CLIENT BRIEFING

28 APRIL 2026

THE PRA'S AND FCA'S PROPOSALS TO REFORM THE UK SECURITISATION FRAMEWORK

KEY CHANGES FROM THE UK ORIGINATOR'S PERSPECTIVE

OVERVIEW

On 17 February 2026, the Financial Conduct Authority (**FCA**) and the Prudential Regulation Authority (**PRA**) jointly published consultation papers, each proposing significant reforms to the UK Securitisation Framework. The consultation deadline for both papers is 18 May 2026, with implementation targeted for Q2 2027, and with no transitional or grandfathering provisions (on the basis that the changes would be broadly deregulatory in nature). This briefing summarises the key proposals and their impact from a UK originator's perspective.

KEY CHANGES

1. Due Diligence

Both regulators propose moving away from costly prescriptive due diligence requirements to a principles-based approach:

Credit granting: Under the current UK Securitisation Framework, unless the originator or original lender is a UK-established CRR firm or FCA investment firm, institutional investors must verify that such originator or original lender has complied with specified credit-granting standards. Under the proposals, investors would no longer be required to verify compliance with detailed credit-granting criteria; instead, institutional investors must consider originators' credit-granting standards and processes and form their own view as to whether they are robust enough to suit their risk appetite.

Verification: In respect of investor due diligence, instead of the full prescriptive list of information that an investor must verify under the current UK Securitisation Framework, it is proposed instead that the investor is required to ensure that manufacturers[1]: (i) make available sufficient information to enable the investor to independently assess the risks of entering into a securitisation position; and (ii) commit to making further information available on an ongoing basis to enable the investor to monitor the performance of its investment. The FCA and PRA propose to offer guidance as to the type of information that investors should consider obtaining from manufacturers. They also propose removing the requirement as to the frequency that such information is provided, so long as investors are satisfied that they have sufficient information to monitor their investments effectively.

Risk retention: Both regulators also propose removing the requirement for UK investors to verify that non-UK-based manufacturers comply with the UK risk retention rules (and instead require verification, on an ongoing basis, of sufficient and appropriate alignment of commercial interest with the investor in the performance of the securitisation).

STS: It is also proposed to remove the requirement placed on investors to verify that a securitisation claiming to meet the criteria of a "simple, transparent and standardised" (**STS**) securitisation does in fact do so.

ABCP: There are proposed modifications for asset-backed commercial paper programme (**ABCP**) deals, including the removal of the requirement for investors to perform stress tests on an ongoing basis. The prescriptive monitoring requirements as to credit quality attributes and the granular requirements for an institutional investor to have in place effective internal reporting to its management body are also proposed to be deleted.

With investors' due diligence obligations being substantially less prescriptive, this should enable originators to put together a reporting package (as to content and frequency) which is proportionate to the risk profile of the underlying assets. What investors require is likely to be largely driven by market practice, but this may allow originators (particularly if they are well-established and originating low-risk assets) to provide less information than under the existing rules, and less frequently. However, the removal of a standardised list of requirements may also lead to individual investors requesting specific reporting items on a case-by-case basis, which may lead to divergence in reporting between an originator's funding deals. An originator will want to prioritise discussions with the investors or arrangers at the outset of each deal in order to ensure that it is aware of what will be required in good time, that the originator is broadly producing the same reports for each financing, and that the ultimate reporting package is proportionate to the risk.

2. Transparency Requirements

The proposals remove the distinction between public and private securitisations for most transparency requirements

[1] i.e. originators, original lenders, sponsors and/or (as appropriate) securitisation special purpose entities, each as defined in the Securitisation Regulations 2024 (SI 2024/102).

(with limited exceptions for STS notification publications[2] and private securitisation notifications to the FCA) and, subject to a forthcoming statutory instrument from HM Treasury, also remove the costly requirement to make information available via a regulated securitisation repository. Instead, information must be reported by means that are accessible to investors and managed with appropriate governance, systems and controls.

