Chapter 11

Recovery and resolution

Information for resolution plans

Part A: Corporate structure and material legal entity information

(1) Where an *RRD institution's* parent organisation is a *UK* incorporated entity, a *firm* or *qualifying parent undertaking* should provide the information in Part A for all material legal entities and *branches* that form part of the *group*, both domestic and international, that provide the economic functions identified in Part B below.

(2) Where an *RRD institution's* parent organisation is incorporated outside the *United Kingdom*, a *firm* or *qualifying parent undertaking* should only provide the information required in Part A for:

•*UK subsidiaries* (and any associated overseas *branches*);

•*UK branches* of any overseas *subsidiaries*; and

•material interdependencies with non-*UK persons* in the *group*.

No	Heading	Required data/Detail required [1]
1	**Group structure and key information on legal entities**	
1.1	*Group* structure	An overview diagram of the material legal entities of the *group* and the ownership structure. *Group* structure charts identifying: • the material legal entities in the *group*; • the jurisdiction of those entities; • the relative size of those entities, by showing amount of revenue generated in each entity, assets and total risk exposure amounts held in each entity; and • the total number of material legal entities in the *group*. *Group* consolidated P&L and balance sheet, with the assets broken down between the *trading book* and *non-trading book*.
1.2	Use of *branches* and *subsidiaries*	Provide the following data and analysis for material legal entities. Commentary on the approach to using *branches* and/or *subsidiaries* in different geographies. For each key geography that represents material revenues, profits or activity for the *firm*: • a list of *branches* and *subsidiaries*; and • a description of the business undertaken in each *branch* or *subsidiary*; and • key business metrics and summary P&L and balance sheets on a solo basis, where applicable.
2	**Business model**	
2.1	*Core business lines*	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 material in the local market or critical to the *group*. For each *core business line*, the analysis should include the following.

		• An explanation of the main operations with P&L and balance sheet for each business line. • The locations where the business line operates and corresponding analysis, eg, geographic breakdown of revenue, total operating costs, 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 and any services provided to *clients*, *customers* or other market participants. • For each material *branch* or *subsidiary*, provide an indication of the exposures to each counterparty or *group* of connected counterparties that constitute a material part of that entity's total exposures. • 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 the 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*?
3	**Capital and funding**	
3.1	Capital allocation and mobility	For each material legal entity: • the amount of capital required to support each material legal entity; • the amount of capital currently allocated to each entity; • an explanation of the method of capital provision to each entity; and • details of any maintenance and/or repatriation back to the ultimate parent entity (dividends, coupons, maturity cash flows, etc). Details of at least the following should be supplied for material legal entities: • the 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, Tier 2); and • 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). An explanation of the sources of capital raised for each legal entity, including sources external to the *group*. Quantification of capital which is surplus to regulatory requirements by each entity and in aggregate. 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. For each entity, details of material holdings in other *financial institutions*.

3.2	Treasury function	An explanation of how the treasury function is organised. An indication of how quickly capital could be transferred to or from an entity if required and the procedures involved.
3.3	Funding	An overview of funding relationships in the *group*, including the main sources of funding for each material entity and intra-*group* flows of funding split across (i) secured and unsecured and (ii) short-term and long-term categories. [2] *Branches* and *subsidiaries* which are material in intra-*group* funding should be highlighted. A list of current material intra-*group* balances. Details of where there are current and potential impediments to the transfer of liquidity between entities or jurisdictions. A summary of other funding sources not captured elsewhere. Examples include: • off balance sheet funding; and • other sources, including covered bonds, securitisation, repos and other short-term secured financing.
3.4	Intra-*group* guarantees	An overview of intra-*group* guarantees, including: •how, why and when intra-*group* guarantees are used; •the types of guarantees extended (eg, limited, unlimited guarantees) and the parties extending and receiving guarantees. •the total exposures under intra-*group* guarantees, categorised into different types; • an overview of when guarantees can be enforced (including cross-defaults or events of default triggered by resolution); •how intra-*group* guarantees are priced; •a list of the most material intra-*group* guarantees; and •a list of 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	An overview of all other material intra-*group* financial dependencies or exposures, including contingent exposures.
3.6	Encumbrances	For each material legal entity, an overview of which assets on the balance sheet are encumbered as at the last year-end. Highlight if they are intra-*group* or external encumbrances. Information should also be provided on a *group* basis for *UK* headquartered *group*. For international *firms* headquartered outside the *United Kingdom*, operating through *UK subsidiaries*, information should be provided at the *UK* consolidated *group* level. Details of what proportion of each asset class is encumbered and in what manner including: •the proportion which is not subject to any encumbrance; • the proportion encumbered through overcollateralisation; and • an outline of the *firm's* practice on overcollateralisation. Provide an analysis of assets subject to encumbrance by type of instrument, including an approximate split across: 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 split of encumbrances between short-term and long-term encumbrances
4	**Activities and operations**	
4.1	Access to financial market infrastructure (FMI)	A brief overview of the *firm's* access to financial market infrastructure (payment schemes, central counterparties etc), including indirect access to key FMIs. Provide the legal entities that have this access and which entities within the *group* rely on this. To what extent does the *firm* provide market access services/clearing services to third parties globally? Please provide the number of customers. To what extent, globally, does the *firm* rely on other *firms* for these services? What agreements govern these relationships and how will they be affected in a resolution? If relevant and not covered under 2.1, provide an overview of global payments and clearing and settlement business, including a high-level summary on key products/services provided, types of clients serviced, geographical location of business and the FMIs relied upon.
4.2	Risk-management practices	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 material entity. Give an overview of the use of unregulated affiliates globally for booking trades.
4.3	Counterparty risk management	Give an estimate of trades which are booked through an exchange or a central counterparty (*CCP*), 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.
4.4	Critical shared services	A summary of how operations are organised in the *firm* or *group*. Provide a high-level summary (including charts where appropriate) of how critical shared services [3] 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*. 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. Provide a brief overview of internal support functions, such as accounting and tax, internal audit and compliance, and human resources. Provide an indication of scale and the location of these functions, including those located outside the *United Kingdom*. Please provide a summary of any pension arrangements within the *group*, including in which legal entity pension liabilities and administration reside. How fully-funded is any pension scheme?

