

Chapter 1

Commission Delegated Regulation (EU) 2016/1075

Article 7 The description of entities covered by the recovery plan

(1) The subsection of the strategic analysis describing the entity or entities covered by the recovery plan shall comprise the following information:

(a) a general characterisation of the entity or entities covered by the recovery plan, including:

(i) a description of their overall global business and risk strategy;

(ii) their business model and business plan, including a list of the main jurisdictions in which they are active, including through a legal entity or a branch meeting the conditions set out in paragraph 2;

(iii) their core business lines and critical functions;

(iv) the process and metrics for identifying their core business lines and critical functions;

(b) a mapping of the core business lines and critical functions to the legal entities and branches meeting the conditions set out in paragraph 2;

(c) a detailed description of the legal and financial structures of the entity or entities covered by the plan, including an explanation of intra-group interconnectedness with respect to any legal entities or branches meeting the conditions set out in paragraph 2 and in particular a description of the following:

(i) all existing material intra-group exposures and funding relationships, capital flows within the entity or entities covered by the recovery plan, intra-group guarantees that are in place and intra-group guarantees that are expected to be in place when recovery action is required;

(ii) legal interconnectedness, which shall cover material legally binding agreements between entities of a group including, for example, the existence of domination agreements and profit and loss transfer agreements;

(iii) operational interconnectedness, which concerns functions that are centralised in one legal entity or branch and are important for the functioning of other legal entities, branches or the group, in particular centralised information technology functions, treasury functions, risk functions or administrative functions;

(iv) any existing group financial support agreements concluded in accordance with Chapter 2 of the Group Financial Support Part of the PRA Rulebook or in rule IFPRU 11.5 of the Recovery and Resolution Part of the FCA Handbook, including the parties to the agreement, the form of the financial support and the conditions associated with the provision of the financial support;

(d) a description of external interconnectedness including at least:

(i) significant exposures and liabilities to main counterparties;

(ii) significant financial products and services which are provided by the entity or entities covered by the recovery plan to other financial market participants;

(iii) significant services which third parties provide to the entity or entities covered by the recovery plan;

(2) For the purposes of points (b) and (c) of paragraph 1, the reference to legal entities or branches shall be understood as a reference to legal entities or branches which:

(a) substantially contribute to the profit of the entity or entities covered by the recovery plan or to their funding, or hold an important share of their assets, liabilities or capital;

(b) perform key commercial activities;

(c) centrally perform key operational, risk or administrative functions;

(d) bear substantial risks that could, in a worst-case scenario, jeopardise the viability of the institution or group;

(e) could not be disposed of or liquidated without likely triggering a major risk for the institution or group as a whole;

(f) are important for the financial stability of the United Kingdom.