

REGULATED COVERED BONDS SOURCEBOOK INSTRUMENT 2008

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) section 138 (General rule-making power) of the Financial Services and Markets Act 2000 (“the Act”); and
 - (2) the following powers and related provisions in the Regulated Covered Bond Regulations 2008 (“the Regulations”):
 - (a) Regulation 8 (Applications for registration);
 - (b) Regulation 9 (Applications for admission to the register of issuers);
 - (c) Regulation 42 (Guidance);
 - (d) Regulations 18, 20, 24 and 25 (notification requirements);
 - (e) Regulation 36 (financial penalties policy statement); and
 - (f) Regulation 46 and paragraph 5 of Schedule 1 (fees).
- B. The rule-making power listed in A(1) is specified for the purpose of section 153(2) of the Act.

Commencement

- C. This instrument comes into force on 6 March 2008.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

Making the Regulated Covered Bonds sourcebook (RCB)

- E. The Financial Services Authority makes the rules, gives the guidance and makes the directions in Annex B to this instrument.

Citation

- F. This instrument may be cited as the Regulated Covered Bonds Sourcebook Instrument 2008.
- G. The sourcebook in Annex B to this instrument (including its Schedules) may be cited as the Regulated Covered Bonds sourcebook (or RCB).

By order of the Board
6 March 2008

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>asset</i>	(in <i>RCB</i>) (as defined in Regulation 1(2) of the <i>RCB Regulations</i>) any property, right, entitlement or interest.
<i>asset pool</i>	(in <i>RCB</i>) (as defined in Regulation 1(2) of the <i>RCB Regulations</i>) an asset pool within the meaning of Regulation 3 of the <i>RCB Regulations</i> .
<i>over collateralisation</i>	(in <i>RCB</i>) (as defined in Regulation 3(3) of the <i>RCB Regulations</i>) the provision of additional <i>assets</i> that assist the payment from the <i>relevant asset pool</i> of claims attaching to a <i>regulated covered bond</i> in the event of the failure of the <i>issuer</i> .
<i>owner</i>	(in <i>RCB</i>) (as defined in Regulation 4 of the <i>RCB Regulations</i>) an owner which owns an <i>asset pool</i> and issues a guarantee to pay from that <i>asset pool</i> claims attaching to a <i>regulated covered bond</i> in the event of a failure of the <i>issuer</i> of that bond.
<i>programme</i>	(in <i>RCB</i>) (as defined in Regulation 1(2) of the <i>RCB Regulations</i>) issues, or series of issues, of <i>covered bonds</i> which have substantially similar terms and are subject to a framework contract or contracts.
<i>RCB</i>	the Regulated Covered Bond sourcebook.
<i>RCB Regulations</i>	the Regulated Covered Bonds Regulations 2008 (SI 2008/346).
<i>regulated covered bond</i>	(in <i>RCB</i>) (as defined in Regulation 1(2) of the <i>RCB Regulations</i>) a <i>covered bond</i> or <i>programme</i> of <i>covered bonds</i> , as the case may be, which is admitted to the register of <i>regulated covered bonds</i> maintained under Regulation 7(1)(b) of the <i>RCB Regulations</i> .
<i>registration date</i>	(in <i>RCB</i>) the date of the <i>FSA's</i> decision to register a <i>regulated covered bond</i> .

relevant asset pool (in *RCB*) (as defined in Regulation 1(2) of the *RCB Regulations*) in relation to a *regulated covered bond* the *asset pool* from which the claims attaching to that bond are guaranteed to be paid by the *owner* of that pool in the event of the failure of the *issuer*.

Amend the following definitions as shown.

covered bond (1) ...
(2) ...
(3) (in *RCB*) (as defined in Regulation 1(2) of the *RCB Regulations*) 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.

issuer (1) ...
(2) ...
(3) ...
(4) ...
(5) (in *RCB*) (as defined in Regulation 1(2) of the *RCB Regulations*) a person which issues a *covered bond*.

Annex B

Regulated Covered Bond sourcebook (RCB)

In this Annex, the text is all new and is not underlined.

1 Introduction

1.1 Introduction to sourcebook

Application

- 1.1.1 G This sourcebook applies to *issuers* and *owners* in relation to *regulated covered bonds*.

Purpose

- 1.1.2 G The general purpose of this sourcebook is to set out the guidance, directions and rules made by the *FSA* under the *RCB Regulations*. Those regulations enable bonds to be issued which comply with Article 22(4) of the *UCITS Directive*.

- 1.1.3 G This sourcebook should be read together with the *RCB Regulations*.

Other relevant provisions

- 1.1.4 G This section refers to some of the other parts of the *FSA's Handbook* which may be relevant to *regulated covered bonds*.
- 1.1.5 G Investors in *regulated covered bonds* may be able to take advantage of different regulatory treatments depending on what type of investor they are.
- 1.1.6 G *BIPRU firms* which have *exposures* to *covered bonds* which meet the requirements set out in *BIPRU 3.4.106R* to *BIPRU 3.4.109R* may benefit from reduced *risk weights* as set out in *BIPRU 3.4.110R*.
- 1.1.7 G An *insurer* (which is not a *non-directive friendly society*, *incoming EEA firm* or an *incoming Treaty firm*) may benefit from increased counterparty limits under *INSPRU 2.1.22R(3)(b)*.
- 1.1.8 G *UCITS schemes* and *non-UCITS retail schemes* may benefit from less onerous spread requirements and increased investment limits under *COLL 5.2.11R* and *COLL 5.6.7R*.
- 1.1.9 G (1) *Issuers* which are subject to an obligation to publish a prospectus under the *Prospectus Directive* are required by Article 3 of the *PD Regulation* to disclose risk factors. These requirements are

set out in *PR 2.3.1EU* and *PR App 3.1.1EU*.

- (2) In complying with these obligations, *issuers* should consider disclosing the risk that actions by a regulatory authority in relation to the *issuer* may adversely affect the ability of the *issuer* to meet its obligations to investors or the ability of the *owner* to meet its guarantee obligations to investors. An example of such action may include restricting the *issuer's* ability to transfer further *assets* to the *asset pool*.

2 Applications for registration

2.1 Application and purpose of chapter

Application

- 2.1.1 G This chapter applies to *issuers*.

Purpose

- 2.1.2 G This chapter sets out the requirements that an *issuer* must follow to apply for registration as a *regulated covered bond issuer* and for registration of a *regulated covered bond* under Regulations 8(a) and 8(b) of the *RCB Regulations* (applications to the *FSA* for registration).

