

**Separation Requirements**

1. Banks participating in a securitisation transaction as a seller, manager, servicer or provider of credit enhancement or liquidity facilities shall not:
  - (a) own any share capital in the SPV, or be the beneficiary of the trust, used as a vehicle for the purchase and securitisation of assets. Share capital for this purpose includes all classes of common and preferred share capital;
  - (b) name the SPV in such manner as to imply any connection with the bank;
  - (c) have any directors, officers or employees on the board of the SPV unless the board is made up of at least three members and where there is a majority of independent directors. In addition, the official(s) representing the bank must not have veto powers;
  - (d) directly or indirectly control the SPV; or
  - (e) support any losses arising from the securitisation transaction or by investors involved in it (except under conditions for the provision of credit enhancement facilities as outlined in section 8 and Annex D to this Notice) or bear any of the recurring expenses of the transaction. The bank may however enter into interest rate or currency swap arrangements on market terms with the SPV, either directly or through a third party.