

# The Banking Law Journal

Established 1889

An A.S. Pratt™ PUBLICATION

June 2026

**Editor's Note: Reevaluating Auditor Liability**

Victoria Prussen Spears

**Banking on Ethics: Reevaluating Auditor Liability Amidst Financial Turmoil**

Casey W. Baker, Timothy G. Bryan and Marjorie Abney

**The Federal Deposit Insurance Corporation Significantly Revises Intra-Agency Appeals Guidelines by Instituting an Independent, Standalone Office of Supervisory Appeals**

Dustin N. Nofziger, Pinchus D. Raice and David Abramowicz

**Office of the Comptroller of the Currency Signals Openness to Venture Lending — With Clear Guardrails for Banks and Tech Lenders**

Kristopher P. Henman, Alexandra E. Ciganer and Karli Kendall

**The United Arab Emirates Anti-Money Laundering Landscape – More Enforcement to Come?**

Mahmoud (Mac) Fadlallah, Lauren Taleran, Shane Jury, Joe Hewton, Phil Davies, Zahra Mashhood and Mazen Baddar

**Brazil's Banco Master Scandal and Why It Matters for Foreign Investors**

Gustavo Akkerman and Diego Bonomo

**The United Kingdom Consults on Significant Changes to Its Securitisation Framework**

Alix Prentice and Assia Damianova



LexisNexis

# THE BANKING LAW JOURNAL

---

VOLUME 143

NUMBER 6

June 2026

---

<b>Editor’s Note: Reevaluating Auditor Liability</b> Victoria Prussen Spears	261
<b>Banking on Ethics: Reevaluating Auditor Liability Amidst Financial Turmoil</b> Casey W. Baker, Timothy G. Bryan and Marjorie Abney	263
<b>The Federal Deposit Insurance Corporation Significantly Revises Intra-Agency Appeals Guidelines by Instituting an Independent, Standalone Office of Supervisory Appeals</b> Dustin N. Nofziger, Pinchus D. Raice and David Abramowicz	281
<b>Office of the Comptroller of the Currency Signals Openness to Venture Lending — With Clear Guardrails for Banks and Tech Lenders</b> Kristopher P. Henman, Alexandra E. Ciganer and Karli Kendall	297
<b>The United Arab Emirates Anti-Money Laundering Landscape – More Enforcement to Come?</b> Mahmoud (Mac) Fadlallah, Lauren Talerma, Shane Jury, Joe Hewton, Phil Davies, Zahra Mashhood and Mazen Baddar	302
<b>Brazil’s Banco Master Scandal and Why It Matters for Foreign Investors</b> Gustavo Akkerman and Diego Bonomo	310
<b>The United Kingdom Consults on Significant Changes to Its Securitisation Framework</b> Alix Prentice and Assia Damianova	313

**QUESTIONS ABOUT THIS PUBLICATION?**

---

For questions about the **Editorial Content** appearing in these volumes or reprint permission, please call or email:

Matthew T. Burke at ..... (800) 252-9257  
Email: ..... matthew.t.burke@lexisnexis.com

For assistance with replacement pages, shipments, billing or other customer service matters, please call or email:

Customer Services Department at ..... (800) 833-9844  
Outside the United States and Canada, please call ..... (518) 487-3385  
Fax Number ..... (800) 828-8341  
Customer Service Website ..... <http://www.lexisnexis.com/custserv/>

For information on other Matthew Bender publications, please call

Your account manager or ..... (800) 223-1940  
Outside the United States and Canada, please call ..... (937) 247-0293

---

ISBN: 978-0-7698-7878-2 (print)

ISSN: 0005-5506 (Print)

Cite this publication as:

The Banking Law Journal (LexisNexis A.S. Pratt)

Because the section you are citing may be revised in a later release, you may wish to photocopy or print out the section for convenient future reference.

---

This publication is designed to provide authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

*The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, RELX, LexisNexis, Matthew Bender & Co., Inc., or any of its or their respective affiliates.*

LexisNexis and the Knowledge Burst logo are registered trademarks of RELX Inc. Matthew Bender, the Matthew Bender Flame Design, and A.S. Pratt are registered trademarks of Matthew Bender Properties Inc.

Copyright © 2026 Matthew Bender & Company, Inc., a member of LexisNexis. All Rights Reserved.

