Securitisations & SPV Definition

For the purposes of this reporting scheme:

- ‘*Securitisation special purpose vehicle*’ means any undertaking:
  - (a) which is organised to carry out one or more securitisation transactions; and
  - (b) which issues, or may issue, securities and / or which holds, or may hold, assets underlying the issue of securities that are offered for sale to the public, sold on the basis of private placements, or held by the institution that originated the underlying assets.

  Any UK resident bank or building society is not itself included in the definition of a securitisation special purpose vehicle, nor are covered bond limited liability partnerships.

- ‘*Securitisation*’ means a transaction or scheme whereby the credit risk of an asset or a pool of assets is transferred to an external undertaking (the securitisation special purpose vehicle or structure), which then transfers this credit risk onwards to investors in securities issued by that undertaking. The investors in the securities may be either external investors, or the institution that originated the underlying assets. A securitisation will also have the following characteristics:
  - (a) the transfer of credit risk is achieved either by:
    - the economic transfer of the assets being securitised to a special purpose vehicle, accomplished by the transfer of ownership of the securitised assets from the originator or through sub-participation; or
    - the use of credit derivatives, guarantees or any similar mechanism;
  - (b) the securities issued do not represent payment obligations of the originator;
  - (c) any special purpose vehicle is insulated from the risk of the originator’s bankruptcy or any other default.-

  ‘*Transferor*’ means the reporting institution that transferred (either directly or indirectly) the pool of assets or the credit risk on the pool of assets to the securitisation structure.

- A reporting institution's *'Own securitisation special purpose vehicle'* is any securitisation special purpose vehicle which holds assets transferred by that reporting institution (in the sense of the previous paragraph).
- In the case of takeovers/mergers, where the business of one reporting institution (say institution A) is transferred to another reporting institution (say institution B), then institution B should also consider as its own SPVs any SPVs that hold assets previously transferred by institution A.