment firm’, ‘subsidiary’ and ‘UK parent institution’ have the meaning given in Article 4(1) of *EU CRR*’;

and

(b) in paragraph 3, in point (b), ignore ‘of Member States’.

14.2.3

R

(1) For the purpose of ■ **SECN 14.2**, in the case of *securitisations* which do not involve the issuance of securities, any references to ‘*securitisations* the securities of which were issued’ shall be deemed to mean ‘*securitisations* the initial *securitisation positions* of which are created’.

(2) When applying ■ **SECN 14.2** to *securitisations* which do not involve the issuance of securities, any references in ■ **SECN 14.2** to ‘*securitisations* the securities of which were issued before 1 January 2019’ shall be deemed to mean ‘*securitisations* the initial *securitisation positions* of which are created before 1 January 2019’ such that the *Securitisation Regulation* as it had effect on 31 October 2024 applies to any *securitisations* that create new securitisation positions on or after 1 January 2019 and before 1 November 2024.

14.3 Conversion of requirements relating to pre-revocation securitisations

14.3.1

R

- (1) In relation to pre-revocation *securitisations*, the following provisions as they applied immediately before their revocation on 31 October 2024 shall continue to apply as if they still had effect and were set out expressly here:
 - (a) Articles 5, 6 (excluding paragraph 7), 7 (excluding paragraph 3 and 4), 8 (excluding paragraphs 2, 3 and 5), 9, 43(5) and 43(6) (together with relevant terms defined in Article 2) of the *Securitisation Regulation*;
 - (b) Chapters I, II and III and Article 22 of Commission Delegated Regulation (EU) 625/2014;
 - (c) Commission Delegated Regulation (EU) 2020/1224; and
 - (d) Commission Implementing Regulation (EU) 2020/1225.
- (2) The provisions referred to in ■ SECN 14.3.1R(1)(a) are to be read as follows:
 - (a) in paragraph 5 of Article 5, as if the references to '*institutional investor*' did not include an AIFM (as defined in Article 2) unless the AIFM falls within point (e) of the definition of an *institutional investor* in regulation 3(1) of the *Securitisation Regulations 2024*; and
 - (b) in sub-paragraph (b) of Article 8(1), as if it read 'any securitisation in respect of which the *FCA* has disapplied, modified or dispensed with the first sub-paragraph such that the underlying exposures can include securitisation positions'.
- (3) In this chapter, '*pre-revocation securitisations*' means:
 - (a) *securitisations* the securities of which were issued on or after 1 January 2019 and before 1 November 2024; or
 - (b) *securitisations* in relation to which the following conditions are met:
 - (i) the *securitisations* do not involve the issue of securities;
 - (ii) the initial *securitisation positions* of the *securitisations* were created on or after 1 January 2019 and before 1 November 2024; and
 - (iii) no new *securitisation positions* of the *securitisations* have been created on or after 1 November 2024.

Securitisation Sourcebook

Schedule 1 Recordkeeping requirements

Sch 1.1 G

The *guidance* in this table aims to give the reader a quick overall view of the relevant record keeping requirements in *SECN*.

Sch 1.2 G

It is not a complete statement of those requirements and should not be relied on as if it were.

Handbook reference	Notifier	Matter to be notified
SECN 2.5.1R	<i>Originator and sponsor</i>	<i>STS notification</i>
SECN 2.5.4R	<i>Originator and sponsor</i>	That a <i>securitisation</i> no longer meets <i>STS criteria</i>
SECN 9.5.4R(8)	<i>Securitisation repository</i>	That the information submitted to a <i>securitisation repository</i> is incomplete or inconsistent That the <i>securitisation repository</i> has not received written confirmation from the <i>reporting entity</i> that all required information about the <i>securitisation</i> has been provided to the <i>securitisation repository</i>
SECN 9.6.9D(6)	<i>Securitisation repository</i>	Any planned material changes to the applicant's information technology systems, before their implementation
SECN 9.6.22D(3)	<i>Securitisation repository</i>	Any breaches in the applicant's physical and electronic security measures Incident report, indicating the nature and details of the incident, the measures adopted to cope with the incident and the initiatives taken to prevent similar incidents

Securitisation Sourcebook

Schedule 2 Notification requirements

Sch 2.1 G

The *guidance* in this table aims to give the reader a quick overall view of the relevant matters of which *persons* are required to notify the FCA under SECN.