2.2 Applying for registration

Form, manner and verification of application

- 2.2.1 D The *issuer* must apply for registration using the form at *RCB 2 Ann1D* (application for registration).
- 2.2.2 G *RCB 3.6.5D* sets out the methods the *issuer* may use to send the form to the *FSA*.
- 2.2.3 D Until the application has been determined by the *FSA*, the issuer must inform the *FSA* of any significant change to the information given in the application immediately it becomes aware of that change.
- 2.2.4 G The form and content of the application documentation is a matter for direction by the *FSA*, which will determine what additional information and documentation may be required on a case-by-case basis.
- 2.2.5 G The *FSA* will not treat the application as having been received until it receives the registration fee (see *RCB 5.2.5R*).

- 2.2.6 D The *issuer* must ensure that a *senior manager* of the *issuer* verifies the application by confirming on the *FSA's* form that the *issuer* has obtained the appropriate third party advice or reports as required by *RCB 2.3.16D* and is satisfied that:
- (1) the information provided in the application is correct and complete; and
 - (2) the arrangements relating to the *covered bond* or *programme* will comply with the requirements in the *RCB Regulations* and in *RCB*.
- 2.2.7 G The *FSA* expects the *issuer* to be able to justify any reliance it places on advice or reports which are not reasonably contemporaneous with the confirmation the *senior manager* gives in relation to compliance with the requirements of the *RCB Regulations* and *RCB*.
- 2.2.8 D The *issuer* must ensure that the *senior manager*, who verifies the application for registration under this section, gives their consent to the *FSA* displaying their confirmation of compliance with the relevant requirements on the *FSA's* website.

2.3 Determination of registration

- 2.3.1 G To enable the *FSA* to be satisfied that the *issuer* and the proposed owner will comply with requirements imposed on the *issuer* or *owner*, as the case may be, by or under the *RCB Regulations*, the applicant should use the application form to provide relevant details of the proposed *covered bond* or *programme* and demonstrate how each of the requirements will be complied with.
- 2.3.2 G
- (1) The *FSA's* application form covers both *issuer* registration and *covered bond* registration as the *FSA* will not normally consider applications for *issuer* registration in isolation from the application for registration of the *covered bond*.
 - (2) An *issuer* which has been admitted to the register of *issuers* should use the same form to apply for registration of subsequent *covered bonds* or *programmes*.
 - (3) The *issuer* does not need to apply for registration of individual issuances from a *programme* which has already been registered, but does need to notify the *FSA* of the issuance under *RCB 3.4.1D*.
- 2.3.3 G In relation to registration of an *issuer* of *regulated covered bonds*, the *FSA* will need to be satisfied that the *issuer's* compliance with the requirements of the *regulatory system* has been adequate and does not give rise to any material cause for concern over the *issuer's* ability to issue *regulated*

covered bonds in compliance with the *RCB Regulations*.

- 2.3.4 G To demonstrate that the *issuer* and the proposed owner will comply with Regulation 17, and Regulations 23 and 24 of the *RCB Regulations* (capability of the *asset pool* to cover claims), the *issuer* should set out what it considers to be the risks of the regulation not being complied with and show how those risks have been adequately mitigated by reference to the tests and provisions set out in the *covered bond* or *programme* documentation.

Asset pool of sufficient quality

- 2.3.5 G Regulations 17(2)(d) (requirements on *issuer* relating to the *asset pool*) and 23(2) (requirements on *owner* relating to the *asset pool*) require the *issuer* of a *regulated covered bond* and the *owner* of the *relevant asset pool* to make arrangements so that the *asset pool* is of sufficient quality to give investors confidence that in the event of the failure of the *issuer* there will be a low risk of default in the timely payment by the *owner* of claims attaching to a *regulated covered bond*.

- 2.3.6 G The *FSA* will:
- (1) expect the *issuer* to demonstrate that it has in place appropriate systems, controls, procedures and policies, including in relation to risk management, underwriting, arrears and valuation;
 - (2) expect the *issuer* to demonstrate that the cash-flows generated by the *assets* would be sufficient to meet the payments due in a timely manner including under conditions of economic stress and in the event of the failure of the *issuer*;
 - (3) take account of any *over-collateralisation* used to mitigate these risks to achieve the desired outcome so that, for example, potential credit losses and mismatches are offset; and
 - (4) not only consider the probability of default in timely payment of claims, but also the loss in the event of a default. This will include consideration of recovery assumptions, timing and costs.

- 2.3.7 G The risk factors which the *FSA* will take into account in assessing the *issuer's* and *owner's* compliance with Regulations 17(2)(d) (general requirements on *issuer* in relation to the *asset pool*) and 23(2) (requirements on *owner* relating to the *asset pool*) will include credit risk of the *assets*, concentration risk, market risk and counterparty risk.

Credit risk

- 2.3.8 G (1) The credit risk of an *asset* is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion.
- (2) Where, for example, the *asset pool* includes residential mortgages

the relevant factors which the *FSA* may consider include:

- (a) whether the *asset pool* contains (or could contain) loans made to individuals who have been made bankrupt or have had court judgments made against them;
 - (b) the extent to which the *asset pool* contains (or could contain) loans made to individuals whose earnings have been self-certified rather than independently verified;
 - (c) whether the *asset pool* contains (or could contain) loans which have a higher credit risk in terms of individuals' willingness or ability to pay (for example, because they have high loan-to-value ratios, low debt service ratios or high income multipliers);
 - (d) the quantity and duration of mortgages which are in arrears;
 - (e) the length of time the loan has been in place; and
 - (f) the purpose and terms of the mortgage (for example, owner occupied, buy-to-let, interest only, repayment, fixed rate, variable rate or endowment).
- (3) Where, for example, the *asset pool* includes commercial mortgages, the relevant factors the *FSA* may consider in addition to any of the relevant residential mortgage factors described above, include:
- (a) the type of property to which the mortgage relates (for example whether it is office, retail, industrial);
 - (b) the terms of the loans (including size, interest rate, maturity, options, representations and warranties); and
 - (c) occupation levels, rental income and terms of rental agreements of the property secured.

Concentration risk

- 2.3.9 G Concentration risk is the risk of loss from exposures being limited in number or variety. The relevant factors the *FSA* may consider include:
- (1) the level of granularity of the *asset pool* (i.e. what is the number and size distribution of *assets* in the pool);
 - (2) whether the borrowers or collateral is unduly concentrated in a particular industry, sector, or geographical region.

