Milbank

Insights

Alternative Investments Practice

Guide to the New UK Securitisation Rules

8 November 2024

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Introduction

From 1 November 2024, the UK Securitisation Regulations 2024[i] and the FCA's and PRA's new rules for securitisation came into full effect (the "**UK Securitisation Rules**"), six months after their original promulgation, and replacing the retained EU Securitisation Regulation.[ii] The firm-facing securitisation rules are now set out in the FCA's new Securitisation Sourcebook ("**SECN**") and the PRA's new Securitisation Part of the PRA Rulebook, alongside an updated PRA supervisory statement.[iii] The change forms a key pillar of the UK Government's Smarter Regulatory Framework for financial services,[iv] and follows consultation and final rules issued by both regulators.[v]

The UK Securitisation Regulations 2024 also set out due diligence requirements for trustees or managers of occupational pension schemes ("**OPS**") investing in securitisation positions,[vi] given that The Pensions Regulator does not have powers to make its own rules in relation to securitisation. The drafting of the due diligence requirements in both the FCA and PRA rules and the Securitisation Regulations 2024 (for OPS) is largely aligned.

For the CLO market, as for other securitisation participants, there is much more continuity in the new UK rules than there is change compared with the EU Securitisation Regulation. However, a number of "targeted policy changes" (as the FCA describes them) have been made.[vii] A second consultation by the UK regulators is expected in the second half of 2025. This is likely to cover, amongst other things, the distinction between public securitisations and private securitisations and the implications for the reporting regime,[viii] which may pave the way for further divergence from EU rules on these topics.

Summary of key divergence

Key points of divergence of the UK Securitisation Rules from the EU securitisation regime include the following:

1. ***Due Diligence – form of reporting required by investors***: There is a more principles-based and proportionate approach to the requirements on institutional investors to verify disclosure made by UK and overseas manufacturers of securitisations. Unlike the approach in the EU rules, which requires investors in securitisations to obtain information in prescribed templates,[ix] the new UK

rules focus on whether a manufacturer has made available sufficient information to enable the institutional investor to independently assess the risk of holding the securitisation position.[x] Where a transaction has a UK sponsor, originator or securitisation special purpose entity ("**SSPE**"), such entities will be required to provide disclosure templates pursuant to the transparency requirements in a prescribed form.[xi] However, UK institutional investors exposed to UK and non-UK securitisations are no longer required to ensure that the responsible entity discloses information in such prescribed format.

2. ***Transfer of retention***: By contrast with the EU rules, the UK Securitisation Rules are less flexible about the circumstances in which a retained interest can be transferred: the UK rules refer to permitting transfer of the retained interest in the event of insolvency of the risk retainer,[xii] but do not allow for a transfer where the risk retainer is unable to continue acting for legal reasons beyond its control and beyond the control of its shareholders, as permitted under the EU rules.[xiii] While this divergence may indicate additional flexibility under the EU rules, the narrow nature of the "legal reasons" exemption (limited to illegality in respect of the continued ability of the retention holder to hold/retain or, in the case of an NPE servicer acting as retainer under the EU rules, termination of the appointment of such servicer) restricts its practical application. Its absence from the UK regime may, however, pose problems for cross-border compliance (if a risk retainer replacement permitted under the EU regime is not recognised under the UK regime) for transactions involving mixed UK and non-UK originators, sponsors or original lenders. We continue to hope that both the UK and EU authorities will be receptive to changes in this area as part of their respective consultations, as it has a potential impact on the structuring of M&A transactions involving a retention holder.

