

## RCB 2 Annex 1D

### Application for admission to the register of issuers and register of regulated covered bonds

To be submitted by prospective issuers as part of their application for admittance to the Regulated Covered Bond Register.

#### **Terms in this form**

In this form we use the following terms:

**'Connected person'** has the meaning given by RCB Regulation 5.

**'Covered bond'** means a bond in relation to which the claims attaching to that bond are guaranteed to be paid by an owner from an asset pool it owns.

**'Credit rating'** in relation to a particular entity means the rating of that entity's senior, unsecured, unguaranteed, unsubordinated debt.

**'FCA', 'we', 'us' and 'our'** refers to the Financial Conduct Authority.

**'Issuer'** means a person which issues a covered bond.

**'Owner'** means a person which owns an asset pool and issues a guarantee to pay from that asset pool claims attaching to a regulated covered bond in the event of a failure of the issuer of that bond.

**'RCB sourcebook'** is the Regulated Covered Bonds sourcebook which is part of the FSA Handbook and can be accessed at <http://www.fca.org.uk/handbook>. References to specific provisions in this sourcebook are prefaced by 'RCB'.

**'RCB Regulations'** refers to 'The Regulated Covered Bonds Regulations 2008' as amended from time to time and can be accessed at <http://www.legislation.gov.uk/all?title=REGULATED%20COVERED%20BONDS>

**'Transaction documents'** should include documents listed in RCB sourcebook 3.5.15G.

#### **Purpose of this form**

To demonstrate the ability of the issuer and the covered bond or programme to comply with the RCB Regulations and RCB sourcebook.

We may, after considering the information in this form and supporting documentary evidence, decide to grant an application for an issuer or a covered bond or a programme to be added to the register of issuers or register of regulated covered bonds. The registration is made under the RCB Regulations.

#### **Warning**

Knowingly or recklessly giving us false or misleading information may be a criminal offence (regulation 38 of the RCB Regulations and section 398 of the Financial Services and Markets Act 2000).

## **Filling in the form**

- 1 The FCA will not normally consider applications for issuer registration in isolation from the application for registration of a covered bond or programme.
- 2 The FCA will not treat the application as having been received until it receives the registration fee (see RCB 5.2.5R) and all relevant documentation requested by the FCA before its on-site review of the application (see RCB 2.2.5G).
- 3 You are advised to read the RCB Regulations and the RCB sourcebook before completing this form.
- 4 If you leave a question blank, do not sign the declaration or do not attach the required documentary evidence without telling us why, we may have to treat the application as incomplete. This will increase the time it takes us to deal with your application.
- 5 Your application should include in electronic format, where applicable:
  - this form RCB 2 Annex 1D;
  - the Asset Pool Notification form RCB 3 Annex 2D;
  - the Asset & Liability Profile RCB 3 Annex 3D;
  - the New Issuance Indicative Terms form RCB 3 Annex 4D;
  - Loan-level Data RCB 3 Annex 7AD;
  - all programme transaction documents, legal opinions and offering circular of the covered bond programme for which you are seeking registration and all bonds in issue;
  - a copy of the accountant's report on the cover pool assets;
  - the two most recent Internal Audit and Compliance reports covering any aspects of the covered bond programme, details on the frequency of such reviews and the date of the next scheduled reviews;
  - any other internal reports regarding the covered bond programme (the two most recent reports);
  - the results of any stress testing and scenario analysis undertaken on the asset pool;
  - the board sign-off authorising the covered bond programme and related papers, including details of authority delegated to management;
  - incorporation documents for all internal committees where the covered bond programme is managed including a structural chart detailing where each forum fits within the issuer's governance structure, and the three most recent committee submissions, management information and minutes from each forum;
  - an organisational chart including key committees up to Board level for the covered bond programme, flow of MI, delegated authority, controls, and the individuals that are involved in the management of the programme and a description of their role and responsibilities;
  - a copy of the issuer's lending policies, underwriting procedures and most recent periodical retail mortgage credit review;
  - the two most recent retail mortgage credit performance MI;
  - the most recent investor report;
  - all credit rating agency publications in relation to the covered bond programme for which you are seeking registration; and
  - the most recent ICAAP and ILAAP documents as well as any further significant documents regarding the issuer's prudential status, as submitted to the PRA.
- 6 If any document requested is not applicable to the application, please indicate the reasons for this.

## **Sending the form**

Send your application form to us by email to [rcb@fca.org.uk](mailto:rcb@fca.org.uk).

