HM Treasury

The Securitisation Regulations 2023

Policy Note

July 2023

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Chapter 1
Context

1.1 This statutory instrument (SI) is part of HM Treasury's programme to deliver a Smarter Regulatory Framework for financial services which is tailored to the UK, as set out in the government's policy statement.[1] Further detail on the government's approach to delivering the programme can be found in the Smarter Regulatory Framework Delivery Plan.2

1.2 The Financial Services and Markets Act 2023 (FSMA 2023) repeals retained European Union (EU) law relating to financial services. This enables the government to deliver a Smarter Regulatory Framework for financial services. Retained EU law will be repealed and replaced with rules set by our independent and expert regulators, operating within a framework established by Parliament.

1.3 On 9 December 2022, the government published an illustrative SI on securitisation as part of the Edinburgh Reforms to demonstrate how the powers in FSMA 2023 would be used to tailor the regulation of securitisation to the UK. [3] The government is publishing a near-final version of the SI, alongside this accompanying explanatory policy note. The government welcomes any technical comments on this draft SI **by 21 August 2023.**

1 Building a smarter financial services framework for the UK

2 Building a Smarter Financial Services Regulatory Framework: Delivery Plan

3 Draft Statutory Instrument – Securitisation Regulation (December 2022)

Chapter 2
Purpose

2.1 This note sets out the policy background, a summary of the policy intent, how the SI will achieve this intent, which stakeholders are likely to be impacted, and how to comment on the SI.

2.2 This publication is the near-final version of this SI. It is being published for technical checks, such as any significant errors or oversights in the legal drafting that would mean that the SI would not achieve the desired outcomes explained in this note, or that would lead to significant unintended consequences.

2.3 The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) are expected to publish consultation papers on draft rules to replace most firm-facing requirements in the Securitisation Regulation (Sec Reg),[4] with changes where appropriate, in Q3 this year.

[4] Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012

Chapter 3
Policy Background

What did any law do before the changes to be made by this instrument?

3.1 Securitisation is the process of pooling exposures to form a financial instrument that can be marketed to investors. This packaging allows lenders (such as banks) to transfer the risks of loans or assets (such as mortgages, car loans, or consumer loans) to other banks or investors. These financial instruments are 'tranched', which means that they carry different levels of risk and return to suit the appetite of different investors. This process can help to reduce lenders' liabilities, which in turn facilitates their further lending to the real economy.

3.2 The Sec Reg came into effect in the UK and EU on 1 January 2019. It aimed to strengthen the legislative framework for securitisations and to revive high-quality securitisation markets after the global financial crisis. It consolidated and amended the securitisation requirements previously included in various pieces of legislation.

3.3 Securitisation activity in the UK is primarily regulated under the Sec Reg, which became retained EU law following the UK's departure from the EU.[5]

3.4 The Sec Reg outlines general rules for securitisation, including risk retention, transparency, and due diligence requirements, and creates a framework for Simple, Transparent, and Standardised (STS) securitisations.[6]

3.5 HM Treasury conducted a review of the Sec Reg in 2021 (Sec Reg Review).[7] This fulfilled a legal obligation to review several areas of the regulation. HM Treasury identified a number of areas where reforms could usefully be considered to ensure the regime is as effective as it can be. This SI will enable these reforms to be taken forward.

3.6 For more detailed policy background for this draft SI, see Chapter 1 of HM Treasury's Securitisation Policy Note, published as part of the Edinburgh Reforms.[8] This includes a summary of the aims and reforms

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[5] The Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/660) addressed deficiencies in the Securitisation Regulation arising from the withdrawal of the UK from the EU.

[6] STS securitisations are designed to make it easier for investors to understand and assess the risks of a securitisation investment by excluding more complex features. The UK STS framework is in line with international standards for Simple, Transparent, and Comparable securitisation, set by the Basel Committee on Banking Supervision and International Organization of Securities Commissions.

[7] Review of the Securitisation Regulation – Report and call for evidence response

[8] The Securitisation Regulation – Illustrative Statutory Instrument – Policy Note

which HM Treasury committed to considering in the Sec Reg Review. It also includes an overview of the current regulatory responsibilities of the FCA, PRA, and The Pensions Regulator (TPR) in relation to securitisation, and how they may be modified in the SI.

Chapter 4
Summary of the SI

What does the policy instrument do?

