

Bank of England PRA

Appendices to Securitisation: General requirements

Consultation paper | CP15/23

July 2023

Draft for consultation



Contents

Contents	1
1: Draft Securitisation Rules instrument	2
2: Draft amendments to supervisory statement 10/18 – Securitisation: General requirements and capital framework	59
1. Introduction	59
2. General requirements under the Securitisation Part of the PRA Rulebook-Regulation	59
3. STS ABCP sponsors	62
4. The CRR securitisation capital framework	63
3: Draft statement of policy – Permissions for resecuritisation under section 138BA of the Financial Services and Markets Act 2000	70
4: PRA statutory obligations	71
5: Draft templates	73

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1: Draft Securitisation Rules instrument

PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SECURITISATION INSTRUMENT [2024]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 137G (The PRA’s general rules); and
 - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J(1)(a) of the Act (Consultation by the PRA) the PRA consulted the Financial Conduct Authority.
- D. The PRA published a draft of the proposed rules in accordance with section 138J(1)(b) of the Act, accompanied by: (a) the information listed in section 138J(2) of the Act and (b) the information set out in section 138K(2) of the Act;
- E. The PRA had regard to representations made.

PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Securitisation Instrument [2023]

- F. The PRA makes the rules in the Annex to this instrument.

Notes

- G. In the Annex to this instrument, the “notes” (indicated by “[Note:]”) are included for the convenience of readers but do not form part of the legislative text.

Commencement

- H. The Annex to this instrument comes into force on [date].

Citation

- I. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Securitisation Instrument [2024].

By order of the Prudential Regulation Committee

[DATE]

Draft for consultation

Annex

Securitisation Part

In this Annex, the text is all new and is not underlined.

Part

SECURITISATION

Chapter content

1. APPLICATION AND DEFINITIONS

2. SECURITISATION: GENERAL PROVISIONS

ARTICLE 5 DUE DILIGENCE REQUIREMENTS FOR INSTITUTIONAL INVESTORS

ARTICLE 6 RISK RETENTION

ARTICLE 7 TRANSPARENCY REQUIREMENTS FOR ORIGINATORS, SPONSORS AND SSPE

ARTICLE 8 BAN ON RESECURITISATION

ARTICLE 9 CRITERIA FOR CREDIT-GRANTING

ARTICLE 43 TRANSITIONAL PROVISIONS

3. RISK RETENTION

ARTICLE 2 RETAINERS OF MATERIAL NET ECONOMIC INTEREST

ARTICLE 3 FULFILMENT OF THE RETENTION REQUIREMENT THROUGH A SYNTHETIC OR CONTINGENT FORM OF RETENTION

ARTICLE 4 RETENTION OF NOT LESS THAN 5% OF THE NOMINAL VALUE OF EACH OF THE TRanches SOLD OR TRANSFERRED TO INVESTORS

ARTICLE 5 RETENTION OF THE ORIGINATOR'S INTEREST IN A REVOLVING SECURITISATION OF REVOLVING EXPOSURES

ARTICLE 6 THE RETENTION OF RANDOMLY SELECTED EXPOSURES EQUIVALENT TO NOT LESS THAN 5% OF THE NOMINAL VALUE OF THE SECURITISED EXPOSURES

ARTICLE 7 RETENTION OF THE FIRST LOSS TRANCHE

ARTICLE 8 RETENTION OF A FIRST LOSS EXPOSURE OF NOT LESS THAN 5% OF EVERY SECURITISED EXPOSURE

ARTICLE 9 APPLICATION OF THE RETENTION OPTIONS ON NPE SECURITISATIONS

ARTICLE 10 MEASUREMENT OF THE LEVEL OF RETENTION

ARTICLE 11 MEASUREMENT OF RETENTION FOR EXPOSURES IN THE FORM OF DRAWN AND UNDRAWN AMOUNTS OF CREDIT FACILITIES

- ARTICLE 12 PROHIBITION OF HEDGING OR SELLING THE RETAINED INTEREST
- ARTICLE 13 EXEMPTIONS IN ACCORDANCE WITH ARTICLE 6(6)
- ARTICLE 14 RETENTION ON A CONSOLIDATED BASIS
- ARTICLE 15 ARRANGEMENTS OR EMBEDDED MECHANISMS
- ARTICLE 16 RETENTION REQUIREMENT ON RESECURITISATIONS
- ARTICLE 17 ASSETS TRANSFERRED TO SSPE
- ARTICLE 18 DISCLOSURE OF THE LEVEL OF THE COMMITMENT TO MAINTAIN A NET ECONOMIC INTEREST

4. THE INFORMATION AND THE DETAILS OF A SECURITISATION TO BE MADE AVAILABLE BY THE ORIGINATOR, SPONSOR AND SSPE

ARTICLE 2 THE INFORMATION AND THE DETAILS OF A SECURITISATION TO BE MADE AVAILABLE BY THE ORIGINATOR, SPONSOR AND SSPE

ARTICLE 3 INFORMATION ON INVESTOR REPORTS

ARTICLE 4 INFORMATION GRANULARITY

ARTICLE 5 ITEM CODES

ARTICLE 6 INSIDE INFORMATION

ARTICLE 7 INFORMATION ON SIGNIFICANT EVENTS

ARTICLE 8 INFORMATION GRANULARITY

ARTICLE 9 INFORMATION COMPLETENESS AND CONSISTENCY

ARTICLE 10 INFORMATION TIMELINESS

ARTICLE 11 UNIQUE IDENTIFIERS

ARTICLE 12 CLASSIFICATIONS REPORTING

ANNEXES

5. FORMAT AND STANDARDISED TEMPLATES FOR MAKING AVAILABLE THE INFORMATION AND DETAILS OF A SECURITISATION BY THE ORIGINATOR, SPONSOR AND SSPE

ARTICLE 1 UNDERLYING EXPOSURES TEMPLATES

ARTICLE 2 INVESTOR REPORT TEMPLATES

ARTICLE 3 INSIDE INFORMATION TEMPLATES

ARTICLE 4 SIGNIFICANT EVENT TEMPLATES

ARTICLE 5 FORMAT OF INFORMATION

ANNEXES

1.APPLICATION AND DEFINITIONS

1.1 This Part applies to every *firm* that is a *UK undertaking*.

1.2 Unless otherwise stated, this Part applies to:

- (1) *securitisations* the securities of which are issued; and
- (2) in the case of *securitisations* which do not involve the issuance of securities, *securitisations* the initial or new *securitisation positions* of which are created,

on or after 1 January 2019.

1.3 In this Part, unless the context otherwise provides, the following definitions shall apply:

ABCP programme

means a programme of *securitisations* the securities issued by which predominantly take the form of asset-backed commercial paper with an original maturity of one year or less.

ABCP transaction

means a *securitisation* within an *ABCP programme*.

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.

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.

data cut-off date

means the reference date of the information being reported in accordance with this Part.

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.

first loss tranche

means the most subordinated *tranche* in a *securitisation* that is the first *tranche* to bear losses incurred on the securitised exposures and thereby provides protection to the second loss and, where relevant, higher ranking *tranches*.

fully supported ABCP programme

means an *ABCP programme* that its *sponsor* directly and fully supports by providing to the *SSPE* one or more *liquidity facilities* covering at least all of the following:

- (1) all liquidity and credit risks of the *ABCP programme*;
- (2) any material dilution risks of the exposures being securitised; and
- (3) any other *ABCP transaction*-level and *ABCP programme*-level costs if necessary to guarantee to the *investor* the full payment of any amount under the asset-backed commercial paper.

fully supported ABCP transaction

means an *ABCP transaction* supported by a *liquidity facility*, at transaction level or at *ABCP programme* level, that covers at least all of the following:

- (1) all liquidity and credit risks of the *ABCP transaction*;
- (2) any material dilution risks of the exposures being securitised in the *ABCP transaction*; and
- (3) any other *ABCP transaction*-level and *ABCP programme*-level costs if necessary to guarantee to the *investor* the full payment of any amount under the asset-backed commercial paper.

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.

institutional investor

means an *investor* which is one of the following:

- (1) an insurance undertaking as defined in section 417(1) of *FSMA*;
- (2) a reinsurance undertaking as defined in section 417(1) of *FSMA*;
- (3) an *occupational pension scheme*;
- (4) a fund manager of an *occupational pension scheme* appointed under section 34(2) of the Pensions Act 1995 that, in respect of activity undertaken pursuant to that appointment, is authorised for the purposes of section 31 of *FSMA*;
- (5) an AIFM (as defined in regulation 4(1) of the Alternative Investment Fund Managers Regulations 2013) which markets or manages AIFs (as defined in regulation 3 of those Regulations) in the *UK* with permission under Part 4A of *FSMA* in respect of *managing an AIF*;
- (6) a small registered UK AIFM as defined in Regulation 2(1) of the Alternative Investment Fund Managers Regulations 2013;
- (7) a management company as defined in section 237(2) of *FSMA*;
- (8) a UCITS as defined by section 236A of *FSMA*, which is an authorised open-ended investment company as defined in section 237(3) of *FSMA*;
- (9) a CRR firm as defined by Article 4(1)(2A) of *CRR*; or
- (10) an FCA investment firm as defined by Article 4(1)(2AB) of *CRR*.

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 commercial real estate relative to the annual interest cost of the loan secured by the property.

investor

means a person holding a *securitisation position*.

liquidity facility

means the *securitisation position* arising from a contractual agreement to provide funding to ensure timeliness of cash flows to *investors*.

non-performing exposure or NPE

means an exposure that meets any of the conditions set out in Article 47a(3) of *CRR*.

non-refundable purchase price discount

means the difference between the outstanding balance of the exposures in the underlying pool and the price at which those exposures are sold by the *originator* to the *SSPE*, where neither the *originator* nor the *original lender* are reimbursed for that difference.