The prescribed list of transaction documents to be made available is replaced with a requirement to provide an offering document, prospectus or term sheet together with all transaction documents (excluding legal opinions). The deadline for providing final transaction documents is extended by the FCA and the PRA from 15 days after closing to no later than 30 days after closing of the transaction or by the first scheduled interest payment date (where the date falls within 30 days of closing).

In addition, the requirement to provide a "transaction summary or overview of the main features of the securitisation" in the absence of a prospectus has been deleted, on the basis that investors in a private securitisation usually review the underlying transaction documents themselves, and not the transaction summary, to understand the risks in the transaction.

Finally, to reduce the need for parallel reporting, a mechanism is proposed whereby UK originators' compliance with EU transparency rules would be deemed sufficient to satisfy UK requirements.

From an originator's perspective, there will likely be non-trivial time and cost savings from not having to produce a transaction summary (for private deals) or report via a securitisation repository (for public deals). The less prescriptive approach in the proposals may also mean less time pressure on completing post-closing information deliveries, at a time when originators are often busy with other post-closing tasks.

3. Template Changes

All applicable disclosure templates are proposed to be deleted from the PRA Rulebook, with firms directed instead to the revised templates in the FCA Handbook. Although the substantive disclosure obligations remain, key changes (representing a significant reduction in potentially duplicative operational burdens for originators) include:

- The reporting templates (for public or private transactions) for residential real estate, automobile, consumer and leasing exposures are to be retained but simplified (with fewer fields to be completed) and broadly aligned to the Bank of England's loan-level data templates (with only one type of "no data" response now possible), with the template for non-performing exposures being redesigned to align with other new FCA templates.

  Furthermore, for these retained classes, the UK reporting requirements will be capable of being satisfied by the use of corresponding EU templates when marketing to both UK and EU investors, although the FCA will still require that the information be made available in a way that is accessible to UK investors. Accordingly, two sets of templates (and dual reporting) for these asset classes will not be necessary, but this is subject to any future review of the EU templates, which does introduce a degree of uncertainty as to whether the single-template solution will remain available on a long-term basis.

- Templates for commercial real estate, credit card, corporate (non-CLO) and esoteric exposures are proposed to be deleted and replaced with principles-based disclosure requirements, specifying the type of information to be provided without prescribing a format. For example, for short-term granular exposures, aggregated information in tables of stratification data reflecting credit quality and risk characteristics should be provided.

  This does create something of a dual reporting burden where transactions are marketed to both UK and EU investors (even if, ultimately, it can be concluded that only the relevant EU template is required), as compliance with both the UK's principles-based disclosure requirements and the EU transparency template requirements must be considered.

- A new simplified template for corporate exposures of a CLO is to be introduced by the FCA, with materially fewer fields. The use of an EU template (required for EU reporting) will not be permitted as an alternative in UK transactions marketed to UK investors, meaning that dual reporting (and two sets of templates) will continue to be necessary for CLOs.

- The ABCP template is to be deleted and replaced with a framework requiring reporting of monthly aggregated exposure information, with loan-level data available to the sponsor and, on request, to investors and regulators. The same dual reporting considerations accordingly apply as regards other deleted templates.

- The investor reports template and the inside information/significant events template are to be replaced with principles-based requirements. For investor reports, the type of information that must be included is specified and, for insider or significant event reporting, there is a new obligation to provide relevant information in a timely manner and an accessible format. Notifications of inside information and significant events in respect of private securitisations must still however be made to the FCA in a prescribed form.

- The requirement to provide reports in XML reporting format is to be removed; any electronic, machine-readable format will be permitted.

- Single-loan securitisations are exempted from the requirement to complete prescribed templates.

