

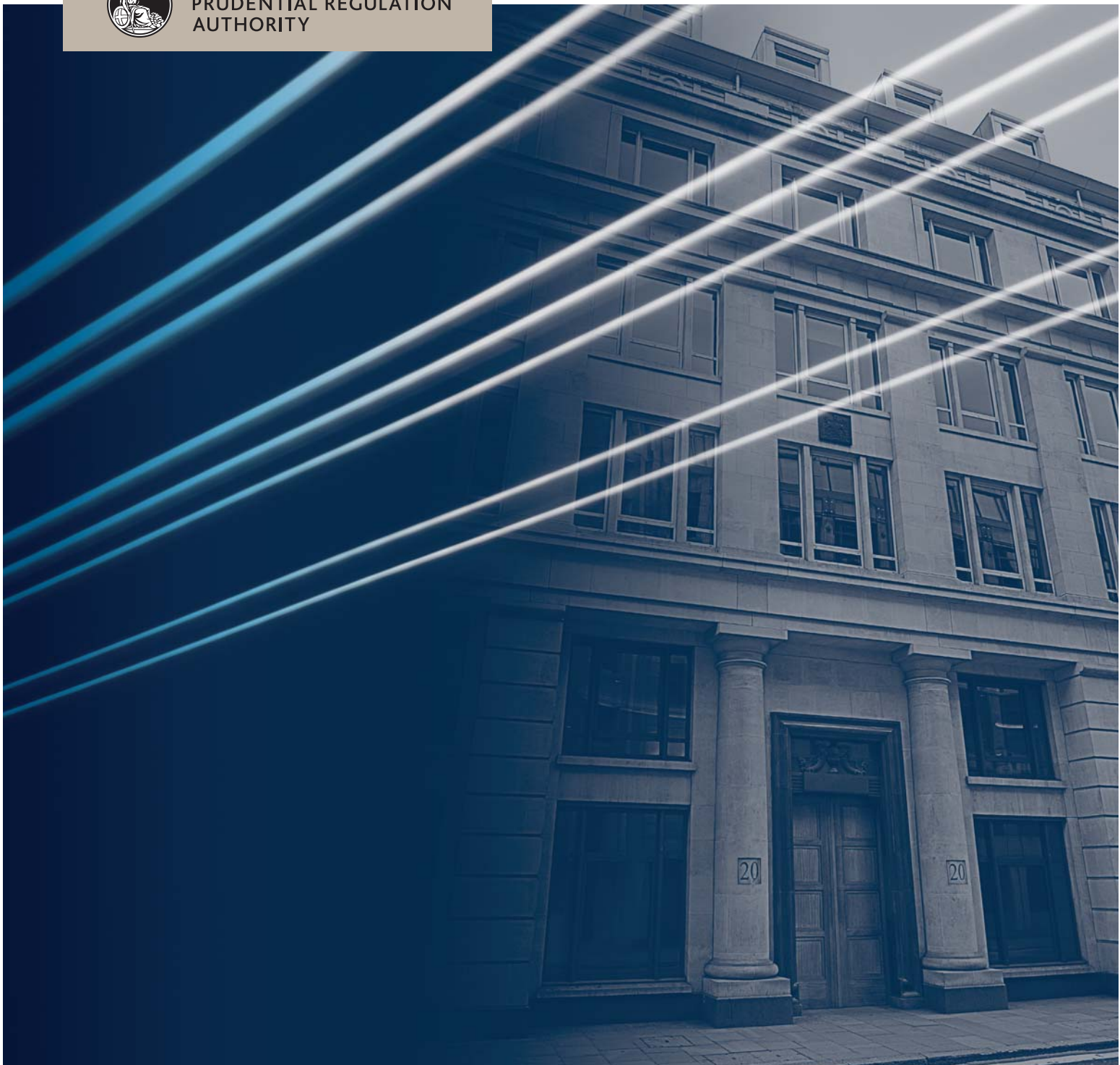
Supervisory Statement | SS19/13

Resolution planning

December 2013



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



16 January 2015 – this document has been updated, see
<http://www.bankofengland.co.uk/pr/Pages/publications/ps/2015/recoveryresolutionupdate.aspx>

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Introduction

1. This supervisory statement sets out details on information that firms should submit to the Prudential Regulation Authority (PRA) to facilitate resolution planning.
2. The PRA aims to minimise the adverse impact on the financial system of firms failing by ensuring that they can be resolved in an orderly fashion. To achieve this, PRA rules require firms to submit resolution packs containing information to enable the authorities to prepare for orderly resolution. The information submitted in resolution packs will allow the authorities to identify the appropriate resolution strategy for a firm; work with firms to identify barriers to an optimal resolution plan; and develop the remedial actions for the removal of barriers.
3. This supervisory statement has been informed by PRA and Bank of England experience of resolution planning following the publication of CP11/16 and FS12/1 and by the Financial Stability Board's (FSB's) guidance on resolution strategies. The development of resolution plans has advanced significantly since 2011 and the PRA's revised approach is based on targeted information requests which are designed to be proportionate to the size and complexity of the firm.
4. Firms are expected to use this supervisory statement to inform the nature and scope of information they submit to the PRA.

Information request overview

5. Information on resolution planning will be requested from firms in two main phases, Phase 1 and Phase 2, with *ad hoc* contingent information requests if required. These phases are outlined below, and the chapters of the supervisory statement provide more detail on each type of request.
6. **Phase 1:** This phase outlines baseline information needed to establish a resolution strategy. Phase 1 information should be submitted by all firms.
7. Chapter 2 sets out the two parts of Phase 1, A and B, and the associated information requests in more detail. Part A of Phase 1 requests information relating to group structure, significant legal entities and the firm's business model. This will enable the authorities to identify the most appropriate resolution strategy for the individual firm.
8. Part B of Phase 1 requests information on firms' economic functions. This will enable the authorities to identify those functions which are critical to the financial system and which will need to be protected in resolution and retained in post-resolution restructuring.

9. In some areas the PRA asks for information that is similar to information collected by the PRA in other regulatory reporting submissions. However, these requests typically ask for information at a different level of detail needed to meet the authorities' needs for resolution planning. While the PRA recognises that submission of duplicative, or similar, information will be a cost to firms, the PRA does not consider this to be unreasonably burdensome. The benefit to the authorities of having all resolution information submitted and stored in one place is significant. First, it will allow the authorities to maintain appropriate and up-to-date resolution plans. Second, it will allow timely access to information during contingency planning.

10. **Phase 2:** This phase outlines the detailed information needed to support the authorities' preferred resolution strategy while ensuring that critical economic functions are maintained. This section of the supervisory statement is designed to be tailored to individual firms. For example, large, interconnected firms with many complex business lines may be asked to provide information relating to use of the bail-in tool and payments services but they are less likely to be asked to provide information related to the Bank Insolvency Procedure. Small deposit-taking firms may well be asked for information related to the Bank Insolvency Procedure. Firms may be required to submit information relating to more than one resolution strategy in order to assess feasibility across a range of possible options.

11. The information requested in Phase 2 may reflect work which is ongoing with the firm. Before making a submission as part of Phase 2, firms should discuss this with supervisors.

12. **Contingent information:** The PRA may request additional information if a firm is experiencing stress and approaching possible resolution. Firms are expected to be able to provide this information at short notice. More detail on such requests is set out in Chapter 3.

Process

13. All firms are required to submit Phase 1 information. The PRA will request resubmission on a regular cycle of every two years⁽¹⁾ or following a material change to the firm's structure or business activities. The PRA requires all firms to have made their first submission of Phase 1 information within fifteen months of publication of this statement. Supervisors of individual firms will specify the deadline for submission of Phase 1 information within that time frame.

14. The PRA will review Phase 1 submissions and, in conjunction with the Bank of England, will determine a preferred resolution strategy for the firm. This will define the information that should be requested in Phase 2. Supervisory

(1) Unless a firm is informed otherwise by the PRA.

judgement will inform the breadth and depth of the information firms will be requested to provide in Phase 2 and, where possible, this will be integrated with other scheduled supervisory initiatives (eg business model analysis reviews, liquidity reviews, operational risk reviews) in order to avoid duplication of effort. Given the diversity of legal, financial and operational structures across firms, firms may be required to provide information beyond that which is outlined in this supervisory statement. The PRA will notify firms where updates are required to Phase 2 information. As firms move closer to resolution the PRA may ask for data to be updated.

Chapter 1

Phase 1 Part A: Corporate structure and significant legal entity information

1.1 The objective of this section is to provide the authorities with sufficient information to assess the preferred resolution strategy for the firm.

1.2 All firms are expected to provide an overview of their business model, internal dependencies and external interconnectedness.

1.3 Small firms should provide information relevant to their size and structure. Larger firms should provide information relating to their significant legal entities. Although firms are not expected to provide full details of entities that have no material bearing on how the firm operates, they are expected to provide details on entities with the ability to divert, shelter or freeze funds or which are material with regard to debt issuance (including off balance sheet entities). The purpose of these entities should also be explained and firms are expected

to outline the criteria they have used to determine which legal entities are significant.⁽¹⁾

1.4 Information provided should include material global activities (both where these are material to the firm and where the firm is significant in overseas markets) and describe the global links and interactions.

1.5 Where a firm's parent organisation is a UK-incorporated entity, firms should provide information relating to all significant group entities (subsidiaries and branches).

1.6 Where a firm's parent organisation is incorporated outside the United Kingdom (eg foreign firms with UK subsidiaries) firms should provide information relating to:

- UK subsidiaries (and any associated overseas branches of these subsidiaries);
- UK branches of any overseas subsidiaries; and
- material interdependencies with non-UK legal entities in the group.

(1) As a guide, 90% of total balance sheet should be captured by the significant legal entities submitted by the firm.

