RECOVERY AND RESOLUTION DIRECTIVE INSTRUMENT 2015

Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the following sections of the Financial Services and Markets Act 2000 (“the Act”):

(1) section 137A (The FCA’s general rules);
(2) section 137T (General supplementary powers);
(3) section 139A (Power of the FCA to give guidance);
(4) section 192J (Rules requiring provision of information by parent undertakings); and
(5) section 192JB (Rules requiring parent undertakings to facilitate resolution).

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force as follows:

(1) Part 2 of Annex B (IFPRU) comes into force on 1 January 2016; and
(2) the remainder of this instrument comes into force on 19 January 2015.

Amendments to the FCA Handbook

D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below.

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary of definitions</td>
<td>Annex A</td>
</tr>
<tr>
<td>Prudential sourcebook for Investment Firms (IFPRU)</td>
<td>Annex B</td>
</tr>
<tr>
<td>Supervision manual (SUP)</td>
<td>Annex C</td>
</tr>
</tbody>
</table>

Notes

E. In the Annexes to this instrument, the “notes” (indicated by “Note:”) are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Recovery and Resolution Directive Instrument 2015.

By order of the Board of the Financial Conduct Authority
15 January 2015
Annex A

Amendments to the Glossary of definitions

Insert the following new definitions in the appropriate alphabetical positions. The text is new and is not underlined.

**core business lines**

business lines and associated services which represent material sources of revenue, profit or franchise value for an *RRD institution* or an *RRD group*.

*[Note: article 2(1)(36) of RRD]*

**critical functions**

activities, services or operations the discontinuance of which is likely, in one or more *EEA States*, to lead to the disruption of essential services to the real economy or to disrupt financial stability due to the:

(a) size;

(b) market share;

(c) external and internal interconnectedness;

(d) complexity; or

(e) cross-border activities,

of an *RRD institution* or *RRD group*, particularly bearing in mind the substitutability of those activities, services or operations.

*[Note: article 2(1)(35) of RRD]*

**EEA parent undertaking**

(a) an *EEA parent institution*; or

(b) an *EEA parent financial holding company*; or

(c) an *EEA parent mixed financial holding company*.

*[Note: article 2(1)(85) of RRD]*

**extraordinary public financial support**

State aid within article 107(1) of the *Treaty*, or any other public financial support at supra-national level, which, if given at national level, would constitute state aid that is given to preserve or restore the viability, liquidity or solvency of any member of an *RRD group*.

*[Note: article 2(1)(28) of RRD]*

**group recovery plan**

a document which provides for measures to be taken in relation to an *RRD group*, or any *RRD institution* in the group, to achieve the stabilisation of the *group* as a whole, in cases of financial stress, to address or remove the causes of the stress and restore the financial
position of the group or the RRD institution.

[Note: articles 2(1)(33) and 7(4) of RRD]

**MiFID II**


**MiFIR**


**Qualifying parent undertaking**

has the meaning in section 192B (meaning of “qualifying parent undertaking”) of the Act which, in summary, is a parent undertaking of:

(a) an authorised person that is a body corporate incorporated in the UK where the parent undertaking is:

(i) a PRA-authorised person; or

(ii) an investment firm; or

(b) a recognised investment exchange that is not an overseas investment exchange;

where the parent undertaking is:

(c) a body corporate which:

(i) is incorporated in the UK; or

(ii) has a place of business in the UK;

(d) not an authorised person, a recognised investment exchange or a recognised clearing house; and

(e) any of the following:

(i) an insurance holding company;

(ii) a financial holding company;

(iii) a mixed financial holding company;

(iv) for certain purposes, a mixed-activity holding company.

**Recovery capacity**

the capability of an RRD institution to restore its financial position.
following a significant deterioration.

[Note: article 2(1)(103) of RRD]

Recovery plan a document which provides for measures to be taken by an RRD institution which is not subject to supervision on a consolidated basis to restore its financial position following a significant deterioration of its financial situation.

[Note: articles 2(1)(32) and 5 of RRD]

Resolution authority (a) (in the UK) the Bank of England; or
(b) (in another EEA State) an authority designated as a resolution authority by that EEA State under article 3 of RRD.

[Note: article 2(1)(18) of RRD]


RRD early intervention condition the requirements of:
(a) the EU CRR; or
(b) the laws, regulations and administrative provisions necessary to comply with CRD; or
(c) the laws, regulations and administrative provisions necessary to comply with title II of MiFID II; or
(d) articles 3 to 7, 14 to 17, 24, 25 and 26 of MiFIR.

[Note: article 27(1) of RRD]

RRD group a group that:
(a) includes an RRD institution; and
(b) is headed by an EEA parent undertaking.

RRD group financial support agreement an agreement to give financial support to an RRD institution which, at any time after the agreement has been concluded, has infringed an RRD early intervention condition or is likely to infringe one of those conditions in the near future.

RRD group member a member of an RRD group that is:
(a) an **RRD institution**; or

(b) a **financial institution**; or

(c) a **financial holding company**; or

(d) a **mixed financial holding company**.

**RRD institution**

(a) a **credit institution**; or

(b) an **investment firm** that is subject to the *initial capital* requirement in article 28(2) of the **CRD** (a €730k **investment firm**).

[**Note:** article 2(1)(23) of **RRD**]

**significant branch**

a **branch** that would be considered significant in a **Host State** under article 51(1) of **CRD**.

[**Note:** article 2(1)(34) of **RRD**]

**write-down and conversion powers**

the powers referred to in article 59(2) and in points (e) to (i) of article 63(1) of **RRD**.

[**Note:** articles 2(1)(66) of **RRD**]
Annex B

Amendments to the Prudential sourcebook for Investment Firms (IFPRU)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise indicated.

Part 1: Comes into force on 19 January 2015

2 Supervisory processes and governance

... 

2.5 Recovery and resolution plans

2.5.1 A firm must have in place:

(1) recovery plans for the restoration of its financial situation following a significant deterioration; and

(2) viable resolution plans setting out options for the orderly resolution of the firm in the case of failure. [deleted]

2.5.2 For the purpose of IFPRU 2.5.1R, a firm must:

(1) cooperate closely with resolution authorities; and

(2) provide the resolution authorities with all information necessary for their preparation and drafting of the resolution plans. [deleted]

[Note: article 74(4) of CRD]

After IFPRU 10 insert the following new chapter. The text is not underlined.

11 Recovery and resolution

11.1 Application and purpose

Application

11.1.1 IFPRU 11 applies to:

(1) an IFPRU 730k firm that is not subject to supervision on a consolidated basis;

(2) a firm that is an RRD group member;

(3) a qualifying parent undertaking that is an RRD group member; and
a qualifying parent undertaking that is a mixed activity holding company of an IFPRU 730k firm.

11.1.2

(1) An IFPRU 730k firm that is not subject to supervision on a consolidated basis will not be an RRD group member.

(2) An IFPRU 730k firm may be subject to supervision on a consolidated basis by the FCA, the PRA or another competent authority.

Exclusion of PRA authorised persons and groups

11.1.3 R This chapter does not apply to:

(1) a PRA authorised person;

(2) an RRD group member that is:

(a) a qualifying parent undertaking of a PRA authorised person; and

(b) subject to supervision on a consolidated basis by the PRA; and

(3) a qualifying parent undertaking that is a mixed activity holding company of a PRA authorised person.

Exclusion of non-UK firms

11.1.4 R This chapter does not apply to:

(1) an incoming firm; or

(2) a firm that is incorporated in, or formed under the law of, a third country.

Purpose

11.1.5 G This chapter implements certain provisions of RRD.

Guidance on application

11.1.6 G (1) RRD applies to credit institutions and to investments firms with an initial capital requirement of €730,000. Together, these are referred to as RRD institutions in our rules.

(2) It also applies to financial institutions, financial holding companies and mixed financial holding companies within the same group as these institutions that are subsidiaries of an EEA parent undertaking. An EEA parent undertaking is an institution, a financial holding company or a mixed financial holding company in the EEA that is not itself a subsidiary of an institution, a financial holding company or a
mixed financial holding company in the EEA.

(3) A group of these types of institutions and group members is referred to as an RRD group in our rules and the members of an RRD group are referred to as RRD group members.

(4) If the group includes a BIPRU firm this firm will be an RRD group member because a BIPRU firm is a financial institution.

(5) Some parts of RRD also apply to mixed activity holding companies of RRD institutions.

(6) The table in IFPRU 11.1.7G summarises the application of IFPRU 11.