Market risk

- 2.3.10 G Market risk is the risk that arises from fluctuations in the values of, or income from, *assets* or in interest or exchange rates. The relevant factors the *FSA* may consider include whether the hedging agreements (defined in Regulation 1(2) of the *RCB Regulations* as agreements entered into or *assets* held as protection against possible financial loss) adequately protect against any adverse mismatched cash-flows due to changes in market variables.

Counterparty risk

- 2.3.11 G Counterparty risk is the risk that the counterparty to a transaction could default before the final settlement of the transactions cash flows. The relevant factors the *FSA* may consider include whether the:
- (1) counterparty has an appropriate credit rating;
 - (2) counterparty can unilaterally terminate the hedging agreement, and if so under what circumstances;
 - (3) contractual arrangements contain appropriate termination procedures (for example, what provisions apply in the event of default or in respect of the calculation of termination payments); and
 - (4) contractual arrangements provide adequately for what is to happen in the event of *issuer* default.

Assessment of risk factors

- 2.3.12 G (1) The *FSA* will assess each risk factor separately and then assess any inter-dependencies and correlations to form a judgment on the quality of the *asset pool* as a whole. For example, an *asset pool* which is of high credit quality and so low risk due to a combination of factors such as owner occupation, low income multiples, full valuation methodologies, and a strong payments track record, may permit another factor such as high loan-to-value ratios, that would otherwise be considered as inconsistent with high quality, to be included.
- (2) The more that an *asset pool* consists of loans involving risks such as high loan-to-value ratios, self-certification, borrowers with poor credit profiles, and low borrower affordability, the less likely it is, without other mitigating factors, to be of sufficiently high quality to meet the requirements in Regulations 17(2)(d) (general requirements on *issuer* in relation to the *asset pool*) and 23(2) (requirements on *owner* relating to the *asset pool*) of the *RCB Regulations*.

Covered bonds collateralised by real estate

- 2.3.13 G In assessing whether the *asset pool* is of sufficient quality, the *FSA* will have regard to the requirements about legal certainty referred to in *BIPRU* 3.4.64R, the requirements about monitoring of property values in *BIPRU* 3.4.66R and the valuation rules in *BIPRU* 3.4.77R to *BIPRU* 3.4.80R.

Rectifying non-compliance

- 2.3.14 G The *FSA* expects the *issuer* to demonstrate that there are provisions in the *covered bond* or *programme* that adequately deal with:
- (1) the identification and rectification of any breach of Regulations 17(2) (general requirements on *issuer* in relation to the *asset pool*) and 24 (requirements on *owner* relating to the *asset pool*) of the *RCB Regulations*;
 - (2) the appointment of replacements for parties, for example servicers, cash managers or paying agents; and
 - (3) the orderly winding-up of the *asset pool* in the event that breaches of Regulations 17(2) and 24 are not rectified in a timely way.

Representation of bond investors' views and interests

- 2.3.15 G The *FSA* expects the *issuer* to demonstrate, as part of showing that Regulations 17 (general requirements on *issuer* in relation to the *asset pool*) and 24 (requirements on *owner* relating to the *asset pool*) of the *RCB Regulations* will be complied with, that there are provisions in the *covered bond* or *programme* which enable the views and interests of investors in the *regulated covered bond* to be taken account of in an appropriate and timely way by a suitably qualified, adequately resourced, third party who acts independently, such as a bond trustee.

Third party advice and reports

- 2.3.16 D The *issuer* must obtain written advice and reports regarding the compliance of the *issuer* and the relevant *covered bond* or *programme* with the requirements in the *RCB Regulations* and *RCB* from suitable independent third party advisers, such as lawyers and accountants, before making an application.

Legal advice

- 2.3.17 G (1) The *FSA* expects legal advice to deal adequately with at least the following matters in relation to the actual or proposed arrangements:
- (a) whether the transfer of the *assets* to the owner would be upheld in the event of liquidation or administration, or similar collective insolvency proceedings, of the *issuer* or the transferor (if different from the *issuer*);
 - (b) the risk of the transfer of an *asset* to the owner being re-characterised as the creation of a security interest;
 - (c) the risk of an *asset* transferred to the owner being clawed back under insolvency law provisions (such as rules against preferences, or transactions at an undervalue);

- (d) whether the contractual arrangements limit eligible property to the items listed in Regulation 2(1) of the *RCB Regulations* (meaning of eligible property);
- (e) whether the contractual arrangements limit the situation of eligible property to locations permitted under Regulation 2(2) of the *RCB Regulations* (situation of eligible property);
- (f) whether the contractual arrangements limit the asset pool to items listed in Regulation 3 of the *RCB Regulations* (composition of asset pool);
- (g) if security is granted over the *asset pool* by the *owner*, the enforceability of that security and any relevant legal limitations;
- (h) whether the *owner* meets the requirements set out in Regulation 4 of the *RCB Regulations* (meaning of owner);
- (i) whether the *owner* is a company or limited liability partnership which has its registered office in the *United Kingdom* and whether the contractual arrangements support an analysis that the owner's "centre of main interests" (defined in Regulation 1(2) of the *RCB Regulations* as having the same meaning as in Article 3(1) of Council Regulation (EC) No. 1346/2000 of 29 May 2000 on insolvency proceedings) is also situated in the *United Kingdom*;
- (j) whether the contractual arrangements are consistent with the obligation of the *issuer* to lend sums derived from the issue of a *regulated covered bond* to the *owner* of the *relevant asset pool* under Regulation 16 of the *RCB Regulations* (sums derived from the issue of *regulated covered bonds*);
- (k) whether the contractual arrangements provide that if the *owner* is wound up, the *asset pool* will be used to reimburse the claims of investors in *regulated covered bonds* under the priority set out in Regulation 27 of the *RCB Regulations* (priority in a winding-up of an *owner*);
- (l) whether the contractual arrangements provide for the appointment of a person who will enable the views and interests of investors in the *regulated covered bond* to be taken account of in an appropriate and timely way as explained in *RCB 2.3.15G*;
- (m) whether the contractual arrangements provide for the identification and rectification of breaches of Regulation 17 of the *RCB Regulations* (general requirements on *issuer* relating to the *asset pool*) and Regulations 23 and 24 of the *RCB Regulations* (requirements relating to the *asset pool*).

and the orderly winding-up of the *asset pool* in the event that the breaches cannot be rectified; and

(n) the enforceability of the contractual arrangements.