Number	Heading	Required data/Detail required
1	Group structure and key information on legal entities	
1.1	Group structure	<p>An overview diagram of the significant legal entities of the group and ownership structure.</p> <p>Group structure charts showing:</p> <ul style="list-style-type: none"> • Significant legal entities (including all entities with a UK deposit-taking licence) • Jurisdiction • The relative size of entities, by showing amount of revenue generated in each entity, assets and RWAs held in each entity • Total number of operating banks and significant legal entities in the group <p>Group consolidated P&L and balance sheet, with the assets broken down between trading and non-trading book.</p> <p>Note that some of the quantitative data requested may be similar to information collected by the PRA in other regulatory reporting submissions, including under Capital Requirements Regulation.</p>
Provide the following data and analysis for significant legal entities		
1.2	Use of branches and subsidiaries	<p>Commentary on approach to using branches and/or subsidiaries in different geographies</p> <p>For each key geography that represents material revenues, profits or activity for the firm:</p> <ul style="list-style-type: none"> • List branches and subsidiaries • Describe the business done in each branch/subsidiary. Provide key business metrics and summary P&L and balance sheets on a solo basis, where applicable.
2	Business model	
2.1	Core business lines	<p>Give an overview of the firm's business model. Identify the business lines which are core to the group's operations and profitability and explain their activities. Highlight if a branch or subsidiary is significant in the local market or critical to the group.</p> <p>For each core business line, the analysis should include:</p> <ul style="list-style-type: none"> • An explanation of the main operations with P&L and balance sheet for each business line. • The geographies in which the business line operates and corresponding analysis eg geographic breakdown of revenue, total operating costs, loan loss provisions, 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. Highlight material participation in specific markets eg banking services provided to UK local authorities or particular industries (which services provided, extent of service provision). Provide geographic concentrations of lending and deposits. • 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 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?

Number	Heading	Required data/Detail required
3	Capital and funding	
3.1	Capital allocation and mobility	<p>For each significant legal entity:</p> <ul style="list-style-type: none"> • Amount of capital required to support each significant legal entity • The amount of capital currently allocated to each entity • Explain method of capital provision to each entity • Explain any maintenance and/or repatriation back to the ultimate parent entity (dividends, coupon, maturity cash flows etc.) <p>Details of at least the following should be supplied for significant legal entities:</p> <ul style="list-style-type: none"> • 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 etc) • 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). <p>Explanation of the sources of capital raised for each legal entity including sources external to the group</p> <p>Quantification of capital which is surplus to regulatory requirements by each entity and in aggregate</p> <p>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.</p> <p>For each entity, details of material holdings in other financial institutions.</p> <p>Note that some of the quantitative data requested may be similar to information collected by the PRA in other regulatory reporting submissions, including under Capital Requirements Regulation.</p>
3.2	Treasury function	<p>An explanation of how the treasury function is organised</p> <p>Indication of how quickly capital could be transferred to or from an entity if required and the procedures involved.</p>
3.3	Funding	<p>An overview of funding relationships in the group, including the main sources of funding for each significant entity and intra-group flows of funding. Break intra-group flows into secured/unsecured, short term/long term.^(a) Highlight branches and subsidiaries which are significant in intra-group funding.</p> <p>List of current material intra-group balances</p> <p>Details of where there are current and potential impediments to the transfer of liquidity between entities or jurisdictions.</p> <p>A summary of other funding sources not captured elsewhere. Examples include:</p> <ul style="list-style-type: none"> • Off balance sheet funding • Other sources including: covered bonds, RMBS, repos and other short-term secured financing.
3.4	Intra-group guarantees	<p>An overview of intra-group guarantees, including:</p> <ul style="list-style-type: none"> • How, why and when intra-group guarantees are used • Types of guarantees extended (eg limited, unlimited guarantees) and the parties extending and receiving guarantees. Total exposures under intra-group guarantees, categorised into different types • Overview of when guarantees can be enforced (including cross-defaults or events of default triggered by resolution) • How intra-group guarantees are priced • List of the most material intra-group guarantees • List 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	<p>An overview of all other material intra-group financial dependencies or exposures, including contingent exposures</p>
3.6	Encumbrances	<p>For each significant legal entity, an overview of which assets on the balance sheet are encumbered as at year-end. Highlight if they are intra-group or external encumbrances.</p> <p>Information should also be provided on a group basis for UK-headquartered groups. For international banks headquartered outside the United Kingdom, operating via UK subsidiaries, information should be provided at the UK consolidated group level</p> <p>Detail of what proportion of each asset class is encumbered and in what manner including:</p> <ul style="list-style-type: none"> • proportion of assets which are not subject to any encumbrance; • proportion of assets encumbered through overcollateralisation; and • an outline of the bank's practice on overcollateralisation <p>Provide an analysis of assets subject to encumbrance by type of instrument including an approximate split by: 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 term split of encumbrances between short-term versus long-term encumbrances.</p>

Number	Heading	Required data/Detail required
4	Activities and operations	
4.1	Deposits analysis	<p>Provide an overview of the deposit franchise eg maturity profile, geographic breakdown, depositor profile, deposit-taking channels (internet, branch etc), major competitors. Provide an overview of the quantum of offsetting balances in the deposit book.</p> <p>An assessment of the timescale to produce the required Single Customer View (SCV) information by each UK entity and operational dependencies on other entities in the group or third parties to produce the information. Description of IT processes to produce SCV eg manual or automated, number of staff required. Confirm IT system capability to produce SCV within 72-hour period.</p> <p>Last date of review of the Single Customer View file by the FSCS and outcome of verification process. Provide details of any problematic accounts that would prevent timely deposit payout eg missing depositor data.</p> <p>Confirm if firm has completed remediation actions required by the PRA and is not under any sanction that would prevent depositor payout.</p>
4.2	Access to Financial Market Infrastructure	<p>A brief overview of the firm's access to Financial Market Infrastructure (payment schemes, central counterparties etc.) including correspondent banking relationship and indirect access to key FMIs. Provide the legal entities that have this access and which entities within the group rely on this.</p> <p>To what extent does the firm provide correspondent banking services/market access services/clearing services to third parties globally? Please provide the number of customers.</p> <p>To what extent, globally, does the firm rely on other firms for these services?</p> <p>What agreements govern these relationships and how will they be affected in a resolution?</p> <p>If relevant and not covered under 2.1, provide an overview of global payments, clearing and settlement business, including a high-level summary on key products/services provided, types of clients serviced, geographical location of business and FMI relied upon.</p>
4.3	Cash services	<p>How is the cash services business integrated within the firm's operations as a whole?</p> <p>Overview of role in cash industry:</p> <ul style="list-style-type: none"> • Note Circulation Scheme membership • Cash supply • Cash processing • Commercial note issuance
4.4	Risk management practices	<p>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 significant entity.</p> <p>Give an overview of the use of unregulated affiliates globally for booking trades.</p>
4.5	Counterparty risk management	<p>Give an estimate of trades which are booked via an exchange or central counterparty clearing (CCP) and 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.</p>
4.6	Critical shared services	<p>A summary of how operations are organised in the firm. Provide a high-level summary (including diagrams where appropriate) of how critical shared services^(b) 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.</p> <p>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.</p> <p>Provide a brief overview of internal support functions such as accounting and tax, internal audit and compliance, HR. Provide an indication of scale and the location of these functions, including those located outside the United Kingdom.</p>
		<p>Please provide a summary of the pension arrangements within the group, including in which legal entity pension liabilities and administration reside. How fully funded is the pension scheme?</p>

(a) Short term refers to tenor of less than one year.

(b) The FSB defines critical shared services: For the purpose of this Guidance, 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;
- (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.

Phase 1 Part B: Economic functions

1.7 The objective of this section is to identify which of a firm's economic functions may be critical to the financial system, either domestically or internationally. This will help the authorities to develop a resolution strategy that takes account of these functions.

1.8 Information should be provided by legal entity. Market share information should be provided for both domestic market shares as well as local overseas market shares where such overseas activity may be material to the local market. Certain information is specifically requested from non-UK firms with activities in the United Kingdom. The following tables set out detailed information requirements.

Economic function(s)		Economic scale metrics (Value metrics should be in millions of GBP (£mn), unless otherwise stated, to standardise comparison. Where a different currency is used, please provide an exchange rate.)
Deposit-taking & Savings	Deposit-taking	
	Retail Current Accounts	<p>Provide:</p> <p>A. For UK deposits:</p> <ul style="list-style-type: none"> Total number of Financial Services Compensation Scheme (FSCS) eligible accounts and customers, and liabilities (£mn), broken down into: <ul style="list-style-type: none"> accounts with covered balances up to £85k limit (number of customers and liabilities (£mn)) accounts with balances that are above the £85k covered by the FSCS (number of customers and liabilities (£mn)) Number of accounts and customers, and total liabilities (£mn) that are ineligible for FSCS protection. <p>B. For deposits held in branches of UK entities:</p> <ul style="list-style-type: none"> Total number of accounts and customers and liabilities (£mn) that are eligible for protection from deposit guarantee schemes (DGS) in other jurisdictions, broken down into: <ul style="list-style-type: none"> accounts with covered balances up to the deposit compensation limit set by the respective DGS (number of customers and liabilities (£mn)) accounts with balances that are above the deposit compensation limit set by the respective DGS (number of customers and liabilities (£mn)) Number of accounts and customers, and total liabilities (£mn) that are ineligible for protection. <p>For each of the metrics above, provide the legal entity and jurisdiction.</p> <ul style="list-style-type: none"> 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 (availability and ease of substitution).
	SME ^(a) Current Accounts	As above for retail current accounts
	Retail Savings Accounts/Time Accounts	As above for retail current accounts
	SME Savings Accounts	As above for retail current accounts
	Corporate Deposits	<ul style="list-style-type: none"> Total liabilities (£mn) Total number of accounts Total number of customers <p>Each metric to be shown on legal entity and jurisdiction basis. It should include deposits from cash management products where applicable.</p> <ul style="list-style-type: none"> Market share — provide estimate of UK market share as well as overseas market shares where relevant. Identify any issues surrounding replacement of the firm's services by other providers. <p>Where the firm is a non-UK bank (UK is host authority), please provide:</p> <ul style="list-style-type: none"> Deposits from parent (£mn)
Lending & Loan Servicing	Lending	
	Retail Mortgages/Other Secured (Auto)	<ul style="list-style-type: none"> Total assets (£mn) Total committed facilities (£mn) Total number accounts Total number customers RWAs (£mn) <p>For each of the metrics above, please provide the legal entity and jurisdiction.</p> <ul style="list-style-type: none"> 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.
	Retail Unsecured Personal Lending	As above for retail mortgages

