

UK Established Originator's Guide to Securitisation

This guide is intended to provide an overview of legal and commercial points for a UK originator which already has a public or private securitisation in place to consider when entering into a new securitisation deal.¹ We have a separate guide for first-time originators.²

The first securitisation deal for an originator can involve a lot of work (and changes to background business practices) to put in place successfully. Once that hurdle has been overcome, the subsequent transactions should be easier to implement. However, originators should be aware of market developments in order to anticipate certain investor negotiation positions on their next trade, to be aware of the types of flexibility and protections that they might be able to achieve within asset-backed funding and to not become complacent when it comes to relying on that first securitisation deal as precedent.

For originators that already have a warehouse facility in place:

Spring cleaning

It is worth considering whether the warehouse facility, in the round, meets the originator's present funding needs and whether, given the originator's track record, it might be possible to improve its terms. Originators can achieve additional headroom through upsizing each senior lender; expanding the warehouse syndicate to begin a relationship with another financial institution; increasing the senior advance rate or adding a mezzanine facility; or by establishing a parallel warehouse if the business is expanding rapidly.

If the proposed deal is a refinancing or replacement of an existing warehouse, it is worth taking the time with counsel to review key provisions, such as the asset warranties and eligibility criteria: are these still fit for purpose and should any of them be made more originator-friendly (e.g. through materiality or knowledge qualifiers) or be removed (e.g. where previously understandably conservative eligibility criteria or concentration limits are now unduly restrictive)? Originators should also consider whether there are any aspects of frequent processes that are unnecessarily operationally burdensome. For example,

if under the existing warehouse frequent waivers are being sought to avoid (or remedy) technical breaches of limits or triggers, consider whether the limits or trigger levels should be reconsidered in general to give more headroom and/or whether the waiver process could be made easier (e.g. it may be worth exploring whether certain amendments and waivers could be agreed with the senior lenders by email rather than requiring a formal signed waiver letter).

Time to jump into the public pool?

Whilst the public securitisation market requires the publication of a prospectus or similar offering document, the obtaining of ratings and a higher ongoing disclosure standard in accordance with the applicable listing rules and the UK Securitisation Framework³ (in particular, the need – for now – to report via a securitisation repository), it has material pricing benefits as originators are able to access a larger and more diverse pool of institutional investors. A public securitisation also raises the profile of originators. Regular public issuances help build a lasting presence in the capital markets, which in turn can lead to better terms and pricing for well-established originators.

Originators should consider whether the debt capital markets, data, origination, servicing and reporting parts of

¹ This note assumes that the originator wishes to use securitisation as a funding tool, and therefore focuses on traditional cash (or "true sale") securitisations (rather than synthetic securitisations, which are used primarily for regulatory capital relief purposes by financial institutions).

² First time originator's guide to securitisation - 3 June 2026

³ The Securitisation Regulations 2024 (SI 2024/102), the securitisation part of the Prudential Regulatory Authority ("PRA") Rulebook (for PRA-regulated entities) and the securitisation sourcebook of the Financial Conduct Authority ("FCA") Handbook (for non-PRA regulated entities).

their business have matured enough, through having private securitisations in place, to be ready for the increased investor and rating agency scrutiny (and associated disclosure) required to effect a public securitisation. In addition, in order to attract sufficient investors to achieve a successful issuance, the market usually expects a minimum deal size of c.£200mn (or equivalent). Whilst it is possible to fund ongoing originations in the public debt capital markets through variable funding notes, wet funding arrangements or master trust structures, most entry-level originators would start with a public securitisation of a static back-book of receivables (potentially, and especially for faster amortising assets, with a revolving period during which the asset pool can be replenished).

Selecting an appropriate market precedent (if one is available) will be important in setting the benchmark for an originator's first public deal, and maximising the greater flexibility and better terms that the public markets can offer (which can be important, given the greater difficulty of obtaining amendments or waivers in a public deal, in light of the diversified investor base).