(2) Where *assets* are situated outside England and Wales, the *FSA* expects the *issuer* to obtain advice on whether the law of those jurisdictions impacts on the enforceability of security and the availability of those *assets*. Relevant issues to consider may include true sale, perfection of security, priority and recognition of insolvency proceedings, and foreclosure rights.

Accountancy reports

- 2.3.18 G (1) The *FSA* expects the report from the accountants to address at least the following matters:
- (a) that the level of *over collateralisation* meets the limits set out in the *covered bond* arrangements which are designed to ensure compliance with the requirement that the *asset pool* is capable of covering claims attaching to the bond in Regulation 17 (requirements on *issuer* in relation to the *asset pool*) of the *RCB Regulations*; and
 - (b) that appropriate due diligence procedures have been carried out to check whether:
 - (i) the attributes of the *asset pool* correspond accurately to supporting information obtained from other sources (for example, in the case of mortgage pools, that information such as the mortgage amount, value, term, type and location correspond to land registry records, valuation reports and loan agreements);
 - (ii) the attributes of the *asset pool* are appropriately reflected on the records which are maintained in order to comply with the requirements of Regulations 17(2)(a) and 24(1)(a)(i) of the *RCB Regulations* (requirement to keep a record of each *asset* in the *asset pool*) and on the *issuer's* systems; and
 - (iii) the *issuer's* analysis of the *assets* provided to the *FSA* is accurate.

Providing advice and reports to the FSA

- 2.3.19 G The *FSA's* use of its power under Regulation 12 of the *RCB Regulations* (requirement of further information to determine application) may include requiring the *issuer* to provide copies of the advice or reports referred to in *RCB 2.3.16D* to the *FSA*.

Name of issuer and covered bond or programme

Terms in this form

In this form we use the following terms:

'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.

'FSA', 'we', 'us' and 'our' refers to the Financial Services 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 www.fsa.gov.uk/Pages/handbook

'RCB Regulations' refers to 'The Regulated Covered Bonds Regulations 2008' and can be accessed at http://www.opsi.gov.uk/si/si2008/uksi_20080346_en_1

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

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 FSA will not normally consider applications for issuer registration in isolation from the application for registration of a covered bond or programme.
- 2 You are advised to read the RCB Regulations and the RCB Sourcebook before completing this form.
- 3 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.
- 4 If the answer to a question in this form is in an offering circular or other documentary evidence, you can make a cross-reference to the relevant document as long as the cross-reference is sufficiently specific.
- 5 Your application should include:
 - this form RCB 2 Annex 1D;
 - where applicable the Asset pool notification form RCB 3 Annex 2D;
 - where applicable the Series issuance notification form RCB 3 Annex 3D ;
 - where applicable relevant credit rating reports in relation to the covered bonds for which you are seeking registration; and
 - where applicable offering circulars of the covered bonds for which you are seeking registration.

Sending the form

Send your application form to us by email to rcb@fsa.gov.uk or by post or by hand to the address below:

Covered Bonds Team
Capital Markets Sector
The Financial Services Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

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 payment methods available are credit transfer, bankers draft and cheque.

Credit transfer (BACS, CHAPS)

The FSA bank details are:

Account Name : FSA 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)

Cheque or bankers draft

Please make the cheque or bankers draft payable to The Financial Services Authority

Please send the cheque or bankers draft with your firm reference number (FRN) and fee description (covered bond registration) to:

Covered Bonds Team
Capital Markets Sector
The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

1

Contact details

Applicant and owner details

- 1.1 Name, address, email and telephone number of the issuer

- 1.2 FSA reference number of the issuer

- 1.3 Owner: Name, address, email and telephone number

- 1.4 Credit rating(s) of issuer and name of the relevant credit rating agency

Third parties' details

- 1.5 Accountant: Name, address, email and telephone number

- 1.6 Lawyer: Name, address, email and telephone number

- 1.7 Bondholder representative: Name, address, email and telephone number

- 1.8 Hedge providers (this should include details of the currency swap provider, interest rate swap provider etc.): Name, address, email and telephone number

- 1.9 Credit ratings of hedge providers (set out details separately of currency swap provider, interest rate swap provider etc.) and name of the relevant credit rating agency

1.10 Cash manager (if different from issuer): Name, address, email and telephone number

1.11 Credit rating(s) of cash manager (if different from issuer) and name of relevant credit rating agency

1.12 Account bank (if different from issuer): Name, address, email and telephone number

1.13 Credit ratings of account bank (if different from issuer) and name of relevant credit rating agency

1.14 Name, address, email and telephone number of any other relevant third parties

2

Issuer and owner eligibility

2.1 Does the issuer hold the permission under Part 4 of the Financial Services and Markets Act 2000 to carry on the regulated activity of 'accepting deposits' and have its registered office in the UK?

Yes No

2.2 Does the owner have its registered office in the UK and its centre of main interest in the UK?

Yes No

2.3 Does the owner comply with the requirements set out in RCB Regulation 4?

Yes No

2.4 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.

2.5. 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?

Yes No

3

Key features of the covered bond or programme

3.1 Name of covered bond or programme.

3.2 Size of covered bond or programme in GBP.

4

Covered bond or programme structure

- 4.1 Provide an outline of the structure of the covered bond or programme including, if appropriate, a structural diagram.**

- 4.2 Provide an outline of the contractual obligations of the issuer, owner and other third parties to the covered bond arrangements (e.g. servicers, cash managers and paying agents).**

- 4.3 Provide an outline of the contractual provisions that provide for the appointment of replacement parties (e.g. servicers, cash managers or paying agents).**

5

Asset pool details

- 5.1 Specify the type and location of assets the owner is allowed to hold under the terms of the covered bond or programme.

- 5.2 Provide evidence of appropriate systems, controls, procedures and policies, including in relation to risk management, underwriting, arrears and valuation in relation to the asset pool.

- 5.3 For covered bonds collateralised by real estate provide information on how you have had regard to the requirements of BIPRU 3.4.64R (legal certainty), BIPRU 3.4.66R (monitoring of property values) and BIPRU 3.4.77R to BIPRU 3.4.80R (valuation).

- 5.4 Specify the minimum level of over-collateralisation as detailed in the legal documentation.

- 5.5 Explain the arrangements in place to ensure that a record of the assets is kept.

