

**REGULATED COVERED BONDS SOURCEBOOK (AMENDMENT)  
INSTRUMENT 2008**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Regulated Covered Bonds Regulations 2008 (SI 2008/346):
- (1) Regulation 8 (Applications for registration);
  - (2) Regulation 9 (Applications for admission to the register of issuers); and
  - (3) Regulation 18 (Notification requirements).

**Commencement**

- B. This instrument comes into force on 9 December 2008.

**Amendments to the Handbook**

- C. The Regulated Covered Bonds sourcebook (RCB) is amended in accordance with the Annex to this instrument.

**Citation**

- D. This instrument may be cited as the Regulated Covered Bonds Sourcebook (Amendment) Instrument 2008.

By order of the Board  
4 December 2008

## **Annex**

### **Amendments to the Regulated Covered Bonds sourcebook (RCB)**

Delete RCB 2 Annex 1D, RCB 3 Annex 1D, RCB 3 Annex 2D and RCB 3 Annex 3D and insert the following new RCB 2 Annex 1D, RCB 3 Annex 1D, RCB 3 Annex 2D and RCB 3 Annex 3D in their place. The inserted text is not underlined.

### 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](http://www.fsa.gov.uk/Pages/handbook) . References to specific provisions in this sourcebook are prefaced by 'RCB'.

**'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](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 Your application should include in electronic format:
  - 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, all relevant credit rating reports in relation to the covered bonds for which you are seeking registration; and
  - where available, offering circulars of the covered bonds for which you are seeking registration;
  - where applicable, copies of any internal reports regarding the covered bond (the two most recent reports). See section 5.1 of this form for further information;
  - where applicable, a copy of the most recent Internal Audit report covering any aspects of the covered bond programme, details on the frequency of such reviews and the date of the next scheduled review;
  - where applicable, the results of any stress testing and scenario analysis undertaken on the asset pool. See section 6.3 for further information
  - an organisational chart including the individuals that are involved in the management of the programme and a description of their role and responsibilities.
- 6 Use the TAB key to move to the next question and press SHIFT TAB to move to the previous question

### Sending the form

Send your application form to us by email to [rcb@fsa.gov.uk](mailto:rcb@fsa.gov.uk) It is our preference for all correspondence to be submitted electronically. If this is not possible your application form may also be submitted 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 (£25,000).

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

The payment methods available are credit transfer, banker's 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 banker's draft payable to The Financial Services Authority

Please send the cheque or banker's 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 Issuer: Name, address, contact name, email and telephone number

1.2 FSA reference number of the issuer

1.3 Owner: Name, address, contact name, 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, contact name, email and telephone number

1.6 Lawyer: Name, address, contact name, email and telephone number

1.7 Bondholder representative: Name, address, contact name, email and telephone number

1.8 Hedge providers: Name, nature of transaction (indicating nature of transaction e.g. currency swap, interest rate swap), contact name, address, email and telephone number

**1.9 Credit ratings of hedge providers (indicating nature of transaction e.g. currency swap provider, interest rate swap provider) and name of the relevant credit rating agency**

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

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

**1.14 Role, name, address, contact name, email and telephone number of any other relevant third parties**

# 2

## Issuer and owner eligibility

**2.1 Does the issuer hold 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 (or, if the issuer is a building society, its principal 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       N/A



# 3

## Covered bond or programme structure

**3.1 Name of covered bond or programme**

**3.2 Asset percentage specified in the terms and conditions of the covered bonds or programme**

**3.3 Provide an outline of the structure of the covered bond or programme (including, if appropriate, a structural diagram).**

**3.4 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.**

**3.5 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.**

**3.6 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.**

# 4

## Asset pool details

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

Yes       No

4.2 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).

4.3 Set out in plain English which criteria you are currently using and are intending to use going forward for including loans in the cover 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.

4.4 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

## Management of the asset pool

**5.1 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. Where applicable, provide the two most recent copies of any internal reports regarding the covered bond.**

**5.2 How do you monitor performance of the asset pool (e.g. arrears, indexed LTVs)?**

**5.3 What is the decision making process with regard to transferring assets into/from the pool?**

**5.4 What is the operational process for transferring assets into/from the pool?**

**5.5 How are your records updated to reflect changes to composition of the asset pool and who is informed of these changes?**

**5.6 Explain the internal arrangements in place to ensure the following:**

- Accurate record of the assets is kept on your information systems
- Attributes of the loans correspond to the supporting documentation
- Accuracy of data being provided to the FSA in RCB 3 Annex 2 D

**5.7 What role does your compliance function (or equivalent) have over the programme?**

# 6

## Asset Quality & Capability

- 6.1 Explain how you ensure that the assets in the pool are of high quality. This could include a summary of your lending and underwriting criteria.

- 6.2 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.

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.

You should consider at a minimum the guidance set out in RCB 2.3.6G to 2.3.12G when designing your stress testing.

In addition we would like an indication on:

- Why the stresses being applied are appropriate;
- Who reviews this information;
- How the results are being used to determine compliance with the capability requirement. In particular specify whether, based on the results of the stress testing, you determine a level of over-collateralisation that you consider adequate to meet the capability requirement.

- 6.3 Describe the tests (e.g. Asset Coverage Test, Interest Rate Shortfall Test), if any, that are performed on the asset pool under the contractual terms of the covered bonds or programme.

In addition, explain

- Who performs these tests;
- Who reviews the results;
- How is this information used;
- How would a breach of any of these tests be escalated;
- What are the contractual implications of a breach of any of these tests;
- What are the contractual implications of a breach not being addressed in a timely manner.