NPE securitisations

means a *securitisation* backed by a pool of *non-performing exposures* the nominal value of which makes up not less than 90% of the entire pool's nominal value at the time of origination and at any later time where assets are added to or removed from the underlying pool due to replenishment or restructuring.

occupational pension scheme

means a scheme within the meaning set out in section 1(1) of the Pension Schemes Act 1993 that also has its main administration in the *UK*.

original lender

means an entity which, itself or through related entities, directly or indirectly, concluded the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised.

originator

means an entity which:

- (1) itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised; or
- (2) purchases a third party's exposures on its own account and then securitises them.

reporting entity

means the entity designated in accordance with the first subparagraph of Article 7(2) of Chapter 2.

resecuritisation

means *securitisation* where at least one of the underlying exposures is a *securitisation position*.

revolving exposure

means an exposure whereby borrowers' outstanding balances are permitted to fluctuate based on their decisions to borrow and repay, up to an agreed limit.

revolving securitisation

means a *securitisation* where the *securitisation* structure itself revolves by exposures being added to or removed from the pool of exposures irrespective of whether the exposures revolve or not.

securitisation

means a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is *tranching*, having all of the following characteristics:

- (1) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- (2) the subordination of *tranches* determines the distribution of losses during the ongoing life of the transaction or scheme; and
- (3) the transaction or scheme does not create exposures which possess all of the following characteristics:
 - (a) the exposure is to an entity which was created specifically to finance or operate physical assets or is an economically comparable exposure;
 - (b) the contractual arrangements give the lender a substantial degree of control over the assets and the income that they generate; and
 - (c) the primary source of repayment of the obligation is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.

securitisation position

means an exposure to a *securitisation*.

Securitisation Regulations

means the [Securitisation Regulations 20[XX]].

securitisation repository

means a legal person that centrally collects and maintains the records of *securitisations*.

servicer

means an entity that manages a pool of purchased receivables or the underlying credit exposures on a day-to-day basis.

sponsor

means a credit institution as defined in point (1) of Article 4(1) of *CRR* or an investment firm as defined in paragraph 1A of Article 2 of *MiFIR*, whether located in the *UK* or in a country or *territory* outside the *UK*, which:

- (1) is not an *originator*; and
- (2) either:
 - (a) establishes and manages an *ABCP programme* or other *securitisation* that purchases exposures from third party entities; or
 - (b) establishes an *ABCP programme* or other *securitisation* that purchases exposures from third party entities and delegates the day-to-day active portfolio management involved in that *securitisation* to an entity which is authorised to manage assets belonging to another *person* in accordance with the law of the country or *territory* in which the entity is established.

SSPE or securitisation special purpose entity

a corporation, trust or other entity, other than an *originator* or *sponsor*, established for the purpose of carrying out one or more *securitisations*, the activities of which are limited to those appropriate to accomplishing that objective, the structure of which is intended to isolate the obligations of the entity from those of the *originator*.

synthetic form of retention

means retention of a material net economic interest through the use of derivative instruments.

synthetic securitisation

means a *securitisation* where the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitised remain exposures of the *originator*.

territory

includes the *EU* and any other international organisation or authority comprising countries or territories.

traditional securitisation

means a *securitisation* involving the transfer of the economic interest in the exposures being securitised through the transfer of ownership of those exposures from the *originator* to an *SSPE* or through sub-participation by an *SSPE*, where the securities issued do not represent payment obligations of the *originator*.

tranche

means a contractually established segment of the credit risk associated with an exposure or a pool of exposures, where a position in the segment entails a risk of credit loss greater than or less than a position of the same amount in another segment, without taking account of credit protection provided by third parties directly to the holders of positions in the segment or in other segments.

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2. SECURITISATION: GENERAL PROVISIONS

ARTICLE 5 DUE-DILIGENCE REQUIREMENTS FOR INSTITUTIONAL INVESTORS

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* established in the *UK* is not a credit institution or an investment firm as defined in points (1) and (2) of Article 4(1) of *CRR*, 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 sound and well-defined criteria and 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 Article 9(1) of this Chapter (or equivalent *FCA* rules);
 - (b) where the *originator* or *original lender* is not established in the *UK*, 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 sound and well-defined criteria and 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 *UK*, the *originator*, *sponsor* or *original lender* retains on an ongoing basis a material net economic interest in accordance with Article 6 of this Chapter and Chapter 3 (or equivalent *FCA* rules) and the risk retention is disclosed to the *institutional investor* in accordance with Article 7 of this Chapter and Chapters 4 and 5 (or equivalent *FCA* rules);
 - (d) if not established in the *UK*, the *originator*, *sponsor* or *original lender* retains on an ongoing basis a material net economic interest which, in any event, shall not be less than 5%, determined in accordance with Article 6 of this Chapter and Chapter 3 (or equivalent *FCA* rules), and discloses the risk retention to *institutional investors*;
 - (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:
 - (i) in the case of a *securitisation* which is not an *ABCP programme* or an *ABCP transaction*, details of the underlying exposures, which is to be provided on at least a quarterly basis;
 - (ii) in the case of an *ABCP programme* or an *ABCP transaction*, information on the underlying receivables or credit claims, which is to be provided on at least a *monthly* basis;
 - (iii) *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*, which is to be provided on at least a quarterly basis in the cases referred to in point (i) and on at least a *monthly* basis in the cases referred to in point (ii);
 - (iv) 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*, which 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;

- (v) information describing any changes or events materially affecting the transaction, including breaches of obligations under the transaction documents, which is to be provided as soon as practicable following the material change or event;
 - (vi) any approved prospectus or other offering or marketing document prepared with the cooperation of the *originator* or *sponsor* which 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 in final form; and
 - (vii) if there is an STS notification in respect of the transaction, that STS notification, which 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.
2. As regards *fully supported ABCP transactions*, the requirement specified in point (a) of paragraph 1 of this Article shall apply to the *sponsor* and not to the *institutional investor*. In such cases, the *sponsor* shall verify that the *originator* or *original lender* which is not a credit institution or an investment firm as defined in points (1) and (2) of Article 4(1) of *CRR* grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and 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 Article 9(1) of this Chapter (or equivalent *FCA* rules).
3. 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 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* notified as STS in accordance with [SECN 2.5 of the *FCA Handbook*], the compliance of that *securitisation* with the requirements provided for in [[SECN 2.2.1R to SECN 2.2.29R] or in [SECN 2.3.1R to SECN 2.3.37R], and [SECN 2.5] of the *FCA Handbook*. *Institutional investors* may rely to an appropriate extent on the STS notification pursuant to [SECN 2.5.1 of the *FCA Handbook*] and on the information disclosed by the *originator*, *sponsor* and *SSPE* on the compliance with the STS requirements, without solely or mechanically relying on that notification or information;
 - (d) in point (c):
 - (i) the reference to a *securitisation* notified as STS in accordance with [SECN 2.5 of the *FCA Handbook*] includes a reference to a *securitisation* which is a relevant securitisation within the meaning of [regulation 13(2)(a) of the *Securitisation Regulations*] or is notified to the *FCA* under Article 27(1) of Regulation (EU) 2017/2402 between *IP completion day* and [the date this instrument comes into force] by a person established in the *UK*; and
 - (ii) in relation to any *securitisation* so notified, the reference to the STS notification is a reference to the notification of that *securitisation* as STS, and a reference to a numbered Article is a reference to the Article so numbered of Regulation (EU) 2017/2402 as it had or has effect in relation to an *EEA State* at any time on and after the date of the notification and before the end of the period referred to in point (i).

Notwithstanding points (a) and (b) of the first subparagraph, 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. An *institutional investor*, other than the *originator*, *sponsor* or *original lender*, holding a *securitisation position*, shall at least:
- (a) 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 paragraphs 1 and 3 of this Article 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 the exposure type, the percentage of loans more than 30, 60 and 90 days past due, default rates, prepayment rates, loans in foreclosure, recovery rates, repurchases, loan modifications, payment holidays, collateral type and occupancy, and frequency distribution of credit scores or other measures of credit worthiness across underlying exposures, industry and geographical diversification, frequency distribution of loan to value ratios with band widths that facilitate adequate sensitivity analysis. Where the underlying exposures are themselves *securitisation positions*, in accordance with Article 8 of this Chapter, *institutional investors* shall also monitor the exposures underlying those positions
 - (b) 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*;
 - (c) in the case of *fully supported ABCP programmes*, regularly perform stress tests on the solvency and liquidity of the *sponsor*;
 - (d) 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;
 - (e) be able to demonstrate to the *PRA*, 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 paragraphs 1 and 2 of this Article and of any other relevant information; and
 - (f) in the case of exposures to a *fully supported ABCP programme*, be able to demonstrate to the *PRA*, 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.
5. Without prejudice to paragraphs 1 to 4 of this Article, where an *institutional investor* has given another *institutional investor* authority to make investment management decisions that might expose it to a *securitisation*, the *institutional investor* may instruct that managing party to fulfil any of its obligations under this Article in respect of any exposure to a *securitisation* arising from those decisions.

Where an *institutional investor* who is subject to this Article or to equivalent rules made by the *FCA* is instructed under this paragraph to fulfil any of the obligations of another *institutional investor* 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*.

ARTICLE 6 RISK RETENTION

1. 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.

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.

There shall be no multiple applications of the retention requirements for any given *securitisation*.

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.

For the purposes of this Article and Chapter 3, 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.

2. Subject to paragraph 2A of this Article, *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 four years where the life of the transaction is longer than four years, higher than the losses over the same period on comparable assets held on the balance sheet of the *originator*.
- 2A. *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 average credit risk profile of 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*.
3. Only the following shall qualify as a retention of a material net economic interest of not less than 5% within the meaning of paragraph 1 of this Article:
- (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*.
- 3A. By way of derogation from paragraph 3 of this Article, 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 that paragraph 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.

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.

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.

4. Where:

- (a) a mixed financial holding company;
- (b) a UK parent institution;
- (c) a financial holding company established in the *UK*; 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 requirements set out in paragraph 1 of this Article may be satisfied on the basis of the *consolidated situation* of the mixed financial holding company, UK parent institution or financial holding company concerned.

Subject to the modifications set out in [the third subparagraph of SECN 5.2.15] of the *FCA Handbook* to the requirements set out in Article 79 of Directive 2013/36/EU of the European Parliament and of the Council in respect of *FCA investment firms*, the first subparagraph applies only if *credit institutions*, *investment firms* or *financial institutions* which created the securitised exposures comply with the requirements set out in Article 79 of Directive 2013/36/EU of the European Parliament and of the Council and deliver the information needed to satisfy the requirements provided for in Article 5 of this Chapter, 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.

In this paragraph:

- (a) 'credit institution', 'financial holding company', 'financial institution', 'investment firm', 'subsidiary' and 'UK parent institution' have the meaning given in Article 4(1) of *CRR*; and
- (b) 'mixed financial holding company' has the meaning given in regulation 1(2) of the Financial Conglomerates and Other Financial Groups Regulations 2004.