## **Fees**

We will not treat the application as having been received until we receive the registration fee.

Details on the Fees are available in Chapter 5 of the RCB sourcebook.

The fee must be paid by credit transfer.

Credit transfer (BACS,  
CHAPS)

The FCA bank details are:

Account Name : FCA Collection account

Bank Name : Lloyds Bank

Account number : 00828179

Sort code : 30-00-02

Please reference your payment with your firm reference number (FRN) and fee description (covered bond registration)

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## Application Form

<b>Questions</b>	<b>Responses</b>
Issuer: name, address, contact name, e-mail and telephone number	
FCA reference number of the issuer	
Owner: name, address, contact name, e-mail and telephone number	
Credit rating(s) of issuer and name of the relevant credit rating agency	
Accountant: name, address, contact name, e-mail and telephone number	
Legal counsel: name, address, contact name, e-mail and telephone number	
Bondholder representative: name, address, contact name, e-mail and telephone number	
Credit ratings of derivative providers (indicating nature of derivative, e.g. currency swap, interest rate swap) and name(s) of the relevant credit rating agency	
Cash manager (if different from issuer): name, address, contact name, e-mail and telephone number	
Credit rating(s) of cash manager (if different from issuer) and name of relevant credit rating agency	
Account bank (if different from issuer): name, address, contact name, e-mail and telephone number	
Credit ratings of account bank (if different from issuer) and name of relevant credit rating agency	
Role, name, address, contact name, e-mail and telephone number of any other relevant third parties	
Does the issuer hold permission under Part 4A of the Financial Services and Markets Act 2000 to carry on the regulated activity of 'accepting deposits' and have its registered office (or, if the issuer is a building society, its principal office) in the UK?	Yes/No
Does the owner have its registered office in the UK and its centre of main interest in the UK?	Yes/No
Does the owner comply with the requirements set out in RCB regulation 4?	Yes/No
If the covered bond or programme has arrangements in place that include the use of a 'connected person', provide details of who the person is and their relationship with the issuer.	

<p>If the covered bond or programme has arrangements in place that includes the use of a 'connected person', does the connected person comply with the requirements set out in RCB regulation 5?</p>	<p>Yes/No/NA</p>
<p>Name of covered bond programme</p>	
<p>Please indicate whether you wish to apply for a single asset or mixed asset designation, as set out in RCB regulation 2 and the type or variety of eligible assets as defined under regulation 2 in the cover pool.</p>	
<p>Asset percentage:</p> <ol style="list-style-type: none"> <li>1. specified in the programme documentation of the covered bond programme;</li> <li>2. specified by rating agencies;</li> <li>3. the asset percentage which the issuer proposes to run the programme with</li> </ol>	
<p>Provide an outline of the structure of the covered bond programme (including, if appropriate, a structural diagram).</p>	
<p>Provide an outline of the contractual obligations of the issuer, owner, hedging counterparties and other third parties, e.g. servicers, cash managers and paying agents, to the covered bond arrangements.</p>	
<p>Provide details of the circumstances that would require the replacement of hedging counterparties and third parties, e.g. servicers, cash managers or paying agents, and outline the contractual provisions that provide for the appointment of replacement parties. Please include details of the effect on the covered bonds or programme if no replacement party is found. Indicate the relevant sign-off and committee structure and timeframe needed to implement these processes, and any preparation that has been done to test these arrangements. Please make particular reference to swaps and servicing arrangements.</p>	
<p>Provide an outline of the contractual arrangements of the owner, hedging counterparties and other third parties, e.g. servicers, cash managers and paying agents, if the issuer defaults. Please indicate how the cash flows will operate immediately following the default of an issuer.</p>	
<p>Please outline why you are applying for RCB status, and indicate how RCB issuance fits in the</p>	

