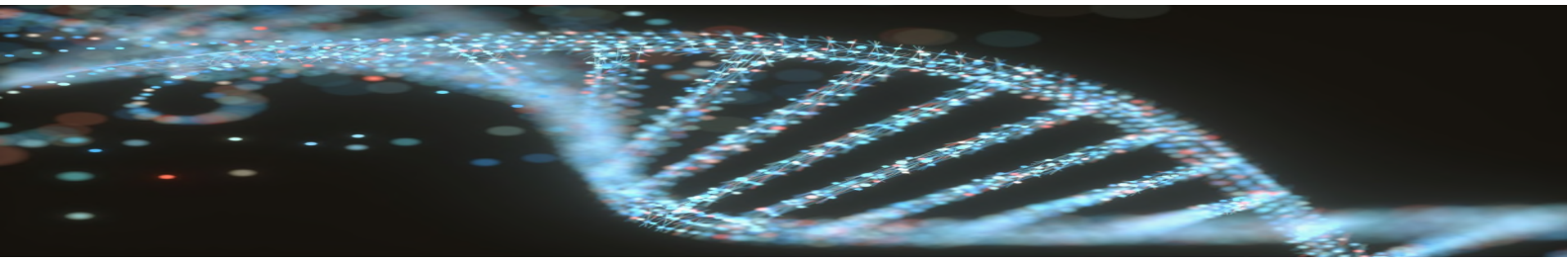
# UK Securitisation: FCA and PRA consult on changes to the Securitisation Framework

March 2026



The UK Financial Conduct Authority ("**FCA**") and Prudential Regulation Authority ("**PRA**") are consulting on detailed amendments to the UK securitisation framework which are described as a material simplification and streamlining of the rules. These include significant proposed changes to the key provisions on due diligence and transparency. In this briefing note, we aim to provide a high-level overview of the regulators' proposals.

Parallel Consultation Papers[1] released by the FCA and PRA acknowledge that certain aspects of the UK securitisation framework (which is largely based on the EU-derived Securitisation Regulation that was onshored at the time of Brexit and then re-written in FCA and PRA rules in 2024 with minimal changes[2]) are highly prescriptive and burdensome for transaction parties without necessarily delivering material benefits. The regulators are now seeking to make the UK framework more proportionate and less prescriptive through a substantial set of proposals that would represent a significant re-writing of the rules.

The Consultation Papers note that the FCA and PRA have coordinated their approaches (taking account of the provisions in the UK Securitisation Regulation which require that the regulators must "have regard" to the overall coherence of the framework when making rules) and aim to ensure consistency between their proposals. Comments on both consultations are requested by 18 May 2026, with a view to finalising the changes before the end of 2026 and the amended rules taking effect six months later.

**Key Takeaways:**

- Simplifying and applying a principles-based approach to investor due diligence rules
- Streamlining the transparency rules and making them less prescriptive
- Reducing the number of reporting templates and simplifying remaining templates
- Removing the distinction between 'public' and 'private' securitisation for transparency purposes
- Moving to a single set of FCA disclosure templates and removing PRA templates
- Allowing use of certain EU reporting templates to satisfy UK transparency requirements
- No longer requiring manufacturers to report to Securitisation Repositories
- Exempting securitisations of senior positions and single-loan securitisations from the ban on 'resecuritisation' subject to conditions
- Permitting use of the 'L-shaped' risk retention method
- The consultations close on 18 May 2026, with a view to finalising the changes before the end of 2026 and the amended rules taking effect in late Q2 or Q3 2027

1 See: FCA CP26/6: Rules for reforming the UK Securitisation Framework and PRA CP2/26 – Reforms to securitisation requirements | Bank of England, both released on 17 February 2026.

2 See the Simmons & Simmons Insights Briefing for background on the new UK securitisation framework: UK Securitisation: New framework takes effect from 1 November 2024 | Simmons & Simmons.

The regulators' key proposals may be summarised in greater detail as follows:

## FCA Consultation Paper 26/6

Seeking to preserve high standards while allowing greater flexibility in firms' implementation of its rules, the FCA's proposals would result in significant changes to the rules in its Securitisation Sourcebook ("SECN") as they apply to FCA-regulated firms and firms acting as originators, sponsors or securitisation special purpose entities (SSPEs) ("manufacturers") in securitisation transactions, as well as FCA solo-regulated firms acting as investors.