- 5.6 Do the assets in the pool comply with RCB Regulations 2 and 3?

Yes No

- 5.7 Explain the arrangements in place to ensure that the key attributes of the asset pool correspond accurately to supporting information obtained from other sources (e.g. in the case of mortgage pools that mortgage amount, value, term, type and location correspond to land registry, valuation reports and loan agreements).

- 5.8 Explain the arrangements in place to ensure that appropriate due diligence procedures have been carried out on the analysis of the assets provided to the FSA in form RCB 3 Annex 2D.

6

Asset Capability

6.1 Explain the 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 pool. The explanation should at least include details of:

- the systems and controls in place to manage the pool of assets; and
- the systems and controls over any tests detailed in the contracts e.g. Asset Coverage Test, Amortisation Test (including responsibility for performing the test, size of sample, frequency of audit etc).

The issuer should demonstrate that the cash-flows generated by the assets are sufficient to meet the payments due in a timely manner including under conditions of economic stress and in the event of the failure of the issuer.

The asset pool should be of sufficient quality to give investors confidence that in the event of failure of the issuer there will be a low risk of default and loss in the event of default in the timely payment by the owner of claims attaching to a regulated covered bond.

The issuer should consider as a minimum the guidance set out in 2.3.6G to 2.3.12G of the RCB Sourcebook.

6.2 Explain the arrangements in place for the identification and rectification of any breach to the asset capability requirement as set out in regulation 17(2) and 24 (1) (a) of the RCB Regulations.

6.3 Explain the arrangements in place in the event that the breaches to the capability requirement as set out in regulation 17(2) and 24 (1) (a) of the RCB Regulations are not rectified in a timely way.

6.4 Provide a detailed description of all material trigger events such as those giving rise to events of default within the contracts (e.g. failure to meet requirements of the Asset Coverage Test, failure to meet the requirements of the Amortisation Test, insolvency of the issuer) and the effect of those triggers on the covered bond; in particular detail any changes to the priority of payments.

6.5 Provide an outline of the contractual arrangements with the counterparties of the hedging agreement. This should include default and termination procedures.

7

Owner systems and controls

- 7.1 Explain the arrangements in place for the maintenance and administration of the asset pool on the insolvency of the issuer as detailed in RCB Regulation 24.

- 7.2 Explain the arrangements in place to ensure that on the insolvency of the issuer, the owner gives the FSA information on the composition of the asset pool and any other notifications and confirmation required under the RCB Regulations and Chapter 3 of RCB Sourcebook.

- 7.3 Explain what arrangements are in place as to priority of payment on the winding up of the owner (see RCB regulation 27).

8

Legal and accountancy report, documentary evidence and other forms

8.1 Confirm that in accordance with RCB Sourcebook 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.

Yes No

8.2 If an asset pool is in place, confirm that you have submitted the asset pool notification form RCB 3 Annex 2 D with this application.

Yes No

8.3 If you have already issued 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.

Yes No

8.4 Where appropriate, confirm that you have submitted with this application:

a. The offering circular and any other relevant supporting documentary evidence

Yes No

b. Any relevant credit rating reports in relation to the covered bond or programme

Yes No

9

Fees

- 9.1 Give details of the payment method used for the application fee (cheque, bank draft or credit transfer) and the date the payment was made.

10

Other relevant information

10.1 Provide any additional information that is relevant to your application.

11

Confirmation of compliance

- 11.1 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 Sourcebook 3.2.5D).

11.2 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 FSA immediately of any material changes to the information provided before receiving the FSA's decision on the application.

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

I confirm that in accordance with the RCB Sourcebook 2.3.16D the issuer has obtained written advice and reports regarding the compliance of the issuer and the relevant covered bond or 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 FSA's public website.

Issuer name

Name of covered bond or programme

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

Name of signatory

Title of signatory (signatory must be a senior manager as defined in the FSA handbook glossary)

Date

3 Notifications

3.1 Application and Purpose

Application

- 3.1.1 G This chapter applies to *issuers* and *owners*.

Purpose

- 3.1.2 G This chapter sets out the reporting and notifications requirements under Regulations 18, 20, 24 and 25 of the *RCB Regulations*.

3.2 Annual confirmations of compliance

Form of confirmation and use of third party advisers

- 3.2.1 D The *issuer* must send to the *FSA* annual written confirmation of compliance with Regulations 16 (sums derived from the issue of *regulated covered bonds*) and 17 (general requirements on the *issuer* in relation to the *asset pool*) of the *RCB Regulations* in the form set out in *RCB 3 Ann 1D* (annual confirmation of compliance).
- 3.2.2 D Before providing the confirmation required by this section, the *issuer* must obtain and consider written advice or reports from suitable independent third party advisers such as accountants and, where appropriate, lawyers.
- 3.2.3 G The *FSA* expects the *issuer* to be able to justify any reliance it places on advice or reports which are not reasonably contemporaneous with the confirmation.
- 3.2.4 G The *FSA* expects reports from accountants to address at least the matters to be checked and due diligence procedures set out in *RCB 2.3.18G*.

Timing of confirmation date

- 3.2.5 D (1) The first confirmation date in relation to the annual confirmation must be the earlier of any date the *issuer* selects, or the date 12 *months* from the *registration date*.
- (2) Subsequent confirmations must be made on the anniversary of the first confirmation date.
- 3.2.6 D The *issuer* must send each confirmation to the *FSA* within one *month* after the relevant confirmation date.

Period covered by confirmation

3.2.7 D The first confirmation must cover compliance during the period from the *registration date* up to the confirmation date referred to in *RCB 3.2.5D(1)*.

3.2.8 D Subsequent confirmations must cover compliance for the period from the last confirmation date to the date of the current confirmation.

Verification of confirmation

3.2.9 D The *issuer* must ensure that a *senior manager* signs the annual confirmation and confirms on the *FSA's* form that the *issuer* has obtained the appropriate third party advice or reports required by this section.

Notifications by the owner

3.2.10 D If the *issuer* is in insolvency, the *owner* must send the *FSA* under *RCB 3.2.1 D*:

(1) a confirmation of compliance within one *month* of the date of insolvency; and

(2) annual confirmations by the same dates as the date the confirmations under *RCB 3.2.5 D* are due.

3.2.11 D (1) The *owner* must ensure that a duly authorised representative signs the confirmation and confirms on the *FSA's* form that the *owner* has obtained the appropriate third party advice or reports required by this section.

