

18 May 2026

Securitisation Policy  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

Securitisation Policy  
Prudential Regulation Authority  
20 Moorgate  
London EC2R 6DA

**Re: FCA Consultation Paper CP26/6 – Rules for reforming the UK Securitisation Framework and PRA Consultation Paper CP2/26 – Reforms to securitisation requirements (the "CPs")**

Ladies and Gentlemen:

The Structured Finance Association would like to thank the Financial Conduct Authority (the "FCA") and the Prudential Regulation Authority ("PRA") for the opportunity to contribute to the debate on the important issue of the reform of the UK Securitisation Framework. We firmly believe that a responsible and proportionate securitisation framework is a key building block to ensuring the growth of a thriving, but sustainable, securitisation market to support the UK economy's funding needs. We further believe that the CPs are an important step on the journey toward that goal.

The Structured Finance Association<sup>1</sup> ("SFA") represents over 360 members from all sectors of the securitisation market, and our core mission is to support a robust and liquid securitisation market. SFA provides an inclusive network for securitisation professionals to collaborate and, as industry leaders, drive necessary changes, be advocates for the securitisation community, share best practices and innovative ideas, and educate industry members through conferences and other programs. In balancing the interests of our diverse membership, SFA values consistency and clarity across applicable regulations.

Below we have provided our responses to the questions the FCA poses in its CP and indicated the corresponding proposals of the PRA CP to which our answers are also responsive.

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<sup>1</sup> SFA is a member-based, trade industry advocacy group focused on improving and strengthening the broader structured finance and securitisation market. SFA provides an inclusive network for securitisation professionals to collaborate and, as industry leaders, to drive necessary changes, to be advocates for the securitisation community, to share best practices and innovative ideas and to educate industry members through conferences and other programs. While our members often have conflicting views and interests, our governance structure requires consensus from all stakeholders. Further information can be found at [www.structuredfinance.org](http://www.structuredfinance.org).

Consultation question	Response
<p>Question 1: Do you agree with our proposals and their focus on ensuring that institutional investors obtain sufficient information from the manufacturer of the securitisation? Please elaborate on your response. PRA Proposal 1</p>	<p>Yes. Most jurisdictions outside Europe with significant securitisation markets do not have securitisation-specific due diligence rules. The more common model is for disclosure to be regulated. On the buy side, the various categories of regulated institutional investor are subject to sectoral rules of conduct designed to support a more general principle that institutional investors are required to act as responsible fiduciaries of their stakeholders' funds (e.g. around due diligence, diversification and reporting to stakeholders). These sectoral rules do not generally contain specific diligence rules affecting particular asset classes.</p> <p>While the CPs' proposals do not go quite so far as to eliminate the concept of securitisation-specific due diligence rules, we believe that the proposals strike a sensible balance between, on the one hand, the valid regulatory interest in ensuring investors properly understand what they are invested in (especially where they are fiduciaries investing on behalf of their stakeholders), and on the other hand, the need to ensure that sophisticated professional investors have the flexibility required to be able to execute investment strategies and produce the best possible risk-adjusted returns for their investors.</p> <p>The CPs' proposals ensure that UK institutional investors will not be permitted to invest without turning their minds to what information they require to make a responsible, well-informed investment decision – and that they get that information - but also allows for the fact that the specific information required to be obtained may vary from investor to investor, from transaction to transaction, and from jurisdiction to jurisdiction.</p>
<p>Question 2: Do you agree with the proposal to remove the table at SECN 4.2.1 R (1)(e) and the addition of corresponding guidance? Please elaborate on your response. PRA Proposal 1</p>	<p>Yes. While prescribing types of information necessary to assess an investment might be helpful for less sophisticated investors, the securitisation market is an entirely wholesale market where investors are equipped to decide what information they need, in what format and with what frequency. While the table at SECN 4.2.1R(1)(e) (and the list at Article 5(1)(e)(i)-(vii) of Chapter 2 of the Securitisation Part of the PRA Rulebook (the "<b>PRASR GRs</b>")) is not a major source of trouble for UK institutional investors wishing to invest in overseas</p>