3. ***STS***: Synthetic securitisations have not been included within the definition of an STS (simple, transparent and standardised) securitisation.[xiv] This approach aligns with the Basel standards on criteria for identifying securitisations as simple, transparent and comparable, but deviates from the approach under the EU Securitisation Regulation which extends its STS framework to certain qualifying synthetic securitisations. The PRA currently has, to date, been minded not to deviate from the Basel STC standards in order to advance its objectives (in particular, whether extending the preferential capital treatment currently available for exposures of STS securitisations under the UK Capital Requirements Regulation ("**UK CRR**") to synthetic securitisations might pose risks to the safety and soundness of PRA-authorised firms).[xv]

4. ***Due Diligence – alternative investment fund managers***: Under the UK rules, the only alternative investment fund managers ("**AIFMs**") within the definition of "institutional investor" are UK-authorised AIFMs, those AIFMs marketing or managing an AIF in the UK, and small, registered UK AIFMs: i.e., not including non-UK AIFMs.[xvi] This has practical implications for delegation arrangements in that investors delegating investment decisions/due diligence activities to non-UK AIFMs will not be relieved of responsibility for compliance.

5. ***Sole Purpose Test***: When assessing whether an originator is not operating for the "*sole purpose*" of securitising exposures and therefore may act as an eligible risk retainer,[xvii] the UK has specified certain factors as mandatory to be taken into account, including whether the originator has a strategy consistent with a broader business model, capacity to meet payment obligations without relying on securitised exposures or related risk retention, sufficiently experienced management, and adequate corporate governance arrangements.[xviii] This test differs from the EU rules, which require that the originator must not rely on securitised exposures or related risk retention "*as its sole or predominant source of revenue*".[xix] The new UK test is therefore potentially easier for originators to satisfy. However, the matters specified in the UK rules are only factors to be taken into account (which implies a more principles-based approach) rather than constituting, if satisfied, a safe harbour as under the EU rules.

6. ***NPE Securitisations***: Unlike under the EU regime and despite being considered by HM Treasury in initial consultations on the new UK framework,[xx] the asset servicer in a securitisation of non-performing exposures ("**NPEs**") cannot act as an eligible risk retainer under the new UK Securitisation Rules.[xxi] However, consistent with the current EU rules,[xxii] securitisation of NPEs will

be facilitated by allowing the net value of the NPEs to be used instead of nominal value for the purpose of calculating the risk retention requirements.[xxiii]

7. ***Transparency and Due Diligence – initial information***: The UK rules allow transparency and due diligence information in respect of private transactions to be provided "*before pricing or commitment to invest*",[xxiv] rather than only "*before pricing*" as under the EU rules,[xxv] and the final form of legal documentation needed to understand the transaction can be provided up to 15 days after closing of the transaction.[xxvi] This clarification is consistent with current market practice and acknowledges the difficulty in ascertaining a pricing date for private transactions. It also provides certainty for investors purchasing positions in the secondary market that they will not be required to verify a transaction's compliance prior to their commitment to invest.

A detailed analysis of the material differences between the new UK regime and the current EU regime is set out in the table below.

There are also various points in the new UK rules which do not diverge from EU standards but represent helpful points of clarification compared with the previous UK approach, such as the clarification that hedging of the retained interest is permitted in certain circumstances, including pre-securitisation hedging undertaken as a prudent element of credit granting or risk management.[xxvii]

Transitional Provisions

Transitional rules mean that the existing retained EU rules largely apply to transactions which closed before 1 November 2024,[xxviii] except in the case of delegation of due diligence compliance to non-UK authorised alternative investment fund managers prior to 1 November 2024, which will not be grandfathered.[xxix] On 7 October 2024, HM Treasury published a draft new statutory instrument extending the temporary grandfathering regime for EU securitisations notified to ESMA as meeting EU STS criteria also to qualify as UK STS securitisations, from 31 December 2024 to 30 June 2026,[xxx] in order to provide greater certainty to investors.[xxxi]

Final Thoughts

The UK has moved from the firm-facing rules applicable to securitisations being set out mainly in primary legislation, to the majority of these now being set out in the FCA and PRA rulebooks. This allows the UK regulators more flexibility to adapt quickly to market changes and regulatory concerns. However, given the cross-border nature of most securitisation transactions (including CLOs), the UK regulators will no doubt seek to ensure a material level of alignment with the EU except where there are clear policy reasons for further divergence. The new consultation by the FCA and PRA expected in the second half of 2025 may well include proposals for the disclosure requirements for private securitisations to become more streamlined and proportionate than they are currently under both UK and EU rules.

