

Regulated Covered Bonds

Chapter 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 *FCA* under the *RCB Regulations*. Those regulations enable bonds to be issued which qualify under ■ **COLL 5.2.11R(5A)** and ■ **5.6.7R(3A)** for a concession from the general spread of risk requirements in respect of *transferable securities*.

- 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 *FCA Handbook* and *PRA 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** [deleted]
- 1.1.7 **G** An *insurer* (which is not a *UK Solvency II firm* or a *non-directive friendly society*) may benefit from increased counterparty limits under ■ **INSPRU 2.1.22R (3)(b)**. An *insurer* which is a *UK Solvency II firm* is subject to the *rules* in the *PRA Rulebook* which transposed the *Solvency II Directive* and also to the *Solvency II Regulation (EU) 2015/35* of 10 October 2014.
- 1.1.8 **G** *UCITS schemes* and *non-UCITS retail schemes* may benefit from less onerous spread requirements and increased investment limits under ■ **COLL 5.2.11 R** and ■ **COLL 5.6.7 R**.
- 1.1.9 **G** (1) *Issuers* which are subject to an obligation to publish a prospectus under the *Prospectus Regulation* are required by Chapter II of the *PR*

Regulation to disclose risk factors. These requirements are set out in ■ PRR 2.3.1UK and ■ PRR App 2.1.1UK, where there is a link to the relevant Annexes of the *PR Regulation*.

- (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*.