To STS or not to STS?

Increasingly, originators that use warehouse funding facilities are unlocking incremental pricing benefits by making their facilities comply with the simple, transparent and standardised (“**STS**”) regulatory requirements. Investors can benefit from preferential regulatory capital treatment in respect of their holding of STS tranches of debt, and correspondingly it is usually priced more favourably than equivalent non-STS tranches. Although originators of STS securitisations will always remain ultimately liable for any non-compliance with the STS requirements under the UK Securitisation Framework, they may, but are not obliged to, use the services of an FCA authorised third-party verification agent to assess compliance of their securitisations with the STS criteria under the UK Securitisation Framework. The process of ensuring the deal is compliant with the STS criteria often results in additional restrictions on the scope of the portfolio and additional representations and covenants on the part of the originator. For example, in order to qualify as an STS securitisation the underlying assets must be “homogenous” and be standard credit exposures (and may not be, for example, non-performing loans, self-certified mortgages or actively managed portfolios).

For originators that already have a public securitisation in place:

Spring cleaning

It is worth taking time with counsel to consider the terms of a few recent comparator public deals to check that the originator's existing commercial terms are in line with the

market, particularly around asset warranties, eligibility criteria, materiality thresholds (including in respect of any repurchase obligations), seller and servicer representations and indemnities, the servicing standard, and servicer termination events. Originators should also consider whether there are any aspects of frequent processes that are operationally burdensome. For example, if there are too many documents or signatures required to effect periodic sales of assets or buy-backs for asset warranty breaches, these could be streamlined.

Originators should also consider whether any aspects of the structure drew undue investor attention and questions during roadshows on the previous deal and whether any of these high attention features could be removed or softened, if not commercially important to the originator.

The originator's funding needs may have changed since the last deal, or there may be features of the previous deal which are not fit for purpose, particularly – in a mortgage context – around further advances or certain kinds of loan porting, which originators often fund on balance sheet on their first few public deals for simplicity. It may in some cases even be worth establishing a private secondary funding facility for assets that are harder to fund publicly or to achieve the desired ratings treatment.

If the previous deal is in respect of a static book, consider whether ongoing funding features like wet funding or the ability to add (or extend) a revolving period where further assets can be added to the portfolio would be beneficial. Originators of revolving assets such as credit card receivables, or granular high-turnover assets such as personal and auto loans and trade receivables, may consider that a master trust structure would be suitable. A master trust structure (which can also be used for residential mortgages and other lower-turnover assets) allows the originator to transfer a single pool of assets into a single trust and then issue multiple series or classes of notes from that same pool over time. Rather than a static trust, the trust is over a dynamic pool of receivables, with new receivables being added as existing receivables pay down or are written off. Whilst more complex to establish and maintain than a static securitisation, a master trust structure can endure indefinitely and provide cross-collateral credit enhancement, considerable structural flexibility and increased operational and administrative efficiency.

Originators should also consider whether they have had a positive experience in their most recent deal with various counterparties e.g. agent, trustee, account bank, corporate services provider or hedge counterparty. Whilst bringing in a new counterparty can be initially painful (as they, understandably, need to be comfortable with the terms of the deal), for long-term or programmatic originators, this can yield positive benefits to the enduring smooth running

of the funding. This may also be an opportunity for the originator to consider whether adding an additional or replacement rating agency would be beneficial, or whether a smaller rating agency should be appointed.⁴

To STS or not to STS?

As is the case with warehouse facilities, investors can benefit from preferential regulatory capital treatment in respect of their holding of STS notes, and correspondingly STS notes are usually priced slightly more favourably than non-STS notes. As noted above, assessing compliance with the STS criteria can be an involved process, which may (but does not have to) involve an FCA authorised third-party verification agent, and usually results in additional restrictions on the scope of the portfolio, and additional representations and covenants on the part of the originator.