### *Due diligence – a radical simplification*

Prescriptive due diligence rules for investors would be removed and replaced with more proportionate obligations on investors "to assess the risks involved in the securitisation to confirm it meets the investor's risk appetite and that it maintains sufficient alignment of interest between manufacturer and investor". It would remain critical that investors: (i) require, receive and review the appropriate amount of information about a securitisation; (ii) understand and assess the risks they are taking and whether they fit their investment objectives and appetite; and (iii) monitor the performance of the investment throughout the holding period. However, much of the prescriptive content of the current rules would be replaced with guidance provisions[3]. The proposed new rules would involve changes to:

- Verification of manufacturers' obligations (transparency, credit granting and risk retention):
    - Transparency: investors would (still) have to ensure that manufacturers make available "sufficient information" to allow them to assess their risk, and that they commit (either "in writing or agreed on the basis of other accepted market practices") to making further information available on an ongoing basis to enable monitoring of the performance of the securitisation position and the underlying exposures. However, instead of a prescribed list of the information that must be made available by a manufacturer (and the frequency with which it should be provided), guidance provisions would set out the type of information – which is proportionate to the risk of the investment – that investors should *consider* obtaining from manufacturers in order to conduct due diligence. This may still include underlying exposures information, investor and other reports and transaction documentation, but it would not always have to be provided in templated form – see further below.

3 And the corresponding due diligence rules for Occupational Pension Schemes, which are contained in legislative provisions in the UK Securitisation Regulation, are expected to be subject to HM Treasury review to align them with the rule-changes proposed for firms subject to FCA and PRA rules.

*Due diligence – a radical simplification (continued)*

- Credit granting standards: investors would no longer need to verify compliance with the credit granting criteria. The proposed rules would require that (unless the originator or original lender is a UK CRR firm or FCA investment firm) the investor "consider" the originator's credit granting standards and "form their own view" as to whether they are robust enough to suit their risk appetite. A similar provision would apply to ABCP sponsors.
- Risk retention: UK manufacturers' compliance with risk retention rules would no longer need to be verified. For a *non*-UK manufacturer, investors would need to be satisfied that one of the "originator, sponsor or original lender" has and will maintain on an ongoing basis "sufficient and appropriate alignment of commercial interest" (there is no longer a requirement to check that a 5% risk retention is held or that retention is through a specific retention method), with guidance proposed on what is a sufficient and appropriate alignment of interest. The FCA clarifies that this change for non-UK manufacturers would not change the risk retention rules for UK manufacturers, rather, it is intended to allow UK investors to invest in non-UK securitisations where strict 5% risk retention is not required.

- Due diligence "before holding" a securitisation position: these rules would become less prescriptive, with the FCA proposing to delete the list of structural features that investors must assess (including an assessment of the securitisation and the underlying exposures' credit risk, the structural features, and (if relevant) compliance with the criteria for Simple, Transparent and Standardised ("STS") securitisation). This would be replaced with guidance on the types of structural features that can materially impact the performance of the securitisation. Investors would still have to consider and understand the structural features and risk characteristics of their investment in a securitisation, but they would have greater discretion to decide what information is important to their assessment.
- Due diligence "while holding" a securitisation position: the prescriptive elements of the due diligence requirements that must be currently satisfied on an ongoing basis (e.g. establishing written procedures for monitoring compliance and maintaining records, stress testing, internal reporting and demonstrating their comprehensive and thorough understanding of the risks) would be removed and the provisions rewritten as guidance. The investor would still be required to monitor, on an ongoing basis, the "performance of the securitisation position and of the underlying exposures in a manner proportionate to the risk profile of the securitisation position they hold".