Table

The key material differences between the EU Securitisation Regulation and UK Rules are highlighted in bold.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
FCA Glossary			
'client money'	New paragraph 2D which applies to non-firm retainers in relation to cash collateralisation of synthetic or contingent retention.	Not included in EU Securitisation Regulation ("EU SR").	No material practical changes from EU Securitisation Regulation
'client money rules'	Clarifies that paragraph 3 applies to SECN.	Not included in EU SR.	No material practical changes from EU Securitisation Regulation.
'CRR firm'	New paragraph 2 for the purposes of SECN, which cross-references definition in Article 4(1)(2A) UK CRR	Not included in EU SR.	A bank (credit institution) or investment firm regulated by the PRA with head/registered office in the UK.
'established in the United Kingdom'	Has the meaning given to it in Reg 3(1) Securitisation Regulations 2024 (SI 2024/102).	Not included in EU SR.	The scope of UK rules is generally restricted to entities having their registered/head office in the UK.
'FCA investment firm'	Applies to SECN and has meaning given to it in Article 4(1)(2AB) UK CRR.	Not included in EU SR.	An FCA-regulated investment firm.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
'institutional investor'	**Has the meaning given to it in Reg 3(1) of Securitisation Regulations 2024 (SI 2024/102).**	**Article 2(12) of EU SR.**	**UK Rules limit scope to UK entities. Investors delegating investment decisions/due diligence activities to non-UK authorised AIFMs will not be relieved of responsibility for due diligence, so they will have to decide whether to delegate to a new managing party or retain responsibility for due diligence themselves.**
'mixed financial holding company'	Paragraph 1 excludes SECN. New paragraph 2.	Not included in EU SR.	UK Rules limit scope to cases where regulated entity has registered head office in the UK.
'Non-performing exposure'	New definition: "an exposure that meets any of the conditions set out in Article 47a(3) of UK CRR."	Article 2(24) of EU SR.	No material practical changes from EU Securitisation Regulation.
'NPE'	New definition: "non-performing exposure".	Article 2(24) of EU SR.	No material practical changes from EU Securitisation Regulation.
'non-refundable purchase price discount'	New definition: "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."	Article 2(31) of EU SR.	No material practical changes from EU Securitisation Regulation.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
'NPE securitisations'	New definition: "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"	Article 2(25) of EU SR.	EU SR provisions include additional words at end: "due to replenishment, restructuring *or any other relevant reason*"
'occupational pension scheme'	Paragraph 1 excludes SECN and paragraph 2 inserts new definition applicable to SECN which cross-refers to Securitisation Regulations 2024 (SI 2024/102).	Not included in EU SR.	The scope of UK rules is restricted to an occupational pension scheme that has its main administration in the UK.
'originator'	Existing UK Securitisation Rules ("UK SR") definition was transferred to Securitisation Regulations 2024 (SI 2024/102) with no changes. FCA Handbook amended.	Article 2(3) of EU SR.	No material practical changes from EU Securitisation Regulation.
'over collateralisation'	New paragraph 2 which applies to SECN.	Article 7(1)(c) of the EU Risk Retention RTS, which cross refers to Article 242(9) of the Capital Requirements Regulation (EU) 575/2013	No material practical changes from EU Securitisation Regulation.
'reporting entity'	New definition: "the entity designated in accordance with the SECN 6.3.1R(1)."	Commission Delegated Regulation (EU) 2020/1224, Article 1(1)	No material practical changes from EU Securitisation Regulation.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
'retail client'	Amendment that paragraph 1 applies to SECN.	Article 3(1) of EU SR, which cross refers to point 11 of Article 4(1) of Directive 2014/65/EU	No material practical changes from EU Securitisation Regulation.
'securitisation'	Amendment to FCA Handbook but no policy change intended.	Article 2(1) of EU SR.	No material practical changes from EU Securitisation Regulation.
'securitisation position	UK SR definition was transferred to Securitisation Regulations 2024 (SI 2024/102) with no changes. Amendments to FCA Handbook.	Article 2(19) of EU SR.	No material practical changes from EU Securitisation Regulation.
'securitisation repository'	UK SR definition was transferred to Securitisation Regulations 2024 (SI 2024/102) with minor drafting changes.	Article 2(23) EU SR.	UK Rules limit role to bodies corporate whereas EU SR extends to legal persons.
'securitisation special purpose entity'	UK SR definition was transferred to Securitisation Regulations 2024 (SI 2024/102) with no changes. Amendments to FCA Handbook.	Article 2(2) EU SR.	No material practical changes from EU Securitisation Regulation.
'sponsor'	UK SR definition transferred to Securitisation Regulations 2024 (SI 2024/102) but no policy change intended. Amendments to FCA Handbook.	Article 2(5) EU SR.	UK Rules allow an investment firm to be a sponsor "whether located in the United Kingdom or in a country or territory outside the United Kingdom".
'STS criteria'	New definition.	Not included in EU SR.	Note that UK and EU STS securitisations are exclusive: a securitisation cannot satisfy both sets of STS criteria.
'STS notification'	Transferred to FCA Handbook from Article 27(1) UK SR.	Article 27(1) EU SR.	No material practical changes from EU Securitisation Regulation.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