4.1 This SI creates a new framework for the regulation of securitisation, replacing the Sec Reg and related legislation.

What will change in comparison to the previous retained EU law?

New provisions to be introduced or modified in legislation

Regulatory perimeter: Provision of securitisation ('sell-side')

4.2 Securitisations can be originated by, sponsored by, issued by, sold by, or use original loans made by (collectively referred to in this note as 'provided' by)[9] any entity – authorised or unauthorised. To set the regulatory perimeter for providing securitisations, this SI designates a number of activities under the Designated Activities Regime (DAR).[10] Acting as an originator, sponsor, original lender, or Securitisation Special Purpose Entity (SSPE), as well as selling a securitisation position to a retail client located in the UK, will be designated activities. This SI provides the FCA with rulemaking powers for these activities.

4.3 The scope of entities to whom these rules apply is expected to be unchanged from the Sec Reg. Rules relating to the carrying on of these designated activities will apply to both authorised and unauthorised persons, which will ensure that all firms who carry on these activities will be subject to requirements. HM Treasury considers this is appropriate for the risk of engaging in these activities.

4.4 To reflect the regulators' respective responsibilities, the FCA will not be permitted to make rules using the DAR rulemaking powers in

[9] This corresponds to the terms originator, sponsor, securitisation special purpose entity (SSPE), and original lender as defined in article 2 of the Sec Reg, and seller of a securitisation, as referred to in article 3.

[10] The DAR, introduced by FSMA 2023, is designed to enable the FCA to make rules in respect of activities, products, or conduct which may not be regulated activities under FSMA 2000, and which apply to a broader range of entities than authorised persons.

certain areas for PRA-authorised firms.[11] The PRA is expected to make rules for these areas using its existing general rulemaking powers.

4.5 Finally, this SI introduces a new power of direction for the FCA in relation to authorised and unauthorised firms subject to its rules under the DAR. This direction power sets out the specific purposes for which the FCA will be able to direct these firms if relevant rules are breached or likely to be breached, and an illustrative list of the likely ways in which these firms may be directed.

Regulatory perimeter: Investment in securitisation ('buy-side')

4.6 The SI introduces obligations on the FCA and the PRA to make due diligence rules for institutional investors when investing in a securitisation, and sets the definition of 'institutional investor' for these purposes. This is to ensure clarity in legislation about the scope of firms who should be subject to due diligence requirements.

4.7 This SI narrows the scope of the institutional investor definition as related to Alternate Investment Fund Managers (AIFMs), so that UK due diligence requirements for investing in securitisations only apply to UK authorised AIFMs. Currently, the Sec Reg definition of institutional investor does not specify the jurisdiction in which the AIFM must be authorised or have its registered office. Therefore, AIFMs with a registered office outside the UK could be considered subject to the requirements. As outlined in HM Treasury's 2021 review, this scope may disincentivise certain non-UK AIFMs from seeking investors in the UK and may create extraterritorial problems in terms of supervision and enforcement.[12] Therefore, this should ensure a more appropriate scope and proportionality for non-UK AIFMs.

4.8 Finally, the FCA will be provided with a specific rulemaking power to make due diligence requirements for small, registered UK AIFMs who are institutional investors.

Due diligence requirements for Occupational Pension Schemes (OPS)

4.9 The SI restates and amends due diligence requirements for OPS when they invest in securitisations directly, thus acting as institutional investors. This has been done because HM Treasury considers it is appropriate for these requirements to continue to apply to OPS. The requirements are set out in legislation because TPR, which supervise OPS, does not have rule-making powers.

4.10 Some of the requirements have been reformed to make them clearer and more principle-based. Specifically, the requirements no

[11] These areas include requirements for due diligence, risk retention, transparency, re-securitisation, and credit-granting. However, these areas do not include the imposition of requirements with respect to STS criteria or STS notifications.

[12] See Chapter 9 of HM Treasury's Review of the Securitisation Regulation.

longer require OPS investing in an overseas securitisation to verify that the information provided by originators, sponsors, or SSPEs is substantially the same as if it were provided with Article 7 of the Sec Reg. Instead, OPS will need to verify that originators, sponsors, or SSPEs, whether located in or outside the UK, have provided sufficient disclosures to enable OPS to assess risks, and that they have committed to make further information available.