11.1.7 G The table below summarises whether a section of IFPRU 11 applies to a firm or qualifying parent undertaking:

<table>
<thead>
<tr>
<th>Section of IFPRU 11</th>
<th>(1) IFPRU 730k firm that is not subject to supervision on a consolidated basis</th>
<th>(2) firm or qualifying parent undertaking that is an EEA parent undertaking of an RRD group</th>
<th>(3) specific application to an IFPRU 730k firm that is a subsidiary of an EEA parent undertaking in another EEA State (note 1)</th>
<th>(4) firm or qualifying parent undertaking that is a subsidiary of an EEA parent undertaking of an RRD group</th>
<th>(5) qualifying parent undertaking that is a mixed activity holding company of an IFPRU 730k firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFPRU 11.1 (Application and purpose)</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>IFPRU 11.2 (Individual recovery plans)</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>IFPRU 11.3 (Group recovery plans)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>IFPRU 11.4 (Information for resolution plans)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>IFPRU 11.5</td>
<td>No</td>
<td>Yes</td>
<td>Yes –</td>
<td>Yes</td>
<td>Yes (note 2)</td>
</tr>
</tbody>
</table>
11.2 Individual recovery plans

Application

11.2.1 R This section applies to an IFPRU 730k firm that is not subject to supervision on a consolidated basis.

11.2.2 G This section applies differently depending on whether the firm is a significant IFPRU firm or a non-significant IFPRU firm as explained in the table below.

<table>
<thead>
<tr>
<th>Provisions of IFPRU 11.2</th>
<th>Who it applies to</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFPRU 11.2.4R to IFPRU 11.2.5G</td>
<td>All firms.</td>
</tr>
<tr>
<td>IFPRU 11.2.6R</td>
<td>Significant IFPRU firms only.</td>
</tr>
<tr>
<td>IFPRU 11.2.7R to IFPRU 11.2.8G</td>
<td>Non-significant IFPRU firms only.</td>
</tr>
<tr>
<td>IFPRU 11.2.9G to IFPRU 11.2.17R</td>
<td>All firms.</td>
</tr>
<tr>
<td>IFPRU 11.2.18R(1)</td>
<td>Significant IFPRU firms only.</td>
</tr>
<tr>
<td>IFPRU 11.2.18R(2)</td>
<td>Non-significant IFPRU firms only.</td>
</tr>
<tr>
<td>IFPRU 11.2.18R(3)</td>
<td>All firms.</td>
</tr>
</tbody>
</table>
IFPRU 11.2.19R

11.2.3  G  IFPRU 1.2 (significant IFPRU firm) explains the definition of a significant IFPRU firm.

Requirement to draw up and maintain a recovery plan

11.2.4  R  A firm must draw up and maintain a recovery plan.

[Note: article 5(1) of RRD]

11.2.5  G  A recovery plan is a governance arrangement for the purposes of SYSC 4.1.1R (General requirements).

Recovery plan for a significant IFPRU firm

11.2.6  R  If a firm is a significant IFPRU firm, its recovery plan must include the information in IFPRU 11 Annex 1R (Contents of recovery plans for significant IFPRU firms and group recovery plans for groups that include significant IFPRU firms).

[Note: article 5(5) of RRD]

Recovery plan for a non-significant IFPRU firm

11.2.7  R  If a firm is not a significant IFPRU firm, its recovery plan must include:

1. a summary of the key elements of the recovery plan;

2. information on the governance of the firm, including:
   a. how the recovery plan is integrated into the corporate governance of the firm; and
   b. the firm’s overall risk management framework;

3. a description of the legal and financial structures of the firm, including:
   a. the core business lines; and
   b. critical functions;

4. recovery options, including:
   a. capital and liquidity actions required to maintain or restore the viability and financial position of the firm; and
   b. arrangements and measures to conserve or restore the firm’s own funds;

5. an assessment of the expected timeframe for implementing recovery
options;

(6) a summary of the overall recovery capacity of the firm, including:

(a) the risks associated with recovery options;

(b) an analysis of any material impediments to the effective and timely execution of the recovery plan; and

(c) whether and how material impediments could be overcome;

(7) a summary of any material changes to the recovery plan since the previous version was sent to the FCA;

(8) preparatory measures the firm has taken or plans to take to help implement the recovery plan; and

(9) the measures which the firm could take if it has infringed an RRD early intervention condition or is likely to infringe one of those conditions in the near future.

[Note: articles (4)(1), 5(5) and Annex A of RRD]

11.2.8 G A firm should include additional information from IFPRU 11 Annex 1R (Recovery plans for significant IFPRU firms and group recovery plans for groups that include significant IFPRU firms) in its recovery plan where this information is material to its business.

[Note: article 5(5) of RRD]

Recovery options

11.2.9 G (1) When identifying recovery options, a firm should consider a range of scenarios of severe macroeconomic and financial stress relevant to the firm’s specific conditions.

(2) The range of scenarios should include system-wide events and stress specific to individual legal persons and groups.

[Note: article 5(6) of RRD]

Extraordinary public financial support

11.2.10 R A firm must not assume any access to, or receipt of, extraordinary public financial support in its recovery plan.

[Note: article 5(3) of RRD]

Use of central bank facilities

11.2.11 R If the recovery plan includes the use of central bank facilities, the firm must:
(1) include an analysis of how and when the firm may apply for the use of central bank facilities; and

(2) identify those assets which would be expected to qualify as collateral.

[Note: article 5(4) of RRD]

Recovery plan indicators

11.2.12 R A firm must:

(1) include a framework of indicators in its recovery plan which identify when it may take appropriate actions in the plan;

(2) ensure the recovery plan indicators can be monitored easily; and

(3) have arrangements to monitor the recovery plan indicators regularly.

11.2.13 G The recovery plan indicators may relate to the firm’s financial position and may be of a qualitative or a quantitative nature.

11.2.14 R Where the relevant indicator has not been met, a firm must decide whether or not it is appropriate to take action under its recovery plan.

11.2.15 R A firm must notify the FCA without delay of a decision to take an action referred to in its recovery plan or of a decision not to take action.

[Note: article 9(1) of RRD]

Assessment and review by the management body

11.2.16 R A firm must ensure its management body assesses and approves the recovery plan before sending it to the FCA.

[Note: article 5(9) of RRD]

11.2.17 R A firm must demonstrate to the FCA that:

(1) carrying out its recovery plan is reasonably likely to maintain or restore the viability and financial position of the firm, taking into account the preparatory measures that the firm has taken, or plans to take; and

(2) its recovery plan:

(a) is reasonably likely to be carried out quickly and effectively in situations of financial stress; and

(b) avoids, to the maximum extent possible, any significant adverse effect on the financial system, including in scenarios which would lead other RRD institutions to implement
recovery plans and group recovery plans at the same time.

[Note: article 6(1) of RRD]

Updating and submission of recovery plans

11.2.18 R (1) A significant IFPRU firm must update its recovery plan at least annually.

(2) A firm that is not a significant IFPRU firm must update its recovery plan at least once every two years.

(3) A firm must also update its recovery plan after a change to any of the following which could materially affect its recovery plan:

(a) its legal or organisational structure;
(b) its business; or
(c) its financial situation.

[Note: articles 4(1)(b) and 5(2) of RRD]

11.2.19 R A firm must send its recovery plan to the FCA in line with SUP 16.20 (Recovery plans and information for resolution plans).

[Note: article 6(1) of RRD]

11.3 Group recovery plans

Application

11.3.1 R This section applies to:

(1) a firm that is the EEA parent undertaking of an RRD group;
(2) a qualifying parent undertaking that is the EEA parent undertaking of an RRD group; and
(3) an IFPRU 730k firm that is the subsidiary of the EEA parent undertaking of an RRD group where:

(a) the EEA parent undertaking is an EEA parent financial holding company or an EEA parent mixed financial holding company that is incorporated in, or formed under, the law of an EEA state other than the United Kingdom; and
(b) the IFPRU 730k firm has the FCA as its consolidating supervisor.
11.3.2 G This section applies differently depending on whether the group includes a significant IFPRU firm or a non-significant IFPRU firm, as explained in the table below.

