
DRAFT STATUTORY INSTRUMENTS

2023 No.

The Securitisation Regulations 2023

PART 6

Registration of third party verifying STS compliance

Third party verifying STS compliance

25.—(1) A person providing a third party verification service must be registered by the FCA under this Part.

(2) The FCA must grant an application for registration to provide a third party verification service if all the following conditions are met—

- (a) the person only charges non-discriminatory and cost-based fees to the originators, sponsors or securitisation special purpose entities involved in the securitisations which the person assesses without charging different fees depending on, or correlated to, the results of its assessment;
- (b) the person is neither a regulated entity as defined in regulation 1(2) of the Financial Conglomerates and Other Financial Groups Regulations 2004⁽¹⁾ nor a credit rating agency as defined in Article 3(1) of [Regulation \(EU\) No 1060/2009](#) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies⁽²⁾, and the performance of the person's other activities does not compromise the independence or integrity of its assessment;
- (c) the person does not provide any form of advisory, audit or equivalent service to the originator, sponsor or securitisation special purpose entity involved in the securitisations which the third party assesses;
- (d) the members of the management body of the person have professional qualifications, knowledge and experience that are adequate for the task of the person and they are of good repute and integrity;
- (e) the management body of the person includes at least one third, but no fewer than two, independent directors;
- (f) the person takes all necessary steps to ensure that the verification of compliance with the STS criteria is not affected by any existing or potential conflicts of interest or business relationship involving the person, its shareholders or members, managers, employees or any other individuals whose services are placed at the disposal or under the control of the person, and to that end—
 - (i) the person must establish, maintain, enforce and document an effective internal control system governing the implementation of policies and procedures to identify and prevent potential conflicts of interest;

(1) [S.I. 2004/1862](#). The definition of “regulated entity” was substituted by [S.I. 2019/264](#).

(2) [EUR 2009/1060](#). Article 3(1) was substituted by [S.I. 2019/266](#).

- (ii) potential or existing conflicts of interest which have been identified must be eliminated or mitigated and disclosed without delay;
 - (iii) the person must establish, maintain, enforce and document adequate procedures and processes to ensure the independence of the assessment of compliance with the STS criteria;
 - (iv) the person must periodically monitor and review those policies and procedures in order to evaluate their effectiveness and assess whether it is necessary to update them;
 - (g) the person can demonstrate that it has proper operational safeguards and internal processes that enable it to assess compliance with the STS criteria.
- (3) A third party verifier must notify the FCA without delay of—
- (a) any material changes to the information provided in respect of paragraph (2), and
 - (b) any other changes that could reasonably be considered to affect the assessment by the FCA of compliance by the third party verifier with the conditions in that paragraph.