4.11 HM Treasury also intends to include a list of the minimum information to be provided, and how often it must be provided, which OPS must check for. An indicative list is in the Annex of this Policy Note. HM Treasury will update the exact legal drafting in the draft SI after the publication of the FCA and PRA draft rules which will deliver this change for other institutional investors. This is because HM Treasury intends to apply these reforms for OPS in line with the requirements that will apply to all other institutional investors. This change should help reduce barriers for OPS investing in both UK and overseas securitisations which may have arisen because of unclear regulatory requirements. This seeks to address concerns raised in response to HM Treasury's 2021 review.[13]

4.12 In addition, the Sec Reg currently allows institutional investors to delegate their due diligence obligations to another institutional investor. However, questions have been raised as to which party would be responsible for a failure to comply with those obligations in a scenario of delegation.

4.13 This SI clarifies that where an OPS delegates its investment management decisions and due diligence obligations for investing in a securitisation to another institutional investor (whether they are another OPS, an FCA firm, or a PRA firm), sanctions for failure to comply would be imposed on the managing party, and not the delegating party.

4.14 Where an institutional investor who is an FCA firm or a PRA firm delegates its investment management and due diligence obligations to an OPS, sanctions for failure to comply would not be imposed on the OPS as the managing party. They would be imposed on the delegating party. This is because we expect that FCA and PRA firms are better-placed to fulfil the due diligence requirements than OPS in such a scenario. In practice, we expect such scenarios of delegation to be rare. However, we welcome comments on this assumption.

Prohibition on establishing SSPEs

4.15 This SI restates a prohibition on establishing SSPEs in jurisdictions which are considered high-risk or non-cooperative by the Financial Action Task Force, or those which have not signed an agreement with the UK to ensure an effective exchange of information on tax matters. This prohibition in the Sec Reg is not explicit as to which

[13] See Chapter 10 of HM Treasury's Review of the Securitisation Regulation.

entities it applies to. Therefore, the SI changes this requirement so that originators and sponsors are prohibited from setting up an SSPE in these jurisdictions, and institutional investors are prohibited from investing in securitisations which involve an SSPE in one of these jurisdictions.

Matters to which the FCA and the PRA must have regard

4.16 The Sec Reg is unique to many other pieces of retained EU law on financial services. This is because the FCA, PRA, and TPR, are currently responsible for supervising compliance of firms with requirements of the Sec Reg. For example, the Sec Reg contains a requirement for the originator, sponsor, or original lender of a securitisation to maintain a material net economic interest in the securitisation of at least 5% ('risk retention'). Once the Sec Reg is repealed, the FCA and the PRA are expected to make rules covering some of the same areas, such as risk retention, for different sets of firms. This risks fracturing the regime which currently exists and increasing complexity.

4.17 Given the importance of the regulatory regime being clear and coherent, this SI requires the FCA and the PRA to have regard to the coherence of the overall framework for the regulation of securitisation when making rules relating to securitisation. This requirement is expected to apply on an ongoing basis. This have regard will not apply to TPR because they will not be granted powers to make rules for their firms.

Framework to recognise STS-equivalent non-UK securitisations

4.18 This SI restates the power for HM Treasury to designate other jurisdictions in relation to STS-equivalent non-UK securitisations, as introduced by FSMA 2023.[14] The current framework allows HM Treasury to designate other jurisdictions if a jurisdiction's law and practice has equivalent effect to applicable UK law. Applicable UK law includes requirements for STS securitisations currently in retained EU law, which will be repealed and replaced by regulator rules and this SI. Such a designation by HM Treasury means that specified securitisations from that jurisdiction are treated the same as STS securitisations in the UK, including for the purpose of capital requirements.

4.19 In this SI, the condition for designating other jurisdictions is changed to reflect the repeal of the retained EU law. Instead, HM Treasury will need to be satisfied that the other jurisdiction's law and practice has equivalent effect to applicable UK law relating to STS securitisations, comprising any enactment[15] of domestic law as it applies to STS securitisations.

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[14] FSMA 2023 inserts article 28A into the Sec Reg.

[15] As defined in FSMA 2023.

4.20 Article 28A of the Sec Reg amends definitions in the Capital Requirements Regulation (CRR), Solvency II (SII), and the Money Market Funds Regulation (MMFR), to enact the capital, liquidity, and investment vehicle holding benefits of recognising STS-equivalent non-UK securitisations. These amendments are restated in this SI and will be adapted to the Smarter Regulatory Framework when the relevant retained EU law is repealed.

