

## Chapter 5

# Requirements on risk retention

## 5.18 Assets transferred to SSPE

### 5.18.1

**R**

- (1) For the purposes of ■ SECN 5.2.6R, assets held on the balance sheet of the *originator* that according to the documentation of the *securitisation* meet the eligibility criteria shall be deemed to be comparable to the assets to be transferred to the *SSPE* where, at the time of the selection of the assets, both of the following conditions are met:
- (a) the expected performance of both the assets to be further held on the balance sheet and the assets to be transferred is determined by similar factors; and
  - (b) on the basis of indications including past performance and applicable models, it can be reasonably expected that the performance of the assets to be further held on the balance sheet will not be significantly better during the time period referred to in ■ SECN 5.2.6R than the performance of the assets to be transferred.
- (2) An *originator* shall be deemed to have complied with ■ SECN 5.2.6R where, after the *securitisation*, there are no exposures left on the *originator's* balance sheet that are comparable to the securitised exposures, other than the exposures which the *originator* is already contractually committed to securitise, and provided that that fact has been clearly communicated to investors.

### 5.18.2

**G**

In assessing whether the originator has complied with ■ SECN 5.2.6R, the *FCA* would expect to take into account the actions the *originator* has taken to comply with that *rule*. In particular, the *FCA* would expect to take account of any internal policies, procedures and controls put in place by the *originator* to prevent the systematic or intentional selection for *securitisation* purposes of assets of a higher average credit risk profile than comparable assets retained on its balance sheet.