Consultation question	Response
	securitisations, the additional flexibility created by removing that table (and list) is nonetheless welcome.
<p>Question 3: Do you agree with our proposals to require institutional investors to form their own view on the robustness of the credit granting processes without prescribing how this should be done? Please elaborate on your response.</p> <p>PRA Proposal 1</p>	<p>Yes. This formulation is much more fit for purpose than the existing rule at SECR 4.2.1R(1)(a) and (b) and Article 5(1)(a) and (b) of the PRASR GRs. While sound credit origination practices are important for a robust credit system, sophisticated investors will be in a position to determine whether and to what extent the credit granting standards used in connection with the underlying assets of a securitisation are relevant to their investment decision in respect of the securitisation.</p> <p>The most common example of a situation in which the original credit granting standards will be less relevant is the securitisation of a portfolio of well-seasoned assets. Once several years have elapsed following the origination of the underlying assets, the original credit granting standards are less useful (or not useful) indicators of the likely future performance of the asset. Instead, the more recent performance of the asset is the better indicator of likely future performance.</p> <p>Especially in situations where the original credit granting standards are not a good indicator of future performance, it is appropriate that investors should turn their minds to the question of credit granting but helpful for them to have the latitude to decide how to weigh that information once they have it.</p>
<p>Question 4: Do you agree with our proposal to replace the requirement for institutional investors to verify manufacturers' compliance with the 5% risk retention rule with a requirement that the investor satisfy itself that a mechanism exists that aligns their commercial interest to that of the manufacturer of the securitisation? Please elaborate on your response.</p> <p>PRA Proposal 1</p>	<p>Yes. This is a further helpful innovation that will serve to expand the universe of investable assets for UK institutional investors. Although there is a global standard recommending 5% risk retention, the precise scope of this rule and the specific way in which it is implemented in different jurisdictions varies. That means that unless a transaction from another jurisdiction either happens to comply with UK rules or is specifically designed to comply with UK (or EU) rules in order to allow it to be marketed here, UK investors currently cannot invest.</p> <p>While it does make sense to ensure alignment between buy side and sell side on a securitisation, it also makes sense to ensure investors have the broadest sensible investable universe in order to ensure they can capture the benefits of broad diversification for themselves and their stakeholders. The CPs' proposed approach of requiring investors to verify that there is appropriate commercial</p>

Consultation question	Response
	<p>alignment, rather than requiring them to check for specific compliance with UK risk retention rules balances these two interests appropriately and we strongly support it. What is more, this is consistent with IOSCOs views as far back as November 2012. In its "Global Developments in Securitisation Regulation: Final Report" of 16 November 2012, IOSCO said that "the indirect approach [of regulating risk retention from the investor side] creates additional layers of complexity" and endorsed the idea of working to reconcile the direct (originator/sponsor-focussed) and indirect approaches. We believe the CPs' proposal represents an elegant reconciliation of the two approaches.</p>
<p>Question 5: Do you agree with our proposed guidance in SECN 4.2.1B G on how such alignment can be achieved? Please elaborate on your response. PRA Proposal 1</p>	<p>Yes. This guidance is helpful because it points to two very common ways in which appropriate alignment of commercial interest might be achieved. It might be helpful to further specify that appropriate alignment of commercial interest could also be achieved by, e.g. compliance with the risk retention rules in place under the rules of another jurisdiction that has implemented the IOSCO policy recommendation for a 5% risk retention requirement. This would help eliminate further unnecessary uncertainty arising from differences between risk retention regimes in the UK and overseas jurisdictions.</p>
<p>Question 6: Do you agree with our proposal to no longer prescribe the list of structural features investors are required to assess and to simplify due diligence requirements for STS securitisations? Please elaborate on your response. PRA Proposal 1</p>	<p>Yes. This is consistent with a move towards a regulatory structure appropriate for a market made up entirely of sophisticated institutional investors, and where securitisation is no longer singled out for special due diligence rules (as outlined in our response to Question 1). While many of the particular structural features currently set out in SECN 4.2.2R(1) and Article 5(3) of the PRASR GRs will be relevant considerations for many institutional investors much of the time, there will be exceptions, and the requirement to consider each of them every time is not helpful to ensuring proper risk management. If anything, being over-prescriptive in this respect can result in a false sense of security by turning the diligence process from one where the investor has responsibility to identify and understand risk regardless of source, to a box-ticking exercise. We therefore strongly support the move to a more holistic, principles-</p>

Consultation question	Response
	based requirement to "obtain a comprehensive and thorough understanding of the risks involved".
<p>Question 7: Do you agree with our proposal to remove the prescriptive elements in the due diligence requirements whilst holding a securitisation position? Please elaborate on your response. PRA Proposal 1</p>	<p>Yes. For the reasons set out in our previous answers, this seems an eminently sensible adjustment to make to the regulatory framework. Many of the specific items institutional investors are currently required to monitor under SECN 4.4.1R and Article 5(4) of the PRA GRs are sensible for many securitisations, but we believe the better approach (similar to the approach with pre-investment diligence) is to set out a requirement to monitor the performance of the securitisation without specifying the particular parameters investors are required to keep track of in order to ensure that investors turn their minds to what the relevant performance indicators are on a case-by-case basis in order to maintain an appropriate understanding of risks as they evolve.</p>
<p>Question 8: Do you agree with our proposal to move to a more principles-based approach for disclosure of underlying exposures for certain asset classes and delete SECN 11 and 12 Annexes 3, 4, 7 and 9? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. The new proposed approach seems much more sensible and proportionate to us than the current disclosure requirements, so we support the proposed changes.</p> <p>While it is appropriate that there should be particular disclosure requirements for securitisations that are differentiated from "vanilla" corporate debt disclosures, there is a balance to be struck between, on the one hand, ensuring investors have an appropriate minimum of information even when they are not in a strong negotiating position and, on the other hand, allowing flexibility for commercial parties to decide the information to be disclosed in a way that suits the circumstances, including the assets, the financing structure, the particular data the originator records (and is therefore able to report) and the inputs required by the investor's (or investors') credit model(s).</p> <p>The appropriate balance to strike will depend, in some measure, on the asset class. Where there are mature securitisation markets with market-agreed disclosure standards in a particular area, a more prescriptive approach will make sense. Where there is still innovation happening, or there is a diversity of approaches to reporting in the market, it will be more sensible to allow market participants flexibility to choose the solution that best meets their needs and innovate to find better</p>

