

[<sup>F1</sup>SCHEDULE A1

Articles 7(3), 13(1) & 19(2)

Information to be contained in a recovery plan or group recovery plan

**Textual Amendments**

**F1** Sch. A1 inserted (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. 116**; 2020 c. 1, Sch. 5 para. 1(1)

1. In this Schedule—
  - (a) “entity” means, in relation to the drawing up of—
    - (i) a recovery plan for an institution, the institution;
    - (ii) a group recovery plan for a relevant group, the group entities;
  - (b) except where provision is made to the contrary, “plan” means a recovery plan or a group recovery plan.
2. A plan must include—
  - (a) a summary of its key elements and a summary of the overall capacity of the entity to restore its financial position following a significant deterioration;
  - (b) a summary of any material changes to the entity, including any change to its legal or organisational structure or its business or financial position, which has occurred since the date on which the plan was last revised;
  - (c) a communication and disclosure plan outlining how the entity intends to manage any potentially negative market reactions;
  - (d) a range of capital and liquidity actions required to maintain or restore the viability and financial position of the entity;
  - (e) an estimation of the time required for the execution of each material aspect of the plan;
  - (f) a detailed description of any material impediment to the effective and timely execution of the plan, including consideration of the impact on the rest of the group (where applicable), customers and counterparties;
  - (g) identification of critical functions;
  - (h) a detailed description of the processes for determining the value and marketability of the core business lines, operations and assets of the entity;
  - (i) a detailed description of how recovery planning is integrated into the corporate governance structure of the entity as well as the policies and procedures governing the approval of the plan and identification of the persons in the organisation responsible for preparing and implementing the plan;
  - (j) arrangements and measures to conserve or restore the entity's own funds;
  - (k) arrangements and measures to ensure that the entity has adequate access to contingency funding sources, including potential liquidity sources, an assessment of available collateral and an assessment of the possibility of transferring liquidity across group entities and business lines, to ensure that it can continue to carry out its operations and meet its obligations as they fall due;
  - (l) arrangements and measures to reduce risk and leverage;
  - (m) arrangements and measures to restructure liabilities;
  - (n) arrangements and measures to restructure business lines;

- (o) arrangements and measures necessary to maintain continuous access to financial markets infrastructures;
  - (p) arrangements and measures necessary to maintain the continuous functions of the entity's operational processes, including infrastructure and information technology services;
  - (q) preparatory arrangements to facilitate the sale of assets or business lines in a time-frame appropriate for the restoration of financial soundness;
  - (r) any other management actions or strategies to restore financial soundness and the anticipated financial effect of those actions or strategies;
  - (s) preparatory measures that the entity has taken or plans to take in order to facilitate the implementation of the plan, including those necessary to enable the timely recapitalisation of the entity;
  - (t) a framework of indicators which identifies the points at which appropriate actions referred to in the plan may be taken.
- 3.** The plan must provide for measures to be taken by the entity to restore its financial position following a significant deterioration of its financial situation.
- 4.** In drawing up the plan the entity must not assume any access to or receipt of extraordinary public financial support.
- 5.** The plan must include, where applicable, an analysis of the conditions under which the entity may apply for the use of the Bank's facilities.
- 6.** The analysis must identify the assets of the entity which would be expected to qualify as collateral for the use of the Bank's facilities.
- 7.** The plan must include possible measures which could be taken by the entity where the conditions for early intervention are met.
- 8.** The plan must include appropriate conditions and procedures to ensure the timely implementation of recovery actions as well as a wide range of recovery options.
- 9.** The plan must contemplate a range of scenarios of severe macroeconomic and financial stress relevant to the entity's specific conditions including system-wide events and stress specific to individual legal persons and to groups.
- 10.** The plan must provide evidence that the management body of the entity has assessed and approved it before submitting it to the appropriate regulator.
- 11.** The plan must include an appropriate framework of indicators established by the entity which identifies the points at which appropriate actions referred to in the plan may be taken.
- 12.** The indicators may be of a qualitative or quantitative nature relating to the entity's financial position and shall be capable of being monitored easily.
- 13.** The plan must provide details of appropriate arrangements which the entity has put in place for the regular monitoring of the indicators.
- 14.** An entity may—
- (a) take action under its plan where the relevant indicator has not been met, but where the management body of the entity considers action to be appropriate in the circumstances; or
  - (b) refrain from taking such an action where the relevant indicator has been met, but the management body of the entity does not consider action to be appropriate in the circumstances.
- 15.** The entity must without delay notify the appropriate regulator of a decision under paragraph 14(a) or (b).]

**Changes to legislation:**

There are currently no known outstanding effects for the The Bank Recovery and Resolution (No. 2) Order 2014, SCHEDULE A1.