<table>
<thead>
<tr>
<th>Provisions of IFPRU 11.3</th>
<th>Who it applies to</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFPRU 11.3.4R to IFPRU 11.3.7R</td>
<td>All groups.</td>
</tr>
<tr>
<td>IFPRU 11.3.8R</td>
<td>Groups that include an IFPRU 730k firm that is a significant IFPRU firm and groups that do not include an IFPRU 730k firm only.</td>
</tr>
<tr>
<td>IFPRU 11.3.9R to IFPRU 11.3.10G</td>
<td>Non-significant IFPRU firm groups only.</td>
</tr>
<tr>
<td>IFPRU 11.3.11G to IFPRU 11.3.19R</td>
<td>All groups.</td>
</tr>
<tr>
<td>IFPRU 11.3.20R(1)(a)</td>
<td>Groups that include an IFPRU 730k firm that is a significant IFPRU firm and groups that do not include an IFPRU 730k firm only.</td>
</tr>
<tr>
<td>IFPRU 11.3.20R(1)(b)</td>
<td>Non-significant IFPRU firm groups only.</td>
</tr>
<tr>
<td>IFPRU 11.3.20R(2)</td>
<td>All groups.</td>
</tr>
<tr>
<td>IFPRU 11.3.21R</td>
<td>All groups.</td>
</tr>
</tbody>
</table>

11.3.3 G IFPRU 1.2 (Significant IFPRU firm) explains the definition of a significant IFPRU firm.

Requirement to draw up and maintain a group recovery plan

11.3.4 R A firm or qualifying parent undertaking must draw up and maintain a group recovery plan.

[Note: article 7(1) of RRD]

General requirements of the group recovery plan

11.3.5 R The group recovery plan must:

(1) consist of a plan for the recovery of the RRD group as a whole; and

(2) identify measures the group may need to implement at the level of:

(a) the EEA parent undertaking; and

(b) each individual subsidiary.
[Note: article 7(1) of RRD]

11.3.6 R The group recovery plan must include arrangements to ensure the coordination and consistency of measures for each RRD group member, including, where applicable, each significant branch.

[Note: article 7(4) of RRD]

11.3.7 R The group recovery plan must:

(1) aim to stabilise the RRD group as a whole and each RRD institution in the group, when the group, or any RRD institution in the group, is under financial stress;

(2) aim to address or remove the causes of the financial stress and restore the financial position of the group or the RRD institution in question; and

(3) at the same time consider the financial position of other group members.

[Note: article 7(4) of RRD]

Group recovery plan for a group that includes an IFPRU 730k firm that is a significant IFPRU firm or does not include an IFPRU 730k firm

11.3.8 R The group recovery plan must include the information in IFPRU 11 Annex 1R (Recovery plans for significant IFPRU firms and group recovery plans for groups that include significant IFPRU firms) if the RRD group:

(1) includes an IFPRU 730k firm that is a significant IFPRU firm; or

(2) does not include an IFPRU 730k firm.

[Note: articles 5(5) and 7(5) of RRD]

Group recovery plan for a group that includes an IFPRU 730k firm that is not a significant IFPRU firm

11.3.9 R If the RRD group includes an IFPRU 730k firm that is not a significant IFPRU firm (and does not include an IFPRU 730k firm that is a significant IFPRU firm) the group recovery plan must include:

(1) a summary of the key elements of the group recovery plan;

(2) information on the governance of the group, including:

   (a) how the group recovery plan is integrated into the corporate governance of the group; and

   (b) the group’s overall risk management framework;
(3) a description of the legal and financial structures of the group members covered by the plan, including:

(a) the core business lines; and

(b) critical functions;

(4) recovery options, including:

(a) capital and liquidity actions required to maintain or restore the viability and financial position of the group; and

(b) arrangements and measures to conserve or restore the own funds of each RRD institution in the group on an individual and a consolidated basis;

(5) an assessment of the expected timeframe for implementing recovery options;

(6) a summary of the overall capability of the group to restore its financial position following a significant deterioration, including:

(a) the risks associated with recovery options;

(b) an analysis of any material impediments to the effective and timely execution of the group recovery plan; and;

(c) whether and how those impediments could be overcome;

(7) a summary of any material changes to the group recovery plan since the previous version was sent to the FCA or other EEA consolidating supervisor;

(8) preparatory measures the group has taken, or plans to take, to help implement the group recovery plan; and

(9) the measures which the group could take if any RRD institution in the group infringes an RRD early intervention condition or is likely to infringe one of those conditions in the near future.

[Note: articles (4)(1), 5(5), 7(5) and Annex A of RRD]

11.3.10 G A firm or qualifying parent undertaking should include additional information from IFPRU 11 Annex 1R (Recovery plans for significant IFPRU firms and group recovery plans for groups that include significant IFPRU firms) in its group recovery plan where this information is material to the business of the group.

[Note: article 5(5) of RRD]

Recovery options
11.3.11 G (1) When identifying recovery options, a firm or qualifying parent undertaking should consider a range of scenarios of severe macroeconomic and financial stress relevant to the group’s specific conditions.

(2) The range of scenarios should include system-wide events and stress specific to individual legal persons and groups.

(3) For each of the scenarios in (1), a group recovery plan should identify whether there are:

(a) obstacles to implementing recovery measures within the group, including at the level of individual members covered by the plan; and

(b) substantial practical or legal impediments to the prompt transfer of own funds or the repayment of liabilities or assets within the group.

[Note: articles 5(6) and 7(6) of RRD]

Extraordinary public financial support

11.3.12 R A firm or qualifying parent undertaking must not assume any access to, or receipt of, extraordinary public financial support in its group recovery plan.

[Note: articles 5(3) and 7(5) of RRD]

Use of central bank facilities

11.3.13 R If the group recovery plan includes the use of central bank facilities, the firm or qualifying parent undertaking must:

(1) include an analysis of how and when members of the group may apply for the use of central bank facilities; and

(2) identify those assets which would be expected to qualify as collateral.

[Note: articles 5(4) and 7(5) of RRD]

Group recovery plan indicators

11.3.14 R A firm or qualifying parent undertaking must:

(1) include a framework of indicators in its group recovery plan which identify when it, or another group member, may take appropriate actions in the plan;

(2) ensure the group recovery plan indicators can be monitored easily; and
(3) have arrangements to monitor the group recovery plan indicators regularly.

11.3.15 G The group recovery plan indicators may relate to the group’s financial position and may be of a qualitative or a quantitative nature.

11.3.16 R Where the relevant indicator has not been met, a firm or qualifying parent undertaking must decide whether or not it is appropriate to take action under the group recovery plan.

11.3.17 R A firm or qualifying parent undertaking must notify the FCA without delay of a decision to take an action referred to in the group recovery plan or of a decision not to take action.

[Note: article 9(1) of RRD]

Assessment and review by the management body of the EEA parent undertaking

11.3.18 R (1) A firm that is an EEA parent undertaking or a qualifying parent undertaking must ensure that its management body assesses and approves the group recovery plan before sending it to its consolidating supervisor.

(2) An IFPRU 730k firm that is not an EEA parent undertaking must ensure the management body of its EEA parent undertaking assesses and approves the group recovery plan before the IFPRU 730k firm sends it to its consolidating supervisor.

[Note: article 7(7) of RRD]

11.3.19 R A firm or qualifying parent undertaking must demonstrate to its consolidating supervisor that:

(1) carrying out its group recovery plan is reasonably likely to maintain or restore the viability and financial position of RRD institutions in the group, taking into account the preparatory measures that the group has taken, or plans to take; and

(2) its group recovery plan:

(a) is reasonably likely to be carried out quickly and effectively in situations of financial stress; and

(b) avoids, to the maximum extent possible, any significant adverse effect on the financial system, including in scenarios which would lead other RRD institutions to implement recovery plans and group recovery plans at the same time.

[Note: article 6(1) of RRD]

Updating and submission of group recovery plans
11.3.20 R (1) A firm or qualifying parent undertaking must update the group recovery plan at least:

(a) annually, if the group:

(i) includes an IFPRU 730k firm that is a significant IFPRU firm; or

(ii) does not include an IFPRU 730k firm; or

(b) once every two years, if the group includes an IFPRU 730k firm that is not a significant IFPRU firm.

(2) A firm or qualifying parent undertaking must also update its group recovery plan after a change to any of the following which could materially affect the group recovery plan:

(a) its legal or organisational structure;

(b) its business; or

(c) its financial situation.

[Note: articles 4(1)(b), 5(2) and 7(5) of RRD]

11.3.21 R (1) A firm or qualifying parent undertaking must send the group recovery plan to its EEA consolidating supervisor.

(2) Where the consolidating supervisor is the FCA, a firm or qualifying parent undertaking must send the group recovery plan in line with SUP 16.20 (Recovery plans and information for resolution plans).

[Note: articles 6(1) and 7(1) of RRD]

11.4 Information for resolution plans

Application

11.4.1 R This section applies to:

(1) an IFPRU 730k firm that is not subject to supervision on a consolidated basis;

(2) a firm that is the EEA parent undertaking of an RRD group;

(3) a qualifying parent undertaking that is the EEA parent undertaking of an RRD group; and

(4) an IFPRU 730k firm that is the subsidiary of the EEA parent undertaking of an RRD group:
(a) where the EEA parent undertaking is an EEA parent financial holding company or an EEA parent mixed financial holding company that is incorporated in, or formed under, the law of an EEA state other than the United Kingdom; and

(b) the IFPRU 730k firm has the FCA as its consolidating supervisor.