'STS securitisation'	New definition cross referring to Reg 3(1) UK SR which in turn cross refers to Reg 9 of the UK SR.	Not included as a defined term in EU SR.	Does not include synthetic securitisations within the definition of an STS securitisation, unlike in the EU.
GEN General Principles			
GEN General Principles	SECN 1.1.3R / SECN 1.1.4G: certain provisions of GEN in the FCA Handbook now apply to SECN entities and authorised persons.	Not included in EU SR.	The general interpretation and FCA Handbook rules apply to the Securitisation Sourcebook.
PRIN Principles for Business			
PRIN Principles for Businesses	SECN 1.1.5R: new rule similar to the cooperation requirement in PRIN 11, which will require entities not otherwise subject to PRIN 11 but subject to FCA's rules on securitisation to deal with the FCA in an open and cooperative way.	No equivalent in EU SR.	No material practical changes from EU Securitisation Regulation.
STS securitisations			
Scope of application	SECN 2.1.1R: clarifies originator and sponsor involved in the securitisation must be established in the UK.	Not included in EU SR.	No material practical changes from EU Securitisation Regulation.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Transparency requirements	**SECN 2.2.25R, 2.2.27R and 2.2.29R: introduce concept of "commitment to invest" for non-ABCP securitisations to accommodate for private securitisations where concept of "pricing" does not aways apply.**	**Not included in EU SR.**	**Reflects current market practice and acknowledges difficulty in ascertaining a pricing date for private transactions.**
Transaction-level requirements	**SECN 2.3.16R and 2.3.28R: introduce concept of "commitment to invest" for ABCP securitisations to accommodate for private securitisations where concept of "pricing" does not aways apply.**	**Not included in EU SR.**	
STS criteria: homogeneity of underlying exposures	SECN 2.4: sets out the categories of exposures that can be treated as homogeneous for purpose of satisfying STS "homogeneous" criteria.	Article 1 Commission Delegated Regulation (EU) 2019/1851.	No material practical changes from EU Securitisation Regulation.
STS notification	**SECN 2.5.1R: clarifies that a securitisation that meets all STS criteria need only be notified to FCA if the originator/sponsor wishes to obtain the STS label.**	**Not envisaged in Article 27(1) of EU SR.**	**Provides helpful clarification that STS qualification is optional.**
	SECN 2.5.2R(2): clarifies that if a third-party verifier (TPV) is used, the originator, sponsor or SSPE must check that the TPV is registered with FCA.	Not included in Article 27(2) of EU SR.	Arguably this check is implicit in the requirement under Article 27(2) of EU SR to provide name, address and authorising competent authority.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Information to be included in STS notification by originator, sponsor and SSPE	**SECN 2.6.3G: references to 'pricing' in the STS notification templates must be read to include 'original commitment to invest' to accommodate for private securitisations.**	**Not included in EU SR.**	**Reflects current market practice and acknowledges difficulty in ascertaining a pricing date for private transactions.**
Selling securitisation positions to retail clients			
Selling securitisation positions to retail clients	SECN 3.1.1G: applies "to *retail clients* and sellers of *securitisation positions* who are established in the United Kingdom."	Not included in EU SR.	Retail distribution under the EU SR is not jurisdictionally circumscribed.
Due diligence			
Scope of application	SECN 4.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK rules are against consistent in limiting jurisdictional scope to the UK.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Due diligence requirements before holding a securitisation position	**SECN 4.2.1R(1)(e)(4), (6), (7): only required to conduct due diligence available at time of investment.** **See also Chapter 2, Article 5(1)(e) of PRA Rulebook.**	**Article 5 of EU SR.**	**Clarifies that due diligence is only required on the most up-to-date information at the time, rather than prior to pricing.**
	SECN 4.2.1R(1)(e): must have made available 'sufficient information' to enable the institutional investor independently to assess the risks of holding the securitisation position. **See also Chapter 2, Article 5(1)(e) of PRA Rulebook.**	**Articles 5(1)(e), 7(1) and 7(4) of EU SR, and Commission Delegated Regulation (EU) 2020/1224.**	**Introduces a more flexible and principles-based approach to disclosure focussing on whether sufficient information has been made available to allow independent assessment of the risks, rather than relying exclusively on information in prescribed templates.**
	SECN 4.2.1R, table lines 4, 6 and 7: introduce concept of 'commitment to invest' to accommodate for private securitisations where 'pricing' does not apply. Also differentiates between primary and secondary market.	**Not included in EU SR.**	**Reflects current market practice and acknowledges difficulty in ascertaining a pricing date for private transactions. The final form of legal documentation needed to understand the transaction can be provided up to 15 days after closing of the transaction.**
	SECN 4.2.1R, table line 7: cross refers to notifications by qualifying EU securitisations.	Not included in EU SR.	The UK Rules recognise both UK and EU STS transactions.
	SECN 4.2.2R(1)(d), (e) and (g): accommodate for overseas STS securitisations.	Article 5(3)(c) of EU SR.	No material practical changes from EU Securitisation Regulation.