*Streamlined transparency rules*

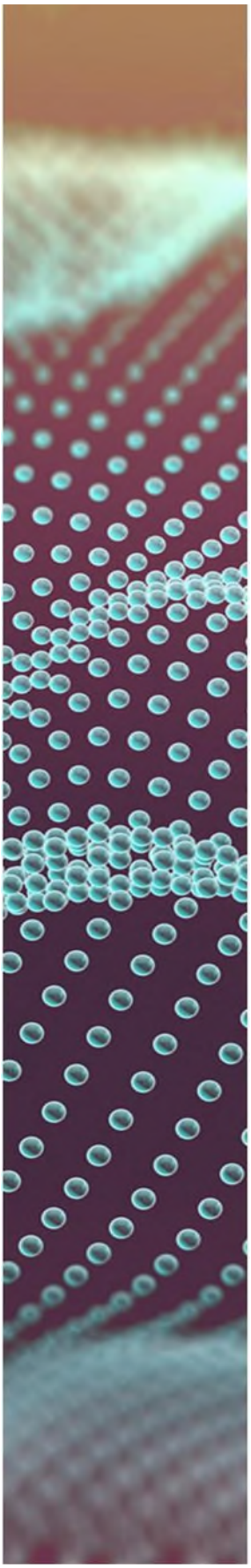
The proposed changes to the transparency requirements are intended to make the reporting rules more useful for investors and less prescriptive for manufacturers, while maintaining the importance of sharing relevant, comprehensive and good quality information and data about securitisations with investors.

*Streamlined transparency rules (continued)*

Manufacturers would still be required to provide investors with all documentation essential for them to understand the transaction, including underlying exposures information. However, the information would not always be required to be provided in the form of prescribed templates. In particular, the FCA proposes:

- In relation to disclosure templates:
  - Removing the requirement to complete underlying exposure templates for short-term highly granular exposures such as credit card receivables and trade receivables, commercial real estate exposures, securitisations of corporate exposures that are not collateralised loan obligations ("CLOs"), and esoteric exposures. The required templates would be replaced with a principles-based disclosure approach requiring information specific to the asset class. For example, this could include, for short-term highly granular exposures, aggregated information in tables of stratification data reflecting credit quality and risk characteristics.
  - Adding a new specific template for CLOs that would simplify the existing corporate template by reducing the required fields by almost half.
  - Retaining the existing templates only for residential real estate, automobile, consumer and leasing exposures (plus the add-on template for non-performing exposures ("NPEs")), which the FCA describes as "mature and standardised asset classes". These templates would be simplified and aligned with the loan-level data templates used to assess eligible collateral for use in the Bank of England's lending facilities. The FCA notes that a reporting entity for a securitisation intended to be used as collateral in the Bank's facilities may choose to use the Bank's template to satisfy the requirements of the FCA's transparency rules, but if it does so, the additional information required by the FCA template must be added (mark-ups of the proposed new FCA templates against the Bank of England templates are provided by the FCA).
  - Where there is no longer an FCA template provided for a particular asset class, a principles-based approach would apply, presumably allowing parties to agree the substance of the disclosure, and potentially allowing for the emergence of market-driven reporting in future.
- For investor reports and inside information/significant event reporting:
  - Reflecting market feedback that these are costly and burdensome to produce (and investors prefer the specific and tailored reports they obtain from administrators or trustees), the FCA acknowledges their importance but would require these to be produced under principles-based requirements, no longer requiring them to be provided in prescribed templated format.

Acknowledging that some UK manufacturers will want to (also) target EU investors, the FCA proposes that manufacturers would still be able to use the EU reporting templates instead of FCA templates, but only for those asset classes for which the FCA would retain templates (i.e. residential real estate, autos, consumer and leasing exposures, as well as the NPE add-on).



*Streamlined transparency rules (continued)*

This would be permitted only for as long as the FCA deems it useful to do so, and the position would be revisited if the EU templates change. However, for CLOs, UK manufacturers would still have to use the new UK CLO template, meaning the EU corporate template would also have to be provided to satisfy the EU reporting requirements. The FCA notes that by allowing UK manufacturers to use these EU templates it is seeking to "minimise frictions" for firms operating on a cross border basis. It is likely to remain the case that, for cross-border transactions, UK manufacturers may still prefer to use EU reporting templates which represent the "highest common denominator" in terms of reporting standards and so some of the intended flexibility proposed by the FCA could be limited in practice.