Consultation question	Response
	<p>solutions that might eventually be adopted by the market more broadly.</p> <p>In our view, the CPs' proposals balance these requirements well. Annexes 3, 4, 7 and 9 – while not impossible to comply with, can present significant compliance challenges. We have had feedback from members suggesting that these challenges (and especially those caused by Annexes 3, 4 and 9) are sufficient that they may have been a material factor in steering a number of transactions away from execution in securitisation format since they were introduced in 2020. The challenges associated with Annex 7 are different, but no less serious. They are to do with the fact that loan-by-loan data required by Annex 7 is too granular to be useful, necessarily out of date by the time it can be reported and sufficiently large that it places significant burdens on reporting infrastructure.</p> <p>The proposed changes would alleviate these difficulties, while preserving – via the remaining provisions of SECN 6 and 11, and Articles 7-7F of the PRASR GRs (and especially SECN 11.3.1R(5)-(8) and Article 7A(6)-(9)) – an appropriate regulatory minimum of information to be provided.</p>
<p>Question 9: Do you agree with our proposed changes to SECN 11.3? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. As set out in our response to question 8, we believe that the principles-based approach to disclosure in these categories represents a much clearer, more proportionate and more fit-for-purpose means of achieving the required balance between ensuring a minimum of information in all cases on the one hand, and allowing flexibility and adaptation to the circumstances of the transaction on the other.</p>
<p>Question 10: Do you agree with our proposal to replace the underlying exposures template for ABCP (SECN 11 and 12 Annex 11) with a more principles-based set of requirements as set out in SECN 6.2.1R(1)(b)? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. The approach set out in SECN 6.2.1R(1)(b) and Article 7(1)(aa) of the PRASR GRs is a much more sensible and proportionate approach than the current templated disclosure requirements for ABCP. However, we are concerned that this approach might not achieve its desired outcome because of the provisions of SECN 6.2.3R and Article 7(1)(ab) of the PRASR GRs, which require the provision of "information on the underlying receivables or credit claims at an individual exposure level to sponsors and, upon request, to the holders of a securitisation position, potential investors [, and the FCA]". The trouble with this is that it means ABCP</p>

Consultation question	Response
	<p>transaction parties would in any event need to maintain loan-by-loan information despite the principles-based aggregate approach proposed in SECN 6.2.1(1)(b) and Article 7(1)(aa) of the PRASR GRs. In effect, it attempts to regulate ABCP-funded transactions twice, and we are concerned it might misunderstand the application of the term "sponsor" in relation to ABCP as well. In particular, we are concerned it may be incorrectly assuming an ABCP conduit sponsor will always be a "sponsor" (in the regulatory sense) in respect of each underlying ABCP-funded transaction.</p> <p>For investors at the ABCP level, the requirement for monthly aggregate data in line with current market practice is, in any case, sufficient transparency. We would therefore suggest deleting SECN 6.2.3R and Article 7(1)(ab) of the PRASR GRs and replacing them with a clarification to the effect that for ABCP, the transparency rules apply at programme level only, but that this does not have the effect of disapplying the rules at transaction level where any transactions funded by the relevant ABCP programme are securitisations with a UK nexus. The result of this would be to ensure compliance with the proposed principles-based disclosure rules for ABCP-funded securitisations, but without requiring separate and additional compliance with ABCP disclosure rules as they historically have had to do.</p>
<p>Question 11: Do you agree with our proposal to replace the investor report and inside information or significant event templates (SECN 11 and 12 Annexes 12, 13, 14 and 15) with more principles-based requirements? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. The introduction of a "significant event" report is a historical accident arising from an incomplete list of relevant matters to be covered in Article 7(1)(e) of the original EU Securitisation Regulation. It is not sensible to have a template for reporting what is necessarily unpredictable event-based reporting and we welcome its deletion and replacement with principles-based disclosure requirements.</p> <p>In respect of the investor report template, we also believe principles-based reporting is more appropriate. As with underlying asset reporting, a balance needs to be struck between ensuring an appropriate minimum of information for investors and allowing for flexibility of transaction parties and adaptability of reporting to match the circumstances of the particular transaction and the practical needs of investors. The proposal strikes a much</p>

