

## Chapter 5

# Requirements on risk retention

**5.1 Interpretation and application**

**Application**

5.1.1 **G** This chapter applies to *originators, sponsors and original lenders*, which are not *PRA-authorised persons*, and which are *established in the United Kingdom*.

**Interpretation**

5.1.2 **R** In this chapter, the following definitions apply:

- 5.1.3 **R**
- (1) 'contingent form of retention' means retention of a material net economic interest through the use of guarantees, letters of credit and other similar forms of credit support ensuring an immediate enforcement of the retention;
  - (2) 'synthetic form of retention' means retention of a material net economic interest through the use of derivative instruments; and
  - (3) 'UK Solvency II Firm' has the same definition as in Article 2.1 of Chapter 2, Solvency II Firms: Insurance General Application of the *PRA Rulebook*.