No copyright is claimed by LexisNexis or Matthew Bender & Company, Inc., in the text of statutes, regulations, and excerpts from court opinions quoted within this work. Permission to copy material may be licensed for a fee from the Copyright Clearance Center, 222 Rosewood Drive, Danvers, Mass. 01923, telephone (978) 750-8400.

Editorial Office  
101 Park Ave., 24th Floor, New York, NY 10178 (800) 543-6862  
[www.lexisnexis.com](http://www.lexisnexis.com)

MATTHEW  BENDER

# *Editor-in-Chief, Editor & Board of Editors*

---

**EDITOR-IN-CHIEF**

**STEVEN A. MEYEROWITZ**

*President, Meyerowitz Communications Inc.*

**EDITOR**

**VICTORIA PRUSSEN SPEARS**

*Senior Vice President, Meyerowitz Communications Inc.*

**BOARD OF EDITORS**

**CARLETON GOSS**

*Partner, Hunton Andrews Kurth LLP*

**DOUGLAS LANDY**

*White & Case LLP*

**PAUL L. LEE**

*Of Counsel, Debevoise & Plimpton LLP*

**MICHAEL D. LEWIS**

*Partner, Sidley Austin LLP*

**TIMOTHY D. NAEGELE**

*Partner, Timothy D. Naegele & Associates*

**STEPHEN J. NEWMAN**

*Partner, Steptoe & Johnson LLP*

**ANDREW OLMEM**

*Partner, Mayer Brown LLP*

THE BANKING LAW JOURNAL (ISBN 978-0-76987-878-2) (USPS 003-160) is published ten times a year by Matthew Bender & Company, Inc. Periodicals Postage Paid at Washington, D.C., and at additional mailing offices. Copyright 2026 Reed Elsevier Properties SA., used under license by Matthew Bender & Company, Inc. No part of this journal may be reproduced in any form—by microfilm, xerography, or otherwise—or incorporated into any information retrieval system without the written permission of the copyright owner. For customer support, please contact LexisNexis Matthew Bender, 1275 Broadway, Albany, NY 12204 or e-mail [Customer.Support@lexisnexis.com](mailto:Customer.Support@lexisnexis.com). Direct any editorial inquiries and send any material for publication to Steven A. Meyerowitz, Editor-in-Chief, Meyerowitz Communications Inc., 26910 Grand Central Parkway, #18R, Floral Park, NY 11005, [smeyerowitz@meyerowitzcommunications.com](mailto:smeyerowitz@meyerowitzcommunications.com), 631.291.5541. Material for publication is welcomed—articles, decisions, or other items of interest to bankers, officers of financial institutions, and their attorneys. This publication is designed to be accurate and authoritative, but neither the publisher nor the authors are rendering legal, accounting, or other professional services in this publication. If legal or other expert advice is desired, retain the services of an appropriate professional. The articles and columns reflect only the present considerations and views of the authors and do not necessarily reflect those of the firms or organizations with which they are affiliated, any of the former or present clients of the authors or their firms or organizations, or the editors or publisher.

POSTMASTER: Send address changes to THE BANKING LAW JOURNAL, LexisNexis Matthew Bender, 230 Park Ave, 7th Floor, New York, NY 10169.

POSTMASTER: Send address changes to THE BANKING LAW JOURNAL, A.S. Pratt & Sons, 805 Fifteenth Street, NW, Third Floor, Washington, DC 20005-2207.

# The United Kingdom Consults on Significant Changes to Its Securitisation Framework

*By Alix Prentice and Assia Damianova\**

*In this article, the authors examine proposals set out by the UK's Financial Conduct Authority and Prudential Regulation Authority proposing the most significant overhaul of the country's securitisation framework since Brexit.*

The UK's Financial Conduct Authority (FCA)<sup>1</sup> and Prudential Regulation Authority (PRA)<sup>2</sup> have published parallel consultation papers proposing the most significant overhaul of the UK securitisation framework since Brexit. Together, the consultation papers span conduct, disclosure, due diligence and prudential capital requirements. This article sets out the key proposals and their potential impact on the securitisation market.

## **DUE DILIGENCE**

The FCA (in CP26/6)<sup>3</sup> and PRA (in CP2/26)<sup>4</sup> jointly propose replacing the current prescriptive due diligence framework with more principles-based obligations. The FCA is the primary vehicle for these conduct rules, which apply to FCA-regulated institutional investors; the PRA's parallel proposals apply to PRA-authorized firms.