Notably, an exemption is proposed from making information available through underlying exposure templates for single-loan securitisations. This would mean that, for example, any loans under the UK Government's Mortgage Guarantee Scheme ("MGS") (or other private schemes that provide guarantees) which might be structured or treated as securitisations would not need to complete templated reporting, but would remain subject to the proposed broader, principles-based transparency requirements (see further below regarding the proposals to exempt securitisations of MGS loans from the ban on 'resecuritisations'). The FCA clarifies that this would exempt *any* single-loan securitisations (whether residential mortgage-backed or not, and whether benefiting from credit protection or not) from the requirement to provide underlying exposure information using prescribed templates.

- Other key proposals in relation to transparency disclosure:
  - Securitisation Repositories: information would no longer be required to be reported to Securitisation Repositories ("SRs"). New rules would specify that information required by the rules must be reported by means that are "accessible" to investors and potential investors and managed with appropriate governance, systems and controls (and unregulated SRs could be one way of doing so). The FCA notes that HM Treasury is considering amendments to the UK Securitisation Regulation itself that would remove the requirement in legislation for SRs to be FCA-regulated.
  - Public/private securitisations: the delineation between public and private securitisations for transparency purposes would be removed, so that all securitisations would be subject to the new requirements. The FCA notes that this is to be viewed in the context of the other proposed revisions including the removal of templated reporting, and the removal of reporting via SRs. The distinction would remain for other purposes including in relation to STS notifications and the reporting of private securitisations to the FCA (for which there would be revised reporting templates, to be submitted (only) to the FCA, within one week after issuance and no longer before pricing or commitment to invest).

*Streamlined transparency rules (continued)*

- Provision of transaction documentation: a less prescriptive approach would also be taken to the provision of underlying transaction documentation, with the FCA proposing to remove the list of documentation required to be provided to investors and replace it with new requirements for an offering document, prospectus or term sheet together with all of the transaction documents (excluding legal opinions). Under the proposals, a transaction summary would no longer be required, and the timeframe for the provision of documentation after closing would be extended from 15 to 30 days.
- XML format: reporting templates would no longer need to be produced in XML format; any electronic and machine-readable format would be accepted.
- ND options: the number of no data options would be reduced from five to one (where the data is "not available"), to align with the Bank of England's approach.

*A raft of other proposed changes*

- Risk retention: the "L-shaped" risk retention method is proposed. New provisions would allow the possibility for L-shaped retention whereby the risk retainer holds a (horizontal) percentage of the first-loss tranche and an equal (vertical) proportion of the remaining tranches, with the horizontal and vertical elements amounting to a combined minimum of 5% of the nominal value of the securitised exposures. This is intended to make it easier for UK manufacturers to issue in jurisdictions (such as the US) where investors are more familiar with this risk retention method.
- Ban on "resecuritisation": the FCA proposes including two new specific exceptions to the ban on "resecuritisation", for: (i) the securitisation of securitisation positions which constitute one exposure and its related credit protection (e.g. loans guaranteed under the MGS, which the PRA have confirmed that they consider to be securitisations; and (ii) securitisations of "senior" securitisation positions. These exemptions would only be available where the originator and sponsor of the resecuritisation are PRA-authorised persons (see also the summary of PRA CP2/26 below for more detail); they would not apply to FCA-regulated manufacturers (although investors subject to the FCA's rules would be able to invest in them). A proposed clarification of the language around retranching of contiguous issued tranches into one or a fewer number of tranches (that these do not constitute resecuritisations) is also set out.
- Credit-granting criteria: further clarity on the application of credit-granting criteria is proposed, whereby the language of the credit-granting requirements would be amended slightly to provide greater clarity and certainty. In particular, this would further clarify the provisions around the underwriting of loans that are securitised, vis-à-vis comparable assets that remain on the originator's balance sheet.

