

Chapter 1

Commission Delegated Regulation (EU) 2016/1075

Article 32 Assessment of credibility of a resolution strategy

(1) After assessing the feasibility of the selected resolution strategy, resolution authorities shall assess its credibility, taking into consideration the likely impact of resolution on the financial systems and real economy of the United Kingdom, with a view to ensuring the continuity of critical functions carried out by the institution or group. The assessment shall include evaluation of matters addressed in paragraphs (u) to (bb) of Schedule 2B to the Bank Recovery and Resolution (No 2) Order 2014.

(2) In conducting this assessment, resolution authorities shall consider the likely impact of the implementation of the resolution strategy on the financial systems of the United Kingdom. For this purpose, resolution authorities shall take into account the functions performed by the institution or group and assess whether implementation of the resolution strategy would be likely to have a material adverse impact on any of the following:

(a) financial market functioning, and in particular market confidence;

(b) financial market infrastructures, and in particular:

(i) whether the sudden cessation of activities would constrain the normal functioning of financial market infrastructures in a manner which negatively impacts the financial system as a whole;

(ii) whether and to what extent financial market infrastructures could serve as contagion channels in the liquidation process;

(c) other financial institutions, and in particular:

(i) whether liquidation would raise the funding costs of or reduce the availability of funding to other financial institutions in a manner which presents a risk to financial stability;

(ii) the risk of direct and indirect contagion and macroeconomic feedback effects;

(d) the real economy and in particular on the availability of financial services.