Consultation question	Response
	more appropriate balance than the current rules, and we support the new approach accordingly.
<p>Question 12: Do you agree with our proposals to (i) stop requiring that transparency templates be made available in XML and (ii) no longer impose a uniform file format? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. Feedback from our members has been to the effect that XML is impractical and difficult, so it is mainly used only to meet regulatory requirements. Removing the requirement to use it is very welcome and we fully support that change.</p> <p>We further support the change away from imposing a uniform file format. The general requirement that information be provided in a particular format mainly made sense in the context of submitting information to securitisation repositories. Given the proposal to remove the requirement to report to a securitisation repository (which we support), the requirement to report in a particular format should also fall away in favour of a more principles-based approach.</p> <p>We would note further, on this point, that SECN 11.14.1R and Article 7F of the PRASR GRs do not quite align. The FCA rule requires only that the information be made available in electronic and machine-readable format, whereas the PRA rule requires that it be "electronic and machine readable, tabular or spreadsheet form (or other format which preserves data structure and allows data manipulation) such as CSV or Excel". We prefer the PRA formulation and recommend that the FCA adopt it in SECN 11.14.1R.</p>
<p>Question 13: Do you agree with our proposals as regards the format in which the various data fields within the retained templates are to be populated? Please elaborate on your response.</p>	[Field left intentionally blank]
<p>Question 14: Do you agree that provision of underlying exposure information in the proposed amended SECN 11 templates is not useful in the case of a securitisation with a single underlying exposure? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. We agree with the reasons for this change articulated in the CPs. In addition, we would note that templated underlying asset information is useful as a means of making large volumes of information digestible and more easily analysable. Where there is only one underlying exposure, there is therefore no need to require templated information to be provided. Eliminating this requirement is a sensible, pragmatic measure which we support.</p>

Consultation question	Response
<p>Question 15: Do you agree with our proposal to retain underlying exposures templates for Residential Real Estate, Automobile, Consumer, Leasing and Non-performing exposures? Please elaborate on your response. PRA Proposal 3</p>	<p>We do. These asset classes represent mature markets where the contents and frequency of reporting has largely been settled among market participants, and the templates prescribed represent a reasonable minimum of information that investors would expect to receive and manufacturers are able sensibly to produce. The only suggestion we have relates to the fact that there are likely to be some be cases where parties wish to supplement the templates with additional information, either to support particular categorisations (e.g., ESG KPIs as part of the Green Bond Principles) or in response to investor demand. We would therefore recommend that the FCA and PRA supplement their proposed rules with guidance that makes clear it is permitted to provide additional information over and above what is required by the relevant template all in one report.</p>
<p>Question 16: Do you agree with our proposal to align the retained templates to the Bank of England loan level data templates? Please elaborate on your response.</p>	<p>[Field left intentionally blank]</p>
<p>Question 17: Do you have any comments on the new templates for SECN 11 Annex 2 (Residential Real Estate), Annex 5 (Automobile), Annex 6 (Consumer), Annex 8 (Leasing) or Annex 10 (Non-performing exposures), for example on the fields included or excluded, the order of the fields or the inclusion of blank fields? Please elaborate on your response.</p>	<p>[Field left intentionally blank]</p>
<p>Question 18: Do you agree that this proposed new template SECN 11 Annex 4A is better suited to CLOs than the current one in SECN 11 and 12 Annex 4? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. The new SECN 11 Annex 4A is certainly more streamlined than the existing Annex 4, with only two new fields that we have been able to identify. Given that this represents a streamlining of the template without eliminating any information required by investors, we support this change as a sensible move toward making the regime more proportionate.</p>

Consultation question	Response
	<p>We note, however, that the introduction of this new template does mean changing reporting systems, which may not always be possible for existing transactions. We would therefore request that any CLOs that have been issued prior to the new SECN 11 Annex 4A coming into force should benefit from transitional provisions permitting them to continue reporting on the existing SECN 11 Annex 4 for the life of the transaction. It would be helpful, however, to provide those "grandfathered" CLOs with the ability to "opt in" to the new reporting template should they wish to do so.</p>
<p>Question 19: Do you have any comments on the proposed fields included in (or excluded from) the proposed new SECN 11 Annex 4A for CLOs? Please elaborate on your response. PRA Proposal 3</p>	<p>No comments in addition to our answer to Question 18.</p>
<p>Question 20: Should the requirement to complete SECN 11 Annex 4A apply during the warehouse phase of a CLO? Please elaborate on your response. PRA Proposal 3</p>	<p>No. It would be preferable for the requirement to report on the template not to apply during the warehouse phase of a CLO. For large CLO managers, this will generally not be a barrier, but imposing templated reporting requirements during the warehouse phase may have the effect of creating higher barriers to entry for new CLO managers, who may be warehousing loans for their initial CLO at the same time as they are building the sophisticated reporting systems required to reliably collect and report information in the required templated format. In order to minimise regulatory barriers to entry, we would recommend that templated reporting requirements not apply during the warehouse phase.</p>
<p>Question 21: Do you think that some significant information will be lost by making this simplification to the no data rules as they apply to completion of underlying exposure templates? Please elaborate on your response. PRA Proposal 3</p>	<p>No. The ND1-ND5 no data responses have never provided information that was useful to market participants. ND1-ND4 have tended to create some confusion about whether the information was going to be provided at some future time/for future securitisations. The appropriate situations to use ND5 have also been the subject of significant confusion (e.g., where there is technically data responsive to the field, but it is clearly irrelevant or does not match the purpose of asking for the information).</p>

