
STATUTORY INSTRUMENTS

2008 No. 346

The Regulated Covered Bonds Regulations 2008

PART 1

INTRODUCTION

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Regulated Covered Bonds Regulations 2008 and come into force on 6th March 2008.

(2) In these Regulations—

“the 1986 Act” means the Insolvency Act 1986 ^{F1};

“the 2006 Act” means the Companies Act 2006 ^{F2};

“the 1989 Order” means the Insolvency (Northern Ireland) Order 1989 ^{F3};

“the Act” means the Financial Services and Markets Act 2000 ^{F4};

“asset” means any property, right, entitlement or interest;

“asset pool” has the meaning given by regulation 3;

“the Authority” means the [^{F5}Financial Conduct Authority];

^{F6}

[^{F7}“building society” means a building society incorporated (or deemed to be incorporated) under the Building Societies Act 1986;]

[^{F8}“capital requirements regulation” means Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;]

“centre of main interests” has the same meaning as in Article 3(1) of [^{F9}Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings];

“connected person” has the meaning given by regulation 5;

“covered bond” means a bond in relation to which the claims attaching to that bond are guaranteed to be paid by an owner from an asset pool it owns;

[^{F10}“deposit” has the meaning given in article 5(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]

“eligible property” has the meaning given by regulation 2;

[^{F10}“government stock” means stock or bonds of any of the descriptions included in Part 1 of Schedule 11 to the Finance Act 1942;]

“hedging agreement” means an agreement entered into or asset held as protection against possible financial loss;

“issuer” means a person which issues a covered bond;

[^{F10}“liquid assets” means—

- (a) government stock or treasury bills issued by Her Majesty's Government in the United Kingdom and other specified government securities which comply with [^{F11}Article 129(1)(a) or (b) of the capital requirements regulation];
- (b) deposits in sterling or another specified currency in an account held in the name of the owner with the issuer or with a specified credit institution which comply with the requirements set out in [^{F12}Article 129(1)(c) of the capital requirements regulation],

and “specified” for the purposes of this definition means specified by the Authority in guidance issued under regulation 42;]

[^{F10}“mixed asset class bond” means a mixed asset class regulated covered bond included in Part one of the register of regulated covered bonds;]

“owner” has the meaning given by regulation 4;

“programme” means issues, or series of issues, of covered bonds which have substantially similar terms and are subject to a framework contract or contracts;

[^{F10}“reference rate” means a rate used to set the interest rates charged to borrowers in relation to a loan included in the asset pool;]

[^{F13}“registered office” in relation to a building society means its principal office;]

“register of issuers” means the register maintained under regulation 7(1)(a);

“register of regulated covered bonds” means the register maintained under regulation 7(1)(b);

“regulated covered bond” means a covered bond or a programme of covered bonds, as the case may be, which is admitted to the register of regulated covered bonds;

“relevant asset pool” in relation to a regulated covered bond means the asset pool from which the claims attaching to that bond are guaranteed to be paid by the owner of that pool in the event of the failure of the issuer;

[^{F10}“the relevant date” is the date on which the Regulated Covered Bonds (Amendment) Regulations 2011 come into force;]

“relevant persons” has the meaning given by regulation 27(2);

[^{F10}“single asset class bond” means a single asset class regulated covered bond included in Part 2 of the register of regulated covered bonds;]

[^{F10}“total principal amounts outstanding” means—

- (a) in relation to loans, the sum of the original amounts advanced on the loan and any further advances, less any repayments of principal made on the loan;
- (b) in relation to other assets, the total amount of principal which remains due to be repaid in relation to the asset.]

^{F14}

(3) Unless otherwise defined, any expression used in these Regulations and in Article 22(4) of directive [85/611/EEC](#) of the Council of 20 December 1985 relating to undertakings for collective investment in transferable securities ^{F15} has the same meaning as in that Article of that Directive.

[^{F16}(4) Any reference in these Regulations to any EU regulation, EU decision or EU tertiary legislation (within the meaning of section 20 of the European Union (Withdrawal) Act 2018) is, unless the contrary intention appears, to be treated as a reference to that EU regulation, EU decision or EU tertiary legislation as it [^{F17}forms part of retained EU law].]