11.4.2 R This section only applies if the Bank of England is the resolution authority of the firm or group.

Submission of resolution plan information

11.4.3 R A firm or qualifying parent undertaking must send the information in IFPRU 11 Annex 2R (Resolution plan information) to the FCA in line with SUP 16.20 (Recovery plans and information for resolution plans).

[Note: article 11(1)(b) of RRD]

Notification of material change to resolution plan information

11.4.4 R A firm or qualifying parent undertaking must notify the FCA without delay of a change to any of the following which could have materially affect the information in IFPRU 11 Annex 2R (Resolution plan information):

(1) its legal or organisational structure;

(2) its business; or

(3) its financial situation.

[Note: article 10(6) second paragraph of RRD]

11.5 Intra-group financial support

Application

11.5.1 R This section applies to:

(1) a firm that is an RRD group member;

(2) a qualifying parent undertaking that is an RRD group member; and

(3) a qualifying parent undertaking that is a mixed activity holding company of an IFPRU 730k firm in an RRD group.

Scope of financial support covered by IFPRU 11.5

11.5.2 G (1) This section applies where an RRD group member gives, or proposes to give, intra-group financial support using an RRD group financial
support agreement.

(2) It does not apply to other sorts of intra-group financial arrangements, including funding arrangements and the operation of centralised funding arrangements.

(3) It does not apply to financial support arrangements where none of the parties to the arrangement has infringed, or is likely to infringe, an RRD early intervention condition.

(4) A firm or qualifying parent undertaking does not have to use an RRD group financial support agreement to give financial support to another group member that has infringed, or is likely to infringe, an RRD early intervention condition.

(5) A firm or qualifying parent undertaking may give financial support on a case-by-case basis according to the group policies, if the support does not represent a risk for the whole group.

[Note: article 19(2) and (3) of RRD]

Summary of RRD intra-group financial support conditions

11.5.3 G (1) RRD recognises a specific form of intra-group financial support. This allows an RRD group member in one EEA State to give financial support to an RRD institution in its group in another EEA State, when that institution has infringed or is likely to infringe an RRD early intervention condition.

(2) To give this specific form of financial support an RRD group member must use an RRD group financial support agreement and satisfy the applicable conditions.

(3) If the RRD group member meets the applicable conditions, other EEA States will recognise this financial support.

(4) This section sets out the conditions which, in summary, are:

(a) the consolidating supervisor of the group approves the proposed RRD group financial support agreement (see IFPRU 11.5.7R to IFPRU 11.5.8G);

(b) the agreement complies with the conditions for entering into an RRD group financial support agreement (see IFPRU 11.5.9R to IFPRU 11.5.13G);

(c) the financial support complies with the conditions for giving financial support using an RRD group financial support agreement (see IFPRU 11.5.14R to IFPRU 11.5.15G);

(d) the management bodies of the relevant group members take the decision to give and receive financial support (see IFPRU
11.5.16R to IFPRU 11.5.17R);

(e) the relevant group members notify the relevant authorities of the intention to give financial support (see IFPRU 11.5.18R to IFPRU 11.5.21R); and

(f) the relevant group members make the relevant disclosures (see IFPRU 11.5.22R to IFPRU 11.5.23G).

RRD group financial support agreement

11.5.4 G An RRD group financial support agreement may:

(1) cover one or more subsidiaries of the group; and

(2) allow for financial support:

(a) from the parent undertaking to subsidiaries;

(b) from subsidiaries to the parent undertaking;

(c) between subsidiaries of the group that are party to the agreement; or

(d) between any combination of those group members.

[Note: article 19(5)(a) of RRD]

11.5.5 G An RRD group financial support agreement may allow for financial support:

(1) in the form of:

(a) a loan;

(b) a guarantee;

(c) the use of assets as collateral; or

(d) any combination of those forms; and

(2) in one or more transactions, including between the beneficiary of the support and a third party.

[Note: article 19(5)(b) of RRD]

11.5.6 G An RRD group financial support agreement may include a reciprocal agreement so the group member receiving financial support can give financial support to the group member agreeing to give financial support.

[Note: article 19(6) of RRD]

Approval of RRD group financial support agreements
11.5.7 R (1) The following must apply to their consolidating supervisor for approval of any proposed RRD group financial support agreement or of any amendment to that agreement:

(a) a firm that is the EEA parent undertaking of an RRD group;

(b) a qualifying parent undertaking that is the EEA parent undertaking of an RRD group; and

(c) an IFPRU 730k firm that is a subsidiary of an EEA parent undertaking of an RRD group:

(i) where the EEA parent undertaking is an EEA parent financial holding company or an EEA parent mixed financial holding company that is incorporated in, or formed under, the law of an EEA State other than the United Kingdom; and

(ii) has the FCA as its consolidating supervisor.

(2) An application for the approval or amendment of an RRD group financial support agreement must:

(a) include the proposed RRD group financial support agreement; and

(b) identify the members in the RRD group that are intended to be a party to the agreement.

[Note: article 20(1) of RRD]

11.5.8 G The FCA will not approve an RRD group financial support agreement unless:

(1) in its opinion, none of the parties has infringed an RRD early intervention condition or is likely to infringe one of those conditions in the near future;

(2) the agreement complies with the conditions for entering into an RRD group financial support agreement in IFPRU 11.5.9R to IFPRU 11.5.12R; and

(3) the terms of the proposed agreement are consistent with the conditions for giving financial support in IFPRU 11.5.14R.

[Note: articles 19(8), 20(1) and 20(3) of RRD]

Conditions for entering into an RRD group financial support agreement

11.5.9 R The parties to an RRD group financial support agreement must include:
(1) one or more of the following:
   (a) a parent institution in a Member State;
   (b) an EEA parent institution;
   (c) a financial holding company;
   (d) a mixed financial holding company;
   (e) a mixed activity holding company; and

(2) one or more subsidiaries of the group member in (1) which is an RRD institution or a financial institution.

11.5.10 R Before entering into an RRD group financial support agreement, a firm or qualifying parent undertaking must ensure that:

(1) the RRD group financial support agreement includes principles for the calculation of the consideration for any support made under it;

(2) these principles include a requirement that the consideration is set when the financial support is given;

(3) each party acts freely and in its own best interests in entering into the RRD group financial support agreement;

(4) each party acts in its own best interests in deciding the consideration for the financial support;

(5) each party giving financial support has full disclosure of relevant information from any party receiving financial support before deciding:
   (a) the consideration for the support; and
   (b) to give the support; and

(6) only the parties to the agreement can exercise any right, claim or action arising from the RRD group financial support agreement.

[Note: articles 19(7)(a) to (c) and 19(9) of RRD]

11.5.11 R When entering into the proposed RRD group financial support agreement, a firm or qualifying parent undertaking must ensure that none of the parties:

(1) has infringed an RRD early intervention condition; or

(2) is likely to infringe one of those conditions in the near future.

[Note: article 19(8) of RRD]
11.5.12 R (1) The principles for calculating the consideration for financial support do not need to take account of any anticipated temporary impact on market prices arising from events external to the group.

(2) The consideration for financial support may take account of information that the party giving the support has, based on:

(a) the party giving support being in the same group as the party receiving the support; and

(b) the information not being available to the market.

[Note: article 19(7)(d) and (e) of RRD]

11.5.13 G In deciding whether a party is acting in its own best interests, the party may take account of any direct or indirect benefit that may accrue to a party as a result of giving financial support.

[Note: article 19(7)(b) of RRD]

Conditions for giving group financial support using an RRD group financial support agreement

11.5.14 R A firm or qualifying parent undertaking must not give financial support using an RRD group financial support agreement unless it is satisfied that:

(1) there is a reasonable prospect that giving the support will significantly redress the financial difficulties of the group member receiving the support;

(2) the support has the objective of preserving or restoring the financial stability of:

(a) the group as a whole; or

(b) any members of the group;

(3) the support is in the interests of the group member giving the support;

(4) the support is given on terms which meet the conditions in IFPRU 11.5.9R to IFPRU 11.5.12R;

(5) there is a reasonable prospect, based on information available to the management body of the group member giving the support when it takes the decision to grant support, that:

(a) the consideration for the support will be paid;

(b) if the support is in the form of a loan, the group member receiving the support will reimburse the loan; and
(c) if the support is in the form of a guarantee or any form of security, the group member receiving the support will reimburse the amount of the guarantee or security if the guarantee or security is enforced;

(6) the support will not jeopardise the liquidity or solvency of the group member giving the financial support;

(7) the support will not create a threat to financial stability, in particular in the United Kingdom;

(8) the group member giving the support complies with the following when giving the support:
    (a) the requirements of the CRD relating to capital and liquidity;
    (b) any requirements imposed under article 104(2) (additional own funds requirements) of the CRD; and
    (c) the requirements relating to large exposures in the CRR and in the CRD;

(9) the support will not cause the group member giving the support to infringe any of the requirements in (8) as a result of giving the financial support; and

(10) the support will not undermine the resolvability of the group member giving the support.