5. Paragraph 1 of this Article shall not apply where the securitised exposures are exposures to or exposures fully, unconditionally and irrevocably guaranteed by:

- (a) central governments or *central banks*;
- (b) regional governments, local authorities and public sector entities within the meaning of point (8) of Article 4(1) of *CRR*;
- (c) institutions to which a 50% risk weight or less is assigned under Part Three, Title II, Chapter 2 of *CRR* and Articles 132a to 132c of Chapter 3 of the Standardised Approach and Internal Ratings Based Approach to Credit Risk (*CRR*) Part;
- (d) national promotional banks or institutions within the meaning of point (3) of Article 2 of Regulation (EU) 2015/1017; or
- (e) the multilateral development banks listed in Article 117 of *CRR*.

6. Paragraph 1 of this Article 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*.

ARTICLE 7 TRANSPARENCY REQUIREMENTS FOR ORIGINATORS, SPONSORS AND SSPE

1. The *originator*, *sponsor* and *SSPE* of a *securitisation* shall, in accordance with paragraph 2 of this Article and Chapters 4 and 5, make at least the following information available to holders of a *securitisation position*, to the *PRA* and, upon request, to potential *investors*:
- (a) 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;
 - (b) all underlying documentation that is essential to understand the transaction, including but not limited to, where applicable, the following documents:
 - (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
 - (ii) for *traditional securitisation* the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
 - (iii) the derivatives and guarantee agreements, as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the *originator*;
 - (iv) the servicing, back-up servicing, administration and cash management agreements;
 - (v) 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; and
 - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and *liquidity facility* agreements.That underlying documentation shall include a detailed description of the priority of payments of the *securitisation*;
 - (c) where section 85 of *FSMA* and rules made by the *FCA* for the purposes of Part 6 of *FSMA* do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the *securitisation*, including, where applicable:
 - (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
 - (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
 - (iii) details regarding the voting rights of the holders of a *securitisation position* and their relationship to other secured creditors; and
 - (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) of this subparagraph that could have a material impact on the performance of the *securitisation position*;
 - (d) in the case of *STS securitisations*, the *STS* notification referred to in [SECN 2.5 of the *FCA Handbook*];
 - (e) quarterly *investor* reports, or, in the case of asset-backed commercial paper, *monthly investor* reports, containing the following:
 - (i) all materially relevant data on the credit quality and performance of underlying exposures;
 - (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a *securitisation* which is not an *ABCP transaction*, data on the cash flows generated by the underlying exposures and by the liabilities of the *securitisation*; and

- (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) of this Chapter has been applied, in accordance with Article 6 of this Chapter and Chapters 4 and 5;
- (f) any inside information relating to the *securitisation* that the *originator*, *sponsor* or *SSPE* is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014; and
- (g) where point (f) of this subparagraph does not apply, any significant event such as:
 - (i) a material breach of the obligations provided for in the documents made available in accordance with point (b) of this subparagraph, including any remedy, waiver or consent subsequently provided in relation to such a breach;
 - (ii) a change in the structural features that can materially impact the performance of the *securitisation*;
 - (iii) a change in the risk characteristics of the *securitisation* or of the underlying exposures that can materially impact the performance of the *securitisation*;
 - (iv) in the case of STS *securitisations*, where the *securitisation* ceases to meet the STS requirements or where the *PRA* or *FCA* has taken remedial or administrative actions; and
 - (v) any material amendment to transaction documents.

The information described in points (b), (c) and (d) of the first subparagraph shall be made available before pricing in draft or initial form and in final form no later than 15 days after closing of the transaction.

The information described in points (a) and (e) of the first subparagraph 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.

In the case of asset-backed commercial paper, the information described in points (a), (c)(ii) and (e)(i) of the first subparagraph shall be made available in aggregate form to holders of *securitisation positions* and, upon request, to potential *investors*. Loan-level data shall be made available to the *sponsor* and, upon request, to the *PRA*.

Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay.

2. The *originator*, *sponsor* and *SSPE* of a *securitisation* shall designate one entity amongst themselves to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1 of this Article, 'the *reporting entity*'.

The reporting entity shall make the information for a *securitisation* transaction available by means of a *securitisation repository*.

The obligations referred to in the second and fourth subparagraphs shall not apply to *securitisations* for which section 85 of *FSMA* and rules made by the *FCA* for the purposes of Part 6 of *FSMA* do not require a prospectus to be drawn up.

Where no *securitisation repository* is registered in accordance with [regulation 15 of the *Securitisation Regulations*], the *reporting entity* shall make the information available by means of a website that:

- (a) includes a well-functioning data quality control system;
- (b) 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;
- (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of *operational risk*;
- (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information; and

- (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation.

The *reporting entity* and the *securitisation repository* where the information is made available shall be indicated in the documentation regarding the *securitisation*.

Draft for consultation

ARTICLE 8 BAN ON RESECURITISATION

1. The underlying exposures used in a *securitisation* shall not include *securitisation positions*.

The first subparagraph shall 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 *PRA* has granted a permission or direction for the underlying exposures to include *securitisation positions*.
2. [Note: Provision left blank]
3. [Note: provision left blank]
4. A *fully supported ABCP programme* shall not be considered to be a *resecuritisation* for the purposes of this Article 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.

Draft for consultation

ARTICLE 9 CRITERIA FOR CREDIT-GRANTING

1. *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. *Originators, sponsors and original lenders* shall have effective systems in place to apply those criteria and processes in order to ensure that 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.
2. 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.
3. 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 paragraph 1 of this Article (or equivalent *FCA* rules).
4. Paragraph 3 of this Article does not apply if;
 - (a) the original agreement which created the obligations or potential obligations of the debtor or potential debtor was entered into before 20 March 2014; and
 - (b) 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.

ARTICLE 43 TRANSITIONAL PROVISIONS

1. [Note: Provision left blank]
2. [Note: Provision left blank]
3. [Note: Provision left blank]
4. [Note: Provision left blank]
5. In respect of *securitisations* the securities of which were issued on or after 1 January 2011 but before 1 January 2019 and in respect of *securitisations* the securities of which were issued before 1 January 2011 where new underlying exposures have been added or substituted after 31 December 2014, the due diligence requirements set out in *CRR* and Commission Delegated Regulation (EU) 2015/35 respectively shall continue to apply in the version applicable on 31 December 2018.

For the purposes of this paragraph:

- (a) Article 256 of Commission Delegated Regulation (EU) 2015/35 continues to have effect notwithstanding its deletion by Article 1(7) of Commission Delegated Regulation (EU) 2018/1221; and
 - (b) for the purposes of the application by point (a) of paragraph 3(f) of Article 256 of Commission Delegated Regulation (EU) 2015/35, Article 254 of Commission Delegated Regulation (EU) 2015/35 continues to have effect notwithstanding its deletion by Article 1(7) of Commission Delegated Regulation (EU) 2018/1221, and has effect for those purposes with the following modifications:
 - (i) paragraph 1 is to be read as if for 'Article 135(2)(a) of Directive 2009/138/EC' there were substituted 'rule 6.1 of the Investments Part published by the *PRA* containing rules made by the *PRA* under the 2000 Act (as the *PRA* Rulebook has effect on *IP completion day*)'; and
 - (ii) paragraph 2(b) is to be read as if for 'Article 242(12) of Regulation (EU) No 575/2013' there were substituted "rule [1.3] of the Securitisation Part published by the *PRA* containing rules made by the *PRA* under the 2000 Act'.
6. In respect of *securitisations* the securities of which were issued before 1 January 2019 a *CRR* firm (as defined by Article 4(1)(2A) of *CRR* as *CRR* had effect on *IP completion day*), an insurance undertaking (as defined in section 417(1) of *FSMA*) and a reinsurance undertaking (as defined in section 417(1) of *FSMA*) shall continue to apply Article 405 of *CRR* and Chapters I, II and III and Article 22 of Commission Delegated Regulation (EU) No 625/2014, Articles 254 and 255 of Commission Delegated Regulation (EU) 2015/35 respectively as in the version applicable on 31 December 2018. For the purposes of this paragraph, Article 405 of *CRR* has effect with the following modifications:
 - (a) read paragraph 2 as if:
 - (i) for the first subparagraph, substitute:

'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:
 - (a) ‘credit institution’, ‘financial holding company’, ‘financial institution’, ‘investment firm’, ‘subsidiary’ and ‘UK parent institution’ have the meaning given in Article 4(1) of *CRR*; and
 - (b) ‘mixed financial holding company’ has the meaning given in the Glossary published by the *PRA* containing rules made by the *PRA* under the 2000 Act.’; and
 - (b) in paragraph 3, in point (b) ignore ‘of Member States’.
9. For the purpose of this Article, 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. When applying this Article to *securitisations* which do not involve the issuance of securities, any references in this Article 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 whole of this Part applies to any securitisations that create new *securitisation positions* on or after 1 January 2019.

3. RISK RETENTION

ARTICLE 2 RETAINERS OF MATERIAL NET ECONOMIC INTEREST

1. The requirement that the retained material net economic interest shall not be split amongst different types of retainers under Article 6(1) of Chapter 2 shall mean that it shall be fulfilled in full by any of the following:
 - (a) the *originator* or multiple *originators*;
 - (b) the *sponsor* or multiple *sponsors*; or
 - (c) the *original lender* or multiple *original lenders*;
2. Where multiple *originators* fulfil the retention requirement it shall be fulfilled by each *originator* on a pro rata basis by reference to the securitised exposures for which it is the *originator*.
3. Where multiple *original lenders* fulfil the retention requirement, it shall be fulfilled by each *original lender* on a pro rata basis by reference to the securitised exposures for which it is the *original lender*.
4. By way of derogation from paragraphs 2 and 3, the retention requirement may be fulfilled in full by a single *originator* or *original lender* provided that either of the following conditions is met:
 - (a) the *originator* or *original lender* has established and is managing the *ABCP programme* or other *securitisation*; or
 - (b) 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. Where multiple *sponsors* fulfil the retention requirement, it shall be fulfilled by either:
 - (a) 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 management of the *ABCP programme* or other *securitisation* and exposure to credit risk of the *securitisations*; or
 - (b) by each *sponsor* proportionately to the number of *sponsors*.
6. To assess whether an entity has been established or operates for the sole purpose of securitising exposures, as referred to in the fifth sub-paragraph of Article 6(1) of Chapter 2, the following shall be taken into account:
 - (a) 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 this Chapter, as well as any corresponding income from such exposures and interests; and
 - (b) the members of the management body have the necessary experience to enable the entity to pursue the established business strategy, as well as adequate corporate governance arrangements.