## **The Proposals**

The key proposals are:

- to remove the credit-granting verification requirements and instead require investors to consider credit-granting standards in a proportionate manner and form their own view as to whether they are robust enough to suit their risk appetite;
- where the originator is UK-based, to remove the requirement to verify compliance with risk retention;
- where the originator is not UK-based, to reframe the risk retention verification requirement so that investors are required to verify that the

---

\* The authors, attorneys with Cadwalader, Wickersham & Taft LLP, may be contacted at [alix.prentice@cwt.com](mailto:alix.prentice@cwt.com) and [assia.damianova@cwt.com](mailto:assia.damianova@cwt.com), respectively.

<sup>1</sup> <https://www.fca.org.uk/publication/consultation/cp26-6.pdf>.

<sup>2</sup> <https://www.bankofengland.co.uk/prudential-regulation/publication/2026/february/reforms-to-securitisation-requirements-consultation-paper>.

<sup>3</sup> Chapter 3.

<sup>4</sup> Proposal 1.

originator maintains a sufficient and appropriate alignment of commercial interest with investors on an ongoing basis. This may be achieved through a 5% material net economic interest or through alternative mechanisms such as performance-linked management fees. An updated Supervisory Statement (SS10/18)<sup>5</sup> will include guidance on how PRA-authorized firms should appraise originators' proposed alignment of interest; the FCA will similarly update its guidance for FCA-regulated investors;

- to remove the prescriptive list of information that an investor must verify has been provided to them and to instead introduce a more general rule that requires the investor to ensure that the originator makes available sufficient information to enable the investor to independently assess the risks of a securitisation position, and commits to making further information available on an ongoing basis. Again, it is expected that the PRA and FCA will provide guidance on the type of information that investors should seek;
- to remove the requirement for investors to verify compliance with STS status of a securitisation.

Ongoing monitoring obligations remain but are simplified. Detailed requirements (for example, prescribed stress testing and management reporting formats) are removed. Investors must instead maintain written procedures and monitor positions on a basis proportionate to the risk profile of the securitisation position.

### **Market Impact**

The proposed due diligence reforms will be welcomed by investors. The existing regime is seen by many investors as being highly prescriptive – adding significant complexity and associated compliance costs. A more principles-based approach should offer more flexibility to UK investors and, for example, would allow UK investors to invest in a broader range of non-UK securitisations including U.S. CLOs.

## **TRANSPARENCY**

### **The Proposals**

The FCA (in CP26/6)<sup>6</sup> leads on the transparency reforms. The key proposals are:

---

<sup>5</sup> No timetable is provided yet.

<sup>6</sup> Chapter 4.

- to remove the reporting templates from the PRA Rulebook and instead have the reporting templates in the FCA's SECN sourcebook;
- to remove the prescriptive (and non-exhaustive) list of documents required to be made available to investors and instead require the provision of the offering document, prospectus or term sheet together with the transaction documents;
- to remove the requirement of a separate transaction summary when there is no prospectus;
- to remove the prescribed templates for investor reports, inside information reports, significant event reports and underlying exposure reports for credit cards, commercial real estate, corporate, and esoteric exposures and instead specify the type of information that must be included.

The FCA questioned whether a dedicated and simpler reporting template for CLOs should be introduced:

- to remove the template for ABCP transactions and to introduce a revised disclosure framework for ABCP securitisations;
- to remove the distinction between public and private securitisations for the purposes of the transparency requirements; and
- to remove the requirement that reporting be made available by means of a securitisation repository and instead require that information be made available in an accessible manner.

### **Market Impact**

The transparency proposals represent a significant part of the reform package. The existing regime involving prescriptive templates and formats was designed to promote standardisation and comparability, but in practice imposes material compliance costs, does not always reflect the needs of investors and is viewed as disproportionately burdensome. The shift to a principles-based approach is designed to reduce compliance costs, potentially attracting new originators to the securitisation markets.

The emerging divergence between the UK and EU securitisation regimes is likely to increase execution complexity for cross-border transactions. Under the UK proposals, a more principles-based approach to due diligence and disclosure could enable UK institutional investors to participate more readily in transactions that do not follow EU reporting templates.

