

# Chapter 1

## Commission Delegated Regulation (EU) 2016/1075

## Article 18 Implementation of the arrangements proposed in the recovery plans

(1) When assessing the extent to which the recovery plan satisfies the criterion set out in articles 12, 13, 18 and 19 of the Bank Recovery and Resolution (No.2) Order 2014, the competent authority shall review the following:

(a) the level of integration and consistency of the plan with the general corporate governance and the internal processes of the entity or entities to which the plan applies and its/their risk management framework;

(b) whether the plan contains a sufficient number of plausible and viable recovery options which make it reasonably likely that the institution or group would be able to counter different scenarios of financial distress quickly and effectively;

(c) whether recovery options included in the plan set out actions which effectively address the scenarios of severe macroeconomic and financial stress reflected in accordance with Chapter 2 of the Recovery Plans Part of the PRA Rulebook or rules 11.2.6R to 11.2.11R and IFPRU 11.3.8R to IFPRU 11.3.13 of the Recovery and Resolution Part of the FCA Handbook;

(d) whether the timeline for implementing the options is realistic and is taken into account in the procedures designed to ensure implementation of recovery actions;

(e) the level of the institution's or group's preparedness to redress the situation of financial stress, as determined in particular by assessing whether the preparatory measures necessary have been adequately identified and, where appropriate, those measures have been implemented or a plan to implement them has been prepared;

(f) the adequacy of the range of scenarios of severe macroeconomic and financial stress against which the plan has been tested;

(g) the adequacy of the processes for testing the plan against the scenarios referred to in point (f) and the extent to which the analysis of recovery options and indicators in each scenario is verified by that testing;

(h) whether the assumptions and valuations made within the plan and each recovery option are realistic and plausible.

(2) The plausibility of each recovery option set out in the plan as referred to in point (b) of paragraph 1 shall be assessed taking into account all of the following elements:

(a) the extent to which its implementation is within the institution's or group's control and the extent to which it would rely on action by third parties;

(b) whether the plan includes a sufficiently wide range of recovery options and appropriate indicators, conditions and procedures to ensure timely implementation of these options;

(c) the extent to which the plan considers reasonably foreseeable impacts of the implementation of the proposed recovery option on the institution or group;

(d) whether the plan and in particular the recovery options would be likely to maintain the viability of the institution or group and restore its financial soundness;

(e) if applicable, the extent to which the institution or group, or competitors with similar characteristics, have managed a previous episode of financial stress with similar characteristics to the scenario being considered by using the recovery options described, in particular as regards timely implementation of recovery options and, in the case of a group recovery plan, the coordination of recovery options within the group.