context of your overall funding strategy.	
Please provide six scenarios for proposed issuance: size, currency, tenor, fixed/floating-rate, price (if floating include the reference index), whether the bonds would be pass-through, soft- or hard-bullet maturity, FX swap rate, covered bond swap margin, covered bond swap payment frequency, interest rate swap payment frequency (payer and receiver leg), interest rate swap margin, interest rate receiver index.	
Do the assets in the pool comply with RCB regulations 2 and 3?	Yes/No
Reference the section in the offering circular that describes the eligibility criteria and representation and warranties (if there is no offering circular for the programme, provide a description of the eligibility criteria and representation and warranties in this section).	
Set out in plain English which criteria you are currently using and are intending to use going forward for including loans in the asset pool. This is likely to reflect the arrangements you have in place with the credit rating agencies. For example, with respect to residential mortgages, this should include but not be restricted to: the type of property, location of property, valuation type, seasoning, maximum loan size, loan term, income verification, owner occupancy, loan to value, level of arrears.	
For covered bonds collateralised by real estate, provide information on how you have had regard to the requirements referred to in article 208 of the <i>EU CRR</i> and article 229(1) of the <i>EU CRR</i> (valuation).	
Provide evidence that there is appropriate governance and oversight of the Programme. This should include information on senior management oversight including Board involvement and escalation procedures. Please detail the role of ALCO/key strategic and working-level covered bond oversight committee. Please provide their terms of reference, membership lists, along with MI packs and minutes from the most recent two meetings on date of application. In addition, please provide the two most recent copies of any internal reports regarding the covered bond programme or supporting systems.	
How do you monitor performance of the asset pool (e.g. arrears, indexed LTVs)? Please provide examples of this MI, and indicate how it is validated and where it is considered.	

<p>What is the decision making process with regard to transferring assets into/from the asset pool? Please indicate triggers (e.g. arrears level), committees where these are considered and associated management actions. Your response should also include the frequency and volume with which you anticipate transferring assets in and out of the asset pool.</p>	
<p>What is the operational process for transferring assets in and out of the asset pool?</p>	
<p>How are your records updated to reflect changes to composition of the asset pool and who is informed of these changes?</p>	
<p>Explain the internal arrangements in place to ensure the points below. Your response should indicate how this information is validated, where it is reviewed and sign-off/controls.</p> <ul style="list-style-type: none"> <li>• Accurate record of the assets is kept on your information systems</li> <li>• Attributes of the loans correspond to the supporting documentation</li> <li>• Accuracy of data being provided to the FCA in RCB 3 Annex 2D</li> </ul>	
<p>What role does your compliance function (or equivalent) have over the programme?</p>	
<p>Explain how you ensure that the assets in the asset pool are of high quality. This could include a summary of your lending and underwriting criteria.</p>	
<p>Under the RCB Regulations, the issuer is obliged to ensure there are arrangements in place to ensure that the assets are capable of covering all claims attached to the covered bonds during the whole life of the bond. Capability includes paying the amounts due under the bonds and sums required for the maintenance, administration and winding up of the cover pool.</p> <p>Demonstrate how you determine that the cash flows generated by the assets are sufficient to meet the payments due in a timely manner under conditions of economic stress in the event of the failure of the issuer.</p> <p>You should consider at a minimum the guidance set out in RCB 2.3.6G to 2.3.12G when designing your stress testing.</p> <p>In addition we would like an indication on:</p> <ul style="list-style-type: none"> <li>• why the stresses being applied are appropriate;</li> </ul>	

<ul style="list-style-type: none"> <li>• who reviews this information; and</li> <li>• how the results are being used to determine compliance with the capability requirement.</li> </ul> <p>In particular specify whether, based on the results of the stress testing, you determine a level of overcollateralisation that you consider adequate to meet the capability requirement.</p>	
<p>Describe the tests (e.g. Asset Coverage Test, Interest Rate Shortfall Test), if any, that are performed on the asset pool under the covered bond programme documentation. In addition, explain:</p> <ul style="list-style-type: none"> <li>• who performs these tests;</li> <li>• who reviews the results;</li> <li>• how is this information used;</li> <li>• how would a breach of any of these tests be escalated;</li> <li>• what are the contractual implications of a breach of any of these tests; and</li> <li>• what are the contractual implications of a breach not being addressed in a timely manner.</li> </ul>	
<p>Describe the tests that would be performed on the asset pool under the covered bonds programme documentation in the event of issuer default (e.g. Amortisation Test, Yield Shortfall Test).</p>	
<p>Provide a summary of the ratings trigger events and their effect under the programme and outline your contingency plan for dealing with each of these events.</p>	
<p>Indicate the value of assets (in GBP) available for transfer into the cover pool at the time of completing this form, under the eligibility criteria and representations and warranties set out above.</p>	
<p>With reference to your business plan, describe how you will ensure there will be sufficient assets available on the balance sheet for maintaining the cover pool going forward.</p>	
<p>Set out the events that will result in an issuer event of default. Please include definitions of all references.</p>	
<p>In the event of issuer default, what are the arrangements for the security trustee to maintain and administer the asset pool and to give the FCA information on the composition of the asset</p>	