4.21 This SI also amends the European Market Infrastructure Regulation (EMIR) to exempt STS-equivalent non-UK securitisations from the clearing obligation, in line with the exemption that currently applies to UK STS securitisations. Like for CRR, SII, and MMFR, this amendment will be adapted when EMIR is repealed in line with the Smarter Regulatory Framework.

Other provisions

4.22 Finally, this SI also restates, with the appropriate modifications, certain powers and procedures for the FCA and PRA.

Provisions to be repealed without replacement

4.23 Provisions which do not align with the Smarter Regulatory Framework and have no further purpose will be repealed without replacement. For example, technical standards are a type of legal instrument derived from EU law. This means that the FCA's and the PRA's powers to make technical standards will be repealed without replacement, as the regulators are expected to use their rulemaking powers to replace the content of these technical standards.

4.24 The responsibility of TPR to supervise compliance of OPS with Sec Reg requirements when acting as an originator, sponsor, original lender, SSPE, or seller of a securitisation, will also be repealed without replacement, because this responsibility is being transferred to the FCA.

4.25 Other requirements currently in the Sec Reg, such as the requirements in Article 30 for the regulators to monitor risks, are repealed. The FCA and the PRA already maintain the appropriate monitoring arrangements in line with their statutory objectives, and this will continue.

Provisions to be repealed from legislation and replaced in regulator rules

4.26 Most of the Sec Reg sets specific regulatory requirements that apply directly to persons engaging in securitisation activity. Most of these firm-facing requirements are not expected to be restated in legislation, but instead will be replaced (with potential changes) by FCA and PRA rules.

4.27 The financial services regulators' exact rulemaking approach for the firm-facing requirements remains under development. However,

the FCA and the PRA are expected to consider the relevant reform areas identified in the Sec Reg Review and to continue to monitor the UK securitisation market. They intend to set out their detailed approach to replacement rules in consultations beginning in Q3 2023.

4.28 Separately to these rules, which replace requirements currently in the Sec Reg, the PRA is also expected to examine the capital and liquidity treatment of certain securitisations, as noted in the Sec Reg Review.[16]

What will not change in comparison to the previous retained EU law?

4.29 Key definitions and provisions required to maintain the regulatory perimeter for securitisation will be restated in this SI from the Sec Reg. In addition, this SI restates certain requirements which are appropriate to maintain without change, such as the requirement for originators and/or sponsors of STS securitisations to be established in the UK for the securitisation to be designated as STS. This is because matters related to jurisdictional scope are the responsibility of HM Treasury.

4.30 The regulatory regime will be maintained for Securitisation Repositories (SRs)[17] and Third-Party Verifiers (TPVs)[18]. However, TPV authorisation will now be called 'registration', because TPVs are not authorised by the FCA under Part 4A of FSMA 2000.

4.31 This SI also restates other powers and procedures for the FCA and the PRA.

What are the firm-facing impacts going to be?

4.32 The repeal of retained EU law and its replacement with a new framework that is tailored to the UK will benefit firms in several ways. In particular, firms will benefit from the replacement of detailed EU provisions, which were designed to apply across the EU, with rules set by the UK's expert and independent regulators and tailored to the UK. Beyond this, replacing retained EU law will enable firms to benefit from a streamlined and accessible legislative framework for financial services, where rules adapt over time in an agile manner.

4.33 Firms may generally face familiarisation costs from this new framework. In order to comply with the new regime, firms may engage lawyers or consultants to understand the legislation and accompanying guidance. HM Treasury will conduct an impact assessment of these

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[16] See Chapter 11 of HM Treasury's Review of the Securitisation Regulation.

[17] A Securitisation Repository (SR) is a legal entity that centrally collects and maintains the records of securitisations.

[18] A Third-Party Verifier (TPV) can be used by an originator, sponsor, or SSPE to check whether a securitisation is compliant with criteria for STS securitisation.

changes before laying the SI, which will consider such familiarisation costs.

4.34 In addition to these general requirements, there are some specific firm-facing impacts resulting from policy changes in this SI:

- Non-UK AIFMs (i.e., those whose registered office is not in the UK), who invest in securitisations will benefit from no longer being subject to UK due diligence requirements.
- Authorised and unauthorised firms subject to the DAR will be subject to the FCA's new power of direction.
- OPS acting as institutional investors (on the buy-side) will be affected by revised due diligence requirements for investing in securitisations, as set out in this SI. These requirements have been changed in two ways to make them clearer.
- OPS providing securitisations (on the sell-side) will be subject to FCA rules and supervised for these activities by the FCA, rather than TPR as at present.