Lending & Loan Servicing (continued)	Retail Credit Cards	<ul style="list-style-type: none"> Total outstanding (£mn) Total committed facilities (£mn) Total number accounts Total number cards in issue RWAs (£mn) Number customers with more than one card Number customers not paid within one month <p>For each of the metrics above, please provide the legal entity and jurisdiction.</p> <ul style="list-style-type: none"> 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.
	SME Lending (Secured)	<ul style="list-style-type: none"> Total assets (£mn) Total committed facilities (£mn) Total number client accounts Total number customers RWAs Number accounts part of revolving credit facility Number customers not paid within one month <p>For each of the metrics above, please provide the legal entity and jurisdiction.</p> <ul style="list-style-type: none"> 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.
	Corporate Lending	<ul style="list-style-type: none"> Total assets (£mn) Total committed facilities (£mn) Total number client accounts Total number customers RWAs (£mn) Number accounts part of revolving and standby credit facilities Number accounts part of syndicate (syndicated loans) <p>For each of the metrics above, please provide the legal entity and jurisdiction.</p> <ul style="list-style-type: none"> 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.
		Where the firm is a non-UK bank (UK is host authority), please provide: <ul style="list-style-type: none"> Lending to and deposits in parent (£mn)
	Trade Finance	<p>For each of the activities below:</p> <ul style="list-style-type: none"> Documentary credit/documentary collection Guarantees Loans (import/export) Factoring/forfaiting and invoice financing <p>Provide:</p> <ul style="list-style-type: none"> Total number client accounts Annual amount lent (£mn)
	Infrastructure Lending	<ul style="list-style-type: none"> Total number client accounts Annual amount lent (£mn)
	Loan Servicing	
Credit Card Merchant Services	<ul style="list-style-type: none"> Average daily activity (£mn) Average transaction value (£mn) Number of active merchant accounts 	
Capital Markets & Investment	Trading	
	Derivatives (required report see Table A)	<ul style="list-style-type: none"> Total notional outstanding (£mn) Total number counterparties <p>For both derivatives positions and derivatives counterparties, split the reports according to the method by which the derivatives are traded or cleared/settled, ie exchange traded, OTC cleared through CCPs and OTC settled bilaterally.</p> <p>Note that some of the quantitative data requested may be similar to information collected by the PRA in other regulatory reporting submissions, including under Capital Requirements Regulation.</p>
	Trading portfolio (required report see Table B)	<ul style="list-style-type: none"> Balance sheet values by asset class (£mn) RWAs (£mn)

Capital Markets & Investment (continued)	Other	
	Asset management	<ul style="list-style-type: none"> Assets under management (£mn) Total number client accounts <p>For each of the metrics above, please provide the legal entity and jurisdiction of clients. Segregate between institutional, retail and wealth management clients.</p>
	General insurance	<p>For each of the activities below:</p> <ul style="list-style-type: none"> Policies eligible for FSCS protection Policies not eligible for FSCS protection <p>Provide:</p> <ul style="list-style-type: none"> Total policies by type (number) Total policyholders by type (number) <p>For each of the metrics above, please provide the legal entity and jurisdiction.</p> <ul style="list-style-type: none"> 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. Average annual claims and benefits payout (latest three-year average, net of recoveries from reinsurers, £mn)
	Life insurance, pensions, investments and annuities	<p>For each of the activities below:</p> <ul style="list-style-type: none"> Policies eligible for FSCS protection Policies not eligible for FSCS protection <p>Provide:</p> <ul style="list-style-type: none"> Funds under management, for investment products (£mn) Total policies by type (number) Total policyholders by type (number) <p>For each of the metrics above, please provide the legal entity and jurisdiction.</p> <ul style="list-style-type: none"> 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.
Wholesale Funding Markets	Securities Financing (required report see Table C)	<ul style="list-style-type: none"> Balance sheet values plus aggregate values for collateral accepted and given (£mn) Maturity profile Total number counterparties, including geographic distribution (number)
	Securities Lending	<p>For each:</p> <ul style="list-style-type: none"> Direct Third party (non-custodian lending) Agent (custodian lending) <p>Provide:</p> <ul style="list-style-type: none"> Gross value of open loans (£mn) Total number clients
Payments, clearing, custody & settlement ^(b)	Payment Services	<p>For all UK and material foreign payment systems^(c) used, please provide:</p> <ul style="list-style-type: none"> Legal entity which holds membership Transaction volumes (number, monthly/annual average, peak) Transaction values (number, monthly/annual average, peak) Flow volumes (£mn, monthly/annual average) Number of agents (flow volumes for these provided separately) 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. <p>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?</p>
	Settlement Services	<p>For all UK and material foreign settlement systems^(d) used, please provide:</p> <ul style="list-style-type: none"> Legal entity which holds membership Transaction volumes (number, monthly average/annual average) Transaction values (£mn, monthly average/annual average) Flow volumes (£mn, monthly average/annual average) 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. SWIFT average volumes (number, monthly average/annual average) <p>If required, could the firm transition from an affiliate network to a third-party correspondent network for settlement services? What timeline is required?</p>

Payments, clearing, custody & settlement (continued)	Other related activities	
	Cash Services (required report see Tables D and E)	<p>Please provide information for cash services in the United Kingdom only:</p> <ul style="list-style-type: none"> • Transaction inflows (value (£mn)/market share) • Transaction outflows (value (£mn)/market share) • Notes in Circulation — where own note issuance in Scotland and/or NI (value (£mn)/market share) • Infrastructure: <ul style="list-style-type: none"> – Cash centres (number/location/market share/coin centres) – ATMs (number/market share) – Branches (number/brand) • For the ten largest inflow and ten largest outflow customers, provide a brief description of the relationship, along with the average monthly volumes and the proportion of the business they represent. • Description of key industry relationships including but not limited to Bank of England, money printers, security providers, other banks and agents. Number of agency providers.
	Custody Services	<ul style="list-style-type: none"> • Safe custody assets held (£mn) • Client money held (£mn) • Description of ancillary services offered in custody eg securities lending, general prime brokerage services
	Third-Party Operational Services	<p>For each (the list below is not exhaustive):</p> <ul style="list-style-type: none"> • Credit card systems • Cheque processing • Back office for retail banking <p>Provide:</p> <ul style="list-style-type: none"> • Description of service • Number of clients provided with service • Number of other providers

- (a) As defined in Article 2.1(f) of the EU Prospectus Directive, SME refers to companies, which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: (i) an average number of employees during the financial year of less than 250, (ii) a total balance sheet not exceeding €43 million, (iii) an annual net turnover not exceeding €50 million.
- (b) The payments, clearing and settlement function is limited to those provided by firms to their clients. The scope extends to non-bank entities of a bank, as some of these functions may be provided by a non-bank entity eg a broker-dealer. A bank may provide payments, clearing and settlement services as an intermediary between its own clients or as an intermediary between a client and relevant FMIs. In some cases, the bank may also be a provider of payment, clearing and settlement services to an FMI or may provide access to FMIs to other banks that are not clearing members (known often interchangeably as agency/indirect/correspondent services).
- (c) This refers to FMIs in which the firm has direct access. Examples include, but not limited to BACS, CHAPS, Faster Payments, cheque clearing system, Fedwire and TARGET2.
- (d) This refers to FMIs in which the firm has direct access. Examples include, but not limited to CLS, Crest and Euroclear.

Table A Derivatives (complete for each legal entity if firm performs this function):

Outstanding notional contract amounts (£mn)				
	Exchange-traded derivatives	Other derivatives cleared through CCPs ^(a)	OTC ^(b) derivatives settled bilaterally	Total
Equities				
Sovereign Credit				
Non-sovereign Credit Products				
Rates				
Foreign Exchange				
Commodities				

Number of derivative counterparties		
Exchange-traded derivatives	Other derivatives cleared through CCPs	OTC derivatives settled bilaterally

(a) CCP = central clearing counterparty.

(b) OTC = over the counter.

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

	Assets (£mn)		Liabilities (£mn)
	Balance sheet values	RWA	Balance sheet values
Equities			
Treasury			
Sovereign Credit			
Non-sovereign Credit			
Rates			
Foreign Exchange			
Commodities			

Table C Securities Financing (complete for each legal entity if firm performs this function):

Reverse repurchase agreements and cash collateral on securities borrowed (£mn)	Repurchase agreements and cash collateral on securities lent (£mn)	Fair value of securities accepted as collateral under reverse repurchase agreements and securities borrowing transactions (£mn)	Fair value of securities given as collateral under repurchase agreements and securities lending transaction (£mn)

Table on economic functions split by legal entities

1.9 The purpose of this table is to map the economic functions performed by firms to their legal entities, based on the analysis above.

1.10 Where a firm's parent organisation is a UK-incorporated entity, firms should complete this table for all significant legal entities and branches that form part of the group, both domestically and internationally. This will allow the UK authorities to understand the economic functions performed in each country and therefore to develop an appropriate resolution strategy and co-ordinate the group resolution plan taking into account these functions.