ARTICLE 3 FULFILMENT OF THE RETENTION REQUIREMENT THROUGH A SYNTHETIC FORM OF RETENTION OR CONTINGENT FORM OF RETENTION

1. The fulfilment of the retention requirement in a manner equivalent to one of the options set out in Article 6(3) of Chapter 2 through a *synthetic form of retention* or *contingent form of retention*, shall meet each of the following conditions:
 - (a) the amount retained is at least equal to the amount required under the relevant option to which the *synthetic form of retention* 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 on an ongoing basis a material net economic interest in the *securitisation* through a *synthetic form of retention* or *contingent form of retention*. The disclosure referred to in this point shall provide all the necessary details on the applicable *synthetic form of retention* or *contingent form of retention*, including, in particular, the methodology used in its determination and an explanation on which of the options of Article 6(3) of Chapter 2 the retention is equivalent to.
2. 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*, the interest retained on a synthetic or contingent basis shall be fully collateralised in cash and held on a segregated basis as client money' as referred to in CASS 7.12.1R of the *FCA Handbook*, as amended from time to time.

ARTICLE 4 RETENTION OF NOT LESS THAN 5% OF THE NOMINAL VALUE OF EACH OF THE TRANCHES SOLD OR TRANSFERRED TO INVESTORS

1. The retention of not less than 5% of the nominal value of each of the *tranches* sold or transferred to the *investors* as referred to in Article 6(3)(a) of Chapter 2 may be complied with through any of the following methods:
 - (a) 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;
 - (b) the provision, in the context of an *ABCP programme*, of a *liquidity facility*, where the following conditions are met:
 - (i) 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*;
 - (ii) 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;
 - (iii) the *liquidity facility* is provided by the *originator*, *sponsor* or *original lender* in the *securitisation* transaction; and
 - (iv) the *investors* becoming exposed to such *securitisation* have been given access to appropriate information with the initial disclosure to enable them to verify that points (i), (ii) and (iii) are complied with; or
 - (c) 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*.

ARTICLE 5 RETENTION OF THE ORIGINATOR'S INTEREST IN A REVOLVING SECURITISATION OF REVOLVING EXPOSURES

1. 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 point (b) of Article 6(3) of Chapter 2 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.

Draft for consultation

ARTICLE 6 THE RETENTION OF RANDOMLY SELECTED EXPOSURES EQUIVALENT TO NOT LESS THAN 5% OF THE NOMINAL VALUE OF THE SECURITISED EXPOSURES

1. The pool of at least 100 potentially securitised exposures from which retained and securitised exposures are randomly selected, as referred to in point (c) of Article 6(3) of Chapter 2, shall be sufficiently diverse to avoid an excessive concentration of the retained interest.
2. When carrying out the selection of retained exposures, the retainer shall take into account appropriate quantitative and qualitative factors to ensure that the distinction between retained and securitised exposures is random. The retainer of randomly selected exposures shall take into consideration, where appropriate, factors such as vintage, product, geography, origination date, maturity date, loan to value ratio, property type, industry sector and outstanding loan balance when selecting exposures.
3. The retainer shall not designate different individual exposures at different points in time, except where this 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 this Article shall not lead to a deterioration in the servicing standards applied by the retainer on the transferred exposures relative to the retained exposures.

Draft for consultation

ARTICLE 7 RETENTION OF THE FIRST LOSS TRANCHE

1. The retention of the *first loss tranche* in accordance with point (d) of Article 6(3) of Chapter 2 may be fulfilled by holding either on-balance sheet or off-balance sheet positions and by any of the following methods:
 - (a) provision of a *contingent form of retention* or of a *liquidity facility* in the context of an *ABCP programme*, provided that the method meets all of the following criteria:
 - (i) it covers at least 5% of the nominal value of the securitised exposures;
 - (ii) it constitutes a first loss position in relation to the *securitisation*;
 - (iii) it covers the credit risk for the entire duration of the retention commitment;
 - (iv) it is provided by the retainer; and
 - (v) the *investors* have been given access within the initial disclosure to appropriate information to enable them to verify that points (i) to (iv) are complied with; or
 - (b) overcollateralisation, as referred to in point (9) of Article 242 of *CRR*, if that overcollateralisation 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, it shall be possible for the retainer to only retain a pro-rata portion of such *first loss tranche*, provided that this portion is equivalent to at least 5% of the nominal value of the securitised exposures.

ARTICLE 8 RETENTION OF A FIRST LOSS EXPOSURE OF NOT LESS THAN 5% OF EVERY SECURITISED EXPOSURE

1. The retention of a first loss exposure at the level of every securitised exposure as referred to in point (e) of Article 6(3) of Chapter 2 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 paragraph 1 of this Article, the retention may also be fulfilled by the sale at a discounted value of the underlying exposures by the *originator* or *original lender*, where each of the following conditions is satisfied:
 - (a) the amount of the discount is not less than 5% of the nominal value of each exposure; and
 - (b) the discounted sale amount must be refundable to the *originator* or *original lender* if, and only if, such discounted sale amount is not absorbed by losses related to the credit risk associated to the securitised exposures.

Draft for consultation

ARTICLE 9 APPLICATION OF THE RETENTION OPTIONS ON NPE SECURITISATIONS

1. In the case of *NPE securitisations* in accordance with Article 6(3A) of Chapter 2, Articles 4(1)(a) and 5 to 8 of this Chapter shall be applied to the share of *non-performing exposures* in the pool of underlying exposures of a *securitisation* considering any reference in relation to the nominal value of the securitised exposures as a reference to the net value of the *non-performing exposures*.
2. For the purposes of Article 6 of this Chapter, the net value of the retained *non-performing exposures* shall be computed using the same amount of the *non-refundable purchase price discount* that would be applied had the retained *non-performing exposures* been securitised.
3. For the purposes of Article 4(1)(a), Article 5 or Article 8 of this Chapter, 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* has been agreed at the level of the pool of underlying *non-performing exposures* as referred to in the second subparagraph of Article 6(3A) of Chapter 2 or at sub-pool level, the net value of individual securitised *non-performing exposures* included in the pool or sub-pool, where 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, its 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 this *tranche* or these *tranches* are first sold to unrelated third parties as referred to in the second subparagraph of Article 6(3A) of Chapter 2, 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.

ARTICLE 10 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.

Draft for consultation

**ARTICLE 11 MEASUREMENT OF RETENTION FOR EXPOSURES IN THE FORM OF DRAWN AND
UNDRAWN AMOUNTS OF CREDIT FACILITIES**

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

Draft for consultation

ARTICLE 12 PROHIBITION OF HEDGING OR SELLING THE RETAINED INTEREST

1. The obligation in the first subparagraph of Article 6(1) of Chapter 2 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.

By way of derogation from point (a), the *retainer* may only hedge the net economic interest where the hedge is not against the credit risk of either the retained *securitisation* positions or the retained exposures.

2. Retained exposures or *securitisation positions* may be used 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 these retained exposures or *securitisation positions* to a third party.
3. The condition of paragraph 1(b) of this Article 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 Article 14 of this Chapter.

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ARTICLE 13 EXEMPTIONS IN ACCORDANCE WITH ARTICLE 6(6) OF CHAPTER 2

1. The transactions referred to in Article 6(6) of Chapter 2 shall include *securitisation positions* in the correlation trading portfolio which are reference instruments satisfying the criterion in Article 338(1)(b) of *CRR* or are eligible for inclusion in the correlation trading portfolio.

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ARTICLE 14 RETENTION ON A CONSOLIDATED BASIS

1. A mixed financial holding company, a UK parent institution or financial holding company established in the *UK* (as defined in Article 6(4) of Chapter 2) satisfying, in accordance with Article 6(4) of Chapter 2, 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* assumes an exposure to the *securitisation* so as to ensure the ongoing fulfilment of the requirement.

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ARTICLE 15 ARRANGEMENTS OR EMBEDDED MECHANISMS

1. There shall be no arrangements or embedded mechanisms in the *securitisation* by virtue of which the retained interest at origination would decline faster than the interest transferred. The retained interest shall not be prioritised in the allocation of cash flows to preferentially benefit from being repaid or amortised ahead of the transferred interest. The amortisation of the retained interest through cash flow allocation or the allocation of losses that, in effect, reduce the level of retention over time shall not be deemed as a breach of the criteria set out in this paragraph.

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ARTICLE 16 RETENTION REQUIREMENT ON RESECURITISATIONS

1. Subject to paragraph 2 of this Article, in the context of a *resecuritisation* which complies with Article 8 of Chapter 2, a retainer shall retain the material net economic interest in relation to each of the respective transaction levels.
2. The *originator* of a *resecuritisation* shall not be obliged to retain a material net economic interest also at the transaction level of the *resecuritisation* where all of the following conditions are met:
 - (a) the *originator* of the *resecuritisation* is also the *originator* and the retainer of the underlying *securitisation*;
 - (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 Article 8(4) of Chapter 2 shall not be deemed a *resecuritisation* for the purposes of this Article.
4. The retranching of an issued *tranche* into contiguous *tranches* by the *securitisation's originator* shall not be deemed to be a *resecuritisation* for the purposes of this Article.

ARTICLE 17 ASSETS TRANSFERRED TO SSPE

1. For the purposes of Article 6(2) of Chapter 2, assets held on the balance sheet of the *originator* that meet the eligibility criteria according to the documentation of the *securitisation* shall be deemed 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 relevant factors; and
 - (b) as a result of that similarity and on the basis of indications such as past performance or applicable models, it can be reasonably expected that the performance of the assets to be further held on the balance sheet would not be significantly better over the time period referred to in Article 6(2) of Chapter 2 than the performance of the assets to be transferred.
2. [Note: Provision left blank]
3. Article 6(2) of Chapter 2 shall be deemed to be complied with 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 where the fact that no comparable assets (other than exposures which the *originator* is already contractually committed to securitise) remain on the balance sheet of the *originator* is being clearly communicated to *investors*.

ARTICLE 22 DISCLOSURE OF THE LEVEL OF THE COMMITMENT TO MAINTAIN A NET ECONOMIC INTEREST

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 requirements set out in the fifth subparagraph of Article 6(1) of Chapter 2 taking into account the principles set out in Article 2(6) of this Chapter;
 - (b) which of the modalities provided for in points (a), (b), (c), (d) or (e) of the second subparagraph of Article 6(3) of Chapter 2 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 on-going 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 paragraph 5 or 6 of Article 6 of Chapter 2 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 paragraphs 1 and 2 of this Article 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 shall be considered an appropriate means of fulfilling the requirement.