(2) The *owner* must obtain appropriate advice in the same manner as set out in *RCB 3.2.2D*.

3.3 Asset pool notifications

Form of notification

3.3.1 D The *issuer* must send to the *FSA*, information relating to the *asset pool*, in the form set out in *RCB 3 Ann 2 D* (asset notification form).

3.3.2 D The *issuer* must send the form to the *FSA* within one *month* of the end of each quarter following the *registration date*.

Notifications by the owner

3.3.3 D If the *issuer* is in insolvency, the *owner* must send to the *FSA* the *asset pool* notifications set out at *RCB 3.3.1D* by the same dates as the dates the notifications under those directions are due.

Due diligence

3.3.4 G The *issuer* or the *owner*, as the case may be, should carry out, or make

arrangements to carry out, appropriate due diligence to check that the analysis in the *asset pool* information provided to the *FSA* is correct.

3.4 Covered Bond issuance notifications

- 3.4.1 D The *issuer* must inform the *FSA* of the information relating to bond issuances from a *regulated covered bond* in the form set out in *RCB 3 Ann 3 D* (series notification form) on or before the date of issuance.

3.5 Other notifications

Notifications of change of owner

- 3.5.1 G Regulation 25 of the *RCB Regulations* (change of *owner*) sets out the procedures which apply where a *regulated covered bond* has been issued and the *owner* of the *relevant asset pool* proposes to transfer ownership to another person.
- 3.5.2 D If an *owner* proposes to transfer the *asset pool* to a new *owner* it must provide the *FSA* as a minimum with the following information in writing at least three *months* before the proposed transfer date:
- (1) name, address and contact details of the proposed new *owner*;
 - (2) proposed transfer date and reasons for the transfer;
 - (3) an explanation of how the proposed new *owner* will comply with the requirements imposed on it by the *RCB Regulations* and *RCB*; and
 - (4) confirmation that the existing *owner* and the proposed new *owner* have obtained appropriate advice in relation to the proposed transfer, and details of such advice.

Notifications of material changes

- 3.5.3 G Regulation 20 of the *RCB Regulations* (material changes to the regulated covered bond) sets out the procedures which apply where an *issuer* proposes to make a material change to the contractual terms of the bond.
- 3.5.4 D If an *issuer* proposes to make a material change to the contractual terms of a *regulated covered bond*, it must inform the *FSA* of the following information to the *FSA* at least 3 months before the proposed date of the change:
- (1) details of the proposed change including proposed date of change and the reasons for it;
 - (2) an assessment of the impact of the change on the ability of the *issuer*

and *owner* to continue to comply with their requirements under the *RCB Regulations* and *RCB*; and

- (3) confirmation that the *issuer* has obtained appropriate advice in relation to the proposed change and details of such advice.

- 3.5.5 G The *FSA* will regard as material any change that may affect the ability of the *issuer* or the *owner* to continue to comply with the requirements made on them under the *RCB Regulations* and *RCB*.

Notifications to the *FSA* if asset pool is not capable or not likely to be capable of covering claims and of other matters

- 3.5.6 D The *issuer* or the *owner*, as the case may be, must notify the *FSA* immediately, in writing by e-mail or hand-delivered letter, if Regulation 18(2), or 24(1)(c) of the *RCB Regulations* (obligation to inform *FSA* if *asset pool* not capable, or not likely to be capable of covering claims) is triggered.

- 3.5.7 D The *issuer* or the *owner*, as the case may be, must notify the *FSA* immediately in writing by e-mail, or hand-delivered letter, if requirements relating to the relevant *regulated covered bond* under the *RCB Regulations* or *RCB* are, or are likely to be, materially breached, or of any other matter which the *FSA* should be made aware of.

- 3.5.8 G The *issuer* or the *owner*, as the case may be, should include details of proposals to rectify the breach at the time they notify, or as soon as practicable after that time.

3.6 Fees and other matters

Administrative fee

- 3.6.1 R If an *issuer* or *owner* does not provide the notifications to the *FSA* required by directions made under this chapter by the date specified, then that *issuer* or *owner* must pay to the *FSA* an administrative fee of £250.

Further information and direction

- 3.6.2 G The *FSA's* exercise of its powers under Part 1 paragraph 3 of the Schedule to the *RCB Regulations* (power to require information) may include requesting information on the reviews undertaken or advice given by accountants and where appropriate lawyers.

- 3.6.3 G The form and content of the notifications in this chapter are a matter for direction by the *FSA* which will determine any additional information and documentation required on a case-by-case basis.

Review of legal advice

- 3.6.4 G The *issuer* or the *owner*, as the case may be, should review legal advice as

necessary. For example, advice should be reviewed if a relevant statutory provision is amended or where a new decision or judgment of a court might have a bearing on the conclusions reached which is material to the *issuer's* or *owner's* compliance with the requirements of the *RCB Regulations* or the *RCB*.

Method of sending forms and information to FSA

- 3.6.5 D Unless otherwise stated, the *issuer* or the *owner*, as the case may be, must send the relevant forms and information to the *FSA's* address marked for the attention of the "Covered Bonds Team, Capital Markets Sector" by any of the following methods:
- (1) post; or
 - (2) leaving it at the *FSA's* address and obtaining a time-stamped receipt; or
 - (3) e-mail to rcb@fsa.gov.uk

Name of issuer (or if applicable of owner) and regulated covered bond

Terms in this form

In this form we use the following terms:

'**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.

'**FSA**', '**we**', '**us**' and '**our**' refers to the Financial Services Authority.

'**RCB Sourcebook**' is the Regulated Covered Bonds Sourcebook which is part of the FSA Handbook and can be accessed at www.fsa.gov.uk/Pages/handbook

'**RCB Regulations**' refers to 'The Regulated Covered Bonds Regulations 2008' and can be accessed at http://www.opsi.gov.uk/si/si2008/uksi_20080346_en_1

Purpose of this form

To send us written annual confirmation of compliance with RCB Regulation 16 (Sums derived from the issue of regulated covered bonds) and RCB Regulation 17 (General requirements on the issuer in relation to the asset pool).

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).

Sending the form

Send your annual confirmation to us by email to rcb@fsa.gov.uk or by post or by hand to the address below:

Covered Bonds Team
Capital Markets Sector
The Financial Services Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

1

Confirmation of compliance

1.1 Confirmation

I confirm that I am satisfied that the arrangements relating to the regulated covered bonds comply with the requirements of the RCB Regulations and the RCB Sourcebook.