Consultation question	Response
	<p>We strongly support removing this confusion by eliminating the various categories of ND response in favour of classifying all fields as either mandatory or optional and allowing only one "no data" response.</p>
<p>Question 22: Do you agree with our proposal to remove the distinction in treatment between public and private securitisations regarding the majority of the transparency requirements? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. The "public" vs "private" categorisations have historically caused confusion in large part because this distinction overlaps in policy purpose with – but do not harmonise consequences with – prospectus/public offer/admission to trading rules. Simplifying the securitisation disclosure rules in the manner proposed and divorcing them a difficult-to-draw distinction between public and private transactions is a pragmatic and sensible approach, particularly in the context of a market which is entirely wholesale in practice.</p>
<p>Question 23: Do you agree with the removal of the requirement for information to be reported to securitisation repositories? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. Securitisation repositories have not, since their initial creation, added value to the securitisation markets in proportion to their costs. Requiring their use raises transaction costs for manufacturers and our understanding is that investors still overwhelmingly get their transaction information from manufacturer websites. Removing this requirement seems to us to be a pragmatic adjustment to the proportionality of the regulatory framework.</p>
<p>Question 24: Do you agree with our proposed changes to SECN 6.2.1R(2) which require the provision of all transaction documents as well as the offering circular, prospectus or term sheet? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. This seems like a more sensible and proportionate approach to requiring disclosure of transaction documentation than the current approach which names a relatively long list of transaction documents which may or may not correspond to the documents on any given securitisation. This principles-based requirement to provide the documentation essential for the understanding of the transaction including the offering document is much more sensible and proportionate. The only suggestion we have is that the FCA and PRA may wish to eliminate the reference to a term sheet. The requirement to provide a term sheet is not problematic <i>per se</i> but does seem unnecessary. Where there is a term sheet and an offering document, then there is (appropriately) no requirement to provide the term sheet. Where there is no offering document, the term sheet will have been agreed with the investor(s) to whom the proposed SECN 6.2.1R(2)(a) and Article 7(1)(b)(i) of the PRASR GRs requires it to be provided, normally before the transaction documents were negotiated, making the</p>

Consultation question	Response
	requirement redundant – and term sheet very likely to have been superseded.
<p>Question 25: Do you agree with the deletion of the list of documents in sub-paragraphs (b) to (g) of SECN 6.2.1R(2)? Please elaborate on your response and indicate which documents are critical in order to reach an investment decision prior to investing in a securitisation.</p> <p>PRA Proposal 3</p>	<p>Yes. See our comments in response to question 24.</p>
<p>Question 26: Do you agree with our proposal regarding the timing to provide the final documents in SECN 6.2.2R(2)? Please elaborate on your response.</p> <p>PRA Proposal 3</p>	<p>Yes, this is a helpful adjustment which our members support. We would note, however, that SECN 6.2.2R(3) as currently drafted is confusing, largely because it follows SECN 6.2.2R(2) rather than following SECN 6.2.2R(1) directly. As it stands, SECN 6.2.2R(3) seems to suggest transaction documentation can be provided as late as 1 month after the first interest payment date, which cannot be right. A similar issue affects the first two subparagraphs of Article 7(1A) of the PRASR GRs. We suspect the FCA intends that the information described in SECN 6.2.1R(1) and SECN 6.2.1R(5) (and the PRA intends the information described in Article 7(1)(a) and (e) of the PRASR GRs) can be provided for the first time 1 month after the first interest payment date even where there is a long first interest period.</p> <p>Also, we would suggest that SECN 6.2.2R(1) and the first subparagraph of Article 7(1A) of the PRASR GRs be amended to specify that information must be provided at least monthly or quarterly (as the case may be) but providing reporting more frequently than required (e.g. monthly reports where the requirement is quarterly) is permitted.</p>
<p>Question 27: Do you agree with our proposal to remove the requirement to make a transaction summary available as per SECN 6.2.1R(3)? Please elaborate on your response and explain the circumstances in</p>	<p>Yes. On transactions without an offering document, the investor(s) will have negotiated the transaction documents, and a summary in prescribed format will therefore not be helpful to them. The transaction summary does, however, add to the transaction costs and administrative burden of executing a transaction in securitisation format. Eliminating this requirement would</p>