4. THE INFORMATION AND THE DETAILS OF A SECURITISATION TO BE MADE AVAILABLE BY THE ORIGINATOR, SPONSOR AND SSPE

SECTION 1 INFORMATION TO BE MADE AVAILABLE FOR ALL SECURITISATION

ARTICLE 2 INFORMATION ON UNDERLYING EXPOSURES

1. The information to be made available for a non-ABCP *securitisation* pursuant to Article 7(1)(a) of Chapter 2 is specified in:
 - (a) Annex II for loans to private households secured by residential real estate, regardless of the purpose of those loans;
 - (b) Annex III for loans for the purposes of acquiring commercial real estate or secured by commercial real estate;
 - (c) Annex IV for corporate underlying exposures, including underlying exposures to micro, small- and medium-sized enterprises;
 - (d) Annex V for automobile underlying exposures, including both loans and leases to legal or natural persons backed by automobiles;
 - (e) Annex VI for consumer underlying exposures;
 - (f) Annex VII for credit card underlying exposures;
 - (g) Annex VIII for leasing underlying exposures; and
 - (h) Annex IX for underlying exposures that do not fall within any of the categories set out in points (a) to (g).

For the purposes of point (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 does not qualify as commercial real estate.

For the purposes of point (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.

- 2A. For the purposes of point (a) and point (b) of paragraph 1, a property that has mixed commercial and residential use must, where possible, be treated as two separate properties, one commercial and one 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.
- 2B. Except as provided in paragraphs 2 and 3, where a non-ABCP *securitisation* includes more than one of the types of underlying exposures listed in paragraph 1, the *reporting entity* for that *securitisation* must make available the information specified in the applicable Annex for each underlying exposure type.
- 2C. Where the pool of underlying exposures for a non-ABCP *securitisation* is comprised entirely of automobile underlying exposures, the information specified in Annex V must be provided in respect of the entire pool, regardless of whether the automobile underlying exposures are loans or leases.
- 2D. Except in the circumstances contemplated in paragraph 2C, where the pool of underlying exposures for a non-ABCP *securitisation* is comprised entirely of leasing underlying exposures, the information specified in Annex VIII must be provided in respect of the entire pool.
2. Where a non-ABCP *securitisation* includes more than one of the types of underlying exposures listed in paragraph 1, the *reporting entity* for that *securitisation* shall make available the information specified in the applicable Annex for each underlying exposure type.
3. The *reporting entity* for a non-performing exposure *securitisation* shall make available the information specified in:

- (a) the Annexes referred to in points (a) to (h) of paragraph 1, as relevant to the underlying exposure type; and
- (b) Annex X.

For the purposes of this paragraph, 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:

- (a) 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*;
 - (b)
 - (i) 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*;
 - (ii) credit impaired financial assets as defined in Appendix A to International Financial Reporting Standard 9 as contained in *UK-adopted international accounting standards*;
 - (iii) 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
 - (iv) financial assets accounted for as credit-impaired under *UK* generally accepted accounting principles.
4. The *reporting entity* for an *ABCP transaction* shall make available the information specified in Annex XI.
5. For the purposes of this Article, the information to be made available pursuant to paragraphs 1 to 4 of this Article shall be on:
- (a) *active underlying exposures* as at the *data cut-off date*; and
 - (b) *inactive underlying exposures* that were *active underlying exposures* at the immediately-preceding *data cut-off date*.

ARTICLE 3 INFORMATION ON INVESTOR REPORTS

1. The *reporting entity* for a non-ABCP *securitisation* shall make available the information on *investor* reports specified in Annex XII.
2. The *reporting entity* for an ABCP *securitisation* shall make available the information on *investor* reports specified in Annex XIII.

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ARTICLE 4 INFORMATION GRANULARITY

1. The *reporting entity* shall make available the information specified in Annexes II to X and XII on the following:
 - (a) underlying exposures, in relation to each individual underlying exposure;
 - (b) collaterals, 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 three 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* prior to that date.
 - (e) cashflows, for each in flow 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.

For the purposes of points (a) and (d), securitised loan parts shall be treated as individual underlying exposures.

For the purposes of point (b), each property acting as security for loans referred to in points (a) and (b) of Article 2(1) of this Chapter shall be treated as a single item of collateral.

2. The *reporting entity* shall make available the information specified in Annexes XI and XIII on the following:
 - (a) *ABCP transactions*, for as many *ABCP transactions* that exist in the *ABCP programme* as at the *data cut-off date*;
 - (b) each *ABCP programme* that is funding the *ABCP transactions* for which information is made available pursuant to point (a), as at the *data cut-off date*;
 - (c) tests/events/triggers, for each test/event/trigger in the *ABCP securitisation* that triggers changes in the priority of payments or the replacement of any counterparties; and
 - (d) underlying exposures, for each *ABCP transaction* on which information is made available pursuant to point (a) 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 Annex XI.

SECTION 2 INFORMATION TO BE MADE AVAILABLE FOR SECURITISATIONS FOR WHICH A PROSPECTUS HAS TO BE DRAWN UP (PUBLIC SECURITISATIONS)

ARTICLE 5 ITEM CODES

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

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ARTICLE 6 INSIDE INFORMATION

1. The *reporting entity* for a non-ABCP *securitisation* shall make available the inside information specified in Annex XIV.
2. The *reporting entity* for an ABCP *securitisation* shall make available the inside information specified in Annex XV.

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ARTICLE 7 INFORMATION ON SIGNIFICANT EVENTS

1. The *reporting entity* for a non-ABCP *securitisation* shall make available the information on significant events specified in Annex XIV.
2. The *reporting entity* for an ABCP *securitisation* shall make available the information on significant events specified in Annex XV.

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ARTICLE 8 INFORMATION GRANULARITY

1. The *reporting entity* shall make available the information specified in Annex XIV on the following:
 - (a) the *tranches/bonds* in the *securitisation*, for each *tranche* issuance in the *securitisation* or other instrument to which an International Securities Identification Number has been assigned and for each subordinated loan in the *securitisation*;
 - (b) accounts, for each account in the *securitisation*;
 - (c) counterparties, for each counterparty in the *securitisation*;
 - (d) where the *securitisation* is a *synthetic securitisation* that is a non-ABCP *securitisation*:
 - (i) synthetic coverage, for as many protection arrangements as exist in the *securitisation*; and
 - (ii) issuer collateral, for each individual collateral asset held by the *SSPE* on behalf of *investors* that exists for the given protection arrangement; and
 - (e) where the *securitisation* is a Collateralised Loan Obligation (CLO) non-ABCP *securitisation*:
 - (i) the CLO manager, for each CLO manager in the *securitisation*; and
 - (ii) the CLO *securitisation*.

For the purposes of point (d)(ii), each asset for which an International Securities Identification Number exists shall be treated as an individual collateral asset, cash collateral of the same currency shall be aggregated and treated as an individual collateral asset, and cash collateral of different currencies shall be reported as separate collateral assets.

2. The *reporting entity* shall make available the information specified in Annex XV on the following:
 - (a) *ABCP transactions*, for as many *ABCP transactions* that exist in the *ABCP programme* as at the *data cut-off date*;
 - (b) *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 point (a);
 - (c) the *tranches/bonds* in the *ABCP programme*, for each *tranche* or commercial paper issuance in the *ABCP programme* or other instrument to which an International Securities Identification Number has been assigned and for each subordinated loan in the *ABCP programme*;
 - (d) accounts, for each account in the *ABCP securitisation*; and
 - (e) counterparties, for each counterparty in the *ABCP securitisation*.

SECTION 3 COMMON PROVISIONS**ARTICLE 9 INFORMATION COMPLETENESS AND CONSISTENCY**

1. The information made available pursuant to Article 7 of Chapter 2 and this Chapter shall be complete and consistent.
2. Where the *reporting entity* identifies factual errors in any information that it has made available pursuant to Article 7 of Chapter 2 and this Chapter, it shall make available, without undue delay, a corrected report of all information about the *securitisation* required under Article 7 of Chapter 2 and this Chapter.
3. 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:
 - (a) 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;
 - (b) 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*;
 - (c) 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*;
 - (d) 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' shall respectively refer to the numerical year, month and day corresponding to the future date at which the required information will be made available;
 - (e) value 'ND5', where the required information is not applicable to the item being reported.

For the purposes of this paragraph, the report of any ND values shall not be used to circumvent the requirements in this Article 7 of Chapter 2 and this Chapter.

Upon request by the *PRA*, the *reporting entity* shall provide to the *PRA* details of the circumstances that justify the use of those ND values.

ARTICLE 10 INFORMATION TIMELINES

1. Where a *securitisation* is not an ABCP *securitisation*, the information made available pursuant to this Article 7 of Chapter 2 and this Chapter shall not have a *data cut-off date* later than two calendar *months* prior to the submission date.
2. Where a *securitisation* is an ABCP *securitisation*:
 - (a) the information specified in Annex XI and in the ‘transaction information section’ in Annexes XIII and XV shall not have a *data cut-off date* later than two calendar *months* prior to the submission date; and
 - (b) the information specified in all sections of Annexes XIII and XV other than the ‘transaction information section’ shall not have a *data cut-off date* later than one calendar *month* prior to the submission date.

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ARTICLE 11 UNIQUE IDENTIFIERS

1. Each *securitisation* shall be assigned a unique identifier composed of the following elements, in sequential order:
 - (a) the Legal Entity Identifier of the *reporting entity*;
 - (b) the letter 'A' where the *securitisation* is an ABCP *securitisation* or the letter 'N' where the *securitisation* is a non-ABCP *securitisation*;
 - (c) the four-digit year corresponding to:
 - (i) the year in which the first securities of the *securitisation* were issued, where the *securitisation* is a non-ABCP *securitisation*; or
 - (ii) the year in which the first securities within the ABCP programme were issued, where the *securitisation* is an ABCP *securitisation*; and
 - (d) the number 01 or, where there is more than one *securitisation* with the same identifier as referred to in points (a), (b) and (c), a two-digit sequential number corresponding to the order in which information about each *securitisation* is made available. The order of simultaneous *securitisations* shall be discretionary.
2. Each ABCP *transaction* in an ABCP programme shall be assigned a unique identifier composed of the following elements, in sequential order:
 - (a) the Legal Entity Identifier of the *reporting entity*;
 - (b) the letter 'T';
 - (c) the four-digit year corresponding to the first closing date of the ABCP *transaction*; and
 - (d) the number 01 or, where there is more than one ABCP *transaction* with the same identifier as referred to in points (a), (b) and (c) of this paragraph, a two-digit sequential number corresponding to the order of the first closing date of each ABCP *transaction*. The order of simultaneous ABCP *transactions* shall be discretionary.
3. Unique identifiers shall not be amended by the *reporting entity*.