I confirm that in accordance with RCB Sourcebook 3.2.2 D the issuer (or if applicable owner) has obtained written advice or reports from suitable independent third party advisers on compliance with the RCB Regulations and RCB Sourcebook.

I consent to this confirmation being published on the regulated covered bonds register on the FSA's public website.

Issuer name

Period covered by compliance

Name of regulated covered bond

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

Name of signatory

Title of signatory (signatory must be a senior manager as defined in the FSA handbook glossary)

Date

Name of issuer (or if applicable of owner) and regulated covered bond

[Redacted area]

Purpose of this form

To send us information on the composition of the asset pool in compliance with RCB Sourcebook 3.3.1 D

Warning

Knowingly or recklessly giving us information which is false or misleading in a material particular, 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 An Issuer and if applicable an owner must send this form to the FSA within one month of the end of each quarter following the date of registration of the covered bond or programme.
- 2 This form may also be completed at the time of application for registration of an issuer or covered bond or programme where an issuer has an asset pool in place.
- 3 The answers required below are single figures or breakdowns. We would expect any breakdown to take the form of a table and display information on number of loans, loan value, and percentage of total loan value. Values of assets should be in GBP.
- 4 If you are unable to provide some of the information required in this form, please explain why.

Sending the form

Send your asset pool notification form to us by email to rcb@fsa.gov.uk or by post or by hand to the address below:

Covered Bonds Team
Capital Markets Sector
The Financial Services Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

1

Asset pool composition

Current level of over collateralisation

Current balance and breakdown of the assets and liabilities of the owner

For residential mortgages provide the following information

Number of mortgage loans in pool

Average loan size

Weighted average seasoning

Weighted average LTV

Weighted average indexed LTV

Mortgage size breakdown

Geographical analysis breakdown

LTV breakdown

Current arrears breakdown

Debt service ratio breakdown

Ownership status (e.g. buy to let or owner occupied) breakdown

Certification status (e.g. income verified or self-certified) breakdown

Employment status (e.g. employed, self-employed) breakdown

Repayment method (e.g. repayment or interest only) breakdown

Interest payment type (e.g. fixed, variable) breakdown

Borrowers with prior bankruptcy order or individual voluntary agreement breakdown

Borrowers with satisfied court judgments breakdown

Borrowers with unsatisfied court judgments breakdown

Loans withdrawn from asset pool in last reporting period breakdown

Any other relevant information

For other types of loans or assets

Provide us with any relevant figures, breakdowns, or other information. In particular provide us with information which is relevant for the purpose of assessing the quality of the asset pool.

Name , job title and contact detail of the person validating this form



Series issuance notification form

Name of issuer and regulated covered bond

Purpose of this form

To send us written notification of a series of issuance in compliance with RCB Sourcebook 3.4.1 D

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 A regulated issuer must send this form on or before the date of a series issuance.
- 2 This form must also be completed at the time of application for registration of the issuer or of a covered bond or programme where an issuer already has a series issued.

Sending the form

Send your series issuance notification form to us by email to rcb@fsa.gov.uk or by post or by hand to the address below:

Covered Bonds Team
Capital Markets Sector
The Financial Services Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

1

Series issuance notification

This information will be added to the register of regulated covered bond on the FSA website

Name of issuer

Name of programme

Series number

Issuance size

ISIN number

Issue date

Legal maturity

Coupon

Listing Authority (if applicable)

Rating(s) (if applicable) and name of relevant credit rating agency

Name , job title, and contact details of the person validating this form

--

4 Enforcement powers

4.1 Application and purpose

Application

- 4.1.1 G This chapter contains guidance for *issuers*, and *owners* and other persons subject to the *RCB Regulations*.

Purpose

- 4.1.2 G The purpose of this chapter is to give guidance on the *FSA's* approach to the use of its enforcement powers under the *RCB Regulations* and to set out the *FSA's* policy on the imposition and amount of financial penalties.

4.2 Enforcement powers and penalties

The *FSA's* enforcement powers

- 4.2.1 G The *FSA's* approach to the exercise of its enforcement powers will be consistent with its approach in *DEPP* and *EG* so far as appropriate.
- 4.2.2 G The *FSA's* exercise of its powers under the *RCB Regulations* is without prejudice to the use of its powers under the *Act* or under other legislation.
- 4.2.3 G (1) When deciding whether to take enforcement action under Part 7 of the *RCB Regulations*, and what form that enforcement action should take, the *FSA* will consider all relevant factors, including:
- (a) the relevant factors on decisions to take action set out in *DEPP* 6.2.1G;
 - (b) whether any contractual or other arrangements agreed between the parties can be used effectively to address any perceived failure under the *RCB Regulations*; and
 - (c) the interests of investors in the relevant *regulated covered bond*.
- (2) The *FSA* does not normally expect to use its enforcement powers where the *issuer* or the *owner* are in the process of rectifying non-compliance and where they have taken account of the views and interests of investors in the *regulated covered bond*. This is without prejudice to the *FSA's* use of its enforcement powers as a result of its consideration of all relevant factors, as set out in *RCB* 4.2.3G(1).

Financial penalties

- 4.2.4 G The *FSA's* policy on imposing financial penalties (including the amount of any such penalties) under the *RCB Regulations* will be consistent with the policy as set out in *DEPP* and *EG* with appropriate modifications.
- 4.2.5 G When considering whether to impose a financial penalty, the amount of penalty, and whether to impose the penalty on the *issuer* or the *owner*, the *FSA* will have regard, where relevant to:
- (1) the statement on determining the appropriate level of a financial penalty in *DEPP* 6.5;
 - (2) the particular arrangements between the *issuer* and the *owner*;
 - (3) the likely impact of the penalty on the interests of investors in a *regulated covered bond*; and
 - (4) the conduct of the *issuer* or the *owner*.

5 Fees

5.1 Application and purpose

Application

- 5.1.1 R This chapter applies to *issuers* in relation to *regulated covered bonds*.

Purpose

- 5.1.2 G The purpose of this chapter is to prescribe the fees payable under *RCB*.

5.2 Fees to be paid

Introduction

- 5.2.1 G This chapter provides for an initial fee for registration of a *regulated covered bond* and subsequent annual fees.
- 5.2.2 G The registration fee is for the *FSA's* work in dealing with an *issuer's* application for registration of a *regulated covered bond*.
- 5.2.3 G The annual fee is a fee for the *FSA's* ongoing costs in administering the *regulated covered bond* regime. Like the registration fee, it is charged to

issuers in respect of their participation in the regime.