Sch 2.2 G

It is not a complete statement of those requirements and should not be relied on as if it were.

Handbook reference	Notifier	Matter to be notified
SECN 2.5.1R	<i>Originator and sponsor</i>	<i>STS notification</i>
SECN 2.5.4R	<i>Originator and sponsor</i>	That a <i>securitisation</i> no longer meets <i>STS criteria</i>
SECN 9.5.4R(8)	<i>Securitisation repository</i>	That the information submitted to a <i>securitisation repository</i> is incomplete or inconsistent That the <i>securitisation repository</i> has not received written confirmation from the <i>reporting entity</i> that all required information about the <i>securitisation</i> has been provided to the <i>securitisation repository</i>
SECN 9.6.9D(6)	<i>Securitisation repository</i>	Any planned material changes to the applicant's information technology systems, before their implementation
SECN 9.6.22D(3)	<i>Securitisation repository</i>	Any breaches in the applicant's physical and electronic security measures Incident report, indicating the nature and details of the incident, the measures adopted to cope with the incident and the initiatives taken to prevent similar incidents

Securitisation Sourcebook

Schedule 3 Fees and other requirement payments

Sch 3.1 G

There are no new requirements for fees or other payments in *SECN*.

Sch 3.2 G

The provisions relating to fees payable in respect of *securitisation repositories* are set out in ■ FEES 3.2.7R (Table of application, notification, vetting and other fees payable to the FCA), ■ FEES 3 Annex 13R (Fees payable for registration as a credit rating agency, trade repository or securitisation repository), ■ FEES 4.2.11R (Table of periodic fees payable to the FCA) and ■ FEES 4 Annex 16R (Periodic fees for credit rating agencies, trade repositories and securitisation repositories).

Sch 3.3 G

The provisions relating to fees payable in respect of *third party verifiers* are set out in ■ FEES 3.2.7R (Table of application, notification, vetting and other fees payable to the FCA), ■ FEES 3 Annex 14R (Other FCA application fees) and ■ FEES 4 Annex 11R (Periodic fees in respect of payment services, electronic money issuance, regulated covered bonds, CBTL business, data reporting services, third party verifiers and proxy advisers in relation to the period 1 April 2023 to 31 March 2024).

Scrutitisation Sourcebook

Schedule 4 Powers exercised

Sch 4.1 R
[provision left blank]

Secrutitisation Sourcebook

Schedule 5 Rights of action for damages

Sch 5.1 R

There are no rights of action under section 138D of the *Act* in respect of any contravention by an *authorised person* of any *rule* in *SECN*, which is made under the *Act*.

Securitisation Sourcebook

Schedule 6 Rules that can be waived or dispensed with or suspended

Sch 6.1 G

All the rules in *SECN* except for ■ *SECN 10* can be waived or modified by the *FCA* under sections 138A of the *Act*.

Sch 6.2 G

The *rules* set out in ■ *SECN 5* to ■ *SECN 8* and ■ *SECN 11* to ■ *SECN 14* can be dispensed with, modified or remodified (with or without modifications) in the cases or circumstances set out in ■ *SECN 13.2.1R*.

Sch 6.3 R

The *rules* set out in ■ *SECN 2*, ■ *SECN 3*, ■ *SECN 5* to ■ *SECN 8* and ■ *SECN 11* to ■ *SECN 14* applying to *sponsors, originators, SSPEs, original lenders* and *sellers of securitisation positions* can be suspended under regulation 5(5) of the *Securitisation Regulations 2024*.