<b>Consultation question</b>	<b>Response</b>
<p>which the transaction summary is useful. PRA Proposal 3</p>	<p>therefore harm no one while reducing costs and administrative burden.</p>
<p>Question 28: Do you agree with the changes we propose to SECN 5 and SECN 6.2.1R(2) regarding disclosure of risk retention as a result of the proposed removal of the requirement to provide a transaction summary? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. This change is sensible and proportionate in the context of the other proposed changes to the transparency framework and we support it. It is also in line with market practice and we do not anticipate it adding cost or administrative burden to the execution of transactions.</p>
<p>Question 29: Do you disagree with any of the changes we propose for private notifications? Please elaborate on your response. PRA Proposal 3</p>	<p>We note the following points:</p> <ul style="list-style-type: none"> <li>- There is a discrepancy between the requirements in Article 7(3A) of the PRASR GRs and SECN 6.4.2R. The PRA rule imposes a reporting obligation on the "originator, sponsor and original lender" whereas the FCA rule imposes the obligation on the "originator, sponsor or SSPE" of a non-ABCP securitisation, the sponsor or SSPE of an ABCP programme, or the originator, sponsor or SSPE of an ABCP transaction, as the case may be. We believe the FCA formulation is preferable and would suggest the PRA rule be amended accordingly.</li> <li>- The statement in each of the paragraphs of SECN 6.4.2R to the effect that the relevant parties must notify "either directly, or by designating one of their number to do so, without relieving the other parties of their obligations under this section" is confusing and, we believe, unnecessary. It suggests that each of the relevant reporting entities must submit an identical report on SECN 6 Annex 1R, when we believe the intent is simply to indicate that they will all be held responsible for a failure to deliver the notification even when one of their number was (as between them) assigned the role of submitting it. We believe a more elegant solution would be to specify SECN 6.4 in SECN 6.3.1R(2), much the way SECN 6.4 is proposed to be specified in SECN 6.3.1R(1). No similar issue affects the</li> </ul>

Consultation question	Response
	<p>PRASR GRs, since they just refer to SECN for these purposes at Article 7(3A).</p> <ul style="list-style-type: none"> <li>- The lack of proposed transitional provisions in respect of the proposed changes to SECN and the Securitisation Part of the PRA Rulebook raise the question of whether new private securitisation notifications (on the new form) would have to be submitted for all existing private securitisations. We are of the view that that would represent an undue and disproportionate burden on the market, and produce little or no value for the FCA or the PRA. We would therefore urge the FCA and PRA to put in place targeted transitional provisions for existing private securitisations to avoid this outcome.</li> </ul>
<p>Question 30: Do you agree with our proposal to clarify the frequency of reporting for securitisations with a long first interest period? Please elaborate on your response. PRA Proposal 3</p>	<p>Yes. This is a sensible adjustment that reflects market practice that is currently based on preserved guidance previously issued by ESMA. We welcome it being explicitly adopted as part of SECN and the PRASR GRs. Please also see our response to question 26 in this respect.</p>
<p>Question 31: In light of the proposals set out in this paper, does the current formulation of SECN 6.2.5R create barriers to the issuance of securitisations by limiting its application to confidentiality and data protection laws which apply in the UK only? Please elaborate on your response and provide relevant examples. PRA Proposal 3</p>	<p>It seems to us that it would be helpful to extend the confidentiality carve out so that it covers non-UK confidentiality laws. This would facilitate securitisations of non-UK assets by UK manufacturers by eliminating a possible conflict between, e.g., Swiss banking secrecy laws and UK securitisation disclosure laws. While any current issues of this type are likely to be ameliorated by the move to principles-based disclosure proposed by the CPs, they are unlikely to be eliminated entirely. As a matter of making the UK an attractive jurisdiction in which to do securitisations, this would appear to us from a policy point of view to be a helpful measure with limited cost or additional risk associated.</p>
<p>Question 32: If you disagree with our proposals on the transparency requirements, how could we change them? Please elaborate on your response.</p>	<p>Subject to the comments we have made above, we do not disagree with the CPs' proposals on the transparency requirements.</p>