5.2.4 G Fees are not refundable.

Registration Fees

5.2.5 R An *issuer* applying for registration of a *regulated covered bond* must pay the *FSA* a registration fee of £25,000 in full.

Annual Fees

5.2.6 R (1) An *issuer* must pay the *FSA* a fee of £20,000 for each financial year (1 April to 31 March) in which the *issuer* is on the register of *issuers* as at 31 March of the previous financial year.

(2) For the first year in which the *issuer* becomes registered, the *issuer* must pay the fee set out in the applicable row of the table at *RCB* 5.2.7R of the annual fee.

(3) Fees must be paid in full within 30 *days* of the date of the invoice.

5.2.7 R Table of annual fee for first year:

<i>Registration date of issuer</i>	Fee
1 April to 30 June inclusive	£20,000
1 July to 30 September inclusive	£15,000
1 October to 31 December inclusive	£10,000
1 January to 31 March inclusive	£5,000

Method of payment

5.2.8 R The *issuer* must pay the fees payable under this chapter by bankers draft, cheque, or by credit transfer.

Schedule 1

Record keeping requirements

G

1 The aim of the guidance in the following table is to give the reader a quick overall view of the relevant record keeping requirements in this sourcebook.

- 2 Regulation 17(2)(a) (general requirements on *issuer* in relation to the *asset pool*) and Regulation 24(1)(a)(i) (requirements on *owner* in relation to the *asset pool*) require a record to be kept of each asset in the asset pool.
- 3 It is not a complete statement of those requirements and should not be relied on as if it were.
- 4 There are no other record-keeping requirements in RCB.
- 5 Table

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
n/a	n/a	n/a	n/a	n/a

Schedule 2

Notification requirements

- G
- 1 The aim of the guidance in the following table is to give the reader a quick overall view of the relevant notification and reporting requirements
- 2 It is not a complete statement of those requirements and should not be relied on as if it were.
- 3 Table

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
<i>RCB 3.2.1 D</i>	Confirmation of compliance by <i>issuer</i> .	<i>Senior manager</i> to confirm compliance with Regulations 16 and 17 of the <i>RCB Regulations</i> . Use Form <i>RCB</i>	The earlier of a date which the <i>issuer</i> selects, or 12 months from the <i>registration date</i> , then annually after that.	One month after the relevant confirmation date.

		2 Ann 1D.		
<i>RCB 3.3.1D and RCB 3.3.3D</i>	Information relating to the <i>asset pool</i>	Information on various attributes of the <i>asset pool</i> . Use Form RCB 3 Ann 2D	End of each quarter following <i>registration date</i> .	One month after the end of the relevant quarter.
<i>RCB 3.2.10D</i>	Confirmation of compliance by <i>owner</i>	<i>Owner</i> to confirm compliance with Regulations 16 and 17 of the <i>RCB Regulations</i> Use Form <i>RCB 2 Ann 1D</i> .	(1) when the issuer goes into insolvency (2) the anniversary date of the date the issuer sent annual confirmations	(1) Within one month of <i>issuer's</i> insolvency. (2) One month after the relevant confirmation date.
<i>RCB 3.4.1D</i>	Covered bond issuance	Information on the covered bond issuance Use Form RCB 3 Ann 3D	Issuance of covered bond from a <i>regulated covered bond</i>	On or before date of issuance
<i>RCB 3.5.2D</i>	Change of <i>owner</i>	At least: (1) name, address and contact details of proposed new <i>owner</i> . (2) proposed transfer date and reasons for transfer (3) explanation of how proposed new <i>owner</i> will comply with requirements in <i>RCB Regulations</i> and in <i>RCB</i> . (4) confirmation	Proposal to change <i>owner</i>	At least 3 <i>months</i> before proposed date of transfer

		that existing <i>owner</i> and proposed new <i>owner</i> have obtained appropriate advice		
<i>RCB 3.5.4D</i>	Material changes being any change that may affect the ability of the <i>issuer</i> or the <i>owner</i> to continue to comply with the requirements made on them under the <i>RCB Regulations</i> and <i>RCB</i>	At least: (1) details of the proposed change including proposed date of change and the reasons for it (2) an assessment of the impact of the change on the ability of the <i>issuer</i> and <i>owner</i> to continue to comply with the requirements in <i>RCB Regulations</i> and in <i>RCB</i> . (3) confirmation that <i>issuer</i> has obtained appropriate advice	Proposal to make material change	At least 3 <i>months</i> before proposed date of change
<i>RCB 3.5.6D</i>	Capability of <i>asset pool</i> to meet bondholder claims	(1) fact that the <i>asset pool</i> is not capable or not likely to be capable of covering claims. (2) proposals to rectify the breach	(1) and (2) As soon as Regulations 18(2) or 24(1)(c) of the <i>RCB Regulations</i> is triggered	(1) Immediately (2) upon notification of breach or as soon as practicable after that time.
<i>RCB 3.5.7D</i>	(1) That the requirements in the <i>RCB</i>	(1) fact of breach or likely breach	Material breach, or likely material breach.	Immediately

	<i>Regulations and RCB</i> are, or are likely to be materially breached, or (2) of any other matter which the FSA should be made aware of.	(2) details of matter	As soon as <i>issuer</i> or <i>owner</i> becomes aware of matter.	
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Schedule 3

Fees and other requirement payments

The provisions relating to fees are set out in *RCB* Chapter 5 and in *RCB* 3.6.1R (administrative fee)

Schedule 4

Powers exercised

G

1

The following powers and related provisions in the *RCB Regulations* have been exercised by the *FSA* to make the rules and directions in *RCB*:

- (1) Regulation 8 and 9 (Applications for Registration);
- (2) Regulation 18, 20, 24 and 25 (Notification requirements);
- (3) Regulation 36 (financial penalties policy statements)
- (4) Regulation 46, Schedule 1 paragraph 5 (Fees).

2

The following power in the *RCB Regulations* has been exercised by the *FSA* to give guidance in *RCB*:

- (1) Regulation 42 (Guidance)

3

The following power under the *Act* has been exercised by the *FSA* to make the rules in *RCB*:

(1) Section 138 (General rule-making power).

Schedule 5

Rights of action for damages

G

Not applicable

Schedule 6

Rules that can be waived

G

Not applicable