Expanding the investor base

Reg S or Rule 144A

If a UK originator has increased funding requirements since the previous deal or wants to ensure even better investor uptake on the next trade, one option is to expand the pool of investors that could invest in the deal. Assuming that the previous deal was marketed only to UK, EU and other non-U.S. investors (a “**Reg S**”⁵ deal), a commonly taken avenue would be to offer the securitisation notes to “qualified institutional buyers” in the U.S. (broadly, U.S. institutional investors owning and investing at least \$100 million in securities of unaffiliated issuers) under the U.S. Securities and Exchange Commission (“**SEC**”) Rule 144A (“**Rule 144A**”). It is possible (and common) to have Reg S and Rule 144A tranches of notes in the same securitisation.

The due diligence process for Rule 144A deals is more involved than for Reg S deals: market practice requires an offering memorandum containing disclosure to a standard substantially equivalent to what would be required in a SEC-registered offering. Because the issuer, arrangers and joint lead managers face potential liability under U.S. securities law for material misstatements or omissions in the offering memorandum, the arrangers and joint lead managers typically require a “Rule 10b-5”⁶ letter from U.S. counsel, alongside “**SAS 72**”⁷ comfort letters from auditors, and a full due diligence exercise. The other differences from a Reg S trade are that U.S. risk retention requirements must be complied with for a Rule 144A deal,

which differ slightly to the UK/EU risk retention rules, and so U.S. counsel would need to check that the existing mode of risk retention meets the U.S. requirements. In addition, Rule 144A notes need to be cleared by a depository trust company in the U.S.

Post-closing, there are certain additional U.S.-specific reporting and filing obligations for a Rule 144A securitisation deal that the issuer must comply with, including (i) requiring the issuer to disclose and make filings in respect of any loan repurchases following an asset warranty breach and (ii) requiring the issuer to maintain a password-protected website and post all information provided to the appointed rating agencies on the deal (whether for the purpose of determining an initial rating or undertaking rating surveillance) to that website, which must be made available to all credit rating agencies registered with the SEC to allow them to provide unsolicited ratings.⁸

Overall, the increased disclosure and enhanced diligence, the need to appoint U.S. counsel and provide additional auditor comfort letters, and the negotiation of additional U.S.-style representations, warranties and indemnities in the subscription agreement/note purchase agreement, make 144A trades slower and more expensive to execute for UK originators than Reg S trades. However, these additional requirements may be outweighed by the liquidity and pricing benefits.

Cross-currency issuances

Another opportunity to widen the investor base may be through cross-currency issuances. For example, U.S. investors may prefer to hold assets denominated in U.S. dollars or EU investors may have more liquidity in Euro, and the originator may obtain better pricing as a result. This approach may, alternatively, entail more complexity for the originator if it operates in Sterling and would then need (via a cross-currency swap) to swap U.S. dollar or Euro bond proceeds into its operating currency and then swap collections in its operating currency into U.S. dollars or Euro for debt service purposes on an ongoing basis.

Choice of listing venue

It is common for UK originators to list debt in EU countries, whether on the relevant main market or an MTF.⁹ Post-Brexit, there may be benefits to bringing the listing back to the UK. For example, if the originator has equity or other debt instruments listed in the UK, it would likely be

⁴ Such consideration to appointing at least one credit rating agency with no more than 10% of total market share is required by Article 8d(1) of CRA Regulation (EC) No 1060/2009, as amended by CRA3 (Regulation (EU) No 462/2013), as incorporated into UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

⁵ Regulation S of the U.S. Securities Act of 1933.

⁶ SEC Rule 10b-5 under the U.S. Securities Exchange Act of 1934; the purpose of a Rule 10b-5 letter is to provide a “negative assurance” that counsel have not identified any material omission or misleading statement.

⁷ The term refers to Statement on Auditing Standards No. 72, a U.S. auditing standard which governed auditor’s comfort letters (which has been superseded, but survives in market terminology).

⁸ Under SEC Rule 17g-5.