	SECN 4.2.3R: clarifies that responsibility of institutional investors to comply with due diligence is not affected by use of TPV.	Article 27(2) of EU SR.	No material practical changes from EU Securitisation Regulation.
Due diligence requirements while holding a securitisation position	SECN 4.4.2R: "where underlying exposures of *securitisation* are themselves *securitisation positions*, *institutional investors* shall also monitor the exposures underlying those *securitisation positions*".	Article 5(4)(a) of EU SR.	No material practical changes from EU Securitisation Regulation.
Institutional investor delegation	**SECN 4.5.1R: institutional investors will not be able to delegate the responsibility for compliance with the due diligence requirements to institutional investors who are not themselves regulated by the FCA or PRA in the UK.** **See also Article 5(5) of PRA Rulebook.**	**Article 5(5) EU SR.**	**Since investors delegating investment decisions/due diligence activities to non-UK institutional investors will not be relieved of responsibility for due diligence, such investors will have to decide whether to delegate to a new managing party or retain responsibility for due diligence themselves.**

Securitisation of NPEs

Calculation of risk retention	**SECN 5.2.8R(2): net value of NPEs may be used instead of nominal value when calculating risk retention requirements.** **See also Article 9(1) of the PRA Rulebook.**	**Article 6(3a) of EU SR.**	**Provisions are identical. Facilitates securitisation of NPEs.**