ARTICLE 12 CLASSIFICATIONS REPORTING

1. The information relating to the System of Accounts classification shall be made available using the codes set out in Table 1 of Annex I.
2. The information relating to the Servicer Watchlist classifications shall be made available using the codes set out in Table 2 of Annex I.

Draft for consultation

SECTION 4 TEMPLATES**ANNEXES**

1. Annex I can be found [here](#).
2. Annex II (Underlying Exposures Information – Residential Real Estate (RRE)) can be found [here](#).
3. Annex III (Underlying Exposures Information – Commercial Real Estate (CRE)) can be found [here](#).
4. Annex IV (Underlying Exposures Information – Corporate) can be found [here](#).
5. Annex V (Underlying Exposures Information – Automobile) can be found [here](#).
6. Annex VI (Underlying Exposures Information – Consumer) can be found [here](#).
7. Annex VII (Underlying Exposures Information – Credit Card) can be found [here](#).
8. Annex VIII (Underlying Exposures Information – Leasing) can be found [here](#).
9. Annex IX (Underlying Exposures Information – Esoteric) can be found [here](#).
10. Annex X (Underlying Exposures Information – Add-On for Non-Performing Exposures) can be found [here](#).
11. Annex XI (Underlying Exposures Information – Asset-Backed Commercial Paper) can be found [here](#).
12. Annex XII (Investor Report Information – Non-Asset Backed Commercial Paper Securitisation) can be found [here](#).
13. Annex XIII (Investor Report Information – Asset-Backed Commercial Paper Securitisation) can be found [here](#).
14. Annex XIV (Inside Information or Significant Event Information – Non-Asset Backed Commercial Paper Securitisation) can be found [here](#).
15. Annex XV (Inside Information or Significant Event Information – Asset Backed Commercial Paper Securitisation) can be found [here](#).

5. FORMAT AND STANDARDISED TEMPLATES FOR MAKING AVAILABLE THE INFORMATION AND DETAILS OF A SECURITISATION BY THE ORIGINATOR, SPONSOR AND SSPE

SECTION 1 TEMPLATES FOR ALL SECURITISATIONS**ARTICLE 1 UNDERLYING EXPOSURES TEMPLATES**

1. The information referred to in Article 2(1) and (2) of Chapter 4 shall be made available using the following templates:
 - (a) the template set out in Annex II to this Chapter for loans to private households secured by residential real estate, regardless of the purpose of those loans;
 - (b) the template set out in Annex III to this Chapter for loans for the purposes of acquiring commercial real estate or secured by commercial real estate;
 - (c) the template set out in Annex IV to this Chapter for corporate underlying exposures, including underlying exposures to micro, small- and medium-sized enterprises;
 - (d) the template set out in Annex V to this Chapter for automobile underlying exposures, including loans and leases to legal or natural persons that are backed by automobiles;
 - (e) the template set out in Annex VI to this Chapter for consumer underlying exposures;
 - (f) the template set out in Annex VII to this Chapter for credit card underlying exposures;
 - (g) the template set out in Annex VIII to this Chapter for leasing underlying exposures;
 - (h) the template set out in Annex IX to this Chapter for underlying exposures that do not fall within any of the categories set out in points (a) to (g).
2. The information referred to in Article 2(3) of Chapter 4 shall be made available using the following templates:
 - (a) the templates set out in paragraph 1 of this Article, as relevant to the underlying exposure type;
 - (b) the template set out in Annex X for non-performing exposure securitisations as referred to in the second subparagraph of Article 2(3) of Chapter 4.
3. The information referred to in Article 2(4) of Chapter 4 shall be made available using the template set out in Annex XI.

ARTICLE 2 INVESTOR REPORT TEMPLATES

1. The information referred to in Article 3(1) of Chapter 4 shall be made available using the template set out in Annex XII.
2. The information referred to in Article 3(2) of Chapter 4 shall be made available using the template set out in Annex XIII.

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SECTION 2 TEMPLATES FOR SECURITISATIONS FOR WHICH A PROSPECTUS HAS TO BE DRAWN UP (PUBLIC SECURITISATIONS)

ARTICLE 3 INSIDE INFORMATION TEMPLATES

1. The information referred to in Article 6(1) of Chapter 4 shall be made available using the template set out in Annex XIV.
2. The information referred to in Article 6(2) of Chapter 4 shall be made available using the template set out in Annex XV.

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ARTICLE 4 SIGNIFICANT EVENT TEMPLATES

1. The information referred to in Article 7(1) of Chapter 4 shall be made available using the template set out in Annex XIV.
2. The information referred to in Article 7(2) of Chapter 4 shall be made available using the template set out in Annex XV.

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SECTION 3 COMMON PROVISIONS

ARTICLE 5 FORMAT OF INFORMATION

1. The format of the information provided in the templates set out in Annexes I to XV shall conform to the corresponding format set out in Table 1 of Annex I.
2. The information shall be made available in an electronic and machine-readable form via common XML templates.

Draft for consultation

SECTION 4 TEMPLATES**ANNEXES**

1. Annex I can be found [here](#).
2. Annex II (Underlying Exposures Information – Residential Real Estate (RRE)) can be found [here](#).
3. Annex III (Underlying Exposures Information – Commercial Real Estate (CRE)) can be found [here](#).
4. Annex IV (Underlying Exposures Information – Corporate) can be found [here](#).
5. Annex V (Underlying Exposures Information – Automobile) can be found [here](#).
6. Annex VI (Underlying Exposures Information – Consumer) can be found [here](#).
7. Annex VII (Underlying Exposures Information – Credit Card) can be found [here](#).
8. Annex VIII (Underlying Exposures Information – Leasing) can be found [here](#).
9. Annex IX (Underlying Exposures Information – Esoteric) can be found [here](#).
10. Annex X (Underlying Exposures Information – Add-On for Non-Performing Exposures) can be found [here](#).
11. Annex XI (Underlying Exposures Information – Asset-Backed Commercial Paper) can be found [here](#).
12. Annex XII (Investor Report Information – Non-Asset Backed Commercial Paper Securitisation) can be found [here](#).
13. Annex XIII (Investor Report Information – Asset-Backed Commercial Paper Securitisation) can be found [here](#).
14. Annex XIV (Inside Information or Significant Event Information – Non-Asset Backed Commercial Paper Securitisation) can be found [here](#).
15. Annex XV (Inside Information or Significant Event Information – Asset Backed Commercial Paper Securitisation) can be found [here](#).

2: Draft amendments to supervisory statement 10/18 – Securitisation: General requirements and capital framework

In this appendix, new text is underlined and deleted text is struck through.

1. Introduction

1.1 This Supervisory Statement (SS) sets out the Prudential Regulation Authority's (PRA's) expectations of firms in respect of securitisation in the following chapters:

- 'General requirements under the Securitisation Part of the PRA Rulebook Regulation' (Chapter 2) – general expectations of firms and processes under ~~Chapter [2] of the Securitisation Part of the PRA Rulebook Securitisation Regulation~~.
- 'STS ABCP Sponsors' (Chapter 3) - general expectations of firms seeking to become sponsors of Simple, Transparent and Standardised (STS) Asset Backed Commercial Paper (ABCP) programmes.
- 'CRR securitisation capital framework' (Chapter 4) - PRA expectations and approach as regards the securitisation capital framework for CRR firms.

1.2 This statement is relevant to PRA-~~authorised~~ firms, including CRR firms, non-CRR firms, and PRA-~~authorised~~ Solvency II firms and non-Solvency II firms to which the Securitisation Part of the PRA Rulebook Regulation ~~applies unless stated otherwise.~~⁴ ~~This includes PRA-~~authorised~~ UK banks, building societies, PRA-~~designated~~ UK investment firms, UK insurance firms, UK reinsurance firms and UK insurance special purpose vehicles (ISPVs).~~

2. General requirements under the Securitisation Part of the PRA Rulebook Regulation

2.1 ~~This chapter is relevant to PRA-~~authorised~~ CRR firms and PRA-~~authorised~~ Solvency II firms to which the Securitisation Regulation applies.~~

⁴ ~~Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation as amended, including by the The Securitisation (Amendment) (EU Exit) Regulations 2019 (legislation.gov.uk)~~

Originator, original lender, and sponsor requirements

2.2 The PRA expects firms which act as originators, original lenders, and/or sponsors in a securitisation that are subject to the requirements of the Securitisation Part of the PRA Rulebook Regulation to be able to demonstrate to the PRA, on request, that they have in place adequate arrangements, processes and mechanisms in order to comply with Articles 6, 7, 8 and 9 of Chapter 2 and Chapters 3-5 of the Securitisation Part of the PRA Rulebook Regulation.

2.3 A firm should inform its supervisor if it anticipates material change in its securitisation activity as an originator or sponsor. That includes, engaging in securitisation issuance for the first time, securitising an asset class for the first time, or significantly increasing the amount of issuance.

Governance arrangements, processes and mechanisms

2.4 Where a firm acts as an originator, original lender, and/or sponsor in a transaction subject to the requirements of the Securitisation Part of the PRA Rulebook Regulation, the PRA expects the firm's internal audit function to provide assurance that the firm's involvement in the securitisation is compliant with the requirements in Articles 6, 7, 8 and 9 of Chapter 2 and Chapters 3-5 of the Securitisation Part of the PRA Rulebook Regulation.

2.5 The PRA expects firms subject to the Senior Managers and Certification Regime to identify a relevant individual performing a Senior Management Function (SMF) to ~~The PRA expects that relevant individuals performing Senior Management Functions (SMFs), such as the individual to whom Prescribed Responsibility (PR) 7 has been allocated,~~ exercise effective oversight of securitisation issuance, including with regard to the requirements in Article 6(2) of Chapter 2 and Article 17 of Chapter 3 of the Securitisation Part of the PRA Rulebook on adverse selection. Where appropriate, the PRA expects SMFs to escalate issues related to oversight of securitisation issuance to the board or a relevant sub-committee.

2.5A Where a CRR firm acts as an originator, original lender, and/or sponsor in a non-performing exposure (NPE) securitisation subject to the requirements of the Securitisation Part of the PRA Rulebook Regulation, the PRA expects that the firm's SMF 16 (Compliance Oversight) should satisfy themselves that performing exposures are not being included in an NPE securitisation with the purpose of reducing the capital charge on such performing exposures in the underlying relative to the 100% risk weight on the senior exposure of qualifying NPE securitisation.