On the other hand, EU investors are expected to remain subject to more prescriptive verification requirements under the proposed amendments to the

EU Securitisation Regulation and related prudential rules. In practice, arrangers marketing transactions across both jurisdictions may need to calibrate disclosure to the higher EU standard, or adopt parallel compliance strategies where a single disclosure framework is not feasible.

## RESECURITISATIONS

### The Proposals

The PRA and the FCA acknowledge that a broad ban on resecuritisation inadvertently restricts manufacturers from undertaking specific transactions that do not pose the same level of complexity and opacity of resecuritisations witnessed during the financial crisis. Both the FCA<sup>7</sup> and PRA<sup>8</sup> therefore propose two targeted exemptions to the prohibition on resecuritisations:

- resecuritisations created solely by tranching credit protection on underlying exposures; and
- resecuritisations of senior securitisation positions.

Guardrails include:

- (1) PRA-authorized originators;
- (2) alignment of originator and retainer roles where applicable;
- (3) a single-round resecuritisation structure; and
- (4) homogeneous asset class requirements.

The exemptions may only be used once and cannot be combined or used for further resecuritisations involving the same underlying positions.

The PRA proposes modified capital treatment for qualifying resecuritisations. For tranching-credit-protection resecuritisations, credit-risk-mitigation effects would be disregarded;<sup>9</sup> for resecuritisations of senior positions, exposures would be treated as pro-rata slices of the underlying assets, subject to an alternative risk-weight framework including a floor lower than the existing CRR Article 269 treatment.<sup>10</sup>

The PRA and the FCA<sup>11</sup> also propose an amendment to the definition of resecuritisation to exclude contiguous retransching (where two or more contiguous tranches of a securitisation are combined into one tranche or a tranche is split into two or more tranches).

---

<sup>7</sup> Chapter 6.

<sup>8</sup> Proposal 4.

<sup>9</sup> Exemption 1 under Proposal 4.

<sup>10</sup> Exemption 2 under Proposal 4.

<sup>11</sup> Chapter 6.9.

**Market Impact**

The limited exemptions provide modest flexibility for structured finance participants to reuse senior tranches or create credit protection structures, potentially enhancing liquidity.

**CREDIT GRANTING****The Proposals**

The FCA's CP26/6<sup>12</sup> includes a dedicated chapter providing further clarity on the application of the credit-granting criteria rules. The FCA proposes guidance to assist manufacturers and investors in understanding how the credit-granting standards apply in practice, including in the context of acquired portfolios and non-standard lending models. The PRA<sup>13</sup> also proposes clarifications in this rule with the aim of preventing exposures of lower underwriting quality being created with the sole purpose of them being securitised.

**Market Impact**

These proposals provide greater clarity and certainty to manufacturers and the broader market regarding the minimum underwriting quality of loans that are to be securitised.

**RISK RETENTION****The Proposals**

Both the FCA and PRA propose introducing an additional "L-shaped" risk-retention modality, combining a first-loss (horizontal) element with a vertical slice. The combined retention must equal at least 5% of the nominal value of the securitised exposures. When multiple retainers are involved, each must hold the net economic interest on a pro-rata basis and in the same proportions across both components of the L-shaped structure.

**Market Impact**

This proposal gives originators more flexibility to demonstrate alignment with investors in a way that reflects the specific economics of a transaction. Notably, the holding of a vertical strip with a horizontal first-loss piece is closer to how CLO managers take on their economic exposure to the CLO in practice.

**SCOPE OF SECURITISATION RULES**

The FCA's CP26/6<sup>14</sup> also includes a discussion chapter on the scope of application of the securitisation rules. The FCA sought views as to whether the

---

<sup>12</sup> Chapter 7.

<sup>13</sup> Proposal 5.

<sup>14</sup> Chapter 10.

current scope — including which entities and transactions fall within the regime — remains appropriate, and as to whether any adjustments would better serve the policy objectives of the framework. This is a discussion topic rather than a firm proposal at this stage. Specifically, the FCA solicited feedback on CLOs, whole business securitisations and correlation trading portfolios.

### **CONSULTATION RESPONSE DEADLINES AND NEXT STEPS**

The consultations closed on 18 May 2026; final rules are expected later in the year with implementation anticipated in Q2 2027.