- F1** 1986 c.45.
- F2** 2006 c.46.
- F3** S.I. 1989/2405 (N.I. 19).
- F4** 2000 c.8.
- F5** Words in reg. 1(2) substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 134(a)**
- F6** Words in reg. 1(2) omitted (1.1.2014) by virtue of The Capital Requirements Regulations 2013 (S.I. 2013/3115), reg. 1(2), **Sch. 2 para. 69(2)(a)**
- F7** Words in reg. 1(2) inserted (22.7.2008) by The Regulated Covered Bonds (Amendment) Regulations 2008 (S.I. 2008/1714), regs. 1, **2(2)(a)**
- F8** Words in reg. 1(2) inserted (1.1.2014) by The Capital Requirements Regulations 2013 (S.I. 2013/3115), reg. 1(2), **Sch. 2 para. 69(2)(b)**
- F9** Words in reg. 1(2) substituted (8.12.2017) by The Insolvency (Miscellaneous Amendments) Regulations 2017 (S.I. 2017/1119), reg. 1(1), **Sch. 5 para. 2(2)**
- F10** Words in reg. 1(2) inserted (1.1.2013) by The Regulated Covered Bonds (Amendment) Regulations 2011 (S.I. 2011/2859), regs. 1, **2(2)**
- F11** Words in reg. 1(2) substituted (1.1.2014) by The Capital Requirements Regulations 2013 (S.I. 2013/3115), reg. 1(2), **Sch. 2 para. 69(2)(c)(i)**
- F12** Words in reg. 1(2) substituted (1.1.2014) by The Capital Requirements Regulations 2013 (S.I. 2013/3115), reg. 1(2), **Sch. 2 para. 69(2)(c)(ii)**
- F13** Words in reg. 1(2) substituted (22.7.2008) by The Regulated Covered Bonds (Amendment) Regulations 2008 (S.I. 2008/1714), regs. 1, **2(2)(b)**
- F14** Words in reg. 1(2) omitted (6.4.2010) by virtue of The Transfer of Tribunal Functions Order 2010 (S.I. 2010/22), art. 1(2)(f), **Sch. 3 para. 149**
- F15** O.J. No L 375, 31.12.85, p.3.
- F16** Reg. 1(4) inserted (20.12.2018) by The Capital Requirements (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1401), regs. 1(2), **3**
- F17** Words in reg. 1(4) substituted (31.12.2020 immediately before IP completion day) by The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 (S.I. 2020/1385), reg. 1(4), **Sch. para. 1(1)(2)(b)**

Eligible property

2.—(1) [^{F18}In these Regulations, “eligible property” in relation to a mixed asset class bond or programme means any interest in—]

- [^{F19}(a) subject to paragraph (1B), eligible assets specified in and compliant with the requirements contained in [^{F20}Article 129 of the capital requirements regulation];]
- (b) loans to a registered social landlord or, in Northern Ireland, to a registered housing association where the loans are secured—
 - (i) over housing accommodation; or
 - (ii) by rental income from housing accommodation;
- (c) loans to a person (“A”) which provides loans directly to a registered social landlord or, in Northern Ireland, to a registered housing association, where the loans to A are secured directly or indirectly—
 - (i) over housing accommodation; or
 - (ii) by rental income from housing accommodation;
- (d) loans to a project company of a project which is a public-private partnership project where the loans are secured by payments made by a public body with step-in rights;

- (e) loans to a person (“B”) which provides loans directly to a project company of a project which is a public-private partnership project where the loans to B are secured directly or indirectly by payments made by a public body with step-in rights;

[^{F21}(f) other liquid assets.]

[^{F22}(1A) In these Regulations, “eligible property” in relation to a single asset class bond or programme means, subject to paragraph (1B), any interest in eligible assets specified in and compliant with the requirements of one (and only one) of the following classes—

- (a) class 1 (public sector assets): eligible assets referred to in subparagraph (a) and (b) of [^{F23}Article 129(1) of the capital requirements regulation], assets referred to in subparagraph (b), (c), (d) and (e) of paragraph (1) above and other liquid assets;
- (b) class 2 (residential mortgage assets): eligible assets referred to in [^{F24}sub-paragraph (d) and (e) of Article 129(1) of the capital requirements regulation], and liquid assets;
- (c) class 3 (commercial mortgage assets): eligible assets referred to in [^{F25}sub-paragraph (f) of Article 129(1) of the capital requirements regulation] and liquid assets.