1.11 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.

1.12 The overall purpose for the collection of information on economic activities and mapping them to legal entities is to inform the authorities' selection of a preferred resolution strategy for a firm. These tables will also help inform the post-stabilisation restructuring analysis. In completing these tables, firms should include metrics that best show the importance of all material legal entities in relation to economic functions. Those metrics used in the economic function identification exercise in Chapter 2 B should provide a helpful source of metrics to quantify materiality on a legal-entity basis. Sample answers are provided in *italics*.

	Legal entity/branch 1 (£mn) <i>(eg Bank A Ltd)</i>	Legal entity/branch 2 (£mn) <i>(eg Bank B Ltd)</i>	Legal entity/branch 3 (£mn)	Aggregate across legal entities/ branches (£mn)
Where UK is home supervisor, firms should provide information on all significant legal entities/branches, even if they do not perform any activity in the United Kingdom.				
Economic Function 1 <i>(eg Retail Current Accounts)</i>	<i>Total liabilities - 9</i>	<i>Total liabilities - 9</i>		<i>Total liabilities - 18</i>
Economic Function 2 <i>(eg Retail Mortgages)</i>	<i>Total assets - 10</i>	<i>Total assets - 10</i>		<i>Total assets - 20</i>
Where UK is host supervisor, firms should provide information on legal entities/branches relevant to the United Kingdom as stated above.				
Economic Function 1				
Economic Function 2				

Chapter 2

Phase 2 Part A: Strategy-specific information requests

A1 Bail-in

2.1 The information outlined below will be requested from firms to facilitate the development of a resolution plan based on the use of the bail-in tool.

2.2 The information will be used to identify the barriers to using a bail-in resolution strategy; where further work is required to overcome barriers; and to develop a detailed plan to effect the transaction.

2.3 The information will also provide a baseline for potential further work relating to the continuity of the firm's critical economic functions during a bail-in.

2.4 The information requested may include the following:

- A1.1 Loss-absorbing capacity: equity and liability structures
- A1.2 Intra-group exposures
- A1.3 Contract documentation
- A1.4 Operational shared services

A1.1 Loss-absorbing capacity: equity and liability structures

2.5 This information will permit resolution authorities to:

- Assess a firm's quantum of loss-absorbing capacity (LAC), including location of debt by legal entity in the group, and the feasibility of imposing losses on certain liabilities through the transaction structure.
- Analyse intra-group debt arrangements to define the quantum and mechanics of down-streaming LAC to subsidiaries from a holding company and up-streaming losses to the holding company. This includes analysing funded or unfunded commitments (eg guarantees) that could potentially be called on to recapitalise the entities during resolution.
- Identify and assess LAC across UK entities for non UK headquartered groups where a bail-in would be led by overseas resolution authorities. This includes assessing the quantum and mechanics of down-streaming LAC to UK entities and up-streaming losses to an overseas parent.

(a) Overview of potential bail-in liabilities across all legal entities

2.6 Firms may be required to provide information on all unsecured intra-group and external loans or debt securities in issue. This includes subordinated and senior debt and privately placed issuances.

2.7 The following information may be required for each instrument:

- Date of issuance
- Type of debt (eg medium-term notes, loans, bonds, convertible bonds)
- Class of debt (eg senior unsecured, AT1, subordinated debt)
- The amount in issue (par value)
- The maturity (first call date for debt with call options, final legal maturity)
- The currency in which the debt is issued
- Legal entity or entities in the group which issued the debt (including special purpose vehicle or branch of an entity)⁽¹⁾
- The governing law (English, other EU, US, other) for the contractual terms of the debt. Where applicable, highlight contractual provisions recognising UK resolution powers where the debt is issued under foreign law.
- Details of any guarantee applicable to the debt
- Details of the trustee, whether in Global Bearer form, Global Registered form or otherwise:
 - If in Global Bearer form, who is the Depository/Common Safekeeper and where is the note located?
 - If in Global Registered form, who is the registrar and where is the register kept?
 - Are there any notes not in global form?
- Details of the location of any other bearer debt instruments
- Details of the applicable clearing systems (Clearstream, Euroclear, DTC?) if tradeable
- The exchanges on which the debt is listed
- The firm's accounting treatment of the debt (eg amortised cost or designated at fair value)
- Whether the debt bears a fixed, floating or zero-rate coupon
- If the debt is structured, the determinants of the coupon and/or the redemption value and other terms of the program, eg any call or put options
- For convertible debt, details of the conversion terms
- An indication of any non-standard terms included in the debt, eg unusual termination events
- ISIN/CUSIP number

2.8 Firms may also be required to submit:

- Details of any constraints on the issuance of new shares (for example a specified maximum authorised share capital in the legal entity's constitution).
- Details of the key terms of each class of equity instrument in issue, including governing law, whether or not controlling rights are attached, details of any preferential rights to dividends.
- The legal entity's constitutional documents.
- A reconciliation between the firm's regulatory returns and financial accounts.

(1) Where the debt is issued by, or an obligation of, a branch, the branch, and not the bank, should be indicated as the issuer. Also, where the issuer of the debt is a branch, please indicate whether the liability for the debt obligations issued are shown on the books of the branch as liabilities of the branch.

(b) Contractual terms of debt instruments

2.9 Firms may be required to provide the following details about the contractual terms of their debt instruments:

- The firm's proposed approach to aligning the contractual terms of debt instruments to facilitate a bail-in (standardised contractual terms and non-standardised)
- Details of the firm's debt instrument documentation, including:
 - The number of active and inactive contracts⁽¹⁾
 - The number of standardised and non-standardised contracts
 - A breakdown according to type of debt issued
 - The governing law of each contract
- Details of the system used for safekeeping legal documents and an estimate of how quickly information can be extracted from this system.
- Details of the non-standardised clauses in debt instrument agreements, including how these differ from the clauses used in standardised agreements.
- Identify events of default that could be triggered in resolution and the materiality of such provisions across the contract population (eg cross-default provisions, termination upon restructuring)

(c) Intra-group LAC arrangements

2.10 Firms may be required to provide the following information relating to intra-group LAC:

- An overview of the firm's intra-group capital and funding structure
- The amount of intra-group LAC held by each legal entity in the group
- Notification if triggers for writing down intra-group financial exposures rest with host authorities
- Detailed arrangements for capital support and/or contingent liabilities between group entities
- The key terms and conditions of intra-group term funding, including:
 - identity of issuer
 - tenor
 - whether subordinated or senior ranking
 - whether convertible debt (if so give details of triggers)
 - governing law
 - any pledge or collateral, and
 - any other relevant terms
- Details of cross-guarantees or cross-default provisions between group entities
- Details of contractual provisions recognising UK resolution powers where the debt is issued under foreign law.

(d) Management Information (MI) systems

2.11 Firms may be required to provide the following information relating to their MI systems:

- Details of how information on LAC and funding is produced and updated using the firm's existing MI systems
- An estimate of how quickly the firm would be able to produce (or update) the information outlined in this supervisory statement — and actions that could be taken to improve this
- Evidence of data quality — for example details of how MI is verified and signed off

Sample template

2.12 The table on the following page is a template for summary information on LAC for UK-headquartered groups. However, supervisors will guide firms on the form of information to be provided as part of bilateral work. Supporting detailed information should also be provided as requested in sections (a)–(d) above. Firms should ensure MI systems are capable of producing the information requested.

(1) Inactive means no actual current service/transaction under contract.

Issuing entity	Location of issuance	Governing law				% External Debt Holders	% Intra-group Debt Holdings
		UK	EU (excl. UK)	US	Other		
Name of issuing entity							
Senior unsecured short term (<1yr) debt							
	UK	0	0	0	0	0	0
	EU (excl. UK)	0	0	0	0	0	0
	US	0	0	0	0	0	0
	Other	0	0	0	0	0	0
TOTAL	All	0	0	0	0	0	0
Senior unsecured debt (>1yr)							
	UK	0	0	0	0	0	0
	EU (excl. UK)	0	0	0	0	0	0
	US	0	0	0	0	0	0
	Other	0	0	0	0	0	0
TOTAL	All	0	0	0	0	0	0
Subordinated debt / loans							
	UK	0	0	0	0	0	0
	EU (excl. UK)	0	0	0	0	0	0
	US	0	0	0	0	0	0
	Other	0	0	0	0	0	0
TOTAL	All	0	0	0	0	0	0
Preference shares							
	UK	0	0	0	0	0	0
	EU (excl. UK)	0	0	0	0	0	0
	US	0	0	0	0	0	0
	Other	0	0	0	0	0	0
TOTAL	All	0	0	0	0	0	0
Total debt		0	0	0	0	0	0
TOTAL		0					

Reconciliation to Capital position					% External Holders	% Intra-group Holdings
CET Tier 1	0				0	0
Additional Tier 1	0				0	0
Tier 2	0				0	0
TOTAL Capital (*)	0				0	0
Other Debt						
Other non-capital qualifying debt securities	0				0	0
Senior unsecured debt (>1yr)	0				0	0
Senior unsecured short term (<1yr) debt	0				0	0
Total Debt	0				0	0
Balancing check on Debt securities					0	0
Total Equity and Debt qualifying for Bail-in					0	0
Other Key Indicators (per issuing entity)					RWAs	RWAs Basel 3
					Basel 2.5	(**)
Name of issuing entity					Total Assets	Total Liabilities

(*) Regulatory qualifying capital
 (**) If available

A1.2 Intra-group exposures

2.13 Groups will be required to quantify business as usual (twelve-month average) intra-group exposures between legal entities (branch or subsidiary). This will allow the authorities to assess the feasibility of executing a bail-in. It will also support post-resolution business reorganisation.