Insurance firms, reinsurance firms or ISPVs as originators

2.6 The PRA considers that insurance firms, reinsurance firms or ISPVs (whether PRA-
authorised Solvency II firms or PRA-
authorised non-Solvency II firms) can be originators within the meaning of Article 2(3) of as defined in the Securitisation Part of the PRA Rulebook
Regulation. Articles 2(12)(a) and (b) of this regulation. The Securitisation Part of the PRA
Rulebook makes clear that insurance or reinsurance undertakings that are PRA-
authorised Solvency II firms can also be 'institutional investors' in securitisation. The PRA expects insurance and reinsurance firms, and ISPVs, to consider whether any transactions, such as those that aim to refinance loans, exposures or receivables by transforming them into tranching securities and including any internal restructurings, may be considered securitisations as defined in the Securitisation Part of the PRA Rulebook Article 2(1) of this regulation. The Securitisation Part of the PRA Rulebook Regulation imposes a set of requirements on investors, originators, original lenders, sponsors, and securitisation special purpose entities (SSPEs) as well as institutional investors in securitisations with which they are required to comply.

2.7 Insurance or reinsurance firms (whether PRA-
authorised Solvency II firms or PRA-
authorised non-Solvency II firms) can be both originators and investors in the same securitisation transaction, such as an internal restructuring of exposures or receivables for capital efficiency or matching adjustment (MA) eligibility purpose. In such cases the insurance or reinsurance firm must comply with Articles 6, 7, 8 and 9 of Chapter 2 and Chapters 3-5 of the Securitisation Part of the PRA Rulebook Regulation as applicable. Where an insurance firm, reinsurance firm, or ISPV identifies itself as the originator of a securitisation, it should inform its supervisor without undue delay.

2.8 Where the originator is also the sole investor in the transaction, the PRA expects that the firm may consider the information specified in Article 7(1)(a) and (e) of Chapter 2 of the Securitisation Part of the PRA Rulebook as 'made available' to investors through internal reporting to appropriate committees or the management board, provided the reporting contains the required information.

Investor requirements

2.9 The PRA expects institutional investors that invest in securitisation to be able to demonstrate on request that they have in place adequate due diligence arrangements, processes, and mechanisms to ensure compliance with Article 5 of Chapter 2 of the Securitisation Part of the PRA Rulebook Regulation. The level and nature of investor due diligence prior to holding a securitisation position may be proportionate to the risks of the securitisation position, provided they comply with the requirements of Article 5 of Chapter 2 of the Securitisation Part of the PRA Rulebook.

2.10 A firm that has delegated the authority to manage its investments to another institutional investor may instead evidence that it has instructed the managing party to fulfil the due diligence requirements on its behalf.

3. STS ABCP sponsors

3.1 This chapter is relevant to PRA-authorised CRR credit institutions.

3.2 A credit institution supervised under CRR may act as a sponsor for an STS ABCP programme using one of the following routes:

- (i) the credit institution demonstrates to its competent authority that the support it provides to the programme would not endanger its solvency and liquidity, even in an extreme market stress [FCA rules replacing Article 25(3), subparagraph 1]; or
- (ii) the competent authority has determined on the basis of the review and evaluation referred to in CRD Article 97(3) that the arrangements, strategies, processes, and mechanisms implemented by that credit institution and the own funds and liquidity it holds ensure the sound management and coverage of its risks ([FCA rules replacing Article 25(3) subparagraph 2]).

3.3 The PRA is the competent authority for the purposes of [FCA rules replacing Article 25(3)] with respect to PRA-authorised CRR credit institutions.

[FCA rules replacing Article 25(3) subparagraph 1]²

3.4 To demonstrate to the PRA that its role as an STS ABCP Sponsor under [FCA rules replacing Article 25 of the Securitisation Regulation] will not endanger its solvency or liquidity, a firm should notify its usual supervisory contact, providing relevant information that should include:

- (i) an assessment of the impact of full support on the firm's Total Capital Requirement on an individual and consolidated basis, both with and without STS status;
- (ii) an assessment of the impact of full support on the firm's regulatory liquidity guidance and buffer resources, both with and without STS status; and
- (iii) a summary of the programme features relevant to an understanding of the assessment in (i) and (ii) above, including an assessment against STS requirements in [FCA rules replacing Articles 25 and 26 of the Securitisation Regulation].

3.5 Where a firm seeks to set up a new conduit, or is proposing to sponsor an ABCP programme or transaction for the first time, it must provide its supervisors with the request sufficiently in advance of the execution of the transaction.

² The exact references to the FCA replacement rules will be provided in the final version of SS10/18.

[FCA rules replacing Article 25(3) subparagraph 2]

3.6 For the purposes of being an STS ABCP sponsor, the PRA is unlikely to determine on the basis of the review and evaluation referred to in CRD Article 97(3) that the arrangements, strategies, processes, and mechanisms implemented by that credit institution and the own funds and liquidity it holds ensure the sound management and coverage of its risks, unless the firm is currently a sponsor for at least one ABCP programme. This may include any existing non-STS ABCP programme for which the firm wishes to seek STS status.

3.7 Where a firm seeks to make use of the route specified in [FCA rules replacing Article 25(3) subparagraph 2], it should make a written request to its usual supervisory contact prior to, or alongside, the submission of either its internal capital adequacy assessment process (ICAAP) or internal liquidity adequacy assessment process (ILAAP) document. Where the information specified in paragraph 3.5 is not already available in the ICAAP or ILAAP document, the firm should also provide necessary information referenced in paragraph 3.5.

4. The CRR securitisation capital framework

4.1 This chapter is relevant to PRA-authorized CRR firms. It sets out the PRA's expectations of firms in respect of the CRR securitisation capital framework in the following sections:

- (i) 'Hierarchy of methods' – with respect to the exercise of discretions which determine the methods applied for calculating securitisation Risk Weighted Exposure Amounts (RWEAs).
- (ii) 'Interim mapping of External Credit Assessment Institutions (ECAIs) structured finance credit assessments to Credit Quality Steps (CQS)' — with respect to the interim mapping of rating agency grades to CQS for the purposes of securitisation positions risk weighted under the External Ratings Based Approach (SEC-ERBA).

Hierarchy of methods

PRA discretions under the hierarchy of methods

4.2 CRR Article 254 introduces the hierarchy of methods for calculating securitisation RWEAs, summarised below:

- (i) where the conditions set out in Article 258 are met, the Securitisation Internal Ratings Based Approach (the 'SEC-IRBA') in accordance with Articles 259-260;
- (ii) where the SEC-IRBA may not be used, the Securitisation Standardised Approach (the SEC-SA) in accordance with Article 261-262; and

(iii) where the SEC-SA may not be used, the Securitisation External Ratings Based Approach (the 'SEC-ERBA') in accordance with Articles 263-264 for rated positions or positions in respect of which an inferred rating may be used.

4.3 Under CRR Articles 254(4) and 258(2), the PRA may use the following discretions, on a case-by-case basis to:

- (i) prohibit firms from applying SEC-SA, when the risk-weighted exposure amount resulting from the application of the SEC-SA is not commensurate with the risks posed to the institution or to financial stability; and
- (ii) prohibit the use of SEC-IRBA where securitisations have highly complex or risky features.

4.4 The PRA intends to use these discretions in order to support its primary objective of maintaining the safety and soundness of firms. Although the PRA does not favour any single method, in some cases Pillar 1 capital requirements arrived at under the SEC-ERBA may be a more appropriate reflection of risk to the firm than those arrived at under the SEC-SA or SEC-IRBA. When considering an exercise of its discretions, the PRA will take into account, among other things, the aggregate impact on a firm's overall capital requirements. The PRA does not expect firms to solicit ECAI ratings for all of their securitisation positions.

4.5 When determining whether to exercise its discretion under Articles 254(4) and 258(2), the PRA will consider whether securitisations a firm is exposed to exhibit features which are not explicitly captured in the SEC-SA or SEC-IRBA methods. The PRA may also consider the appropriateness of underlying credit risk weights for the portfolio as reflected in the K_{SA} or K_{IRB} determined under Article 255.

4.6 The SEC-IRBA is sensitive to a wider range of inputs than the SEC-SA. Therefore where the presence of a highly complex or risky feature leads the PRA to exercise its discretion to preclude the use of the SEC-IRBA, the PRA is also likely to prohibit the use of the SEC-SA on the grounds that the risk weights under the SEC-SA are not commensurate with the risks posed to the institution.

4.7 The SEC-SA and SEC-IRBA methods can only recognise a defined number of items in their calculation of capital requirements, primarily focused on credit risk. These methods may fail to recognise the presence of non-credit risks. To an extent some additional non-credit risks which can arise from securitisation are reflected in the 'non-neutrality' of the securitisation capital framework.³ However the level of non-neutrality is driven by pre-defined inputs (eg STS status).

³ 'Non-neutrality' of the framework here means that typically the total RWEAs calculated for the tranches of a securitisation will be higher than the RWEAs calculated for the underlying portfolio had it not been securitised. In

4.8 When the SEC-SA or SEC-IRBA method is applied to a securitisation position, there is also a risk that the K_{SA} or K_{IRB} derived using the credit risk capital framework is inappropriate. This may be because the underlying exposures are affected by risk drivers which are not adequately captured by the credit risk framework.

4.9 In the presence of risk characteristics and structural features which are not explicitly captured in the formulas of the SEC-SA or SEC-IRBA, including features not adequately captured in the underlying credit risk framework, it is possible that an appropriate assessment by an ECAI takes into account those features. In such cases the SEC-ERBA may more appropriately reflect the risk posed to the institution.

4.10 Examples of features or characteristics which expose firms to risks not captured in the SEC-SA or SEC-IRBA include, but are not limited to, those listed in Article 258(2)(a) to (d), and:

- (a) interest rate risks or foreign exchange risks which arise due to mismatches between the underlying pool and the issued notes, and which are not adequately hedged;
- (b) features or characteristics which expose holders of securitisation notes to the risk that market conditions at the date of the sale or refinance of underlying exposures result in losses, such as exposure to residual value risk;
- (c) portfolios which exhibit a high degree of single name, sectoral or geographical credit concentration risk;
- (d) portfolios where the underlying exposures may be highly correlated in the event of a stress;
- (e) complex mechanisms which impact the priority of payments, for example the existence of turbo features; and
- (f) for transactions to which the SEC-SA applies, where the characteristics of the underlying portfolio exhibit material dilution risk.