[1] Where a data item is not applicable to a firm or qualifying parent undertaking it should indicate this in its submission of resolution plan information.

[2] Short-term refers to tenor of less than 1 year.

[3] For the purpose of these *rules*, 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*; and

(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*.

Part B: Economic functions

Economic function(s)		Economic scale metrics
		(Monetary amounts should be in millions of GBP (£m), unless otherwise stated, to standardise comparison. Where a different currency is used, please provide the exchange rate to be used.)
Capital Markets & Investment	Trading	
	Derivatives (required report see Table 1)	•Total amount of notional outstanding • Total number counterparties For both derivatives positions and derivatives counterparties, split the reports according to the method by which the derivatives are traded or cleared/ settled, ie, (i) exchange traded, (ii) OTC cleared through *CCPs* and (iii) OTC settled bilaterally.
	Trading portfolio (required report see Table 2)	•Balance-sheet values by asset class • Risk-weighted exposure amounts
	Other	
	Asset management	•Amount of assets under management • Total number client accounts • Total client money balances For each of the metrics above, please provide the following information. •The legal entity and jurisdiction of clients. Segregate between institutional, retail and wealth management clients.

		• Estimates of *UK* market share, and identify any issues surrounding replacement of the *firm's* services by other providers. For investment products, identify those that are eligible and not eligible for protection by the *UK Financial Services Compensation Scheme* (*FSCS*). Please provide the number of customers and total value of account balances: •up to the £50k covered by the *FSCS* •above the £50k covered by the *FSCS* •that are ineligible for protection by the *FSCS*.
Wholesale Funding Markets	Securities financing (required report see Table 3)	•Balance sheet values plus aggregate values for collateral accepted and given • Maturity profile •Total number counterparties, including geographic distribution (number)
	Securities lending	For each of the following activities, whether acting as lender or borrower: •direct securities lending; •third-party securities lending (non-custodian lending) • agent lending (custodian lending); provide: •gross value of open transactions; and • the total number of clients.
Payments, clearing, custody and settlement [4]	Payment services	For all *UK* and material foreign payment systems [5] used, please provide: •the legal entity which holds membership; • transaction volumes (number, monthly/annual average, peak); • transaction values (number, monthly/annual average, peak); •flow volumes (monthly/annual average);

	•number of agents (flow volumes for these provided separately); and •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. 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?

[4] The payments, clearing and settlement function is limited to those provided by firms to their clients.

[5] This refers to foreign payment systems in which the *firm* has direct access. Examples include, but not limited to BACS, CHAPS, Faster Payments, cheque clearing system, Fedwire and TARGET2.

Table 1 - Derivatives (complete for each legal entity if firm performs this function)

	Outstanding notional contract amounts (£m)			
	Exchange traded derivatives	Other derivatives cleared through *CCPs*	Over-the-counter 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*	Over-the-counter derivatives settled bilaterally

Table 2 - Trading portfolio (complete for each legal entity if firm performs this function):

	Assets (£m)		Liabilities (£m)
	Balance-sheet values	Risk-weighted assets	Balance-sheet values
Equities			
Treasury			
Sovereign credit			
Non-sovereign credit products			
Rates			
Foreign exchange			
Commodities			

Table 3 - Securities financing (complete for each legal entity if firm performs this function)

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

Table 4 - Table on economic functions split by legal entities

Where a *firm's* parent organisation is a *UK* incorporated entity, *firms* should complete this table for all material legal entities and *branches* that form part of the *group*, both domestically and internationally, where the economic functions are those that have been identified in Part B above. 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*.

	Legal entity/ *branch* 1 (£mn)	**Legal entity/ *branch* 2 (£mn)**	**Legal entity/ *branch* 3 (£mn)**	**Aggregate across legal entities/ *branches* (£mn)**
Where the *United Kingdom* is *Home State*, *firms* should provide information on all material legal entities/*branches*, even if they do not perform any activity in the *United Kingdom*.				
Economic function 1 (*eg. asset management*)				
Economic function 2 (*eg, securities lending*)				
Where *United Kingdom* is *Host State*, *firms* should provide information on legal entities/*branches* relevant to the *United Kingdom* as stated above.				
Economic function 1				
Economic function 2				