
STATUTORY INSTRUMENTS

2008 No. 346

The Regulated Covered Bonds Regulations 2008

PART 4
ISSUERS

Acting without registration

15.—(1) A person may not issue, or purport to issue, a regulated covered bond unless—

- (a) it is admitted to the register of issuers; and
- (b) the bond is admitted to the register of regulated covered bonds.

(2) A person which has been removed from the register of issuers may not make any further issue under a programme of covered bonds which has been admitted to the register of regulated covered bonds.

(3) Contravention of the prohibition in paragraph (1) or (2) by a person is a contravention of a requirement imposed on it by these Regulations, but does not—

- (a) make any transaction void or unenforceable; or
- (b) give rise to any right of action for breach of statutory duty.

Sums derived from the issue of regulated covered bonds

16. An issuer must lend sums derived from the issue of a regulated covered bond to the owner of the relevant asset pool.

General requirements

17.—(1) An issuer of a regulated covered bond must enter into arrangements with the owner of the relevant asset pool for the maintenance and administration of that pool.

(2) The arrangements must provide for the following requirements—

- (a) a record is kept of each asset in the asset pool;
- (b) the asset pool is, during the whole period of validity of the regulated covered bond, capable of covering—
 - (i) claims attaching to the bond; and
 - (ii) sums required for the maintenance, administration and winding up of the asset pool;
- (c) there is timely payment of claims attaching to the bond to the regulated covered bond holder; and
- (d) 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 the bond.

(3) This regulation does not apply in the event of the insolvency of the issuer.

Notification requirements

18.—(1) An issuer must give the Authority such information in respect of—

- (a) any regulated covered bond it issues;
- (b) any series of covered bonds issued or proposed to be issued under a regulated covered bond;
- (c) the assets in the relevant asset pool;
- (d) the steps it has taken to comply with regulation 16 or 17;

as the Authority may direct.

(2) The issuer of a regulated covered bond must inform the Authority if at any time any of the requirements specified in regulation 17(2) are not, or are not likely to be, satisfied in respect of the relevant asset pool.

(3) The information required under paragraphs (1) and (2) must be given at such times, in such form and verified in such manner, as the Authority may direct.

Change of issuer

19.—(1) An issuer of a regulated covered bond may transfer the benefits and obligations accruing to or falling upon it under all contracts relating to the relevant asset pool to another person only if that person has been admitted to the register of issuers.

(2) Where a transfer takes place in accordance with paragraph (1), that person shall be an issuer of that regulated covered bond for the purposes of these Regulations.

Material changes to the regulated covered bond

20.—(1) Where an issuer of a regulated covered bond proposes to make a material change to the contractual terms of the bond, it must give the Authority such—

- (a) notice of the proposed change; and
- (b) information in respect of the proposed change;

as the Authority may direct.

(2) The information required under paragraph (1) must be given at such time, in such form and verified in such manner, as the Authority may direct.

(3) If it appears to the Authority that the proposed change will not prevent the issuer and owner of the relevant asset pool from continuing to comply with the requirements imposed on them by or under these Regulations, it must give the issuer written notice of its decision to approve the change before the end of a period of 3 months beginning with the date on which the information required under paragraph (1) is provided.

(4) If it appears to the Authority that the proposed change may prevent the issuer or the owner of the relevant asset pool from complying with the requirements imposed upon them by or under these Regulations, it may decide not to approve the change and give the issuer a decision notice.

(5) If the Authority proposes to give a decision notice under paragraph (4), it must give the issuer a warning notice before the end of a period of 3 months beginning with the date on which the information required under paragraph (1) is provided.

(6) The Authority must, having considered any representations made in response to the warning notice—

- (a) if it decides to do so, give a decision notice under paragraph (4); or

- (b) if it decides not to give a decision notice, give the issuer a notice of discontinuance and written notice of its decision to approve the change.
- (7) If the Authority gives a decision notice under paragraph (4), the issuer may refer the matter to the Tribunal.
- (8) The issuer may not make the proposed change before it has received a written notice from the Authority approving the change.