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Asset servicer as eligible risk retainer	**SECN 5.2.1R: asset servicers are not within the definition of an eligible risk retainer**	**Permitted under EU SR Art.6(1).**	**Means UK rules are more restrictive than EU rules in that they do not allow the asset servicer in an NPE securitisation to act as eligible risk retainer.**
Application of retention options	**SECN 5.10.1R: introduces the use of 'non-refundable purchase price discount' for NPEs in risk retention requirements**	**Article 9 of the Eligible Retention RTS.**	**Provisions are identical. Facilitates securitisation of NPEs.**

Requirements on risk retention

Scope of application	SECN 5.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK Rules are again consistent in limiting jurisdictional scope to the UK.
Selection of assets	**SECN 5.2.7R: includes recital 11 of EU SR to allow originators and sponsors to select assets which as a whole have a higher risk profile.**	**Recital 11 of EU SR**	**Helpful that UK provision is not relegated to a recital. However, EU SR is broader inasmuch as recital 11 allows adverse selection by sponsor, not just by originator.**

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Matters to consider when assessing whether an entity has been established or operates for the sole purpose of securitising exposures	**SECN 5.3.6R: (1) entity has business strategy and capacity to meet payment obligations consistent with a broader business model and involving material support from capital, assets, fees or other income available from sources other than the securitised position; and (2) members of management body have necessary experience to pursue the established business strategy, and the entity has adequate corporate governance arrangements.** **See also Article 2(6) of PRA Rulebook.**	**Article 2(7) of EU Risk Retention RTS.**	**Omits 'sole or predominant source of revenue' test under EU rules, potentially making the UK test easier for originators to satisfy. Lack of clarity over the scope of the EU wording means this is a welcome change. However, there is no longer a safe harbour as there under the EU Risk Retention RTS where the specified criteria are met.**
Fulfilment of the retention requirement through a synthetic form of retention or contingent form of retention	SECN 5.4.1R: sets out conditions for exemption from the cash collateralisation requirements for synthetic / contingent retention.	Article 3 of the EU Risk Retention RTS.	No material practical changes from EU Securitisation Regulation.
Prohibition of hedging or selling retained interest	**SECN 5.12.1R(4): clarifies the prohibition against hedging or selling material net interest, disapplying the prohibition in the event of the retainer's insolvency or retention on a consolidated basis.** **See also Article 12(3)(a) of PRA Rulebook.**	**Article 12(3) of the EU Risk Retention RTS.**	**Does not allow for transfer (as under Article 12(3)(b) of the EU Risk Retention RTS) of the material net interest where the risk retainer is unable to continue acting for 'legal reasons' beyond its control and beyond the control of its shareholders. The EU 'legal reasons' exemption is narrow. However, its absence from SECN 5.12.1R(4) may pose problems for cross-border compliance.**

