

## SCHEDULE 1

Article 37(2)

### Information to be contained in a resolution plan

#### Impediments to the effectiveness of resolution action

1. A resolution plan must—
  - (a) identify and assess any material impediments to the effectiveness of [<sup>F1</sup>the application of resolution tools or the exercise of resolution powers] or the achievement of the resolution objectives; and
  - (b) unless the Bank determines that it is unnecessary or disproportionate, outline action that could be taken to address the impediments in accordance with [<sup>F2</sup>Part 6].

#### Textual Amendments

- F1** Words in Sch. 1 para. 1(a) substituted (31.12.2020) by The Bank Recovery and Resolution and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1394), reg. 1(2), Sch. 3 para. 117(2)(a); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in Sch. 1 para. 1(b) substituted (31.12.2020) by The Bank Recovery and Resolution and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1394), reg. 1(2), Sch. 3 para. 117(2)(b); 2020 c. 1, Sch. 5 para. 1(1)

#### The context for resolution action

- 2.—(1) In drawing up a resolution plan the Bank must have regard to the different circumstances under which the relevant institution may fail or be likely to fail.
- (2) The circumstances to which the Bank must have regard include the following—
- (a) that there is a situation of widespread financial instability or an occurrence of events which pose systemic risk; and
  - (b) that there is no such a situation or occurrence.
- (3) In drawing up a resolution plan the Bank must not assume that the relevant institution will be in receipt of—
- (a) extraordinary public financial support other than financing arrangements made in accordance with [<sup>F3</sup>section 228 or 229 of the Banking Act 2009];
  - (b) emergency liquidity assistance <sup>M1</sup>; or
  - (c) any other liquidity assistance provided by the Bank under non-standard collateralisation, tenor and interest rate terms.

#### Textual Amendments

- F3** Words in Sch. 1 para. 2(3)(a) substituted (31.12.2020) by The Bank Recovery and Resolution and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1394), reg. 1(2), Sch. 3 para. 117(3); 2020 c. 1, Sch. 5 para. 1(1)

#### Marginal Citations

- M1** For the meaning of “extraordinary public financial support” and “emergency liquidity assistance” see the recovery and resolution directive, Article 2.1, points (28 and (29).

### **Application for the use of the Bank's facilities**

3.—(1) A resolution plan must contain an analysis of the conditions under which the relevant institution may apply for the use of the Bank's facilities.

(2) The analysis must—

- (a) take account of the different circumstances set out in the plan under which the institution may fail or be likely to fail; and
- (b) identify the assets of the institution which would be expected to qualify as collateral for the use of the Bank's facilities.

### **Options for applying the resolution tools and exercising the resolution powers**

4.—(1) A resolution plan must set out (in addition to the analysis made under paragraph 3) options for applying the resolution tools and exercising the resolution powers or taking insolvency proceedings in respect of the relevant institution.

(2) The plan must include—

- (a) a summary of its key elements;
- (b) a summary of any material changes to the institution, including any change to its legal or organisational structure or its business or financial position, which has occurred since the preparation of the plan or the date on which the plan was last revised;
- (c) a demonstration of how the institution's core business lines and critical functions could be separated, legally or economically, in order to secure continuity in the event of the failure of the institution;
- (d) an estimation of the time required for the execution of each material element of the plan;
- (e) a detailed description of the assessment of resolvability made by the Bank in accordance with Chapter 1 of Part 6;
- (f) a description of any measures required by the Bank for addressing or removing impediments to resolvability in accordance with Chapter 3 of Part 6;
- (g) a description of the process for determining the value and marketability of the institution's assets, core business lines and critical functions;
- (h) a detailed description of the arrangements made for ensuring that information required by the Bank for drawing up and implementing the plan is kept up to date and can be provided by the institution at any time;
- (i) an explanation of how options for applying the resolution tools and exercising the resolution powers could be financed (without the assumption that the institution would be in receipt of the support or assistance referred to in paragraph 2(3));
- (j) a detailed description of the different strategies that could be adopted for applying the resolution tools and exercising the resolution powers according to the different circumstances under which the institution may fail or be likely to fail and any time constraints that may be applicable;
- (k) a description of factors which are critically inter-related;
- (l) an description of the available options for maintaining access to payments and clearing services and other relevant infrastructure;
- (m) an assessment of the portability of clients' positions;
- (n) an analysis of the impact that the implementation of the plan would have on the employees of the institution, including an assessment of costs associated with such impact;

- (o) a description of procedures envisaged for consulting employees when applying the resolution tools and exercising the resolution powers, taking account of applicable arrangements for dialogue, including dialogue with trade unions and workers' representatives;
  - (p) a plan for media and public communication;
  - (q) the minimum requirement for own funds and eligible liabilities determined in accordance with Chapter 1 of Part 9 and, where applicable, a deadline for meeting that requirement [<sup>F4</sup>that is set having regard to the deadline set to ensure compliance with the rules relied upon by the United Kingdom for transposition of Article 104b of [Directive 2013/36/EU](#)];
  - (r) where applicable, the minimum requirement for own funds and contractual bail-in instruments (within the meaning given in article 148(3)) and a deadline for meeting that requirement [<sup>F5</sup>that is set having regard to the deadline set to ensure compliance with the rules relied upon by the United Kingdom for transposition of Article 104b of [Directive 2013/36/EU](#)];
  - (s) a description of the institution's operations and systems which are essential for the maintaining in working order its infrastructure, information technology and other operational processes; and
  - (t) any opinion expressed by the institution about any of these elements or any other matter included in the plan.
- (3) Where appropriate and reasonably practicable, the elements of the plan set out in subparagraph (2) are to be quantified.

**Textual Amendments**

- F4** Words in Sch. 1 para. 4(2)(q) inserted (28.12.2020) by [The Bank Recovery and Resolution \(Amendment\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1350\)](#), regs. 1(2), **58**
- F5** Words in Sch. 1 para. 4(2)(r) inserted (28.12.2020) by [The Bank Recovery and Resolution \(Amendment\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1350\)](#), regs. 1(2), **58**

**Changes to legislation:**

There are currently no known outstanding effects for the The Bank Recovery and Resolution (No. 2) Order 2014, SCHEDULE 1.