
STATUTORY INSTRUMENTS

2024 No. 102

The Securitisation Regulations 2024

PART 7

Due-diligence requirements

Rules relating to due-diligence requirements of institutional investors

33.—(1) The appropriate regulator must make general rules requiring a relevant institutional investor to carry out due diligence—

- (a) before holding a securitisation position, and
- (b) while holding a securitisation position.

(2) In this regulation—

“appropriate regulator”—

- (a) in relation to a relevant institutional investor which is a PRA-authorised person, means the PRA;
- (b) in relation to other relevant institutional investors, means the FCA;

“general rules”—

- (a) in relation to the FCA, has the meaning given in section 137A(2) of FSMA 2000;
- (b) in relation to the PRA, has the meaning given in section 137G(2) of FSMA 2000;

“relevant institutional investor” means an institutional investor which is an authorised person and which is not—

- (a) the trustees or managers of an occupational pension scheme, or
- (b) the originator, sponsor or original lender in that securitisation.

Due-diligence requirements of small registered UK AIFMs as institutional investors

34.—(1) The FCA must make rules requiring a small registered UK AIFM to carry out due diligence—

- (a) before holding a securitisation position, and
- (b) while holding a securitisation position.

(2) Rules under paragraph (1) may require a small registered UK AIFM—

(a) before holding a securitisation position—

- (i) to verify specified matters relating to the securitisation position, and
- (ii) to carry out an assessment of the risks involved in holding the securitisation position, having regard to specified matters;

(b) while holding a securitisation position, to take specified measures to monitor its performance and the risks involved in continuing to hold it.

(3) References in paragraph (1) and (2) to a securitisation position do not include references to a securitisation position in relation to which the small registered UK AIFM is the originator, sponsor or original lender.

(4) In paragraph (2) “specified” means specified in the rules.

(5) For the purposes of the provisions of the Alternative Investment Fund Managers Regulations 2013 listed in paragraph (6), rules made by the FCA under paragraph (1) are to be taken to be implementing provisions as defined by regulation 2 of those Regulations.

(6) Those provisions are—

- (a) regulation 17 (grounds for revocation of registration);
- (b) regulation 19 (grounds for suspension of registration);
- (c) regulation 21 (disclosure obligations);
- (d) regulation 22 (power of direction).

(7) In the provisions of FSMA 2000 listed in paragraph (8), any reference (however expressed) to provision made by, or a requirement imposed by, the Alternative Investment Fund Managers Regulations 2013 is to be taken to include a reference to provision made by, or a requirement imposed by, rules under paragraph (1).

(8) Those provisions are—

- (a) subsection (2)(aa) of section 1L(1) (supervision, monitoring and enforcement);
- (b) subsection (4)(ja)(ii) of section 168(2) (appointment of persons to carry out investigations in particular cases);
- (c) subsections (2)(c) and (6)(b) of section 204A(3) (meaning of “relevant requirement” and “appropriate regulator”);
- (d) subsection (6)(a)(iii) of section 380(4) (injunctions);
- (e) subsection (9)(a)(iii) of section 382(5) (restitution orders);
- (f) subsection (1A)(b) of section 398(6) (misleading FCA or PRA: residual cases).

(1) Section 1L was inserted by section 6(1) of the Financial Services Act 2012; paragraph (aa) of subsection (2) was inserted by [S.I. 2013/1773](#).

(2) In section 168(4), paragraph (ja) was inserted by [S.I. 2013/1773](#).

(3) Section 204A was inserted by Schedule 9 to the Financial Services Act 2012; subsection (2)(c) was inserted by [S.I. 2013/1773](#) and subsection (6) was substituted by [S.I. 2016/225](#).

(4) Section 380(6)(a)(iii) was inserted by [S.I. 2013/1773](#) and amended by [S.I. 2015/1755](#).

(5) Section 382(9)(a)(iii) was inserted by [S.I. 2013/1773](#).

(6) Section 398(1A) was inserted by [S.I. 2013/1773](#).