[Note: article 23(1) of RRD]

11.5.15 G The FCA may modify or waive the requirements of IFPRU 11.5.14R(8) if the conditions in section 138A (modification or waiver of rules) of the Act are met.

[Note: article 23(1)(g) of RRD]

Decision to give and receive group financial support using an RRD group financial support agreement

11.5.16 R A firm or qualifying parent undertaking intending to give financial support must ensure that:

(1) its management body takes the decision to give group financial support using an RRD group financial support agreement; and

(2) it is a reasoned decision that sets out:
    (b) the objective of the proposed support; and
    (c) how the support complies with the conditions for giving group financial support using an RRD group financial support agreement.
support agreement in IFRPU 11.5.14R.

11.5.17 R A firm or qualifying parent undertaking intending to receive financial support must ensure that its management body takes the decision to accept the support using an RRD group financial support agreement.

[Note: article 24 of RRD]

Notice of intention to give financial support using an RRD group financial support agreement

11.5.18 R A firm or a qualifying parent undertaking intending to give financial support using an RRD group financial support agreement must ensure that its management body notifies:

(1) its competent authority;
(2) where different, its consolidating supervisor;
(3) where different, the competent authority of the group member receiving the financial support; and
(4) the EBA.

11.5.19 R A firm or a qualifying parent undertaking must:

(1) send a notice of an intention to give financial support before the financial support is given; and
(2) include in the notice:

(a) the reasoned decision referred to in IFRPU 11.5.16R of the management body of the group member intending to give the support; and

(b) details of the proposed financial support including a copy of the RRD group financial support agreement.

[Note: article 25(1) of RRD]

11.5.20 R An RRD group member may only give financial support using an RRD group financial support agreement if the FCA has:

(1) agreed to the giving of the support with restrictions; or
(2) agreed to the giving of the support without restrictions; or
(3) not prohibited the support within five business days of receiving a notice of intention to give financial support.

[Note: article 25(2) and (5) of RRD]
11.5.21 R An IFPRU 730k firm must ensure it sends the decision of its management body to give financial support to:

(1) its competent authority;
(2) where different, its consolidating supervisor;
(3) where different, the competent authority of the group member receiving the support; and
(4) the EBA.

[Note: article 25(6) of RRD]

Disclosure of group financial support using an RRD group financial support agreement

11.5.22 R A firm or qualifying parent undertaking must:

(1) make public:

(a) whether or not they have entered into an RRD group financial support agreement;
(b) a description of the general terms of any RRD group financial support agreement; and
(c) the names of the group members that are a party to the RRD group financial support agreement; and

(2) update the information in (1) at least annually.

[Note: article 26 of RRD]

11.5.23 G Regulations 431 to 434 of the EU CRR apply to the disclosures in IFPRU 11.5.22R.

[Note: article 26(1) of RRD]

11.6 Contractual recognition of bail-in

[to follow]

11.7 Notifications

Application

11.7.1 R This section applies to:
(1) an IFPRU 730k firm that is not subject to supervision on a consolidated basis;

(2) a firm that is an RRD group member;

(3) a qualifying parent undertaking that is an RRD group member; and

(4) a qualifying parent undertaking that is a mixed activity holding company of an IFPRU 730k firm.

Resolution notifications

11.7.2 R A firm or qualifying parent undertaking must notify the FCA immediately if its management body considers that any of the following have occurred:

(1) the assets of the firm or qualifying parent undertaking have become less than its liabilities; or

(2) the firm or qualifying parent undertaking is unable to pay its debts or other liabilities as they fall due; or

(3) there are objective reasons to support a determination that (1) or (2) will occur in the near future; or

(4) extraordinary public financial support is needed for the firm or qualifying parent undertaking, except if it takes any of forms allowed by section 7(5E) of the Banking Act 2009.

11.7.3 R A firm must also notify the FCA immediately if its management body considers that:

(1) the firm is failing to satisfy any of the threshold conditions, including due to the firm having incurred, or being likely to incur, losses that will deplete all, or a significant amount of, its own funds; or

(2) there are objective elements to support a determination that the firm will fail to satisfy any of the threshold conditions in the near future.

[Note: article 81(1) of RRD]

11.7.4 R A firm or qualifying parent undertaking must notify the FCA by sending an e-mail to its usual supervisory contact.

11 Annex 1R Recovery plans for significant IFPRU firms and group recovery plans for groups that include significant IFPRU firms

<p>| (1) | A summary of the key elements of the plan. |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>A summary of the overall recovery capacity or the capability of the group to restore its financial position following a significant deterioration.</td>
</tr>
<tr>
<td>3</td>
<td>A summary of the material changes to the firm or group since the most recently filed plan.</td>
</tr>
<tr>
<td>4</td>
<td>A communication and disclosure plan outlining how the firm or group intends to manage any potentially negative market reactions.</td>
</tr>
<tr>
<td>5</td>
<td>A range of capital and liquidity actions required to maintain or restore the viability and financial position of the firm or group.</td>
</tr>
<tr>
<td>6</td>
<td>An estimation of the timeframe for executing each material aspect of the plan.</td>
</tr>
<tr>
<td>7</td>
<td>A detailed description of any material impediment to the effective and timely execution of the plan, including consideration of impact on the rest of the group, customers and counterparties.</td>
</tr>
<tr>
<td>8</td>
<td>An identification of critical functions.</td>
</tr>
<tr>
<td>9</td>
<td>A detailed description of the processes for determining the value and marketability of the core business lines, operations and assets of the firm or group.</td>
</tr>
<tr>
<td>10</td>
<td>A detailed description of how recovery planning is integrated into the corporate governance structure of the firm or group.</td>
</tr>
<tr>
<td>11</td>
<td>The policies and procedures governing the approval of the plan.</td>
</tr>
<tr>
<td>12</td>
<td>An identification of the persons in the organisation responsible for preparing and implementing the plan.</td>
</tr>
<tr>
<td>13</td>
<td>The arrangements and measures to conserve or restore the own funds of the firm on an individual basis and, where applicable, on a consolidated basis.</td>
</tr>
<tr>
<td>14</td>
<td>The arrangements and measures to ensure that the firm or group has adequate access to contingency funding sources, including potential liquidity sources.</td>
</tr>
<tr>
<td>15</td>
<td>Where applicable, arrangements for intra-group financial support using an RRD group financial support agreement.</td>
</tr>
<tr>
<td>16</td>
<td>An assessment of available collateral.</td>
</tr>
<tr>
<td>17</td>
<td>An assessment of the possibility to transfer liquidity across group members and business lines, to ensure that the firm or group can carry on its operations and meet its obligations as they fall due.</td>
</tr>
<tr>
<td>18</td>
<td>Arrangements and measures to reduce risk and leverage.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>(19)</td>
<td>Arrangements and measures to restructure liabilities.</td>
</tr>
<tr>
<td>(20)</td>
<td>Arrangements and measures to restructure business lines.</td>
</tr>
<tr>
<td>(21)</td>
<td>Arrangements and measures necessary to maintain continuous access to financial markets infrastructures.</td>
</tr>
<tr>
<td>(22)</td>
<td>Arrangements and measures necessary to maintain the continuous functioning of the operational processes of the firm or group, including infrastructure and IT services.</td>
</tr>
<tr>
<td>(23)</td>
<td>Preparatory arrangements to facilitate the sale of assets or business lines in a timeframe appropriate for the restoration of financial soundness.</td>
</tr>
<tr>
<td>(24)</td>
<td>Other management actions or strategies to restore financial soundness and the anticipated financial effect of those actions or strategies.</td>
</tr>
<tr>
<td>(25)</td>
<td>Preparatory measures that the firm or group has taken, or plans to take, to facilitate the implementation of the plan, including those necessary to enable the timely recapitalisation of the firm or group.</td>
</tr>
<tr>
<td>(26)</td>
<td>A framework of indicators which identifies when the appropriate actions in the plan may be taken.</td>
</tr>
<tr>
<td>(27)</td>
<td>A wide range of recovery options.</td>
</tr>
<tr>
<td>(28)</td>
<td>Appropriate conditions and procedures to ensure the timely implementation of recovery actions.</td>
</tr>
<tr>
<td>(29)</td>
<td>The possible measures which could be taken by the firm or group if a firm or any RRD institution in a group has infringed an RRD early intervention condition or is likely to infringe one of those conditions in the near future.</td>
</tr>
<tr>
<td>(30)</td>
<td>A contemplation of a range of scenarios of severe macroeconomic and financial stress relevant to the specific conditions of the firm or group, including system-wide events and stress specific to individual legal persons and to groups.</td>
</tr>
<tr>
<td>(31)</td>
<td>For each of the scenarios in (30), a group recovery plan must identify whether there are:</td>
</tr>
<tr>
<td>(a)</td>
<td>obstacles to implementing recovery measures within the group, including at the level of individual members covered by the plan; and</td>
</tr>
<tr>
<td>(b)</td>
<td>substantial practical or legal impediments to the prompt transfer of own funds or the repayment of liabilities or assets within the group.</td>
</tr>
</tbody>
</table>