4.11 The PRA, in conjunction with the Financial Policy Committee (FPC) or on its own initiative, may identify financial stability risks arising from firms' securitisation activity. Where the RWEA calculated under the SEC-SA method is not commensurate with the risk posed to financial stability, the PRA may mitigate the risk by use of Article 254(4).

Information on methods used by firms

4.12 The PRA expects firms to have regard, during their ICAAP, to the provisions in SS31/15 paragraphs 2.39 and 2.40.⁴ The PRA will monitor possible risks to safety and soundness with reference to Common Reporting (COREP) and a firm's ICAAP document. The information provided in a firm's ICAAP document, supplemented by information received by other means such as regulatory reporting, will be used to assist the PRA in its assessment of whether firms' securitisation exposures using the SEC-SA or SEC-IRBA are appropriately capitalised.

4.13 The PRA may request additional information in order to evaluate whether Pillar 1 capital requirements appropriately reflect the risk posed to an institution. The PRA expects firms to provide this information within 30 business days, unless agreed otherwise.

4.14 This additional information may vary on a case-by-case basis, but should include:

- (i) A list of the securitisation positions to which the SEC-SA or the SEC-IRBA is applied.
- (ii) For each securitisation position listed in (i):
 - the asset class of the underlying securitised exposures;
 - the risk characteristics and structural features exhibited by the securitisation that may materially impact the performance of the firm's securitisation position, and which are not explicitly taken into account by the method applied;
 - unless already provided in the most recent Common Reporting (COREP) submission:⁵
 - for positions risk-weighted under the SEC-IRBA, the risk-weighted exposure amount for that securitisation position under the SEC-IRBA, SEC-ERBA (for rated positions only) and SEC-SA insofar as each method can be used; or
 - for rated positions risk-weighted under the SEC-SA, the risk-weighted exposure amounts for that securitisation position under the SEC-ERBA.
 - a hyperlink to the prospectus of the transaction, or where no prospectus is available a copy of the offering circular or equivalent; and

⁴ 'The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)', April 2018:

<https://www.bankofengland.co.uk/prudential-regulation/publication/2013/the-internal-capital-adequacy-assessment-process-and-supervisory-review-ss>.

⁵ <https://www.legislation.gov.uk/eur/2014/680/contents>

- for rated securitisation positions, the latest rating(s) attributed to the position and the ECAI(s) which provided that rating.

Communication of decisions on the hierarchy of methods

4.15 Where the PRA considers that the exercise of its discretion under Articles 254(4) or 258(2) is justified, it will inform the firm in writing.

4.16 The PRA may choose to exercise one or both of the discretions under Articles 254(4) and 258(2) in respect of a securitisation position or a defined group of securitisation positions.

4.17 The PRA may choose to exercise the discretion under Article 254(4) to an unrated securitisation position for which a rating may not be inferred, in which case it may require the firm to apply a 1,250% risk weight to the securitisation position.

Firms' use of the CRR hierarchy

4.18 Relevant senior management should ensure that firms are using appropriate methods to capitalise their securitisation exposures.

4.19 For these purposes, relevant senior management means the individual(s) performing the relevant SMF(s), and employees subject to the Certification Regime involved in investment decisions in securitisation exposures (eg relevant Material Risk Takers (MRTs) under the Remuneration rules).

4.20 Under Article 254(3), firms may decide to apply the SEC-ERBA instead of the SEC-SA to all of their rated securitisations or positions in respect of which an inferred rating may be used.

4.21 Firms should notify the PRA of a decision made under CRR Article 254(3). That notification should be sent simultaneously by email to securitisation.hierarchy@bankofengland.co.uk and to the firm's usual supervisory contact. This notification should include information on the impact of such a decision on the firm's securitisation RWEAs.

Interim mapping of External Credit Assessment Institutions (ECAIs) structured finance credit assessments to Credit Quality Steps (CQS)

4.22 CRR Article 270e stipulates that the PRA may produce implementing Technical Standards (ITS) mapping the credit assessments of ECAIs to the CQS specified in the CRR for the purposes of calculating risk-weighted exposure amounts under the SEC-ERBA.⁶

4.23 Prior to adoption of this ITS, the PRA expects firms to use the illustrative Basel securitisation ERBA mapping for long-term ratings,⁷ as set out in Table 1 below for long-term ratings. For short-term ratings, PRA expects firms to use the existing short-term mapping in Commission Implementing Regulation (EU) 2016/1801⁸ on laying down technical standards with regard to the mapping of credit assessments for securitisation. These tables will be superseded once the relevant ITS has been adopted.

Table 1: Long-term ECAI assessment mapping

Credit Quality Step	Illustrative Rating
1	AAA / Aaa
2	AA+ / Aa1
3	AA / Aa2
4	AA- / Aa3
5	A+ / A1
6	A / A2
7	A- / A3
8	BBB+ / Baa1
9	BBB / Baa2
10	BBB- / Baa3
11	BB+ / Ba1
12	BB / Ba2
13	BB- / Ba3
14	B+ / B1
15	B / B2
16	B- / B3

⁶ For ECAI credit assessments used in respect of retained tranches in a significant risk transfer (SRT) securitisation, see paragraph 4.3 of SS9/13 'Securitisation: Significant Risk Transfer', November 2018: <https://www.bankofengland.co.uk/prudentialregulation/publication/2013/securitisation-ss>.

⁷ Basel, July 2016, 'Revisions to the Securitisation Framework'. The rating designations referenced are for illustrative purposes only and do not indicate any preference for, or endorsement of, any particular external assessment system.

⁸ <https://www.legislation.gov.uk/eur/2016/1801/contents/adopted>

17	CCC+/CCC/CCC-Caa1/Caa2/Caa3
18	Below CCC-/Caa3

Draft for consultation

3: Draft statement of policy – Permissions for resecuritisation under section 138BA of the Financial Services and Markets Act 2000

Please see document at: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/cp1523app2.pdf>

Draft for consultation

4: PRA statutory obligations

The statutory obligations applicable to the PRA's policy development process are set out below. This CP explains the policy assessment of relevant considerations.

- **For rules instruments and UK Technical Standards Instruments:** Purpose of the policy proposals (FSMA s138J(2)(b)).
- **For rules instruments and UK Technical Standards Instruments:** Cost benefit analysis (FSMA s138J(2)(a) and (7)(a)); and an estimate of those costs and benefits (if reasonable) (FSMA s138J(8)).
- **For rules instruments and UK Technical Standards Instruments:** Analysis of whether the impact on mutuals is significantly different to the impact on other authorised firms (FSMA s138J(2)(c) and 138K).
- Compatibility with the PRA's primary objectives (FSMA s138J(2)(d)(i), 2B and 2C).
- Compatibility with the PRA's secondary competition objective (FSMA s138J(2)(d)(ii) and 2H(1)).
- Compatibility with the regulatory principles (FSMA s138J(2)(d)(ii), 2H(2) and 3B).
- Have regard to the HMT recommendation letters (BoE Act s30B).
- Have due regard to the public sector equality duty (Equality Act s149).
- Have regard, subject to any other requirement affecting the exercise of the regulatory function, to the principles of good regulation and when determining general policy or principles to the Regulators Code (Legislative and Regulatory Reform Act 2006 s21 & 22).
- Have regard, so far as consistent with the proper exercise of those functions, to the purpose of conserving biodiversity. Conserving biodiversity includes, in relation to a living organism or type of habitat, restoring or enhancing a population or habitat (Natural Environment and Rural Communities Act 2006, s40).
- **For rules instruments and UK Technical Standards Instruments:** Consultation of the FCA (FSMA s138J(1)(a)).
- **For UK Technical Standards Instruments only:** FSMA s138J(1)(a) is replaced with: consultation of the FCA and/or Bank, where that Regulator has an interest in the technical standards (FSMA s138P(4) and (5)).
- **For UK Technical Standards Instruments only:** notice given to HMT of the consultation on the UKTS ('best efforts' basis).
- For CRR rules only: subject to certain exceptions, have regard to:
 - relevant standards recommended by the Basel Committee on Banking Supervision from time to time
 - the likely effect of the rules on the relative standing of the United Kingdom as a place for internationally active credit institutions and investment firms to be

based or to carry on activities. For these purposes, the PRA must consider the United Kingdom's standing in relation to the other countries and territories in which, in its opinion, internationally active credit institutions and investment firms are most likely to choose to be based or carry on activities

- the likely effect of the rules on the ability of CRR firms to continue to provide finance to businesses and consumers in the United Kingdom on a sustainable basis in the medium and long term
 - the target in section 1 of the Climate Change Act 2008 (carbon target for 2050)
 - (s144C (1) & (2) FSMA – exceptions in s144E FSMA).
 - **For CRR rules only** – explanation of the ways in which having regard to the matters specified above has affected the proposed rules (s144D FSMA).
 - **For CRR rules only** – publication of a summary of the proposed CRR rules.
 - **For CRR rules only** – consideration and consultation with the Treasury about the likely effect of the rules on relevant equivalence decisions (s144C (3) & (4) FSMA).
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Draft for consultation

5: Draft templates

Templates can be found at the following links:

Annex I to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-I-bts2020-1224.pdf>

Annex II to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-II-bts2020-1224.pdf>

Annex III to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-III-bts2020-1224.pdf>

Annex IV to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-IV-bts2020-1224.pdf>

Annex V to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-V-bts2020-1224.pdf>

Annex VI to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-VI-bts2020-1224.pdf>

Annex VII to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-VII-bts2020-1224.pdf>

Annex VIII to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-VIII-bts2020-1224.pdf>

Annex IX to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-IX-bts2020-1224.pdf>

Annex X to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-X-bts2020-1224.pdf>

Annex XI to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XI-bts2020-1224.pdf>

Annex XII to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XII-bts2020-1224.pdf>

Annex XIII to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XIII-bts2020-1224.pdf>

Annex XIV to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XIV-BTS2020-1224.pdf>

Annex XV to Chapter 4 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XV-bts2020-1224.pdf>

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Annex II to Chapter 5 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-II-bts2020-1225.pdf>

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<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-V-bts2020-1225.pdf>

Annex VI to Chapter 5 of the draft Securitisation Rules instrument:

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Annex VIII to Chapter 5 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-VIII-bts2020-1225.pdf>

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Annex XI to Chapter 5 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XI-bts2020-1225.pdf>

Annex XII to Chapter 5 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XII-bts2020-1225.pdf>

Annex XIII to Chapter 5 of the draft Securitisation Rules instrument:

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Annex XV to Chapter 5 of the draft Securitisation Rules instrument:

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/july/annex-XV-bts2020-1225.pdf>