Consultation question	Response
PRA Proposal 3	
<p>Question 33: Do you agree with our proposal to give originators and sponsors flexibility to decide whether the full details or anonymised version of STS notifications should be published for private securitisations? Please elaborate on your response.</p> <p>No relevant PRA proposal</p>	<p>Yes. We fully support this sensible and pragmatic adaptation of the existing rules. Where appropriate and elected by the manufacturers of the transaction, the ability to choose to have the full details of STS notifications published will facilitate the due diligence of investors on STS transactions with cross-border aspects (e.g., those with a meaningfully public, but non-UK admission to trading) with no harm caused to others.</p>
<p>Question 34: Do you think the alternative proposal is preferable to our proposal? Please elaborate on your response.</p> <p>No relevant PRA proposal</p>	<p>We have no particular objections to the alternative proposal and agree with the FCA assessment of it set out in paragraph 5.4 of CP 26/6. On a purely practical level, given the main proposal is sensible, we would propose to maintain that, rather than make the additional adjustments to the proposed rules that would be required to implement the alternative proposal.</p>
<p>Question 35: Do you agree with our proposals to allow FCA regulated institutional investors to invest in these types of resecuritisations? Please elaborate on your response.</p> <p>PRA Proposal 4</p>	<p>We welcome, in particular, the move to clarify that subdividing existing tranches or combining/retranching contiguous tranches does not constitute a resecuritisation. While we remain sceptical about the proposition that the definition of a securitisation should be interpreted in such a way that the Mortgage Guarantee Scheme ("MGS") and private mortgage insurance schemes with similar features create synthetic securitisations of individual mortgages, we also welcome the move to facilitate the securitisation funding of affected mortgages in the manner proposed. Finally, although we are not aware of there being a significant problem in the UK market requiring the re-securitisation of senior tranches, we cannot see that this adds any risk to the system given the safeguards proposed by the PRA for these transactions. Accordingly, we welcome this move in the direction of providing increased flexibility in the securitisation regulatory framework.</p>
<p>Question 36: Do you agree with our proposals to clarify the rules surrounding credit granting in SECN 8.2? Please elaborate on your response and what alternatives should we consider?</p>	<p>Yes. The existing rules are awkward to navigate for some common structures which we understand are not viewed as problematic at a policy level. The most common examples of these are securitisation-funded specialty lenders (whose business model is to securitise all of their assets) and so-called "forward flow" transactions, where underlying exposures are originated directly into</p>

Consultation question	Response
PRA Proposal 5	<p>securitisation structures provided they meet the eligibility criteria set out by the forward flow lender(s). In either case, there are no relevant "non-securitised" exposures against which to compare, making the existing formulation of SECN 8.2.1 and Article 9 of the PRASR GRs awkward to apply. The new formulation of SECN 8.2.1R and 8.2.1AR and Article 9 of the PRASR GRs is significantly clearer and easier to apply to a wider range of securitisations. As such, we welcome this change.</p>
<p>Question 37: Do you agree with the proposal to allow L-shaped risk retention as an eligible form of risk retention? Please elaborate on your response. PRA Proposal 2</p>	<p>We welcome this proposed change to add flexibility to the UK securitisation regulatory framework without reducing its prudence. We expect this change will mainly serve to facilitate cross-border securitisations by reducing the cost of complying with both the UK and the U.S. risk retention rules in cases where L-shaped retention is intended to be used for purposes of the U.S. rules.</p> <p>For transactions mainly marketed in Europe, we expect its application will initially be limited, since EU rules currently do not recognise L-shaped risk retention. This is nonetheless useful as a matter of signalling, and may help to encourage the European authorities to expand the range of risk retention methods they recognise to include L-shaped retention.</p> <p>Separate to the addition of L-shaped risk retention, it would also be useful for cross-border purposes with the EU to make the UK rules on replacement of risk retainer align more closely with EU rules. In particular, the ability to replace a risk retainer where needed for legal reasons beyond the control of the risk retainer or of its shareholders<sup>2</sup> would be particularly useful. While we acknowledge that this could be permitted via the use of waivers at present, it would be useful for transaction parties to have certainty that this flexibility would be available in the same way that the EU already allows.</p>
<p>Question 38: Is the proposed period of 6 months between publication of the final SECN instrument and the new requirements coming into force reasonable, assuming we</p>	<p>Subject to the areas noted above where grandfathering would be needed, six months between publication of the final SECN instrument and PRA Policy Statement, and their coming into force seems like a sensible period of time for firms to make the required adjustments to systems in order to comply with the new requirements.</p>

<sup>2</sup> See, in this respect, Article 12(3)(b) of [Commission Delegated Regulation \(EU\) 2023/2175](#).

Consultation question	Response
<p>proceed broadly as proposed? Please elaborate on your response. No specific PRA proposal but also relevant to the PRA</p>	
<p>Question 39: Do you agree with the proposal to allow use of the current EU underlying exposure templates for certain asset classes instead of the new SECN 11 underlying exposure templates? Please elaborate on your response. No specific PRA proposal but also relevant to the PRA</p>	<p>Yes, we strongly support this pragmatic proposal to minimise transaction costs where this can be done without reducing the information available to investors. [Our only comment is that it should be extended to include CLOs. The CLO template information is almost entirely covered by the EU Annex 4 template, meaning that we do not believe that additional value is added by the additional completion of the proposed new SECN 11 Annex 4A commensurate with the cost of producing an additional report.</p>
<p>Question 40: Do you agree with the proposed guidance introduced in SECN 11.3.8G regarding the provision of underlying exposures information in the proposed new SECN 11 Annex 2 for residential real estate? Please elaborate on your response.</p>	<p>[Field left intentionally blank]</p>
<p>Question 41: Do you have any views on the application of specific conduct rules (e.g. risk retention, credit granting standards) in regulating CLOs? What possible improvements, if any, do you consider could be made to address some of the concerns and criticisms articulated above? Please elaborate on your response. No specific PRA proposal but also relevant to the PRA</p>	<p>We consider that regulating CLOs as securitisations – while understandable for historical reasons – is unnecessary and ultimately counterproductive. Although the proposed changes to the UK securitisation framework make significant improvements, the fact remains that managed CLOs and credit funds (especially closed-ended credit funds) are quite similar categories of products that sometimes have very little to differentiate them. While the classic cases of each product have historically been relatively easy to tell apart, both products have evolved over the years so that there are examples of each that look very similar to the other. At the risk of significant oversimplification, both are products whose fundamental feature is the management of investor money used to buy, hold and sell credit products (subject to eligibility/investment criteria) in order to generate returns. These fundamental economic similarities combined with significantly different regulatory treatment results in</p>