Updates from the December 2022 SI

4.35 Since a previous illustrative version of this SI was published as part of the Edinburgh Reforms, the government has finalised outstanding issues and refined the provisional drafting included in the illustrative SI. In particular, the following changes from that version should be noted:

- **Scope of institutional investor as relating to AIFMs:** This SI narrows the scope of the definition of 'institutional investor', so that UK due diligence requirements only apply to UK AIFMs.
- **FCA direction power for DAR activities:** This SI gives the FCA a power of direction for authorised and unauthorised firms who engage in designated activities related to securitisation.
- **Ban on the establishment of SSPEs in certain overseas jurisdictions:** The ban on establishing SSPEs in high-risk or non-cooperative jurisdictions has been clarified so that it applies to providers of securitisations. It has also been clarified so that institutional investors are prohibited from investing in securitisations with SSPEs established in the jurisdictions in question.
- **Framework for recognising STS-equivalent non-UK securitisations:** This SI modifies the STS securitisation equivalence regime to adapt it to a model appropriate for the regulation of securitisation under the Smarter Regulatory Framework.
- **TPV and SR Standardisation:** This SI renames the process for TPV 'authorisation' as 'registration' in line with SR registration, to distinguish from authorisation under Part 4 of FSMA 2000.

- **Restatement and reforms to due diligence requirements for OPS:** This SI restates due diligence requirements which apply to OPS and makes reforms to clarify them.
- **Repeal of the re-securitisation permissions process:** The power and process for the FCA and PRA to grant firms permission to issue re-securitisations will be repealed without replacement in this SI. HM Treasury intends to provide the regulators with certain powers to modify or disapply rules under s. 138BA of FSMA 2000, which may be used as a replacement for this process as well as other purposes. The regulators may publish further material on how they expect to exercise these powers.
- **Repeal of Sec Reg Article 30:** Specific obligations on the regulators in retained EU law, including to review compliance and monitor risks, are repealed without replacement.

Chapter 5
Stakeholders and Contact

5.1 HM Treasury intends to lay the SI by the end of this year, subject to Parliamentary time allowing. Some of this legislation, such as that which provides the regulators with powers, will come into force immediately after it is made. The remainder will come into force at the same time as the repeal of the Sec Reg and related retained EU law is commenced. This will also be at the same time as the FCA and PRA replacement rules start to apply. The FCA and the PRA are expected to begin consulting on their rules in Q3 2023. HM Treasury may lay a separate SI with consequential and related amendments following this one.

Comments on this SI

5.2 **This is a near-final version of this SI, being published for final checks.**

5.3 HM Treasury will consider technical comments on this SI, focused on any changes that need to be made to this draft instrument to achieve the outcomes the government seeks to achieve through these reforms, as set out in Chapter 4 of this Policy Note.

5.4 Any comments should be provided to SecuritisationReview@HMTreasury.gov.uk by 21 August 2023.

Processing of personal data

5.5 This section sets out how we will use your personal data and explains your relevant rights under the UK General Data Protection Regulation (UK GDPR). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation.

Data subjects

5.6 The personal data we will collect relates to individuals responding to this consultation. These responses will come from a wide group of stakeholders with knowledge of a particular issue.

The personal data we collect

5.7 The personal data will be collected through email submissions and are likely to include respondents' names, email addresses, their job titles, and employers as well as their opinions.

How we will use the personal data

5.8 This personal data will only be processed for the purpose of obtaining opinions about government policies, proposals, or an issue of public interest.

5.9 Processing of this personal data is necessary to help us understand who has responded to this consultation and, in some cases, contact certain respondents to discuss their response.

5.10 HM Treasury will not include any personal data when publishing its response to this consultation.

Lawful basis for processing the personal data

5.11 The lawful basis we are relying on to process the personal data is Article 6(1)(e) of the UK GDPR; the processing is necessary for the performance of a task we are carrying out in the public interest. This task is consulting on the development of departmental policies or proposals to help us to develop good effective policies.

Who will have access to the personal data

5.12 The personal data will only be made available to those with a legitimate need to see it as part of the consultation process. We may share this data with the operationally independent regulators – the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA), and the Pensions Regulator (TPR) – as they are involved in making or enforcing provisions that will impact most stakeholders affected by this legislation. This data will only be used for this consultation and other consultations conducted by the Government and partner agencies like the FCA, PRA, and TPR on the regulation of securitisation. This data will not be used for any other purposes.