⁹ A multilateral trading facility, which is a type of more lightly regulated exchange in the UK or EU.

operationally more efficient for that originator to only have to comply with UK MAR¹⁰ and the POATRs¹¹ and not also EU MAR¹² and the EU Prospectus Regulation¹³, as it then only needs to engage with a single domestic regulator for listing and ongoing obligations. This may prove advantageous over time as the UK offering and listing rules and the EU offering and listing rules diverge (e.g. there are higher mandatory ESG disclosure standards in the EU for non-equity securities that are “advertised as taking into account ESG factors or pursuing ESG objectives”).

EU listing venues may still be preferred for certain transactions or investor bases, particularly if the dual-compliance issue is not relevant for the UK originator’s debt and equity stack.

Market developments

Originators should be aware of market developments in order to anticipate investor requests and to understand how legislative changes may affect their upcoming deals and obligations thereunder. A few key recent developments to flag are as follows:

Increased investor focus on fraud

Following the high-profile collapses of originators MFS, Tricolor, and First Brands amid accusations of double pledging and accounting fraud, some investors in asset-backed securities are looking to tighten lending standards and are seeking additional protections in deals around audit rights, reporting and third-party verification of assets. These requests should be considered carefully with counsel to ensure that they are proportionate to the risk profile of the assets and the originator’s business.

Impact of the FCA’s motor finance redress scheme

On 30 March 2026, the FCA introduced an industry-wide scheme to compensate motor finance customers who were considered to have been treated unfairly (due to hidden high commissions, tied arrangements or hidden broker fees) between April 2007 and November 2024. Investors are likely to request additional comfort around these kinds of arrangements in auto loan (and potentially other consumer receivables) deals, through enhanced diligence requests and potentially additional representations and warranties. Originators should work with counsel to ensure that any such requests are proportionate to the risk in the context of the relevant asset class and the originator’s business.

¹⁰ Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 as incorporated into UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

¹¹ Public Offers and Admissions to Trading Regulations 2024.

¹² Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

Proposals to amend the UK Securitisation Framework

On 17 February 2026, the FCA and PRA jointly published consultation papers, each proposing significant reforms to aspects of the UK Securitisation Framework. The consultation deadline for both papers was 18 May 2026, with implementation targeted for Q2 2027, and with no transitional or grandfathering provisions. Please see our separate briefing on the key proposals and their impact from a UK originator’s perspective.¹⁴ The approach that the PRA and FCA have taken to proportionate and risk-based disclosure and diligence would, if implemented, go further than the approach taken in the EU legislative proposals described below, and so this is likely to be an area of ongoing divergence between the two regimes.

Proposals to amend the EU Securitisation Regulation

On 17 June 2025, the European Commission adopted a package of measures intended to improve the EU securitisation framework. The Council of the European Union agreed its negotiating position on 19 December 2025 and the European Parliament’s Committee on Economic and Monetary Affairs approved its final position on 6 May 2026 ahead of the trilogue phase expected to commence mid-2026. The negotiating positions include measures such as a move away from prescriptive investor due diligence towards a more proportional and risk-based approach; changes to the regulatory capital treatment of securitisation investments for EU financial institutions; and the introduction of lighter reporting requirements for private securitisations.

Conclusion

Even for UK originators with an established securitisation platform, a new transaction should not be approached simply as a repeat of the last. Each deal presents an opportunity to revisit commercial terms, refine operational processes, broaden funding and investor options, and ensure that the structure remains aligned with current legal, regulatory and market expectations. A disciplined review at the outset – informed by both the originator’s funding objectives and recent market and legislative developments – can help preserve flexibility, improve execution and support more resilient long-term funding arrangements.

Contact

¹³ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.

¹⁴ <https://www.slaughterandmay.com/insights/new-insights/the-pra-s-and-fca-s-proposals-to-reform-the-uk-securitisation-framework-key-changes-from-the-uk-originator-s-perspective/>



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