*A raft of other proposed changes (continued)*

- Scope of the FCA's Securitisation Rules: the FCA invites comment on whether there are various types of securitisation for which its conduct rules may not be relevant. These include CLOs (which are more akin to asset management), whole business securitisations (which can be viewed as closer to leveraged loans), and correlation trading portfolios (which are more like a trading and risk management product than securitisations, and are already exempt from risk retention requirements).
- Changes to the UK Securitisation Regulation: HM Treasury is expected to lay a Statutory Instrument before Parliament amending the Securitisation Regulation, which is required because the due diligence rules for Occupational Pension Schemes are set out in the legislation and not FCA/PRA Rules and so they would need to be amended using legislation. The other required legislative changes (such as the provisions on SRs) would be expected to be made at the same time.
- STS Criteria: no changes are proposed to the STS criteria, thus retaining alignment with the EU rules in this area. It is worth noting on STS that the UKSR's temporary provisions providing that the UK may recognise EU STS securitisations as "equivalent" to UK STS transactions (thus allowing UK investors to benefit from investing in them, including in respect of improved capital treatment) are due to expire on 30 June 2026; it is not clear whether this date will be extended further or placed on a more permanent footing.

The FCA has provided no draft transitional provisions since it is proposing that the changes take effect six months after the finalisation of the new rules, thus firms will have sufficient time to prepare. The stated intention is to finalise the rules in the second half of 2026, such that they would take effect in around mid-2027. Comments on CP26/6 are requested by 18 May 2026.

## PRA Consultation Paper 2/26

The aim of the PRA's proposed changes is to make the existing requirements of its securitisation rules (as they apply to PRA-authorised firms participating in securitisations) more proportionate and less prescriptive while maintaining appropriate prudential and general safeguards. This would involve changes to various aspects of the PRA's existing rules and relevant supervisory guidance for securitisations (including the Securitisation Part and the Securitisation (CRR) Part of the PRA Rulebook and related supervisory guidance) through the following proposed amendments:

*General requirements align with FCA proposals*

Since the PRA's securitisation rules are in many areas largely identical to the FCA rules, the PRA's proposed rule-changes would replicate the simplification, streamlining and proportionality introduced by the FCA's proposals outlined above in terms of due diligence, transparency and reporting, the provision of underlying documentation, risk retention (introducing the "L-shaped" retention method), resecuritisation and credit-granting.

*General requirements align with FCA proposals (continued)*

Additional proposed guidance (similar to that provided by the FCA on aspects of its rules) would be restated in, or newly introduced into, existing PRA Supervisory Statement 10/18 (Securitisation: General Requirements) to provide clarity for investors on matters including the appraisal of an originators' proposed alignment of interest, the possible contents of the due diligence assessment, and examples of performance indicators that could be monitored on an ongoing basis.

Noting in particular that it has worked closely with the FCA on the proposed changes to the reporting templates, the PRA's proposals on matters including the disapplication of certain templates, aligning the remaining (and new) templates more closely with the Bank of England templates, removing the distinction between public and private securitisation for reporting purposes, and removing the requirement for reporting to SRs, practically mirror those of the FCA.

Importantly, recognising that a single set of disclosure templates would support standardisation and comparability and reduce operational complexity for manufacturers and investors, the PRA proposes deleting all of its reporting templates and directing firms instead to the templates in the FCA SECN rules. This represents a significant proposed alleviation which would eliminate questions around the perceived need for "dual compliance" (with both FCA and PRA templates) in terms of UK reporting. In addition, in terms of the private securitisation notification, the PRA proposes this would be made only to the FCA in future (which would be provided for in proposed new FCA rules – see above).

Other areas on which the PRA provides additional information and/or further detail around its proposals include:

*New exemptions from the ban on resecuritisation*

The PRA's proposed policy reflects that proposed by the FCA. However, the PRA fleshes out more detail on the impact of the proposals to exempt certain securitisations from the securitisation ban, given the prudential impact.

In particular, the PRA sets out the proposed safeguards to the two proposed exemptions:

- Exemption 1 – for securitisation positions created solely by tranched credit protection on an individual exposure basis (such as MGS loans): these would be exempt, where the credit protection applies on an individual exposure basis, subject to the following safeguards:
    - The originator of the resecuritisation must be a PRA-authorised person;
    - The originator of the resecuritisation must also be the originator and risk retainer of the underlying securitisation;
    - The resecuritisation must be limited to a "single round" (i.e. the exemption would not apply to any further resecuritisation involving the same underlying exposures); and
    - The resecuritisation is expected to be homogenous in terms of the asset class of the underlying exposures.