5.13 As the personal data is stored on our IT infrastructure, it will be accessible to our IT service providers. They will only process this personal data for our purposes and in fulfilment with the contractual obligations they have with us.

How long we hold the personal data for

5.14 We will retain the personal data until the consultation process has been completed and the policy is implemented. After this, we will

only retain personal data if it is embedded in a response, but we will not use it for any unrelated purposes.

Your data protection rights

5.15 You have the right to:

- request information about how we process your personal data and request a copy of it
- object to the processing of your personal data
- request that any inaccuracies in your personal data are rectified without delay
- request that your personal data are erased if there is no longer a justification for them to be processed
- complain to the Information Commissioner's Office if you are unhappy with the way in which we have processed your personal data

How to submit a data subject access request (DSAR)

5.16 To request access to your personal data that HM Treasury holds, contact:

The Information Rights Unit
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

dsar@hmtreasury.gov.uk

Complaints

5.17 If you have concerns about our use of your personal data, please contact the Treasury's Data Protection Officer (DPO) in the first instance at privacy@hmtreasury.gov.uk

5.18 If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner at casework@ico.org.uk or via this website: https://ico.org.uk/make-a-complaint.

Chapter 6
Further Information

For a detailed report on the Smarter Regulatory Framework, read HM Treasury's Policy Statement for 'Building a smarter financial services framework for the UK'.

For a detailed overview of the reforms to the securitisation framework that HM Treasury, the FCA and the PRA are considering, read HM Treasury's Review of the Securitisation Regulation: Report and Call For Evidence Response.

For HM Treasury's initial announcement on the implementation of these reforms, read HM Treasury's previous illustrative Securitisation Smarter Regulatory Framework SI and accompanying policy note, both published as part of the Edinburgh Reforms in December 2022.

Annex: Due Diligence Requirements for OPS

A.1 As explained in Chapter 4 of this Policy Note, HM Treasury intends to include in the SI a list of minimum information which an OPS acting as an institutional investor must verify that an originator, sponsor, or SSPE have provided. There is currently a placeholder for this in Regulation 35(1)(e) in the draft SI.

A.2 The policy intention for this list is set out below. The exact legal drafting will be updated in the draft SI to align with FCA and PRA draft rules, which will deliver this change for other institutional investors, once they are published in Q3 2023. The list below broadly reflects the disclosure requirements for originators, sponsors, or SSPEs in Article 7 of the Sec Reg at a higher level than cross-referring to those requirements directly. That is because the intent is to simplify these due diligence requirements for OPS from how they are set out in Article 5(1)e and 5(1)f of the Sec Reg.

A.3 HM Treasury intends to require OPS acting as institutional investors to verify the following minimum information:

- For a securitisation which is not an ABCP programme or ABCP transaction ('a traditional securitisation'), details of the underlying exposures. These are to be provided on at least a quarterly basis;
- For a securitisation which is an ABCP programme or ABCP transaction, information on the underlying receivables or credit claims. This is to be provided on at least a monthly basis;
- Investor reports providing: periodic updates on the credit quality and performance of the underlying exposures, 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, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation, and the calculation and modality of retention of a material net economic interest in the transaction by the originator, sponsor or original lender. This is to be provided on at least a quarterly basis for traditional securitisations, or on at least a monthly basis for ABCP programmes and ABCP transactions;

- All information on the legal documentation needed to understand the transaction, including: detail of the legal provisions governing the structure of the transaction, any credit enhancement or liquidity support features, the cash flows and loss waterfalls, investors' voting rights and any triggers or other events that could result in a material impact on the performance of the securitisation position. This is to be provided in draft or initial form before pricing, in final form no later than 15 days after closing of the transaction, and updated as soon as practicable following any material change;

- Information describing any changes or events materially affecting the transaction, including breaches of obligations under the transaction documents. This is to be provided as soon as practicable following the material change or event;

- Any approved prospectus, or other offering or marketing document, prepared with the cooperation of the originator or sponsor. This is to be provided in draft or initial form before pricing and in final form no later than 15 days after closing of the transaction; and

- If there is an STS notification in respect of the transaction, that STS notification. This is to be provided in draft or initial form before pricing, in final form no later than 15 days after closing of the transaction and updated as soon as practicable following any material change.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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