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Arrangements or embedded mechanisms	SECN 5.15.1R: retainers shall not use arrangements or embedded mechanisms in securitisation by virtue of which the retained interest at origination would decline faster than the interest transferred.	Article 15(1) of the EU Risk Retention RTS.	No material practical changes from EU Securitisation Regulation.
Risk retention in securitisation of own liabilities	SECN 5.16.1R: automatic satisfaction of risk retention in the context of securitisations of own-issued debt instruments, including covered bonds.	Article 16 of the EU Risk Retention RTS.	No material practical changes from EU Securitisation Regulation.
Retention requirements on resecuritisations	SECN 5.17.1R(2): no need for two levels of risk retention in relation to certain ABCP programmes.	Article 17(2) of the EU Risk Retention RTS.	No material practical changes from EU Securitisation Regulation.
Selection of assets	SECN 5.18.1R: new provision inserted in FCA Handbook.	Articles 18(1) and (3) of the EU Risk Retention RTS.	No material practical changes from EU Securitisation Regulation.
	SECN 5.18.2G: clarifies that originator's compliance with its internal policies, procedures and controls must be taken into account when assessing cherry picking.	Article 18(2) of the EU Risk Retention RTS.	No material practical changes from EU Securitisation Regulation.
Disclosure of level of commitment to maintain net economic interest	SECN 5.19: New provision inserted to FCA Handbook.	Article 22 of the EU STS Regulation.	This information was formerly prescribed under Article 22 of the old Risk Retention RTS (625/2014) but is now subsumed in Article 7 of the EU SR and related investor reports.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Transparency requirements			
Scope of allocation of disclosure requirements	SECN 6.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK Rules are again consistent in limiting jurisdictional scope to the UK.
Transparency requirements for originators, sponsors and SSPEs	**SECN 6.2.2R(2): introduces concept of 'commitment to invest' to accommodate for private securitisations where 'pricing' does not always apply.** **See also Article 7(1) of PRA Rulebook.**	**Article 7(1) of EU SR omits this concept.**	**Reflects current market practice and acknowledges difficulty in ascertaining a pricing date for private transactions. The final form of legal documentation needed to understand the transaction can be provided up to 15 days after closing of the transaction.**
Ban on resecuritisation			
Scope of application	SECN 7.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK Rules are again consistent in limiting jurisdictional scope to the UK.
Requirements on ban on resecuritisation	SECN 7.2.1R: replicates ban on resecuritisation from Article 8(1) of the EU SR.	Article 8(1) of EU SR.	No material practical changes from EU Securitisation Regulation.
Criteria for credit granting			
Scope of application	SECN 8.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK Rules are again consistent in limiting jurisdictional scope to the UK.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Requirement on credit granting	SECN 8.2: transfers Recital 14 UK SR which states that credit granting criteria need not be met with respect to trade receivables not originated in the form of a loan.	Recital 14 and Article 9(1) of EU SR.	The UK regulators have sadly passed up the opportunity to clarify other types of exposures to which credit granting criteria are not applicable.
Securitisation repositories			
Scope of application	SECN 9.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK Rules are again consistent in limiting jurisdictional scope to the UK.
Application to register as TPVs			
Scope of application	SECN 10.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK Rules are again consistent in limiting jurisdictional scope to the UK.
Information and the details of a securitisation, which the originator, sponsor and SSPE must make available			
Scope of application	SECN 11.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	No material practical changes from EU Securitisation Regulation.UK Rules are again consistent in limiting jurisdictional scope to the UK.
Format and standardised templates			
Scope of application	SECN 12.1.1G: clarifies scope of application does not apply beyond the UK.	Not included in EU SR.	UK Rules are again consistent in limiting jurisdictional scope to the UK.

Topic	UK Rules	EU Securitisation Regulation	Commentary and UK comparison
Modification of rules under regulation 5(6) of the Securitisation Regulations 2024			
Waivers	**SECN 13: sets out circumstances in which the FCA can dispense with, modify or reimpose requirements, under regulation 5(6) of the Securitisation Regulations 2024.**	**Not included in EU SR.**	**Provides FCA with regulatory flexibility to deal with unanticipated issues on a case by case basis (supplementing the general powers of the FCA and PRA to disapply or vary rules under section 138A of the Financial Services and Markets Act 2000).**

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Please feel free to discuss any aspects of this Client Alert with your regular Milbank contacts or any member of our Alternative Investments Group.

