
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations specify certain securitisation activities as “designated activities” for the purposes of the Financial Services and Markets Act 2000 (see Part 5A) (c. 8) and confer powers on the Financial Conduct Authority (“FCA”) to make rules and give directions in relation to these activities. The activities are acting as an originator, sponsor, original lender or securitisation special purpose entity in a securitisation and selling a securitisation position to a retail client in the United Kingdom.

The Regulations specify the coherence of the overall framework for the regulation of securitisation as a matter to which the FCA and the Prudential Regulation Authority (“PRA”) must have regard when making rules relating to securitisation.

The Regulations also restate some provisions of [Regulation \(EU\) 2017/2402](#) of 12th December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (“the Securitisation Regulation”), in some cases with modifications. The restated provisions are revoked by section 1(1) of, and Schedule 1 to, the Financial Services and Markets Act 2023 (c. 29) alongside the remainder of the Securitisation Regulation, related EU tertiary legislation and the Securitisation Regulations 2018 ([S.I. 2018/1288](#)). Most other provisions revoked are restated (where appropriate with modifications) in rules made by the FCA and the PRA.

Revoked provisions of the Securitisation Regulation restated in these Regulations, in some cases with modifications, include—

- Articles 10 to 15 (registration of securities repositories);
- Article 18 (use of the designation “simple, transparent and standardised securitisation” or “STS”);
- Article 27 (STS notification requirements) including the duty of the FCA to publish and maintain a list of STS securitisations;
- Article 28 (registration of third parties verifying STS compliance);
- Article 28A, which was inserted by the Financial Services and Markets Act 2023 (Treasury power to designate a country or territory in relation to securitisations).

The Regulations require the FCA and PRA to make rules setting out due-diligence requirements for certain institutional investors who are authorised persons and who are not trustees or managers of an occupational pension scheme. They also enable the FCA to make rules in relation to the holding of securitisation positions by small registered UK AIFMs.

The Regulations also restate, with some modifications, the existing duty of the FCA to monitor compliance and powers for the FCA and PRA to take enforcement action, including imposing disciplinary measures.

The Regulations contain savings relating to certain pre-2019 securitisations to which the Securitisation Regulation did not apply. The Regulations also contain provisions dealing with the transition from the existing law to the new provisions.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen. A de minimis impact assessment is available from HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ and is published with the Explanatory Memorandum alongside this instrument at www.legislation.gov.uk.