2.14 The analysis should cover the entities of the group that are material from a funding flow perspective.

2.15 For groups where the preferred group resolution is bail-in at the level of UK parent company, the assessment should identify intra-group flows between the UK entity and all significant legal entities within the group.

2.16 For non-UK groups, where the preferred group resolution strategy is a bail-in led by overseas resolution authorities, the assessment will seek to identify intra-group flows that involve UK entities.

2.17 Firms should submit information across products such as money market funding, debt instruments, secured transactions, collateral alignment, derivatives, off balance sheet commitments and guarantees. Exposures should be differentiated by remaining tenor and material currencies. Firms should also provide information on historic peak exposures over the previous twelve months.

Sample template

2.18 The tables below are templates for summary information on intra-group exposures. However, supervisors will guide firms on the form of information to be provided as part of bilateral work (the templates are not regulatory returns). Firms should ensure management information systems are capable of producing the information requested by supervisors.

Intragroup Exposures Data Request - ABC Group

Name of Entity / Hub:	Entity 1
Reporting Period:	xx/xx/xxxx

				1	2	3	4	5	6	7	8	9	10	
				Entity 2 (total)	Entity 2 (other)	Entity 2 (USD)	Entity 2 (EUR)	Entity 2 (GBP)	Entity 3 (total)	Entity 3 (other)	Entity 3 (USD)	Entity 3 (EUR)	Entity 3 (GBP)	
£ Millions		Counterparty Name												
Total Exposure including commitments				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Section A Prime Lending	Funded Unsecured (e.g. Money Market Instruments including CP and CD)	Residual Maturity	Open											
			O/N											
			<3m											
			3m-1y											
			1y-5y											
	5y+													
	Undrawn Commitments and Guarantees	Residual Maturity	Open											
			O/N											
			<3m											
			3m-1y											
1y-5y														
5y+														
Total Prime Lending Exposure (sum of all maturities)														
Section B Secured Lending / Borrowing	Repo	Gross Cash leg by Maturity	Open											
			O/N											
			<3m											
			3m-1y											
			1y+											
	Reverse Repo	Gross collateral leg by collateral type	G7 Sovereign											
			Non-G7 Sovereign and Highly Rated Corporates											
			Other											
			Open											
			O/N											
<3m														
3m-1y														
1y+														
Total Secured Exposure														
Section C Derivatives Exposures	Interest Rate Derivatives	Gross MtM exposure Before Collateral												
		Net MtM Before Collateral												
	Credit Derivatives	Gross MtM exposure Before Collateral												
		Net MtM Before Collateral												
	Equity Derivatives	Gross MtM exposure Before Collateral												
		Net MtM Before Collateral												
	FX Derivatives	Gross MtM exposure Before Collateral												
		Net MtM Before Collateral												
	Commodities Derivatives	Gross MtM exposure Before Collateral												
		Net MtM Before Collateral												
Other Derivatives	Gross MtM exposure Before Collateral													
	Net MtM Before Collateral													
Net Collateral Received / Posted														
Net MtM After Collateral														
Section D Ancillary Exposures	Settlement and Clearing Lines Extended	Residual Maturity	O/N											
			<3m											
			3m-1y											
			1y-5y											
			5y+											
	Total Settlement & Clearing Lines Exposure													
	Other Exposures	Residual Maturity	<3m											
			3m-1y											
			1y-5y											
			5y+											
Total Other Exposure														

Comments:

1. Section A should include all intragroup exposures funded unsecured. This includes outright lending, and any money market instruments (CD/CP).
2. Section B Repo and reverse repo should set out the cash and security amounts.
3. Settlement and Clearing Lines Extended refers to maximum intra-day lines extended and may be a subset of Commitments and Guarantees.

Intragroup Exposures Data Request - ABC Group

Peak Exposures in past 12 months

£ Millions

		Entity					
		Entity 1		Entity 2		Entity 3	
		1	2	7	8	13	14
Counterparty		Entity 2	Entity 3	Entity 1	Entity 3	Entity 2	Entity 1
Section A Prime Lending	Prime Lending - Funded Unsecured	0.0	0.0	0.0	0.0	0.0	0.0
	Undrawn Commitments and Guarantees	0.0	0.0	0.0	0.0	0.0	0.0
Section B Secured Lending / Borrowing	Repo	0.0	0.0	0.0	0.0	0.0	0.0
	Reverse Repo	0.0	0.0	0.0	0.0	0.0	0.0
Section C Derivatives Exposures	Net MtM Before Collateral	0.0	0.0	0.0	0.0	0.0	0.0
	Net Collateral Received / Posted	0.0	0.0	0.0	0.0	0.0	0.0
	Net MtM After Collateral	0.0	0.0	0.0	0.0	0.0	0.0

Comments

1. Peak exposures should be on 'Total Currency' basis.
2. Monthly peak should be calculated separately for each of the categories. It is likely that all the peaks across the rows may not occur on same date.
3. Scope of items included in each category should follow the previous tabs

A1.3 Contract documentation — resolution trigger events

2.19 In order to ensure that key services can be maintained in resolution, and that contracts prevent termination in resolution, firms are expected to provide contract documentation for service agreements and market counterparties. This information will allow the authorities to:

- assess the risks of adverse reactions from service providers (service agreements) and market counterparties (trading documentation) in resolution (eg triggering contract accelerations, cross-defaults, etc.);
- identify the measures required to alleviate these risks, including changes required to documentation (standardised⁽¹⁾ and non-standardised) to better align with the preferred resolution strategy;
- assess the extent to which the firm has amended contractual documentation (including terms of debt instruments) to facilitate cross-border recognition of resolution actions; and
- assess the extent to which resolution powers can be used to override termination provisions.

2.20 Firms should describe their system for safekeeping legal documents and explain how easy it is to extract information from this system. Firms are expected to set out the firm's proposed approach to aligning trading documentation (standardised and non-standardised) to facilitate the preferred resolution strategy.

(a) Service Agreements

2.21 Quantify the scale of the firm's service agreement documentation, providing a breakdown by:

- Number of contracts — active and inactive
- Breakdown of standardised versus non-standardised
- Economic materiality
- Group legal entities that are party to the agreements
- Governing law (English, other EU, US, other)

2.22 For economically material contracts firms should provide details of key clauses such as break/insolvency, services, costs, encumbrances. Firms should make clear where these relate to intra-group agreements and agreements with external parties.

(b) Market Counterparties (including FMI)

2.23 Quantify the scale of the firm's trading documentation, including general breakdown by:

- Number of contracts — active and inactive
- Breakdown of standardised versus non-standardised

- Economic materiality
- Group legal entities that are party to the agreements
- Governing law
- Type of counterparty (eg sell-side dealer counterparties, FMI)

2.24 For economically material contracts:

- Where there are non-standardised clauses, provide a description of the clauses that differ from the standardised agreement, and how they differ.
- Where there are triggers for collateral calls (eg debt ratings) from market counterparties, identify and describe them.
- Where there are events of default that could be triggered in resolution, identify and describe the materiality of such provisions across the contract population (eg cross-default provisions, termination upon restructuring, etc.)

(c) Guarantees (issued and received, internal and with external parties)

2.25 Quantify the scale of the firm's guarantees, including general breakdown by:

- Number of guarantees — active and inactive
- Breakdown of standardised versus non-standardised
- Breakdown between intra-group and extra-group guarantees
- Economic materiality
- Group legal entities that have issued/received the guarantees
- Governing law

2.26 For economically material contracts:

- Where there are non-standardised clauses, provide a description of the clauses that differ from the standardised agreement, and how they differ.
- Identify events of default that could be triggered in resolution and the materiality of such provisions across the contract population (eg cross-default provisions, termination upon restructuring)

(d) Contract Documentation

2.27 Set out the firm's proposed approach for aligning contract documentation (standardised and non-standardised) to facilitate the preferred resolution strategy.

(1) Standardised documentation refers to ISDA agreements. Non-standardised documentation refers to bilateral or bespoke agreements.

A1.4 Operational shared services — bail-in

2.28 The information provided in this section will allow the authorities to understand any critical internal or external operational shared services that may hinder resolution and affect post-resolution business reorganisation.

2.29 An indicative list of the information that firms should submit is listed below. Where critical dependencies may represent a barrier to the execution of a post bail-in business reorganisation, firms should set out how they will overcome this. The information should:

- (a) Identify solutions to provide continuity of service throughout resolution (eg resolution-proof service agreements, service company models, outsourcing).
- (b) Identify dependencies of the UK group operations on
 - i) other group entities, and ii) third-party entities for the following services:
 - Human resources support (eg payroll).
 - IT (eg data storage and processing, data centres, software licences, access to external providers, application maintenance and user support).
 - Transaction processing (eg legal transactional issues such as anti-money laundering).
 - Real estate provision or management (eg facilities management, security, real estate portfolio management).
 - Legal service/compliance (eg corporate legal support, compliance support).
- (c) Describe governance and management arrangements (eg reporting lines) for the services above.
- (d) Describe material cross-border activity (eg where services are provided by UK entities to non-UK entities (branch or subsidiary) and *vice versa*).
- (e) Provide an assessment of the extent to which critical interdependencies can be maintained in a bail-in.

A2 Partial transfer and bridge bank

2.30 The information outlined below will enable the authorities to develop a resolution plan based on the use of stabilisation transfer tools under the Banking Act 2009 — that is a whole or partial transfer to a bridge bank or private sector purchaser.

2.31 Information provided by firms will enable the authorities to assess the feasibility of grouping and separating the firm's functions into viable business units. It will facilitate the identification of barriers to splitting up a firm, and actions that would overcome these, and ensure that the firm's critical economic functions are maintained.