[Note: articles 5(4), 5(5), 5(6), 7(5), 7(6) and Annex A of RRD]
## Part A: Corporate structure and material legal entity information

<table>
<thead>
<tr>
<th>No</th>
<th>Heading</th>
<th>Required data/Detail required&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Group structure and key information on legal entities</td>
<td>An overview diagram of the material legal entities of the group and the ownership structure.</td>
</tr>
</tbody>
</table>
|    | 1.1 Group structure                           | *Group structure charts identifying:*  
  • the material legal entities in the group;  
  • the jurisdiction of those entities;  
  • the relative size of those entities, by showing amount of revenue generated in each entity, assets and total risk exposure amounts held in each entity; and  
  • the total number of material legal entities in the group.  

*Group* consolidated P&L and balance sheet, with the assets broken down between the trading book and non-trading book.                                                                                                                   |
| 1.2 | Use of branches and subsidiaries              | Provide the following data and analysis for material legal entities.                                                                                                                                                                   |
|    |                                              | Commentary on the approach to using branches and/or subsidiaries in different geographies.                                                                                                                                            |
|    |                                              | For each key geography that represents material revenues, profits or activity for the firm:  
  • a list of branches and subsidiaries; and  
  • a description of the business undertaken in each branch or subsidiary; and  
  • key business metrics and summary P&L and balance sheets on a solo basis, where applicable.                                                                                                                                            |
| 2  | Business model                                | Give an overview of the firm’s business model. Identify                                                                                                                                  |

---

<sup>1</sup> Where a data item is not applicable to a firm or qualifying parent undertaking it should indicate this in its submission of resolution plan information.
the business lines which are core to the group’s operations and profitability and explain their activities. Highlight if a branch or subsidiary is material in the local market or critical to the group.

For each core business line, the analysis should include the following.

- An explanation of the main operations with P&L and balance sheet for each business line.
- The locations where the business line operates and corresponding analysis, eg, geographic breakdown of revenue, total operating costs, impairments, profit before tax and assets, as well as the client base and jurisdictions by level of activity. Provide an overview of the branch network and any services provided to clients, customers or other market participants.
- For each material branch or subsidiary, provide an indication of the exposures to each counterparty or group of connected counterparties that constitute a material part of that entity’s total exposures.
- Provide an indication of the franchise value of each business line, eg, where a business line provides networks, international linkages or access to markets which are critical for the overall franchise of the firm.
- An explanation of the governance structure and division of powers between group HQ and core business lines.
- An explanation of how the business line is organised within the group, including a high-level overview of the interaction with other areas and service areas (provide metrics, eg, revenue, P&L where material cross-selling occurs). Is the business line standalone or highly interwoven with the rest of the group?

### 3 Capital and funding

#### 3.1 Capital allocation and mobility

For each material legal entity:

- the amount of capital required to support each material legal entity;
- the amount of capital currently allocated to each entity;
- an explanation of the method of capital provision to each entity; and
- details of any maintenance and/or repatriation back to the ultimate parent entity (dividends, coupons,
Details of at least the following should be supplied for material legal entities:

- the minimum capital required by each legal entity to meet the thresholds set by regulators;
- an analysis of capital by legal entity on a regulatory basis split into components (CET1, AT1, Tier 2); and
- an analysis of capital by legal entity on an accounting basis (permanent share capital, P&L reserves, other reserves, preference shares, subordinated debt and other intermediate capital etc).

An explanation of the sources of capital raised for each legal entity, including sources external to the group.

Quantification of capital which is surplus to regulatory requirements by each entity and in aggregate.

Information regarding any restriction on transfers of capital to other group entities (dividends, capital contributions, repayments etc) and, in particular, any factors that mean surplus capital held in any entity is not transferable. For each entity, details of material holdings in other financial institutions.

### 3.2 Treasury function

An explanation of how the treasury function is organised.

An indication of how quickly capital could be transferred to or from an entity if required and the procedures involved.

### 3.3 Funding

An overview of funding relationships in the group, including the main sources of funding for each material entity and intra-group flows of funding split across (i) secured and unsecured and (ii) short-term and long-term categories.\(^2\) Branches and subsidiaries which are material in intra-group funding should be highlighted.

A list of current material intra-group balances.

Details of where there are current and potential impediments to the transfer of liquidity between entities or jurisdictions.

A summary of other funding sources not captured elsewhere. Examples include:

\(^2\) Short-term refers to tenor of less than 1 year.
• off balance sheet funding; and
• other sources, including covered bonds, securitisation, repos and other short-term secured financing.

| 3.4 Intra-group guarantees | An overview of intra-group guarantees, including:
|                           | • how, why and when intra-group guarantees are used;
|                           | • the types of guarantees extended (eg, limited, unlimited guarantees) and the parties extending and receiving guarantees.
|                           | • the total exposures under intra-group guarantees, categorised into different types;
|                           | • an overview of when guarantees can be enforced (including cross-defaults or events of default triggered by resolution);
|                           | • how intra-group guarantees are priced;
|                           | • a list of the most material intra-group guarantees; and
|                           | • a list of the entities that use, the entities sighted, and the underlying amounts of contracts that contain “Specified Entity” or similar clauses. |

| 3.5 Other financial dependencies | An overview of all other material intra-group financial dependencies or exposures, including contingent exposures. |

| 3.6 Encumbrances | For each material legal entity, an overview of which assets on the balance sheet are encumbered as at the last year-end. Highlight if they are intra-group or external encumbrances. |

Information should also be provided on a group basis for UK headquartered groups. For international firms headquartered outside the United Kingdom, operating through UK subsidiaries, information should be provided at the UK consolidated group level. |

Details of what proportion of each asset class is encumbered and in what manner including:
• the proportion which is not subject to any encumbrance;
• the proportion encumbered through overcollateralisation; and
• an outline of the firm’s practice on overcollateralisation. |

Provide an analysis of assets subject to encumbrance by
The type of instrument, including an approximate split across: securitisations, covered bonds, repo, collateral for OTC derivatives exposure, collateral placed at central banks and any other encumbrances (description of nature and magnitude of other encumbrances should be provided). The analysis should also include an assessment of the split of encumbrances between short-term and long-term encumbrances.

<table>
<thead>
<tr>
<th>4</th>
<th>Activities and operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Access to financial market infrastructure (FMI)</td>
<td>A brief overview of the firm’s access to financial market infrastructure (payment schemes, central counterparties etc), including indirect access to key FMIs. Provide the legal entities that have this access and which entities within the group rely on this.</td>
</tr>
<tr>
<td></td>
<td>To what extent does the firm provide market access services/clearing services to third parties globally? Please provide the number of customers.</td>
</tr>
<tr>
<td></td>
<td>To what extent, globally, does the firm rely on other firms for these services?</td>
</tr>
<tr>
<td></td>
<td>What agreements govern these relationships and how will they be affected in a resolution?</td>
</tr>
<tr>
<td></td>
<td>If relevant and not covered under 2.1, provide an overview of global payments and clearing and settlement business, including a high-level summary on key products/services provided, types of clients serviced, geographical location of business and the FMIs relied upon.</td>
</tr>
<tr>
<td>4.2 Risk-management practices</td>
<td>An overview of the firm’s booking practices by asset class. Does the group manage risk centrally from one entity (please provide main booking hubs by asset class)? To what extent is risk back-to-backed? Give an overview of the firm’s margining and collateral management for internal trades. Provide information on any remote booking practices. Provide information on the quantum of risk booked into each material entity.</td>
</tr>
<tr>
<td></td>
<td>Give an overview of the use of unregulated affiliates globally for booking trades.</td>
</tr>
<tr>
<td>4.3 Counterparty risk management</td>
<td>Give an estimate of trades which are booked through an exchange or a central counterparty (CCP), trades booked with a bilateral third party and the firm’s approach to counterparty risk management. This should include a broad overview on collateral management and the use of netting, including master netting agreements.</td>
</tr>
</tbody>
</table>
4.4 Critical shared services

A summary of how operations are organised in the firm or group. Provide a high-level summary (including charts where appropriate) of how critical shared services\(^3\) are provided across legal entities, business lines and jurisdictions. At a minimum, split critical services into Treasury, Risk Management, Finance and Operations (this list is not exhaustive). These are services that are crucial to the functioning of the core business lines of the firm.