- Private securitisation notification templates have been updated with minor changes, including new fields and

[2] Changes are proposed to SECN 2.6.1R so that the manufacturer of a private securitisation can decide whether the full details of the STS notification are published on the FCA's STS list or not.

additional exposure classifications. Although still to be submitted by email, the timing of such notification has also changed to be "within one week after the issuance of the securities or creation of the securitisation" and not "before pricing or commitment to invest." Furthermore, the PRA proposes that all private securitisation notifications be submitted to the FCA only, and no longer to the PRA[3].

For UK deals marketed to both UK and EU investors:

- For the five asset classes where UK reporting templates are retained, originators can use EU templates to satisfy both UK and EU requirements, meaning a single template can satisfy both sets of reporting requirements, eliminating the need for dual reporting.

- For the asset classes where UK templates are being removed, a dual reporting burden arises: EU templates will still need to be produced for EU investors under their EU regulatory obligations, in addition to whatever principles-based disclosure is required under UK rules, thereby limiting the practical impact of the UK's template simplification in a cross-border context.

- Dual reporting and two sets of templates will be required for CLOs, as UK originators must use the new UK CLO template for UK reporting purposes, whilst EU investors would still require the EU corporate template to satisfy EU reporting requirements.

However, for UK-only deals, where the prescribed templates have been simplified or deleted under the UK framework, the above changes will be a welcome reduction in the reporting burden.

4. Resecuritisation

The FCA and PRA acknowledge that the current resecuritisation ban, even with the ability to seek individual waivers or permissions, may inadvertently restrict lower-risk structures that would not give rise to the concerns the ban was designed to address. Accordingly, the following two targeted exemptions (which may only be applied separately, not in combination with each other, and solely in homogeneous asset class securitisations) are proposed for PRA-authorised persons only, who are the originator and risk retainer of the securitisation, in each case subject to certain additional safeguards:

- **Exemption 1:** Resecuritisation of securitisation positions that comprise a single exposure and directly related credit protection that causes the credit risk of the exposure to be tranched (such as residential mortgages within the UK government's mortgage guarantee scheme). CRR firms' exposures to such exempted resecuritisations would be subject to a bespoke alternative capital treatment (calculated by disregarding the credit risk mitigation) rather than the standard resecuritisation risk weights.

- **Exemption 2:** Resecuritisation of senior securitisation positions (i.e. the highest-ranking tranche in a securitisation). For capital treatment, firms would treat such positions as unsecuritised pro-rata slices of the underlying exposures.

Both exemptions, with careful structuring, could support originators in accessing additional funding and liquidity and in managing credit risk more effectively. It should be borne in mind, however, that originators which are not authorised by the PRA (such as non-bank specialist lenders) will not be able to rely on these two exemptions.

Both regulators also propose that contiguous retranching — combining two or more contiguous tranches into one or splitting a tranche — is to be excluded from the definition of resecuritisation: a potentially useful clarification for originators managing existing securitisation structures.

5. Credit Granting

Both the FCA and PRA propose technical clarifications to confirm that sound and well-defined credit-granting criteria apply to any exposure to be securitised, irrespective of whether any non-securitised exposures exist, replacing the term "non-securitised exposures" with "comparable assets remaining on the balance sheet, if any".

This is a welcome clarification of an ambiguous provision, but not a material change to how originators have been interpreting this provision in existing deals.

6. Risk Retention

Both the FCA and PRA propose introducing a new "L-shaped" risk retention structure (including for synthetic transactions), which involves the retention of a set percentage of the first loss tranche, with the residual risk retained by holding the remaining tranches in equal proportion, so long as the total combined retention equals at least 5% of the nominal value of the securitised exposures. In the case of multiple originators, each must retain the net interest in the securitisation on a "pro rata basis and in the same proportion".

This proposal will be familiar to certain overseas investors, and its introduction into the UK regime provides originators with structuring flexibility.

[3] The FCA will periodically share aggregated data with the PRA for supervisory purposes with the FCA hinting that the submission of private securitisation notifications may be used in future as a means of monitoring developments and data accuracy in the private securitisation market.

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