*New exemptions from the ban on resecuritisation (continued)*

- Exemption 2 – for resecuritisations of senior securitisation positions: the PRA's view is that these would not materially increase the prudential risk associated with a securitisation structure, and would allow firms to use these positions for capital management and liquidity purposes. The same safeguards noted above would apply to these resecuritisations.
- Both types of exempted resecuritisation would benefit from a proposed reduction in capital requirements, with the PRA proposing that, for resecuritisations under Exemption 1, firms would calculate capital requirements disregarding the credit risk mitigation. For those under Exemption 2, the PRA proposes that firms would treat the underlying senior positions as unsecuritised pro-rata slices of the underlying exposures.

*New risk-sensitive Internal Ratings-Based treatment for loans*

Single loan residential mortgage securitisations could benefit from a proposed new optional capital treatment (as an addition to the 'pari passu' approach) involving an adjustment to the loss given possession (LGP) component of loss given default (LGD) models for the unprotected part of the exposure. This would, broadly, reflect the economic impact of the credit protection. Certain conditions would apply to the use of the LGP adjustment.

*Repositioning of PRA rules*

Certain aspects of the PRA's rules would benefit from some repositioning across the Securitisation Part of the Handbook (given that the original structure broadly follows the EU-inherited framework of legislation plus separate technical standards), and the PRA proposes adjustments to the rules to ensure they are more readable (e.g. risk retention provisions would all be gathered under the same chapter).

In terms of timing, the consultation period on CP2/26 also ends on 18 May 2026. The PRA proposes that the implementation date for the proposed changes would be "2027 Q2", which it will confirm in a Policy Statement (expected to contain the final rules) following the consultation period.

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## Ongoing review of the EU Securitisation Regulation and UK-EU divergence

Separately from the consultations in respect of the UK framework, European Commission proposals to amend the EU Securitisation Regulation ("EUSR")[4] are also currently under discussion, with trilogue negotiations expected to begin in May 2026 once the European Parliament has finalised its position (the Council has already reached agreement on its proposed amendments).

There are now clear differences in the direction of travel of the amendments to the EU and UK frameworks. Indeed, the UK proposals go further than the market was expecting and could be in place even before the EUSR changes are in effect across the EU (this is the benefit of the UK's post-Brexit "FSMA-model" which allows the regulators' rules to be more easily and quickly adapted than legislation). If the UK proposals are finalised in the form consulted upon, the result would be a UK securitisation framework that represents a simpler, more flexible regime compared to an EU regime that retains a more prescriptive and inflexible approach.

UK investors would have a great deal more freedom and flexibility, including to consider investments in a wider universe of non-UK securitisations. Although the receipt of "sufficient information" from sell-side entities is already the UK standard in terms of investor due diligence prior to investing, removing the additional restraints of requiring prescribed lists of information, templated reports or satisfying strict risk retention and credit-granting verification requirements, is welcome. However, new questions may be expected to arise over how to satisfy principles-based requirements through meeting standards of "sufficiency", and "proportionality" in the absence of prescriptive rules.

For UK manufacturers, the proposals for a less prescriptive and more permissive UK securitisation framework will be equally welcome. However, those UK sell-side parties seeking to (also) target the EU investor community will still need to consider voluntary contractual compliance with EU rules, involving the completion of EU reporting templates, using an EU-compliant risk retention method (i.e. avoiding L-shaped retention), and providing prescribed documentation to allow EU investors to conduct their due diligence. Where the EU rules eventually land regarding the distinction between public and private securitisations could also impact the requirements that apply to non-EU manufacturers. Given the potentially widening gap between the UK and EU securitisation rules going forward, the debate as to dual-compliance looks likely to continue on transactions for the foreseeable future.

For further information on any of the issues discussed in this briefing note, please contact any of the Simmons & Simmons lawyers listed below.

4 See the Simmons & Simmons Insights Briefing on the EU proposals: EU Securitisation Regulation: European Commission proposes amendments | Simmons & Simmons.

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