

UK securitisation regime reform: joint associations' response to FCA and PRA consultations

On 18 May 2026, ICMA, along with several other trade associations, submitted a joint [response](#) to the FCA's CP 26/6 (Rules for reforming the UK Securitisation Framework) and the PRA's CP 2/26 (Reforms to securitisation requirements). The two consultations focus on reforming the UK's securitisation framework. As the securitisation general requirements are present in both the FCA Handbooks and PRA Rulebook, the FCA and PRA CPs proposed amendments concurrently that were aligned with each other. The PRA proposals would affect firms authorised by the PRA.

The joint associations broadly welcomed the FCA and PRA's proposed securitisation reforms, describing them as a significant step towards a more proportionate and internationally competitive UK framework. The response highlights strong industry support for the direction of travel while setting out targeted recommendations to ensure the new framework delivers on its objectives of simplicity, competitiveness and cross-border usability.

The joint associations particularly support:

- The move to a more principles-based and simplified regime for due diligence, transparency and reporting requirements;
- Efforts to reduce cross-border friction and improve the usability of the UK securitisation framework post-Brexit;
- The introduction of "L-shaped" risk retention rules, which have been a long-standing industry request; and
- The regulators' willingness to review the scope and application of securitisation conduct rules.

At the same time, the response sought further clarification and refinements in several areas, including:

- Some observations and recommendations to further improve the revised due diligence, transparency and reporting regime;
- Confirmation that synthetic excess spread can count towards the first-loss component of L-shaped retention in synthetic significant risk transfer (SRT) securitisations;
- Additional guidance on proposed re-securitisation rules; and
- Further engagement on the application of conduct rules and prudential requirements under Basel 3.1.

The joint associations also warned that the UK should closely monitor the EU's more growth-oriented securitisation reforms to avoid creating competitiveness and level playing field concerns for UK markets.

Overall, the proposals are seen as a meaningful step towards a more proportionate, flexible and internationally competitive framework. If implemented effectively, the reforms have the potential to revitalise the UK securitisation market, supporting funding, risk transfer and broader capital markets development. However, the impact could be limited if UK transactions will need to continue to follow EU standards for cross-border transactions. It remains to be seen whether the UK's direction of travel will influence deliberations in the EU on the EU securitisation regime.



Contact: Miriam Patterson
miriam.patterson@icmagroup.org
