

QUICK TAKE

UK SECURITISATION REFORM:
REGULATING FOR GROWTH

KEY TAKEAWAYS:

- UK regulation maintains investor protection but pivots to growth
- Global market access is materially expanding with streamlined investor due diligence
- The UK is emerging as a reference point in regulatory innovation for global peers

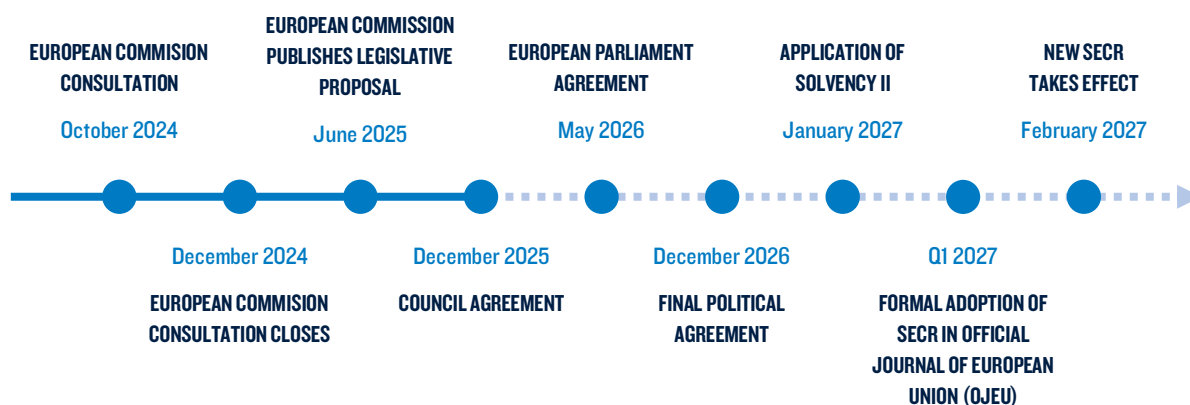
In her November 2024 inaugural Mansion House speech, the Chancellor of the Exchequer said that the UK had been for too long “regulating for risk but not regulating for growth.” The speech called for a new balance between economic growth, consumer protection and financial stability. That shift is now becoming visible in the Financial Conduct Authority (FCA) and the Prudential Regulation Authority’s (PRA) joint consultation on proposed reforms to the UK Securitisation Regulation.

The FCA and PRA adopted the EU securitisation regulation into their rulebooks in November 2024, with early deviations that reduced compliance burdens. The current FCA and PRA consultation goes further, signalling a decisive shift toward outcomes-based regulation. For securitisation investors, the key elements include:

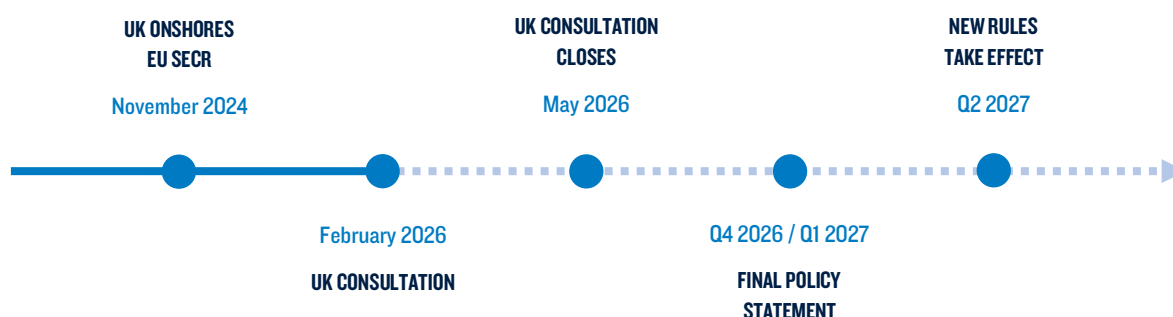
- **A streamlined investor due diligence framework** – The consultation removes the overly prescriptive rules that investors face. This streamlined approach applies to both UK and non-UK securitisations, materially improving UK investors’ access to global markets.
- **Risk retention of non-UK securitisation** – The approach moves away from the rule that UK investors can only invest in securitised assets issued outside the UK if they comply with a 5% risk-retention requirement. The consultation suggests alternative mechanisms for demonstrating alignment of interest. This could double the investment opportunities from a \$450 billion (£330 billion) to a \$1.2 trillion (£880 billion) CLO universe for UK investors.
- **Tailored transparency** – The consultation moves away from the one-size-fits-all “ESMA Template” approach. The FCA and PRA propose simplified disclosures tailored to specific securitised asset classes. This reflects the reality that reporting suitable for RMBS is often ill-suited to CLOs. The aim is to move to a more principles-based approach, reducing reporting burdens while improving coherence.
- **Public/private securitisation** – The FCA suggests “removing the delineation between public and private securitisations and no longer requiring reporting to Securitisation Repositories (SRs)”. This removes costs and administrative burden.

Timeline – The consultation closes after a 13-week response period on 18th May with a final Policy Statement potentially published by the end of the year. However, the overarching priority is to ensure the framework is fit for purpose, meaning publication could slip into early 2027.

EUROPEAN UNION



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**2026 and 2027 timelines are tentative and subject to change*

These changes reflect a considered but ambitious approach to securitisation reforms and move the UK closer to global regulatory norms. They preserve high standards of investor protection and market integrity while reducing regulatory burden and market fragmentation.

Once enacted, these changes will likely lead to immediate benefits for UK investors. They will enjoy access to a fast-growing universe of investments leading to greater portfolio diversification and opportunities for enhanced risk-adjusted returns.

The UK's shift to an outcomes-based framework comes as the EU advances its own securitisation regulation review (SECR). The European Commission's June 2025 SECR proposals have been criticised by some lawmakers and market participants as insufficiently ambitious and not investor-centric.

PGIM has consistently highlighted that EU due diligence and transparency proposals constrain EU investors' access to globally diversified securitised portfolios, limiting them to roughly 25–30% of the global universe. Reform should focus less on issuers and more on EU investors and seek to place them on an equal footing with global peers.^{1, 2}

The UK reform demonstrates that this is achievable and should help inform ongoing negotiations between EU Member States and the European Parliament.

Member States took a step in the right direction in December 2025 by agreeing a common position that supports greater global diversification, but the legal text remains prescriptive and may still fall short of delivering meaningful market outcomes.

¹ Oct 2025, PGIM, [Seeking Balance in EU Securitisation Reform](#)

² Dec 2024, PGIM, [Reviving European Securitisation – Translating Ambition into Reality](#)

While the Rapporteur's February Draft Report did not address EU investors' access to global securitisation markets, amendments indicate growing recognition among some MEPs of the need for a more open and internationally aligned framework. We hope this momentum translates into substantive change.

As the UK moves toward simpler and more proportionate reporting requirements, failure to adjust the EU due diligence regime risks widening this gap further.

PGIM's institutional clients consistently emphasise that broader opportunity sets are critical to improving retirement outcomes for pensioners and policyholders. Under the current EU framework, regulatory barriers continue to restrict investment in major securitisation jurisdictions such as Australia, Canada, Japan and the United States.

A final political agreement is expected in Q4 2026, a similar timeframe to the UK's final Policy Statement. We hope the Commission, Council and Parliament can converge on a framework that matches the UK's level of ambition. Globally consistent and outcome-focused regulation is essential to delivering better results for EU investors.

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