Please consider, at a minimum (including outsourced services and joint ventures), IT services, staff, premises, licenses and intellectual property. Briefly summarise whether there are contracts which govern the provision of services across business lines, entities and jurisdictions.

Provide a brief overview of internal support functions, such as accounting and tax, internal audit and compliance, and human resources. Provide an indication of scale and the location of these functions, including those located outside the United Kingdom.

Please provide a summary of any pension arrangements within the group, including in which legal entity pension liabilities and administration reside. How fully-funded is any pension scheme?

Part B: Economic functions

<table>
<thead>
<tr>
<th>Economic function(s)</th>
<th>Economic scale metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Markets &amp; Investment</strong></td>
<td>(Monetary amounts should be in millions of GBP (£m), unless otherwise stated, to standardise comparison. Where a different currency is used, please provide the exchange rate to be used.)</td>
</tr>
<tr>
<td>Trading</td>
<td></td>
</tr>
<tr>
<td>Derivatives (required report see Table 1)</td>
<td>• Total amount of notional outstanding</td>
</tr>
<tr>
<td></td>
<td>• Total number counterparties</td>
</tr>
<tr>
<td>For both derivatives positions and derivatives counterparties, split the reports according to the method by which the derivatives are traded or</td>
<td></td>
</tr>
</tbody>
</table>

\(^3\) For the purpose of these rules, a critical shared service has the following elements:
(i) an activity, function or service is performed by either an internal line, a separate legal entity within the group or an external provider;
(ii) that activity, function or service is performed for one or more business lines or legal entities of the group; and
(iii) the sudden and disorderly failure or malfunction would lead to the collapse of or present a serious impediment to the performance of, critical functions.
cleared/ settled, ie, (i) exchange traded, (ii) OTC cleared through CCPs and (iii) OTC settled bilaterally.

| **Trading portfolio** (required report see Table 2) | • Balance-sheet values by asset class  
• Risk-weighted exposure amounts |
| **Other** |  |
| **Asset management** | • Amount of assets under management  
• Total number client accounts  
• Total client money balances  
For each of the metrics above, please provide the following information.  
• The legal entity and jurisdiction of clients. Segregate between institutional, retail and wealth management clients.  
• Estimates of UK market share, and identify any issues surrounding replacement of the firm’s services by other providers.  
For investment products, identify those that are eligible and not eligible for protection by the UK Financial Services Compensation Scheme (FSCS). Please provide the number of customers and total value of account balances:  
• up to the £50k covered by the FSCS  
• above the £50k covered by the FSCS  
• that are ineligible for protection by the FSCS. |
| **Wholesale Funding Markets** | **Securities financing** (required report see Table 3) | • Balance sheet values plus aggregate values for collateral accepted and given  
• Maturity profile  
• Total number counterparties, including geographic distribution (number) |
| **Securities lending** | For each of the following activities, whether acting as lender or borrower:  
• direct securities lending;  
• third-party securities lending (non-custodian lending)  
• agent lending (custodian lending); |
provide:
- gross value of open transactions; and
- the total number of clients.

| Payments, clearing, custody and settlement⁴ | Payment services | For all UK and material foreign payment systems⁵ used, please provide:
|                                           |                  | • the legal entity which holds membership;
|                                           |                  | • transaction volumes (number, monthly/annual average, peak);
|                                           |                  | • transaction values (number, monthly/annual average, peak);
|                                           |                  | • flow volumes (monthly/annual average);
|                                           |                  | • number of agents (flow volumes for these provided separately); and
|                                           |                  | • market share – provide estimate of UK market share, as well as overseas market shares where relevant. Please identify any issues surrounding replacement of the firm’s services by other providers.

If required, could the firm transition from an affiliate (intra-group) network to a third-party correspondent network for payments and clearing? What timeline is required?

Table 1 – Derivatives (complete for each legal entity if firm performs this function)

<table>
<thead>
<tr>
<th></th>
<th>Outstanding notional contract amounts (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exchange traded derivatives</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
</tr>
<tr>
<td>Sovereign credit</td>
<td></td>
</tr>
<tr>
<td>Non-sovereign</td>
<td></td>
</tr>
</tbody>
</table>

⁴ The payments, clearing and settlement function is limited to those provided by firms to their clients.
⁵ This refers to foreign payment systems in which the firm has direct access. Examples include, but not limited to BACS, CHAPS, Faster Payments, cheque clearing system, Fedwire and TARGET2.
<table>
<thead>
<tr>
<th>credit products</th>
<th>Rates</th>
<th>Foreign exchange</th>
<th>Commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of derivative counterparties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange-traded derivatives</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Table 2 – Trading portfolio (complete for each legal entity if firm performs this function):

<table>
<thead>
<tr>
<th>Assets (£m)</th>
<th>Liabilities (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-sheet values</td>
<td>Risk-weighted assets</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
</tr>
<tr>
<td>Treasury</td>
<td></td>
</tr>
<tr>
<td>Sovereign credit</td>
<td></td>
</tr>
<tr>
<td>Non-sovereign credit</td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td></td>
</tr>
</tbody>
</table>

Table 3 – Securities financing (complete for each legal entity if firm performs this function)

<table>
<thead>
<tr>
<th>Reverse repurchase</th>
<th>Repurchase agreements and fair value of securities accepted</th>
<th>Repurchase agreements and fair value of securities given as</th>
</tr>
</thead>
<tbody>
<tr>
<td>agreements and cash collateral on securities borrowed (£m)</td>
<td>cash collateral on securities lent (£m)</td>
<td>as collateral under reverse repurchase agreements and securities borrowing transactions (£m)</td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*continued*
Table 4 – Table on economic functions split by legal entities

Where a firm’s parent organisation is a UK incorporated entity, firms should complete this table for all material legal entities and branches that form part of the group, both domestically and internationally, where the economic functions are those that have been identified in Part B above. Where a firm’s parent organisation is incorporated outside the United Kingdom, firms should only complete this table for:

- UK subsidiaries (and any associated overseas branches); and
- UK branches of any overseas subsidiaries.

<table>
<thead>
<tr>
<th>Legal entity/branch 1 (£mn)</th>
<th>Legal entity/branch 2 (£mn)</th>
<th>Legal Entity/branch 3 (£mn)</th>
<th>Aggregate across legal entities/branches (£mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where the United Kingdom is Home State, firms should provide information on all material legal entities/branches, even if they do not perform any activity in the United Kingdom.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic function 1 (eg. asset management)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic function 2 (eg. securities lending)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Where United Kingdom is Host State, firms should provide information on legal entities/branches relevant to the United Kingdom as stated above.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic function 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic function 2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Amend the following text.

**Schedule 2  Notification and reporting requirements**

<table>
<thead>
<tr>
<th>Handbook reference</th>
<th>Matter to be notified</th>
<th>Contents of notification</th>
<th>Trigger event</th>
<th>Time allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td><strong>IFPRU 10.5.2R</strong></td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td><strong>IFPRU 11.2.15R</strong></td>
<td>Recovery plan actions</td>
<td>A decision to take an action referred to in a <em>recovery plan</em> or a decision not to take action</td>
<td>The decision to take action or not to take action</td>
<td>Without delay</td>
</tr>
<tr>
<td><strong>IFPRU 11.3.17R</strong></td>
<td>Group recovery plan actions</td>
<td>A decision to take an action referred to in a <em>group recovery plan</em> or a decision not to take action</td>
<td>The decision to take action or not to take action</td>
<td>Without delay</td>
</tr>
<tr>
<td><strong>IFPRU 11.4.4R</strong></td>
<td>Resolution plan information</td>
<td>The change to the information in <em>IFPRU 11 Annex 2R</em> (Resolution plan information)</td>
<td>A change to the legal or organisational structure of the <em>firm</em> or <em>group</em>, its business or its financial situation, which could materially affect the information in <em>IFPRU 11 Annex 2R</em> (Resolution plan information)</td>
<td>Without delay</td>
</tr>
<tr>
<td><strong>IFPRU 11.5.18R</strong></td>
<td>Giving <em>group financial support</em> using an <em>RRD group financial support agreement</em></td>
<td>The reasoned decision of the management body in line with <em>IFPRU 11.5.16R</em> and the details of the proposed financial support including a copy of the <em>RRD group financial support agreement</em></td>
<td>An intention to provide <em>group financial support</em> using an <em>RRD group financial support agreement</em></td>
<td>Before providing the support</td>
</tr>
<tr>
<td>IFPRU 11.5.21R</td>
<td>Giving group financial support using an RRD group financial support agreement</td>
<td>The decision of the management body of the RRD institution to give financial support</td>
<td>The decision to give financial support</td>
<td>Not specified</td>
</tr>
<tr>
<td>----------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>IFPRU 11.7.2R, and IFPRU 11.7.3R</td>
<td>Resolution notifications</td>
<td>Matters described in IFPRU 11.7.2R and IFPRU 11.7.3R</td>
<td>The occurrence of the situations described in IFPRU 11.7.2R, or IFPRU 11.7.3R</td>
<td>Immediately on the occurrence of the situations described in IFPRU 11.7.2R or IFPRU 11.7.3R</td>
</tr>
</tbody>
</table>

**Part 2: Comes into force on 1 January 2016**
Please insert the following new chapter after IFPRU 11.5. The text is not underlined.