- 6.4 Describe the tests that would be performed on the asset pool under the contractual terms of the covered bonds or programme in the event of issuer default (e.g. amortisation test, yield shortfall test).

- 6.5 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.

**6.6** 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 in Q4.2 above
- Under the criteria set out in Q 4.3 above

**6.7** 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.

# 7

## Owner systems and controls

- 7.1 In the event of the default of an issuer, what are the arrangements for the security trustee to maintain and administer the asset pool and to give 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 the RCB sourcebook.**

- 7.2 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 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

**c. Copy of any internal reports regarding the covered bond reports (the two most recent reports)**

Yes  No

**d. Copy of the most recent Internal Audit report covering any aspects of the covered bond programme and details on the frequency of such reviews and the date of the next scheduled review.**

Yes  No

**e. An organisational chart including the individuals that are involved in the management of the programme and a description of their role and responsibilities**

Yes  No

**f. Copy of the stress testing undertaken to demonstrate that 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.**

Yes  No



# 9

## Fees

- 9.1 Give details of the payment method used for the application fee (cheque, banker's 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 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 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 Board Member)

**Date**



# Annual confirmation of compliance with the RCB Regulations and the RCB sourcebook



### 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](http://www.fsa.gov.uk/Pages/handbook). References to specific provisions in this sourcebook are prefaced by 'RCB'.

**'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](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](mailto:rcb@fsa.gov.uk). It is our preference for all correspondence to be submitted electronically. If this is not possible your annual confirmation may also be submitted 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 3.2.2D 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 Board Member)

Date

## Asset pool notification form

### **Purpose of this form**

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

### **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.
- 4 If you are unable to provide some of the information required in this form, please explain why.
- 5 Use the TAB key to move from to the next question and press SHIFT TAB to move to the previous question

### **Sending the form**

Send your asset pool notification form to us by email to [rcb@fsa.gov.uk](mailto:rcb@fsa.gov.uk). It is our preference for all correspondence to be submitted electronically. If this is not possible your asset pool notification may also be submitted 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

**Name of issuer**

**Name of covered bond or programme**

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

**Date of form being submitted**

**Date of data extracted**

**Credit ratings of issuer and relevant counterparties (e.g. swap providers)**

**Asset Coverage Test (ACT) calculations (as published in the investor report)**

**For residential mortgages complete the following table**

<b>Currency of programme</b>	
<b>Size of programme</b>	
<b>Principal amount outstanding of covered bonds (in GBP and converted into the currency of the programme on the date of data extraction)</b>	
<b>Current nominal level of over collateralisation<sup>i</sup> (in GBP)</b>	
<b>Current nominal level of over collateralisation (% of the aggregate outstanding balance of bonds)<sup>ii</sup></b>	
<b>Credit support as derived from ACT<sup>iii</sup> (in GBP)</b>	
<b>Credit support as derived from ACT (% of the aggregate outstanding balance of bonds)<sup>iv</sup></b>	
<b>Number of loans in the asset pool</b>	
<b>Average loan size (in GBP)</b>	
<b>Weighted average seasoning (months)</b>	
<b>Weighted average non-indexed LTV (%)</b>	
<b>Weighted average indexed LTV (%)</b>	
<b>Mortgages above £500K (% of aggregate outstanding balance of the asset pool)</b>	
<b>Mortgages above 80% LTV (indexed) (% of aggregate outstanding balance of the asset pool)</b>	
<b>Mortgages above 80% LTV (non-indexed) (% of aggregate outstanding balance of the asset pool)</b>	
<b>Buy to let mortgages (% of aggregate outstanding balance of the asset pool)</b>	
<b>Self-certified mortgages (% of aggregate outstanding balance of the asset pool)</b>	
<b>Fast-track mortgages (% of aggregate outstanding balance of the asset pool)</b>	
<b>Mortgages over 1 month in arrears (% of aggregate outstanding balance of the asset pool)</b>	
<b>Interest-only mortgages (% of aggregate outstanding balance of the asset pool)</b>	
<b>Predominant geographical areas. Specify the proportion of the mortgages in these areas (% of the aggregate outstanding balance of the asset pool)</b>	

## 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.

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- <sup>i</sup> Non Adjusted Aggregate Asset less the Aggregate Principal Amount Outstanding of Covered Bonds
  - <sup>ii</sup> [Non Adjusted Aggregate Asset less the Aggregate Principal Amount Outstanding of Covered Bonds] divided by Aggregate Principal Amount Outstanding of Covered Bonds
  - <sup>iii</sup> Adjusted Aggregate Asset Amount less Aggregate Principal Amount Outstanding of Covered Bonds
  - <sup>iv</sup> [Adjusted Aggregate Asset Amount less Aggregate Principal Amount Outstanding of Covered Bonds] divided by Aggregate Principal Amount Outstanding of Covered Bonds.

## RCB 3 Annex 3 D Series Issuance Notification form

Issuer	LLP	Programme Name	Bonds											
			Series number	Currency	Amount	ISIN number	Issue Date	Final maturity	Soft/Hard Bullet	Coupon	Listing Authority	Rating (Fitch)	Rating (Moody's)	Rating (S&P)

Send your series issuance notification form to us by email to [rcb@fsa.gov.uk](mailto:rcb@fsa.gov.uk). It is our preference for all correspondence to be submitted electronically. If this is not possible your series issuance notification form may also be submitted by post or by hand to the address below:

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 Capital Markets Sector  
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 25 The North Colonnade  
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