

**PRA RULEBOOK: CRR FIRMS AND NON-AUTHORISED PERSONS: RESOLUTION PACK
INSTRUMENT 2015**

Powers exercised

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 137G (the PRA's general rules);
 - (2) section 137T (general supplementary powers); and
 - (3) section 192J (rules requiring provision of information by parent undertakings); and
 - (4) section 192JB (rules requiring parent undertakings to facilitate resolution).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.
- C. The PRA exercises the following powers in the Act to make those terms in the Glossary that are used in this instrument in rules applicable to qualifying parent undertakings:
- (1) section 192J ((rules requiring provision of information by parent undertakings);
 - (2) section 192JB (rules requiring parent undertakings to facilitate resolution); and
 - (3) section 137T (general supplementary powers).

Pre-conditions to making

- D. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. In accordance with section 137K of the Act (PRA rules about resolution plans: duty to consult), the PRA consulted the Treasury and the Bank of England. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

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- E. The PRA makes the rules in the Annex to this instrument.

Commencement

- F. This instrument comes into force on 19 January 2015.

Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms and Non-Authorised Persons: Resolution Pack Instrument 2015

By order of the Board of the Prudential Regulation Authority

15 January 2015

Annex

In this Annex, the text is all new and is not underlined.

Part

RESOLUTION PACK

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. RESOLUTION PACK**
- 3. GROUP RESOLUTION PACK**
- 4. REVIEW OF RESOLUTION PACK AND GROUP RESOLUTION PACK**
- 5. GOVERNANCE ARRANGEMENTS**

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *BRRD undertaking*.

1.2 In this Part, the following definitions shall apply:

competent authority

means a public authority or body officially recognised by national law which is empowered by national law to supervise *institutions* as part of the supervisory system in operation in the *EEA State* concerned or the European Central Bank with regard to the specific tasks conferred on it by Article 4 of Council Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

EEA consolidating supervisor

means a *competent authority* responsible under the *CRD* for the exercise of supervision on a *consolidated basis* of:

- (1) *an EEA parent institution*; or
- (2) *institutions controlled by an EEA parent financial holding company or an EEA parent mixed financial holding company.*

EEA parent financial holding company

means a *parent financial holding company in an EEA State* which is not a *subsidiary* of an *institution* authorised in any *EEA State* or of another *financial holding company* or *mixed financial holding company* set up in any *EEA State*.

EEA parent institution

means a *parent institution in an EEA State* which is not a *subsidiary* of another *institution* authorised in an *EEA State* or of a *financial holding company* or *mixed financial holding company* set up in any *EEA State*.

EEA parent mixed financial holding company

means a *parent mixed financial holding company in an EEA State* which is not a *subsidiary* of an *institution* authorised in any *EEA State* or of another *financial holding company* or *mixed financial holding company* set up in any *EEA State*.

EEA parent undertaking

means an *EEA parent institution*, an *EEA parent financial holding company* or an *EEA parent mixed financial holding company*.

group-level resolution authority

means the *resolution authority* in the *EEA State* in which the *EEA consolidating supervisor* is situated.

group resolution pack

means a document containing the information necessary to draw up and implement a *group resolution plan*.

group resolution plan

means a plan for the resolution of a *group* drawn up in accordance with Articles 12 and 13 of the *BRRD*.

parent financial holding company in an EEA State

means a *financial holding company* which is not itself a *subsidiary* of an *institution* authorised in the same *EEA State*, or of a *financial holding company* or *mixed financial holding company* set up in the same *EEA State*.

parent mixed financial holding company in an EEA State

means a *mixed financial holding company* which is not itself a *subsidiary* of an *institution* authorised in the same *EEA State*, or of a *financial holding company* or *mixed financial holding company* set up in the same *EEA State*.

parent institution in an EEA State

means an *institution* authorised in an *EEA State* which has an *institution* or *financial institution* as *subsidiary* or which holds a *participation* in such an *institution* or *financial institution*, and which is not itself a *subsidiary* of another *institution* authorised in the same *EEA State* or of a *financial holding company* or *mixed financial holding company* set up in the same *EEA State*.

resolution authority

means an authority designated by an *EEA State* in accordance with Article 3 of the *BRRD*.

resolution pack

means a document containing the information necessary to draw up and implement a *resolution plan*.

resolution plan

means a resolution plan for a *firm* drawn up by the *Bank of England* in accordance with Article 37 of The Bank Recovery and Resolution (No. 2) Order 2014.

- 1.3 Unless otherwise defined, any italicised expression used in this Part and in the *CRR* has the same meaning as in the *CRR*.

2 RESOLUTION PACK

2.1 This Chapter:

- (1) applies to every *firm* which is not required to prepare, maintain and submit a *group resolution pack* under 3; but
- (2) does not apply to a *firm* that is a member of a *group* for which a *group resolution pack* has been submitted to the *PRA* under 3.