A2.1 Effecting a transfer

2.32 The information provided in this section will facilitate the identification of the different options for grouping the firm's assets and liabilities to be saleable or transferable to a third

party or bridge bank. Firms are expected to provide the following:

(a) Strategy and business model analysis

- Identify asset portfolios that may be transferred to a bridge bank or private sector purchaser and asset portfolios that may be wound down in the Bank Administration Procedure.
- Provide details of the profit drivers of the business, and an assessment of the sustainability of profitability following transfer.
- Provide an assessment of the quality of assets and liabilities.
- Identify critical functions (and critical shared services) that will be included within the asset portfolios designated for a transfer.
- Provide an assessment of feasibility and credibility of each of the transfer options.

(b) Details of existing asset valuation, controls and systems for fair value assets and amortised cost assets⁽¹⁾

(c) Identification of barriers to achieving separable resolution units, covering:

- Outstanding repos and warranties on loan assets
- Securitisations
- Syndicated loan transactions
- Asset servicing arrangements
- Material outstanding litigation

A2.2 Operational shared services — partial transfer/bridge bank

2.33 Information provided in this section will enable the authorities to understand any critical internal or external operational shared services that may hinder resolution and post-resolution bridge bank exit and/or business reorganisation. An indicative, but non-exhaustive, list is shown below. Where critical dependencies may represent a barrier to feasible transfer, the firm should identify solutions. Firms are expected to provide the following:

- (a) Business solutions to provide continuity of service throughout resolution (eg resolution-proof service agreements, service company models, outsourcing).
- (b) Dependencies of the UK group operations on
 - i) other group entities, and ii) third-party entities for the following services:
 - Human resources and HR support (eg payroll).
 - IT (eg data storage and processing, data centres, software licences, access to external providers, cyber-risk defences, application maintenance and user support).

⁽¹⁾ The overriding purpose is for the Authorities to gain a better understanding of the firm's existing valuation processes and systems. Please refer to Phase 2 C4 Valuation as a guide to the information that might be requested.

- Transaction processing (eg legal transactional issues such as anti-money laundering).
 - Real estate provision or management (eg facilities management, security, real estate portfolio management).
 - Legal service/compliance (eg corporate legal support, compliance support).
- (c) Governance and management arrangements of UK operations.
- (d) Description of material cross-border activity (eg where services are provided by UK entities to non-UK entities (branch or subsidiary) and *vice versa*).
- (e) Analysis on the extent to which critical interdependencies can be maintained in a partial transfer/bridge bank.

A2.3 Continuity

2.34 Firms are expected to assess the level of continuity of critical functions provided when executing a transfer of each of the packages of assets and liabilities (described in Section A2.1) to a private sector purchaser or bridge bank and taking into account the key dependencies identified in Section A2.2. Firms may be requested to consider a range of options for packaging the assets and liabilities. Firms should:

- (a) Explain how the packages would be separated from the group, and provide an expected timeline for achieving this.
- (b) Outline how any barriers to continuity, which would prevent a critical function or business line from continuing to operate during separation, could be overcome.

2.35 Examples of barriers that the firm should address include activities that span legal jurisdictions, associated derivatives exposures and netting arrangements, or operational/financial/structural idiosyncrasies.

A3 Bank Insolvency Procedure

2.36 Most of the information required to assess the feasibility of executing a Bank Insolvency Procedure is already provided to the authorities through business as usual regulatory reporting and the information provided in Phase 1. This includes the requirement to be able to provide the FSCS with a Single Customer View (SCV) file within 72 hours.

2.37 The PRA requires firms to be able to produce a single, consistent view of each eligible depositor's funds, to enable the FSCS to implement rapid payout in the event of a resolution. We require firms at all times to be able to provide information to us to assess its SCV capabilities, in line with the PRA's Compensation rules.

2.38 However firms may be required to submit additional information, for example, if they undertake a specific

economic function that may present particular complications in resolution. In this case firms may be required to submit more granular information as outlined in Part B of Phase 2 (eg cash services).

Phase 2 Part B: Critical function information requests

2.39 The following section sets out additional information and analysis that may be requested from firms in order to further assess the feasibility of a particular resolution strategy, identify barriers to this, and make a detailed resolution plan which ensures that any critical economic functions are protected.

2.40 Firms should consider the need to maintain continuity in the critical economic functions that they provide as well as the need to limit contagion and disruption to customers, counterparties and other market participants.

2.41 The authorities' need for further information will depend on the complexity of the individual firm and its preferred resolution strategy. Additional information requested may include, but is not limited to, the following areas, which are outlined in more detail in the following tables:

- B1 Payments, clearing and settlement
- B2 Trading book analysis
- B3 Cash Services
- B4 Custody Services

B1 Payments, clearing and settlement

2.42 This section focuses on the Financial Market Infrastructure (FMI) which are critical to the firm and customers with which it has a correspondent banking relationship.

Provide, as appropriate, the following data and analysis for the significant legal entities that have been identified in Phase 1.		
1	Business overview	<p>List of FMIs used for each core business area within each jurisdiction, with key metrics (value/volume of transactions, £mn). Under which jurisdictions are the FMIs located?</p> <p>Access to FMIs?</p> <ul style="list-style-type: none"> • Direct membership: Names of legal entities which have direct access. What are the necessary comforts (eg pre-funding) that will need to be delivered to the FMI to maintain direct participation in the FMI at the point of resolution? • Indirect membership: For legal entities that access FMI indirectly, please provide a high-level description of how access is obtained (either via other legal entities in the Group or via third parties). <p>Are there any existing contingency plans on alternative means to access FMI indirectly or apply for direct access? How practical is it to set up (pre-resolution) contingency arrangements with alternative providers? Even where no contingency plan is in place, please provide an assessment on the following:</p> <ul style="list-style-type: none"> • Name the likely third parties that can be utilised • Where intra-group relationships are changed to third-party relationships, what are the high-level steps required to ensure ex-affiliates can be treated on third-party commercial terms (eg system changes and recalibration of risk/exposure limits)? • What are the operational steps required? • What is the timescale? • What are the likely financial terms?
2	FMIs	<p>FMIs:</p> <ul style="list-style-type: none"> • Are there any FMIs in which the Group is a material provider/receiver of liquidity to facilitate settlement? • Are there any securities clearing schemes for which the Group provides a settlement service? (eg liquidity provider in CREST) • Are there any CCPs in which the group is a material (Top 5) participant? • How many alternative financial institutions exist in the market for these services? How many alternative financial institutions are able to take on additional settlement capacity, based on current market share?
3	Provision of services to other entities	<p>Other legal entities within the Group:</p> <ul style="list-style-type: none"> • Please provide a high-level assessment of how payments, settlement and clearing systems are critical to other critical functions within the Group. <p>Agency and Correspondent Banking Relationships:</p> <ul style="list-style-type: none"> • Where other internal/external entities rely on the Group for agency and correspondent banking, provide a breakdown of customer types eg banks, corporates, institutional investors, government entities. • Name the legal entities which provide the service. What are the terms of the contracts governing the relationships and how would these relationships be affected in a resolution? Could payments, clearing and settlement services be maintained pending a sale of the firm to a third party or bridge bank? Under what scenarios would the firm cease to offer settlement bank services to another financial institution customer? Please include commentary on cases where the Group is a significant direct participant in FMI in non-UK jurisdictions. • Can these relationships still be maintained given the loss of the global franchise? If so, would these services be continued under current terms? • Describe the credit approval and operational processes in providing settlement services eg reliance from customers in terms of credit to support their daily settlement requirements. • Describe the channels that customers use in communicating with the firm ie the scale of customers reliant and dependent upon firm proprietary systems in accessing FMIs versus market-wide channels such as SWIFT. <p>Cash Management business (where applicable):</p> <ul style="list-style-type: none"> • Brief description of main products offered, and clients serviced. In particular, please identify any globalised services such as cross-currency products and CLS clearing. • Key metrics for current business where appropriate (revenue, number of clients etc). • How many alternative providers exist in the market for these services? How easily could clients' funds be transferred to an alternative provider? • How would proprietary vs client custodial assets be separated? What rights does the Group have over client assets? • Indicate which products/services would be core to the regional business post-resolution.

4	Procurement of services from other entities	<p>Settlement/clearing Banking Relationships:</p> <ul style="list-style-type: none"> • Where the firm relies on other entities for settlement/clearing bank services, provide the following, for each of the FMI utilised: <ul style="list-style-type: none"> – A walkthrough of the payment life-cycle, from initiation of payment instruction to settlement and booking in customer account ledger. Provide critical cut-off times and highlight points of irrevocability. Provide an assessment of the average daily volume of in-flight transactions for each payment scheme (£mn). – Provide average and peak volumes (£mn) of ATM withdrawals. – An overview of any service agreements including whether the service agreements can survive a resolution and assure continued indirect access. Where no service agreements are in force, can indirect access continue, and for how long?
5	Funding	<ul style="list-style-type: none"> • What are the BAU and stressed liquidity needs by currency for payment, clearing and settlement activities? • What are the main sources of intraday/overnight liquidity in BAU? • Are there any contingent funding sources?
6	Operational and managerial interdependencies	<p>For each of the following:</p> <ul style="list-style-type: none"> • Funding — any dependence on a centralised Treasury function • Compliance and risk functions eg KYC/AML, fraud management • Key operational centres • Data centres and IT infrastructure (proprietary systems, servers, hardware and software, including outsourcing and licences) • Key staff <p>Please provide:</p> <ul style="list-style-type: none"> • Legal entities where the functions are located (for intra-group dependencies). Please indicate the level of capital in each entity, and to what extent it is capitalised intra-group. • Details of key clauses such as break/insolvency, services, costs, encumbrances, etc (please break down between intra-group and extra-group agreements) • High-level assessment of whether the service agreements can survive a resolution and whether current structure is capable of implementing the preferred resolution strategy
7	Business Model review (forward-looking – restructuring of Group)	<p>Please identify the jurisdictions/regions where continued direct access to global payment/clearing facilities is critical to the business model (in terms of revenue/profit and funding) and franchise.</p> <p>For the remaining regions, consider which local payment and clearing functions would still need to be retained.</p>

B2 Trading book analysis

2.43 This section focuses on the trading book, with particular focus on the firm's booking model, trade documentation and operational continuity of the trading book in a resolution.