[i] The Securitisation Regulations 2024 (SI 2024/102), as amended by the Securitisation (Amendment) Regulations 2024 (SI 2024/705), brought into effect by the Financial Services and Markets Act 2023 (Commencement No.7) Regulations 2024 (SI 2024/891): https://www.legislation.gov.uk/uksi/2024/102/.
[ii] Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation ("**EU Securitisation Regulation**"): https://eur-lex.europa.eu/eli/reg/2017/2402/oj.
[iii] PRA's SS 10/18 – Securitisation: General requirements and capital framework: https://www.bankofengland.co.uk/prudential-regulation/publication/2018/securitisation-general-requirements-and-capital-framework-ss. There are also consequential amendments to the Liquidity Coverage Ratio (CRR) Part (https://www.prarulebook.co.uk/pra-rules/liquidity-crr) and the Non-Performing; Exposures Securitisation (CRR) Part (https://www.prarulebook.co.uk/pra-rules/non-performing-exposures-securitisation-crr) of the PRA Rulebook.
[iv] https://www.gov.uk/government/collections/a-smarter-regulatory-framework-for-financial-services
[v] FCA, CP23/17: Rules relating to Securitisation (August 2023): https://www.fca.org.uk/publication/consultation/cp23-17.pdf
PRA, CP15/23: Securitisation: General Requirements (27 July 2023): https://www.bankofengland.co.uk/prudential-regulation/publication/2023/july/securitisation
FCA, PS24/4: Rules relating to Securitisation (30 April 2024): https://www.fca.org.uk/publication/policy/ps24-4.pdf
PRA, PS7/24: Securitisation: General Requirements (30 April 2024): https://www.bankofengland.co.uk/prudential-regulation/publication/2024/april/securitisation-policy-statement
[vi] Securitisation Regulations 2024, regulations 32A-32C.
[vii] https://www.fca.org.uk/publications/policy-statements/ps24-4-rules-relating-securitisation
[viii] PD24/4, para.2.4. See the Regulatory Initiatives Grid (latest version November 2023), p.56 (Tranche 1: Wholesale financial markets): https://www.fca.org.uk/publication/corporate/regulatory-initiatives-grid-nov-2023.pdf
[ix] Articles 5(1)(e), 7(1) and 7(4) of the EU Securitisation Regulation.
[x] SECN 4.2.1R(1)(e); Article 5(1)(e) of PRA Rulebook.
[xi] SECN 6.2.1R, SECN 11 and SECN12.
[xii] SECN 5.12.1(4)(a); Article 12(3)(a) of PRA Rulebook.
[xiii] Article 12(3)(b) of the EU Risk Retention RTS.
[xiv] Regulation 9 of the Securitisation Regulations 2024; SECN 2.2.1R; Article 1(3) of the PRA Rulebook.
[xv] Article 26a(1) of the EU Securitisation Regulation.
[xvi] Regulation 3(1) of the Securitisation Regulations 2024.
[xvii] SECN 5.2.5R.
[xviii] SECN 5.3.6R; Article 2(6) of PRA Rulebook.
[xix] Commission Delegated Regulation (EU) 2023/2175 of 7 July 2023 ("**EU Risk Retention RTS**"), Article 2(7): https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202302175.
[xx] Article 6(1) of the EU Securitisation Regulation (as inserted by Regulation (EU) 2021/557 of 31 March 2021).
[xxi] SECN 5.2.1R.
[xxii] Article 6(3a) of the EU Securitisation Regulation.
[xxiii] SECN 5.2.8R(2); Article 9(1) of the PRA Rulebook.
[xxiv] SECN 2.2.25R, 2.2.27R, 2.2.29R, 2.3.16R, 2.3.28R; Article 5(1) and Article 7(1) of PRA Rulebook.
[xxv] Article 7(1)(g) of the EU Securitisation Regulation.
[xxvi] SECN 4.2.1R(1)(e)(4), SECN 6.2.2R(2).
[xxvii] SECN 5.12.1R(2); reflecting Recital 7 of the EU Risk Retention RTS (which was introduced post-IP completion day, i.e. 31 December 2020 at 11pm, as defined in the European Union (Withdrawal Agreement) Act 2020).
[xxviii] SECN 14.3.1R; Article 3(1) of the PRA Rulebook.
[xxix] SECN 14.3.1R(2)(a).

[xxx] Draft Securitisation (Amendment) (No.2) Regulations 2024: https://www.legislation.gov.uk/ukdsi/2024/9780348263954.
[xxxi] Explanatory Memorandum to the Draft Securitisation (Amendment) (No.2) Regulations 2024, para.5.2: https://www.legislation.gov.uk/ukdsi/2024/9780348263954/memorandum/contents.