Consultation question	Response
	<p>market distortions, since market participants can be heavily incentivised to structure their transactions slightly differently to achieve the desired regulatory treatment depending on the regulatory regime they prefer to be in. Incentives that result in transaction structuring choices being made for regulatory, rather than economic or financial reasons ultimately result in market inefficiencies and should be avoided.</p> <p>Since institutions who manage money on others' behalf are already regulated (whether as investment firms, credit institutions, AIFMs or otherwise) as to their fiduciary and reporting duties to their investors, it seems logical that CLOs should be excluded from the conduct obligations of the securitisation framework to avoid doubling up on regulatory frameworks both intended to achieve much the same thing.</p> <p>We note, however, that if the FCA and PRA intend to go down this route, they will need to reverse the direction of the clarificatory rule that prevents a vehicle from being both an SSPE and an AIF. Currently, a vehicle that meets both definitions is treated as an SSPE, but for CLO vehicles would need a "tie-breaker" rule that resolved the uncertainty in favour of being an AIF rather than an SSPE.</p>
<p>Question 42: Do you have any views on the proportionality of applying the securitisation conduct rules to WBS? Please elaborate on your response. No specific PRA proposal but also relevant to the PRA</p>	<p>WBS have for at least the last 10-15 years increasingly been referred to as "secured corporate" transactions rather than "whole business securitisations". This is to resolve confusion that arose from the name "whole business securitisation" since there is a market consensus that these are not, in fact, securitisations in the regulatory sense (even if the reasoning for that analysis is not entirely consistent). Since these transactions are largely secured corporate debt of a single business, however, the policy rationale for regulating them as securitisations is questionable regardless of the specific legal analysis. Because this issue is largely able to be dealt with by market participants, there is no major market problem requiring regulatory intervention in order to solve. Nonetheless, given the policy context we consider that it might be helpful to explicitly exclude WBS from conduct regulation as securitisations. This would mainly serve to reduce the need for legal analysis and debate in respect of each new transaction to determine the particular reasons</p>

Consultation question	Response
	that transaction is not a securitisation for regulatory purposes.
<p>Question 43: Do you consider that these kinds of structures should be exempt wholly or partially (e.g., as regards risk retention, transparency etc.) from some of those requirements? Please elaborate on your response. No specific PRA proposal but also relevant to the PRA</p>	<p>In both cases, exempting the transaction types wholly from securitisation conduct regulation would be the most appropriate outcome. For CLOs this would be a matter of avoiding duplication with the regulatory schemes applicable to CLO managers. For WBS it would be because the securitisation conduct rules are fundamentally not fit for purpose.</p>
<p>Question 44: Do you have views on the application of the conduct requirements under the securitisation framework to CTPs? Please elaborate on your response.</p>	[Field left intentionally blank]
<p>Question 45: For the securitisations discussed in this chapter, are there any other important factors that should be considered while examining the desirability of exemptions from specific conduct related SECN provisions? Please elaborate on your response. No specific PRA proposal but also relevant to the PRA</p>	<p>We are not aware of any additional important factors to be considered in this respect.</p>
<p>Question 46: In the broader context of the discussion in this chapter, are there any other types of securitisations that should also be considered? Please elaborate on your response and explain what kinds of exemptions would streamline compliance responsibilities without compromising the soundness of the securitisation framework?</p>	<p>No additional types of transaction occur to us that should be considered.</p>

<b>Consultation question</b>	<b>Response</b>
Question 47: Do you have any comments on our cost benefit analysis? Please elaborate on your response.	We do not have any comments to share on the cost benefit analysis.

On the PRA's other proposals:

- Securitisation general requirements Proposal 6: SFA members do not have strong feelings about the ordering of rules, but in general do support the simpler approach of grouping all the rules on the same subject matter, rather than maintaining the structure of the assimilated EU rules.
- Risk-sensitive IRB approach to single loan mortgage securitisations Proposal 1: While SFA does have UK bank members, we take the position that for the moment other trade associations are better positioned to provide a comprehensive overview of UK bank views on capital matters.

The SFA would once again like to thank the FCA and PRA for their engagement on this matter. We remain at your disposal if you would like to discuss any aspect of our response to the CPs.

Sincerely,



Michael Bright  
Chief Executive Officer