Number	Heading	Required data/Detail required
Provide, as appropriate, the following data and analysis for the significant legal entities that the firm has identified		
1	Risk Management practices (booking models) overview	<p>Please provide a diagram of the firm's booking model. Please provide information on the jurisdiction where each legal entity involved is located, as well as the use of unregulated affiliates.</p> <p>Information below is to be provided for each combination of a UK-regulated legal entity and its unregulated affiliate (UK or overseas) within a group, where they transact with each other:</p> <ul style="list-style-type: none"> Name of the UK-regulated legal entity that transacts with its unregulated affiliate. Name and domicile of the unregulated affiliate. Asset classes of transactions with the unregulated affiliate (eg rates, credit, equity, derivatives) Description of/rationale behind transactions with the unregulated affiliate (eg back-to-back for centralisation of risk management, compliance reasons such as Reg-K in the US, tax efficiency, capital savings etc). Total intra-group exposure value (£mn) of the UK-regulated entity to the unregulated affiliate (resulting from transactions between them), as of the latest reporting period, gross and net (net of netting and net of collateral) <p>2012 intra-group revenue/profit transfers (£mn) by desk, entity and types (eg sales credit, profit split, P/L recognition). Please provide a high-level description of any agreements governing the booking and pricing of risk between each legal entity including whether the agreements can survive a resolution.</p>
2	Derivatives booking model	<p>For each legal entity and branch in the United Kingdom, please provide:</p> <ul style="list-style-type: none"> OTC derivatives external gross Mark to Market (MtM) and notional held (£mn) OTC derivatives intra-group gross MtM and notional held, by entity pairs and by desks (£mn) Monthly average and peak derivative external trade volume by value, by desks (£mn) Monthly average and peak derivative intra-group trade volume by value, by desks (£mn) OTC derivatives external gross MtM and notional executed by non-UK traders held, by country (use ISO country code) and by product line (£mn). House Initial Margin (IM) and notional with CCP and Derivative Exchanges executed by non-UK traders by country and exchanges (£mn).
3	Cash securities booking model	<p>For each legal entity and branch in the United Kingdom, please provide:</p> <ul style="list-style-type: none"> Monthly average and peak external trade volumes (number) and values (£mn) by asset class (eg rates, credit, equities) or lines of business, entities and depositories Monthly average and peak intra-group trade volumes (number) and values (£mn) by asset classes (eg rates, credit, equities) or line of business, entity pairs and depositories
4	Derivatives FMI membership	<ul style="list-style-type: none"> Direct derivatives clearing memberships: <ul style="list-style-type: none"> i) House Initial Margin (IM) and notional with CCP and Derivative Exchanges (£mn) ii) External Clients IM and notional with CCP and Derivative Exchanges (£mn) iii) Intra-group IM and notional with CCP and Derivative Exchanges (£mn) Indirect derivatives clearing memberships: <ul style="list-style-type: none"> i) IM and notional with CCP and Derivative Exchanges held with third-party clearers (£mn)
5	Operational and managerial interdependencies	<p>For each of the following:</p> <ul style="list-style-type: none"> Middle and back offices, including key staff Data centres and IT infrastructure (proprietary systems, servers, hardware and software, including outsourcing and licences) <p>Please provide:</p> <ul style="list-style-type: none"> Legal entities where the functions are located (for intra-group dependencies). Please indicate the level of capital in each entity, and to what extent it is capitalised intra-group. Copy of service agreements, or as a minimum details of key clauses such as break/insolvency, services, costs, governing law, encumbrances, etc (please break down between intra-group and extra-group agreements) High-level assessment of whether the service agreements can survive a resolution and whether current structure is capable of implementing the preferred resolution strategy

B3 Cash services

2.44 This section focuses on the scope and scale of the cash services business line, and operational continuity of these operations in a resolution.

Number	Heading	Required data/Detail required
Provide, as appropriate, the following data and analysis for the significant legal entities that the firm has identified and geography (E&W, Scotland, NI)		
1	Customers	<ul style="list-style-type: none"> • Overview of services provided, including volumes
2	Joint ventures	<ul style="list-style-type: none"> • Copies of relevant contracts, or as a minimum detail of key clauses such as break/insolvency, services, costs, governing law, encumbrances.
3	Property	<ul style="list-style-type: none"> • For each Cash Centre: <ul style="list-style-type: none"> – Ownership details – Operational details (if outsourced) – Copies of relevant contracts if not self-owned or operated, or as a minimum details of key clauses such as break/insolvency, services, costs, governing law, encumbrances.
4	IT systems	<ul style="list-style-type: none"> • Name and overview of system function/use and whether off shelf or bespoke • Ownership details — licence requirements if not owned/developed in-house • Details of other relevant licences and intellectual property
5	Key service providers	<ul style="list-style-type: none"> • Details of key clauses such as services provided, break/insolvency, costs, for: <ul style="list-style-type: none"> – ATM replenishment – Cash in Transit (CIT) movements – IT systems essential for cash business – Equipment maintenance (High Speed Note Sorting (HSNS), ATMs etc) – Printing of own-note issuance – Processing of own-note issuance
6	Funding/Capital Requirements/ Costs	<ul style="list-style-type: none"> • Provision of treasury function for cash handling • Guarantees • Booking of business, and transfers of ownership of notes
7	Wind down/ separation	<ul style="list-style-type: none"> • Management assessment of barriers to resolution.

B4 Custody services

2.45 This section focuses on the scope and scale of custody services (including ancillary services such as securities lending), as well as funding and operational continuity in resolution.

Number	Heading	Required data/Detail required
Provide, as appropriate, the following data and analysis for the significant legal entities that the firm has identified		
1	Business overview	<ul style="list-style-type: none"> Describe key services (eg custody, fund accounting, securities lending etc) provided. Please provide revenue and P&L breakdowns for each service. Overview of the custody market, including the Group's market share and how many alternative providers exist in the market for these services. How do systems and business structure facilitate transfer of clients? Overview of firm's sub-custodian network. What are the key payments and settlement FIMs used in the custody business? Are they accessed directly or indirectly?
2	Customers	<p>Other legal entities within Group:</p> <ul style="list-style-type: none"> What are the interactions and interdependencies between custody and other business lines and legal entities? Please provide a high-level assessment of how custody is critical to other critical functions within the Group. What are the contingency plans for alternative custody services? What are the timescale and costs? <p>External customers:</p> <ul style="list-style-type: none"> Please provide an overview of the client base (eg pension funds, sovereign wealth funds). Provide a breakdown of customer types eg banks, corporates, institutional investors, government entities.
3	Funding	<ul style="list-style-type: none"> BAU and stressed/peak liquidity needs by currency for custody activities (£mn) Main sources of intraday/overnight liquidity in BAU Are there any contingent funding sources?
4	Operational and managerial interdependencies	<p>For each of the following:</p> <ul style="list-style-type: none"> Funding — any dependence on a centralised Treasury function Sub-custodian and depositary network Custody-related products (eg transition management, cash management, reinvestment of collateral in securities lending etc) Regulatory and risk functions eg KYC/AML compliance Key operational centres Data centres and IT infrastructure (proprietary systems, servers, hardware and software, including outsourcing and licences) Key staff <p>Please provide:</p> <ul style="list-style-type: none"> Legal entities where the functions are located (for intra-group dependencies). Please indicate the level of capital in each entity, and to what extent it is capitalised intra-group. Copy of Service agreements, or as a minimum details of key clauses such as break/insolvency, services, costs, encumbrances, governing law etc (please break down between intra-group and extra-group agreements) High-level assessment of whether the Service agreements can survive a resolution and whether current structure is capable of implementing the preferred resolution strategy

Phase 2 Part C: Additional information requests

2.46 To facilitate resolution planning the authorities may require additional information on the following:

- C1 Business reorganisation plan
- C2 Operational continuity
- C3 Liquidity
- C4 Valuation

C1 Business reorganisation plan

2.47 Following intervention using the bail-in resolution tool (introduced by the Banking Reform Bill) the Bank of England may require a bail-in administrator or one or more directors of the bank under resolution to prepare a business reorganisation plan. This plan would assess the factors that led to the bank's failure and set out how the business will be returned to viability and operate as a going concern. The RRD is also likely to require business reorganisation plans to be developed following application of resolution tools (the business reorganisation would be complementary to any business reorganisation required under the EU State Aid Framework). A business reorganisation plan should have regard to separability and ease of unwind for core functions and business lines, including on a cross-border basis.

2.48 The reorganisation plan will need to consider a range of options. These may include: (i) options for maintaining the continuity of core functions; (ii) ease of unwind of core functions, and (iii) ease of sale or transfer of core functions. The consideration of individual options should be based on reasonable commercial assumptions.

2.49 To facilitate the timely production of a reorganisation plan in the event of resolution, the PRA may require a firm to consider in advance a range of restructuring options that might present an effective route to restoring the long-term viability of the firm post-resolution. Supervisors will guide firms on how to progress this should it be required.

C2 Operational continuity

2.50 This section focuses on operational continuity in a resolution.

(a) Table on high-level costs split by legal entities and business lines

The purpose of this table is to map the high-level operational costs incurred by firms by legal entity and business line.

Where a firm's parent organisation is a UK-incorporated entity, firms should complete this table for all significant legal entities

in the group, both domestically and internationally (subsidiaries and branches). This will allow the UK authorities to better co-ordinate post-resolution restructuring, by improving understanding of the operational costs of each legal entity and line of business.