(1B) Assets in the following categories—

- (a) exposures to a body which does not qualify for credit quality step 1 on the credit quality assessment scale set out in [^{F26}Part Three, Title II, Chapter 2 of the capital requirements regulations]; ^{F27}...

^{F27}(b)

shall not be eligible property for the purposes of paragraph (1)(a) or (1A).]

(2) Eligible property (and any relevant security) must be situated in an EEA state, [^{F28}the United Kingdom,] Switzerland, the United States of America, Japan, Canada, Australia, New Zealand, the Channel Islands or the Isle of Man.

(3) In this regulation—

“the 1996 Act” means the Housing Act 1996 ^{F29};

“the 2001 Act” means the Housing (Scotland) Act 2001 ^{F30};

“housing accommodation”—

- (a) in England and Wales, has the meaning given by section 63 of the 1996 Act (minor modifications: Part 1);
- (b) in Scotland, has the meaning given by section 111 of the 2001 Act (interpretation); and
- (c) in Northern Ireland, has the meaning given by Article 2 of the Housing (Northern Ireland) Order 1981 ^{F31};

“project company” has the meaning given by [^{F32}paragraph 15 of Schedule ZA1 to the 1986 Act or, in Northern Ireland, paragraph 15 of Schedule ZA1 to the 1989 Order;]

“public body” means a body which exercises public functions;

“public-private partnership project” has the meaning given by [^{F33}paragraph 16 of Schedule ZA1 to the 1986 Act or, in Northern Ireland, paragraph 16 of Schedule ZA1 to the 1989 Order;]

“registered housing association” means a body registered as a housing association under Chapter II of Part II of the Housing (Northern Ireland) Order 1992 ^{F34};

“registered social landlord”—

- (a) in England and Wales, means [^{F35}a private registered provider of social housing or] a body registered as a social landlord under Part 1 of the 1996 Act; and

(b) in Scotland, means a body registered as a social landlord under [^{F36}Part 2 of the Housing (Scotland) Act 2010];

“step-in rights” has the meaning given by [^{F37}paragraph 17 of Schedule ZA1 to the 1986 Act or, in Northern Ireland, paragraph 17 of Schedule ZA1 to the 1989 Order].

(4) Unless otherwise defined, any expression used in this regulation and the [^{F38}capital requirements regulation has the same meaning as in that regulation].

- F18** Words in reg. 2(1) substituted (1.1.2013) by [The Regulated Covered Bonds \(Amendment\) Regulations 2011 \(S.I. 2011/2859\)](#), regs. 1, **2(3)(a)(i)**
- F19** Reg. 2(1)(a) substituted (1.1.2013) by [The Regulated Covered Bonds \(Amendment\) Regulations 2011 \(S.I. 2011/2859\)](#), regs. 1, **2(3)(a)(ii)**
- F20** Words in reg. 2(1)(a) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), **Sch. 2 para. 69(3)(a)**
- F21** Reg. 2(1)(f) inserted (1.1.2013) by [The Regulated Covered Bonds \(Amendment\) Regulations 2011 \(S.I. 2011/2859\)](#), regs. 1, **2(3)(a)(iii)**
- F22** Reg. 2(1A)(1B) inserted (1.1.2013) by [The Regulated Covered Bonds \(Amendment\) Regulations 2011 \(S.I. 2011/2859\)](#), regs. 1, **2(3)(b)**
- F23** Words in reg. 2(1A)(a) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), **Sch. 2 para. 69(3)(b)**
- F24** Words in reg. 2(1A)(b) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), **Sch. 2 para. 69(3)(c)**
- F25** Words in reg. 2(1A)(c) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), **Sch. 2 para. 69(3)(d)**
- F26** Words in reg. 2(1B)(a) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), **Sch. 2 para. 69(3)(e)**
- F27** [Reg. 2\(1B\)\(b\) and word omitted \(31.12.2020\) by virtue of The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **8(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F28** Words in [reg. 2\(2\) inserted \(31.12.2020\) by The Capital Requirements \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1401\)](#), regs. 1(3), **8(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F29** 1996 c.52.
- F30** 2001 ASP 10.
- F31** [S.I. 1981/156 \(N.I. 3\)](#).
- F32** Words in reg. 2(3) substituted (18.7.2020) by [The Co-operative and Community Benefit Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) \(Amendment\) and Consequential Amendments Order 2020 \(S.I. 2020/744\)](#), arts. 1, **17(2)(a)**
- F33** Words in reg. 2(3) substituted (18.7.2020) by [The Co-operative and Community Benefit Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) \(Amendment\) and Consequential Amendments Order 2020 \(S.I. 2020/744\)](#), arts. 1, **17(2)(b)**
- F34** [S.I. 1992/1725 \(N.I. 15\)](#).
- F35** Words in reg. 2(3) inserted (1.4.2010) by [The Housing and Regeneration Act 2008 \(Consequential Provisions\) \(No. 2\) Order 2010 \(S.I. 2010/671\)](#), art. 1(2), **Sch. 1 para. 68** (with Sch. 2); S.I. 2010/862, art. 2
- F36** Words in reg. 2(3) substituted (1.4.2012) by [The Housing \(Scotland\) Act 2010 \(Consequential Provisions and Modifications\) Order 2012 \(S.I. 2012/700\)](#), art. 1(3), **Sch. para. 18**
- F37** Words in reg. 2(3) substituted (18.7.2020) by [The Co-operative and Community Benefit Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) \(Amendment\) and Consequential Amendments Order 2020 \(S.I. 2020/744\)](#), arts. 1, **17(2)(c)**
- F38** Words in reg. 2(4) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), **Sch. 2 para. 69(3)(g)**