2.2 In this Chapter:

- (1) references to the taking of action include the taking of action by:
 - (a) a *firm*;
 - (b) any other *person* in the same *group* as a *firm*; and
 - (c) a *partnership* of which a *firm* is a member;
 - (2) references to the business of a *firm* include references to the business of:
 - (a) any other *person* in the same *group* as the *firm*; and
 - (b) a *partnership* of which the *firm* is a member.
- 2.3 A *firm* must prepare and maintain a *resolution pack*.
- 2.4 A *firm* must provide its *resolution pack* to the *PRA* by online submission through:
- (1) email; or
 - (2) the appropriate systems made available to *firms*.
- 2.5 A *resolution pack* must contain sufficient information and analysis to facilitate the planning for or taking of action in the event of:
- (1) circumstances arising in which it is likely that the business (or any part of the business) of the *firm* will fail; or
 - (2) the failure of the business (or any part of the business) of the *firm*.
- 2.6 In 2.5, references to the planning for or taking of action include the planning or taking of action by *The Treasury* or the *Bank of England* in relation to the possible exercise of any of their powers under the Banking Act 2009.
- 2.7 A *resolution pack* must take into account the wider business of the *group* of which the *firm* is a member.

3 GROUP RESOLUTION PACK

- 3.1 This Chapter applies to a *BRRD undertaking* which is:
- (1) an *EEA parent undertaking* unless the *FCA* is the *EEA consolidating supervisor* of its *group*; or
 - (2) a *firm controlled by an EEA parent financial holding company* or an *EEA parent mixed financial holding company* if:
 - (a) the holding company is not incorporated in the *UK* and does not have a place of business in the *UK*; and
 - (b) the *PRA* is the *EEA consolidating supervisor* of the *firm*.
- 3.2 In this Chapter:
- (1) references to the taking of action include the taking of action by:
 - (a) a *BRRD undertaking*;

- (b) any other *person* in the same *group* as a *BRRD undertaking*; and
 - (c) a *partnership* of which a *BRRD undertaking* is a member;
- (2) references to the business of a *BRRD undertaking* include references to the business of:
 - (a) any other *person* in the same *group* as the *BRRD undertaking*; and
 - (b) a *partnership* of which the *BRRD undertaking* is a member.
- 3.3 A *BRRD undertaking* must prepare and maintain a *group resolution pack*.
- 3.4 A *BRRD undertaking* must submit its *group resolution pack* to the *PRA* if the *PRA* is the *EEA consolidating supervisor* and, in any other case, to the *group-level resolution authority*.
- 3.5 A *BRRD undertaking* required by 3.4 to submit its *group resolution pack* to the *PRA* must provide the *group resolution pack* to the *PRA* by online submission through:
 - (1) email; or
 - (2) the appropriate systems made available to *BRRD undertakings*.
- 3.6 A *group resolution pack* must contain sufficient information and analysis to facilitate the planning for or taking of action in the event of:
 - (1) circumstances arising in which it is likely that the business (or any part of the business) of the *BRRD undertaking* or any other member of its *group* will fail; or
 - (2) the failure of the business (or any part of the business) of the *BRRD undertaking* or any other member of its *group*.
- 3.7 In 3.6, references to the planning for or taking of action include the planning or taking of action by *The Treasury* or the *Bank of England* in relation to the possible exercise of any of their powers under the Banking Act 2009 in respect of any member of the *group*.
- 3.8 The *group resolution pack* must contain information concerning:
 - (1) the *BRRD undertaking*; and
 - (2) each of the other members of its *group*.

[Note: Art. 13(1) of the *BRRD*]

4 REVIEW OF RESOLUTION PACK AND GROUP RESOLUTION PACK

- 4.1 A *firm* required to prepare, maintain and submit to the *PRA* a *resolution pack* under 2 must:
 - (1) keep the *resolution pack* up to date, which includes ensuring that the *resolution pack* is updated to reflect any material developments in the *firm's* business; and
 - (2) notify the *PRA* of any material changes made to the *resolution pack* promptly and, in any event, within one month of making any such change.
- 4.2 A *BRRD undertaking* required to prepare, maintain and submit a *group resolution pack* under 3 must keep the *group resolution pack* up to date, which includes ensuring that the *group resolution pack* is updated to reflect any material developments in its business and the business of other member of its *group*.

- 4.3 A *BRRD undertaking* required to prepare, maintain and submit to the *PRA* a *group resolution pack* under 3 must notify the *PRA* of any material changes made to the *group resolution pack* promptly and, in any event, within one month of making any such change.

5 GOVERNANCE ARRANGEMENTS

- 5.1 A *firm* required to prepare, maintain and submit to the *PRA* a *resolution pack* under 2 must:
- (1) taking into account the nature, scale and complexity of its business, establish and maintain appropriate internal processes regarding the governance of its *resolution pack*;
 - (2) ensure that its *governing body* is responsible for assessing, approving and overseeing the *firm's* arrangements in place to produce the *firm's resolution pack*;
 - (3) ensure that its audit committee periodically reviews these arrangements; and
 - (4) nominate an executive *director* who is a member of the *firm's governing body* to have responsibility for the *resolution pack* and for overseeing the internal processes regarding its governance.
- 5.2 A *BRRD undertaking* required to prepare, maintain and submit a *group resolution pack* under 3 must:
- (1) taking into account the nature, scale and complexity of its business and the business of other members of its *group*, establish and maintain appropriate internal processes regarding the governance of its *group resolution pack*;
 - (2) ensure that its *governing body* is responsible for assessing, approving and overseeing the arrangements in place to produce the *group resolution pack*;
 - (3) ensure that its audit committee periodically reviews these arrangements; and
 - (4) nominate an executive *director* who is a member of its *governing body* to have responsibility for the *group resolution pack* and for overseeing the internal processes regarding its governance.