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.

		Organisational Structure											
		Legal Entity 1		Legal Entity 2		Legal Entity N		LOB 1		LOB 2		LOB N	
		Fixed	Marginal	Fixed	Marginal	Fixed	Marginal	Fixed	Marginal	Fixed	Marginal	Fixed	Marginal
Cost Component	FO Staff												
	BO Staff												
	IT Operations & Support												
	IT Infrastructure												
	Group/HO Functions												
	Premises : Branch/FO												
	Premises : HO/BO												
	TOTAL												

LOB: line of business.

FO: front office.

BO: back office.

HO: head office.

(b) Operational continuity – service company models

2.51 This section focuses on the operational continuity in a resolution for firms that have significant service company models.

Number	Heading	Required data/Detail required
Provide, as appropriate, the following data and analysis for the significant legal entities that the firm has identified		
1	Structure, Scope and Scale	<ul style="list-style-type: none"> • Provide a high-level summary (including diagrams where appropriate) of how the service companies sit within the corporate structure of the Group. • To what extent does management of the service companies overlap with the Group? • Provide a summary of the services which are provided by the service companies to the different parts of the Group (include diagrams where appropriate). • Provide a summary of the transfer pricing arrangements and terms of trade between the service companies and the Group. • Are there any other extra-Group entities that depend (directly or indirectly) on the service companies for critical shared services? • Provide some metrics for size ie number of employees and total assets, and compare these with the Group's metrics. • Provide a balance sheet, P&L and cash-flow statement. • What authorities regulate the service companies? • What assurances exist for continuous provision of critical shared services between home and host authorities? For non-UK firms, do the service companies have a subsidiary or branch physically located in the United Kingdom?
2	Capital and Funding	<ul style="list-style-type: none"> • What is the capital structure of the service companies? Is this capital structure bankruptcy remote? • Is the Service companies' capital committed (can it be transferred to other entities within the Group)? • What are the BAU and stressed liquidity needs? • What level of liquidity buffer do the service companies have? • Are there any contingent funding sources? • Provide an estimate (given current Group operations) of how long the service companies can operate in a resolution.
3	Documentation	<ul style="list-style-type: none"> • Are service agreement contracts at arms' length? • Do contracts exclude resolution (or subsequent change of control) as a termination event? Do contracts provide for the service recipients (or any successors) to continue receiving services for an appropriate transition period? • Copy of the contracts – or as a minimum details of key clauses such as break/insolvency, services, governing law, timing and details of settlement etc.

C3 Liquidity needs

2.52 In order to plan for resolution and possible restructuring the authorities will need to understand firms' business as usual funding requirements in more detail than their current liquidity reporting permits. Firms should expect to work with supervisors to establish the information that they will be required to submit. They should expect this to include information that clarifies their funding requirements by and across legal entities and by currency. They will also need to provide information on intraday liquidity, including intraday liquidity peaks.

2.53 The template on page 35 provides an example of the information that firms may be required to provide, and the format in which they could expect to provide it. Information requests will be in line with international policy on liquidity needs in resolution (eg the FSB).

C4 Valuation in resolution

2.54 A fundamental part of resolution planning and executing resolution powers is for the authorities to conduct a robust valuation of a firm. This valuation is designed to identify equity value, quantum of losses or an insolvency counterfactual valuation. To support resolution planning as part of normal supervision, firms will need to be able to demonstrate appropriate systems, controls and resources for the following:

- fair value valuation of fair valued assets, including the prudent valuation regime;
- fair value and cash-flow based valuations of assets valued at amortised cost; and
- any other asset valuation eg good will, deferred tax assets, other provisions etc.

2.55 The assessment of a firm's valuation systems and controls, processes and resources will form part of business-as-usual supervision to ensure firms are resolvable in the event of failure. This section sets out the authorities' information requirement to assess whether a firm's valuation systems and controls are adequate to support a credible valuation in the event of resolution.

(a) PRA prudent valuation regime for fair value assets:

The PRA's existing prudent valuation regime will provide a starting point from which to test the appropriateness of a firm's fair value valuations in the event of resolution. However, systems and controls, process and resources around the prudent valuation of a trading business will need to be robust and adaptable to both a medium term and accelerated unwind scenario, which would reflect the full cost of exit rather than just risk neutralisation. Therefore, the authorities may need to gather additional information not typically found in the fair and prudent

valuation regimes to reflect the greater difficulty and judgement involved in a resolution (eg accelerated unwind valuation).

Valuation submissions to the PRA will typically be quarterly, six weeks in arrears. As part of this process, firms may be requested to resubmit information if it is proportionate and timely to do so (eg during periods of stress), where a reasonable period of time has elapsed or a material change has occurred in the business since the last submission. Therefore, firms must have the ability to provide updated prudent valuation estimates in short order.

(b) Additional requirements for resolution beyond prudent valuation (assets currently valued on an amortised cost basis):

The PRA's existing valuation regime does not request information for the regular valuation of these assets. However, as part of resolution planning, firms will also need to have the capability to provide information to inform prudent, conservative, fair and realistic valuations of these assets. This will include fair value and cash-flow valuations. A fair value valuation is dependent on the exit strategy. A cash-flow valuation would inform the restructuring strategy.

Firms' valuation systems and controls, processes and resources will need to have the ability to provide fair value and cash-flow valuations of these assets in short order. This will need to include a description of policy and procedures for obtaining fair value and cash-flow valuations of these assets.

Chapter 3

Contingent information requests

3.1 As firms experience stress, and approach possible resolution, they will come under increased scrutiny. They should anticipate that the authorities will need additional, or more up-to-date, information in order to facilitate their contingency planning and their efforts to contain the situation. The information requested will depend on the specific circumstances of each firm. However firms should ensure that they are able to meet the requests outlined in this chapter at short notice.

1 Deposit-taking information

3.2 In preparation for a firm's potential entry into resolution, the authorities may need additional information to facilitate protection of the firm's deposit-taking function. This may include (among other information) the items below.

1. Updated SCV
2. Information on systems used for deposits and key staff responsible for these systems
3. Granular deposit information:
 - Product composition (eg current, savings, bonds)
 - Average balance per depositors
 - Customer segmentation (including data on cross-selling where available)
 - Geographical domicile of depositors
 - Breakdown of foreign currency deposits
 - Customer stickiness, broken down by product type
 - Average cost of funding for deposit book, broken down by product type (including details of bonus rates, interest rate floors/caps). Historical funding cost data.
 - Historical deposit flows

2 Bail-in loss-absorbing capacity

3.3 Firms may be expected to provide up-to-date information on holders of debt liabilities (to the extent possible) to assess loss-absorbing capacity.

3 Liquidity

3.4 Firms will be expected to provide up-to-date liquidity information to support contingency planning.

4 Collateral assessment

3.5 During the resolution or recovery process, there may be circumstances in which the Bank considers it necessary to provide liquidity to firms, secured against their assets. Firms should be able to supply information on their assets to enable the Bank to make a rapid assessment of the quality of collateral and the lending capacity, and to take security over collateral if it does lend. Firms may be asked to provide information on the amount and types of assets held, and those that could be used as collateral, as outlined below.

	Holdings (£m)			Barriers to eligibility
	Encumbered ^(a)	Unencumbered		
		BoE eligible	Ineligible	
Securities				
Of which				
– Included in the Liquid Asset Buffer				
Total Loan Assets				
Of which				
– Residential property				
– Commercial property				
– SME loans				
– Corporate loans				
– Consumer loans				
– Other loans				

(a) Including assets already prepositioned with the Bank.

Classification of assets as eligible or ineligible collateral should be based on assessments by the individual firm against the Bank's criteria. High-level criteria for securities and loans are listed on the Bank's website. In addition, loans must meet the following criteria to be eligible:

- Firms must be able to provide a full and accurate description of the loans and securities it proposes to use as collateral.
- Firms must be able to provide loan-level information according to the Bank's data templates. These are available on the Bank's website.
- The loans must be held on the firm's balance sheet, and not on that of a subsidiary.
- The Bank must be able to complete satisfactory legal due diligence on the loans. As a minimum, the firm must be able to confirm:
 1. There are no restrictions in its own financing documents (where the firm is a borrower) which could prevent it from transferring the loans to the Bank or providing security over any of its unencumbered assets.
 2. The governing law of the loans and any related security documents. Where relevant, the firm should also be able to confirm the Centre of Main Interest (COMI) for each borrower.
 3. There are no restrictions on the assignment of loans to the Bank or any third party.
 4. There are no restrictions on disclosure of information to the Bank or any third-party assignee/transferee.

For the avoidance of doubt, these conditions do not represent a comprehensive set of legal terms that the Bank will seek comfort on in conducting legal due diligence on the loans.

Firms should specify the main restrictions that apply to the ineligible assets in the 'Barriers to eligibility' column.

5 Cash services

3.6 In preparation for potential resolution, the authorities may need more detailed information relating to the cash services function the firm provides, including the information below.

Customers	<ul style="list-style-type: none"> • Copies of contracts or, as a minimum, details of key clauses such as timing of settlement, break/insolvency, encumbrances, costs, governing law.
For each Cash Centre	<ul style="list-style-type: none"> • Key staff
For each branch	<ul style="list-style-type: none"> • Address • Key staff • Ownership details • Operational details • Copies of relevant contracts if not self-owned or operated
For each ATM	<ul style="list-style-type: none"> • Address • Type of banknotes issued (issuer and denomination) • Offsite or in-branch • Value issued over a period • Company responsible for maintenance • Company responsible for replenishment • Company responsible for processing transactions
Governance	<ul style="list-style-type: none"> • Key management personnel • Boards and committees • Audit process • Management structure details — names, contacts, and responsibilities of key cash personnel.