<p>pool and any other notifications and confirmation required under the RCB Regulations and Chapter 3 of the RCB sourcebook. Please indicate the relevant sign-off and committee structure and timeframe needed to implement these processes and any preparation that has been done to test these arrangements.</p>	
<p>Explain what arrangements are in place as to priority of payment on the winding-up of the owner (see RCB regulation 27). Please indicate the relevant sign-off and committee structure and timeframe needed to implement these processes and any preparation that has been done to test these arrangements.</p>	
<p>Confirm that in accordance with RCB 2.3.16D you have obtained written legal advice and accountancy reports on compliance with the RCB Regulations and RCB sourcebook. We expect this to adequately deal with at least the issues set out in RCB 2.3.17G and RCB 2.3.18G.</p>	Yes/No
<p>If an asset pool is in place, confirm that you have submitted the asset pool notification form RCB 3 Annex 2D with this application.</p>	Yes/No
<p>If you have already issued covered bonds under the programme for which you are seeking registration, confirm that you have submitted the relevant series issuance notification forms RCB 3 Annex 3D to give us information about the covered bonds with this application.</p>	Yes/No
<p>Confirm that you have submitted with this application or, where a document is not applicable to the application, indicate the reasons for this:</p> <ul style="list-style-type: none"> <li>• this form RCB 2 Annex 1D;</li> <li>• the Asset Pool Notification form RCB 3 Annex 2D;</li> <li>• the Asset &amp; Liability Profile RCB 3 Annex 3D;</li> <li>• the New Issuance Indicative Terms form RCB 3 Annex 4D;</li> <li>• Loan-level Data RCB 3 Annex 7AD;</li> <li>• all programme transaction documents, legal opinions and offering circular of the covered bond programme for which you are seeking registration and all bonds in issue;</li> <li>• a copy of the accountant's report on the cover pool assets;</li> <li>• the two most recent Internal Audit and Compliance reports covering any aspects of the covered bond programme, details on the frequency of such reviews and the date of the next scheduled reviews;</li> </ul>	

<ul style="list-style-type: none"> <li>• the two most recent Internal Audit and Compliance reports covering any aspects of the covered bond programme, details on the frequency of such reviews and the date of the next scheduled reviews;</li> <li>• any other internal reports regarding the covered bond programme (the two most recent reports);</li> <li>• the results of any stress testing and scenario analysis undertaken on the asset pool;</li> <li>• the board sign-off authorising the covered bond programme and related papers, including details of authority delegated to management;</li> <li>• incorporation documents for all internal committees where the covered bond programme is managed including a structural chart detailing where each forum fits within the issuer's governance structure, and the three most recent committee submissions, management information and minutes from each forum;</li> <li>• an organisational chart including key committees up to Board level for the covered bond programme, flow of MI, delegated authority, controls, and the individuals that are involved in the management of the programme and a description of their role and responsibilities;</li> <li>• a copy of the issuer's lending policies, underwriting procedures and most recent periodical retail mortgage credit review; and</li> <li>• the two most recent retail mortgage credit performance MI;</li> <li>• the most recent investor report;</li> <li>• all credit rating agency publications in relation to the covered bond programme for which you are seeking registration.; and</li> <li>• the most recent ICAAP and ILAAP documents as well as any further significant documents regarding the issuer's prudential status, as submitted to the PRA.</li> </ul>	
<p>Give details of the payment method used for the application fee (cheque, banker's draft or credit)</p>	
<p>Provide any additional information that is relevant to your application.</p>	
<p>Provide the date selected for the first confirmation of compliance with RCB regulation 16 and 17 if you want this to be earlier than 12 months following the date of the decision to admit the covered bond or programme to the register (see RCB 3.2.5D).</p>	

## Senior Management Confirmation

I confirm that the information supplied in this form is complete and correct to the best of my knowledge at the time of application.

I undertake to tell the FCA immediately of any material changes to the information provided before receiving the FCA's decision on the application.

I confirm I am satisfied that the arrangements relating to the covered bond programme will comply with the requirements of the RCB Regulations and the RCB sourcebook.

I confirm that in accordance with the RCB 2.3.16D the issuer has obtained written advice and reports regarding the compliance of the issuer and the relevant covered bond programme with the RCB Regulations and the RCB sourcebook from suitable independent third-party advisers.

I consent to this confirmation (section 11.2) being published on the Regulated Covered Bonds Register on the FCA's public website.

Issuer name

Name of covered bond programme

Signature (if the form is electronically submitted, the signature must be scanned)

Name of signatory

Title of signatory (signatory must be a director or senior manager)

Date