### 11.6 Contractual recognition of bail-in

**Application**

11.6.1 R This section applies to:

1. an IFPRU 730k firm that is not subject to supervision on a consolidated basis;
2. a firm that is an RRD group member;
3. a qualifying parent undertaking that is an RRD group member; and
4. a qualifying parent undertaking that is:
   1. a mixed activity holding company of an IFPRU 730k firm; and
   2. does not hold an RRD institution using an intermediate financial holding company or mixed financial holding company.

11.6.2 G This section is limited to the types of mixed activity holding company in IFPRU 11.6.1R(4) because, in accordance with article 33(3) of RRD, it is
only these types of mixed activity holding company that can be subject to the bail-in provisions of RRD.

Contractual recognition of bail-in

11.6.3 R (1) If a liability meets the conditions in (2), a firm or qualifying parent undertaking must include a term in the contract governing the liability which states that the creditor or party to the agreement creating the liability:

(a) recognises that the liability may be subject to write-down and conversion powers; and

(b) agrees to be bound by any of the following actions of a resolution authority in relation to that liability:

(i) reduction of principal or outstanding amount due; or

(ii) conversion; or

(iii) cancellation.

(2) The contractual recognition of a bail-in requirement in (1) applies to a liability that is:

(a) governed by the law of a third country;

(b) issued or entered into after 1 January 2016;

(c) of a type that is not excluded under article 44(2) of RRD;

(d) not a deposit of a type referred to in point (a) of article 108 of RRD; and

(e) not a liability which the resolution authority has determined can be subject to write-down and conversion powers by the resolution authority of an EEA State under:

(i) the law of a third country; or

(ii) a binding agreement concluded with that third country.

[Note: article 55(1) of RRD]
### 16 Reporting requirements

#### 16.1 Application

... 

<table>
<thead>
<tr>
<th>(1) Sections(s)</th>
<th>(2) Categories of firm to which section applies</th>
<th>(3) Applicable rules and guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUP 16.18</td>
<td>A full-scope UK AIFM and a small authorised UK AIFM</td>
<td>SUP 16.18.3R</td>
</tr>
<tr>
<td>SUP 16.20</td>
<td>An IFPRU 730k firm and a qualifying parent undertaking that is required to send a recovery plan, a group recovery plan or information for a resolution plan to the FCA.</td>
<td>Entire section</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Insert SUP 16.20 after SUP 16.19. The text is all new and is not underlined.

#### 16.20 Submission of recovery plans and information for resolution plans

**Application**

16.20.1 R This section applies to a firm or qualifying parent undertaking who is required to send any of the following types of information to the FCA:
(1) recovery plans in line with IFRPU 11.2 (Individual recovery plans); or

(2) group recovery plans in line with IFRPU 11.3 (Group recovery plans); or

(3) information required for resolution plans in line with IFRPU 11.4 (Information for resolution plans).

Submission of recovery plans and group recovery plans

16.20.2 A firm or qualifying parent undertaking must send its recovery plan or group recovery plan to the FCA within three months of the reporting reference dates specified in the table below:

<table>
<thead>
<tr>
<th>Type of firm or qualifying parent undertaking</th>
<th>Type of plan</th>
<th>Total balance sheet assets (see SUP 16.20.3G)</th>
<th>First reporting reference date</th>
<th>Ongoing reporting reference date</th>
</tr>
</thead>
<tbody>
<tr>
<td>firm or qualifying parent undertaking in an RRD group that includes an IFPRU 730k firm that is a significant IFPRU firm or does not include an IFPRU 730k firm</td>
<td>group recovery plan</td>
<td>More than £2.5 billion</td>
<td>30 June 2015</td>
<td>Every year on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More than £1 billion and less than £2.5 billion</td>
<td>30 September 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>More than £500 million and less than £1 billion</td>
<td>31 December 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less than £500 million</td>
<td>31 March 2016</td>
<td></td>
</tr>
<tr>
<td>significant IFPRU firm</td>
<td>recovery plan</td>
<td>More than £2.5 billion</td>
<td>30 June 2015</td>
<td>Every year on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More than £1 billion and less than £2.5 billion</td>
<td>30 September 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>More than £500 million and less than £1 billion</td>
<td>31 December 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less than</td>
<td>31 March</td>
<td></td>
</tr>
<tr>
<td>firm or qualifying parent undertaking in an RRD group that includes an IFPRU 730k firm that is not a significant IFPRU firm (but does not include an IFPRU 730k firm that is a significant IFPRU firm)</td>
<td>group recovery plan</td>
<td>More than £50 million and less than £500 million</td>
<td>30 September 2015</td>
<td>Every two years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>More than £15 million and less than £50 million</td>
<td>31 December 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than £5 million and less than £15 million</td>
<td>31 March 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than £5 million</td>
<td>30 June 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>non-significant IFPRU firm</td>
<td>recovery plan</td>
<td>More than £50 million and less than £500 million</td>
<td>30 September 2015</td>
<td>Every two years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>More than £15 million and less than £50 million</td>
<td>31 December 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than £5 million and less than £15 million</td>
<td>31 March 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than £5 million</td>
<td>30 June 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Note: articles 4(1)(b) and 6(1) of RRD]

16.20.3 G (1) The calculation of total balance sheet assets for IFPRU 16.20.2R should be consistent with the way this figure is calculated for determining whether a firm is a significant IFPRU firm.

(2) For group recovery plans, the calculation of total balance sheet assets should be based on the assets of the largest RRD institution in the group.

Submission of information for resolution plans

16.20.4 R A firm or qualifying parent undertaking must send the information required
for a resolution plan to the FCA within three months of the reporting reference dates specified in the table below:

<table>
<thead>
<tr>
<th>Type of firm or qualifying parent undertaking</th>
<th>First reporting reference date</th>
<th>Ongoing reporting reference date</th>
</tr>
</thead>
<tbody>
<tr>
<td>firm or qualifying parent undertaking in an RRD group that includes an IFPRU 730k firm that is a significant IFPRU firm or does not include an IFPRU 730k firm</td>
<td>30 June 2015</td>
<td>Every two years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>significant IFPRU firm</td>
<td>30 June 2015</td>
<td>Every two years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>firm or qualifying parent undertaking in an RRD group that includes an IFPRU 730k firm that is not a significant IFPRU firm (but does not include an IFPRU 730k firm that is a significant IFPRU firm)</td>
<td>31 December 2015</td>
<td>Every three years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>non-significant IFPRU firm</td>
<td>31 December 2015</td>
<td>Every three years on the same date as the first reporting reference date.</td>
</tr>
</tbody>
</table>

[Note: articles 4(1)(b), 11(1) and 13(1) of RRD]

Submission of information for RRD institutions and RRD groups authorised or created after the first reporting date

16.20.5 R Where an RRD institution is authorised or an RRD group is created after the first reporting reference date that would have applied to that firm or qualifying parent undertaking in line with SUP 16.20.2R and SUP 16.20.4R, the firm or qualifying parent undertaking must:

(1) send its first recovery plan or group recovery plan and resolution plan information within three months of the first quarter end date which falls after six months of the date of the authorisation of the RRD institution or creation of the RRD group; and

(2) send its ongoing recovery plan or group recovery plan:

(a) every year within three months of the same date as the first reporting reference date for a significant IFPRU firm or a group that includes a significant IFPRU firm; or
(b) every two years within three months of the same date as the first reporting reference date for a firm that is not a significant IFPRU firm or a group that does not includes a significant IFPRU firm.