Asset Pool

3.—(1) Subject to paragraph (2), in these Regulations an “asset pool” comprises the following assets—

- (a) sums derived from the issue of regulated covered bonds and lent to the owner in accordance with regulation 16;
- (b) eligible property which is acquired by the owner using sums lent to it in accordance with regulation 22;
- (c) eligible property transferred to the asset pool by the issuer or a connected person to enable the issuer or owner, as the case may be, to comply with—
 - (i) the requirements specified in regulation 17(2);
 - (ii) a direction of the Authority under regulation 30; or
 - (iii) an order of the court under regulation 33;
- (d) eligible property transferred to the asset pool by the issuer or a connected person for the purpose of over collateralisation;
- (e) contracts relating to the asset pool or to a regulated covered bond;
- (f) eligible property acquired by the owner using sums derived from any of the assets referred to in sub-paragraph (b), (c), (d) or (e);
- (g) sums derived from any of the assets referred to in sub-paragraph (b), (c), (d), (e) or (f); and
- (h) sums lent by persons (other than the issuer) to the owner to enable it to comply with the requirements specified in regulation 24(1)(a).

(2) Any of the assets referred to in sub-paragraphs (a) to (f) and (h) of paragraph (1) may only form part of an asset pool at any time if they are recorded at that time, pursuant to arrangements made in accordance with regulation 17, 23 or 24, as being in that pool.

(3) In paragraph (1), “over collateralisation” means the provision of additional assets that assist the payment from the relevant asset pool of claims attaching to a regulated covered bond in the event of the failure of the issuer.

Owner

4. In these Regulations “owner” means a person which —

- (a) owns an asset pool; and
- (b) issues a guarantee to pay from that asset pool claims attaching to a regulated covered bond in the event of a failure of the issuer of that bond.

Connected person

5.—(1) In these Regulations “connected person” in relation to an issuer means a person which—

- (a) is—
 - (i) a parent undertaking of the issuer;
 - (ii) a subsidiary undertaking of the issuer; or
 - (iii) a subsidiary undertaking of a parent undertaking of the issuer;
- (b) has its registered office in the United Kingdom; and
- (c) either—
 - (i) has its centre of main interests in the United Kingdom; or

(ii) is authorised under Part 4 of the Act (permission to carry on regulated activities) to carry on the regulated activity referred to in article 5 (accepting deposits) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ^{F39}.

(2) In paragraph (1) “parent undertaking” and “subsidiary undertaking” have the meanings given by section 1162 of the 2006 Act (parent and subsidiary undertakings).

F39 [S.I. 2001/544](#) as amended by the [Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2002](#) (S.I. 2002/682).

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Regulated Covered Bonds Regulations 2008. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- Regulations power to modify conferred by [2023 c. 29 s. 3Sch. 1 Pt. 2](#)
- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)