



## **Interpretive guidance in relation to Commission Implementing Regulation (EU) 2018/1624 on information for resolution planning**

*This statement sets out guidance for firms to interpret reporting requirements in the resolution templates set out in Commission Implementing Regulation (EU) 2018/1624 on information for resolution planning of 23 October 2018.<sup>1</sup>*

This statement should be read with reference to the Bank's communications in relation to the UK's withdrawal from the EU.<sup>2</sup>

As explained in PS5/19 'The Bank of England's amendments to financial services legislation under the European Union (Withdrawal) Act 2018',<sup>3</sup> the Bank has amended Commission Implementing Regulation (EU) 2018/1624 on information for resolution planning to fix deficiencies arising from the UK's withdrawal from the EU. The changes are set out in the Bank Recovery and Resolution Directive (BRRD) Binding Technical Standards (BTS) EU Exit Instrument.<sup>4</sup>

The Bank is not making line-by-line changes to the resolution planning templates in Commission Implementing Regulation (EU) 2018/1624 for exit day. Instead, Tables A and B below set out interpretive guidance explaining how firms should interpret EU-based references for the purpose of this BTS. The effect of this approach is to retain the current reporting definitions, but with certain changes to reflect the UK's withdrawal from the EU. Firms should refer to the guidance in Tables A and B when submitting resolution planning templates following the expiration of the temporary transition period.

### **Submitting the resolution planning templates during the transitional period**

The Bank's approach to the transitional period is set out in PS5/19. For further information, readers should consult the Bank's transitional direction and accompanying guidance.<sup>5</sup>

The Bank confirms that the transitional power will be used to provide relief from the application of changes where EU Exit Instruments impose new or different obligations to those that applied immediately prior to exit day. Specifically in the context of resolution planning requirements in Commission Implementing Regulation (EU) 2018/1624:

- (a) a UK parent undertaking newly in scope of a reporting obligation solely by virtue of amending the term 'Union parent undertakings' to 'UK parent undertakings', will not be subject to the reporting obligation until the end of the transitional period; and
- (b) a UK parent undertaking already in scope of the reporting obligation prior to the UK's withdrawal from the EU will continue to report on the basis of the existing definitions in the templates until the end of the transitional period ie no changes are required in practice to the information submitted. Consistent with the principle in paragraph 8 of the

<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1624>.

<sup>2</sup> <https://www.bankofengland.co.uk/eu-withdrawal>.

<sup>3</sup> February 2019: <https://www.bankofengland.co.uk/paper/2019/the-boes-amendments-to-financial-services-legislation-under-the-eu-withdrawal-act-2018>.

<sup>4</sup> Available at: <https://www.bankofengland.co.uk/eu-withdrawal/transitioning-to-post-exit-rules-and-standards>.

<sup>5</sup> Available at: <https://www.bankofengland.co.uk/eu-withdrawal/transitioning-to-post-exit-rules-and-standards>.



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Bank's transitional direction, the Bank expects firms to interpret EU references in such a way as to achieve this effect. For example, the reference to Deposit Guarantee Scheme (DGS) membership in Annex 1, template 'Z 06.00 – Deposit Insurance (DIS)' of the resolution planning BTS (2018/1624) should be interpreted as including the Financial Services Compensation Scheme (FSCS).

### Submitting the resolution planning templates following the expiration of the transitional period

#### **Table A: General approach to interpretation of EU-based references in ITS 2018/1624**

Table A sets out the different types of EU-based references, and a default approach to how these should be interpreted.

<b>Type of reference</b>	<b>Default interpretation</b>
Reference to EU regulation	This should be read as a reference to the nationalised version of the regulation.
Reference to EU directive	This should be read as a reference to the UK legislation; Prudential Regulation Authority (PRA) or Financial Conduct Authority (FCA) rules; or the UK, PRA or FCA processes that give effect to the directive, as amended on EU withdrawal. In some cases firms may also find it helpful to refer to the text of the EU directive as it stands on the date of UK withdrawal from the EU, to provide additional context.
Reference to EU technical standard	This should be read as a reference to the nationalised version of the technical standard.
Stand-alone reference to the European Union or EU (ie not in relation to legislation); or the European Economic Area or EEA	This should be read as a reference to the UK, except where otherwise noted below.
Reference to Member State, Member States, home Member State or Union	This should be read as a reference to the UK, except where otherwise noted below.
Reference to third country	This should be read as a reference to a country or territory outside the United Kingdom.
Reference to a specific accounting standard as endorsed by the EU (eg International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS))	This should be read as a reference to the implementation of the corresponding accounting standard that is in place in the UK after exit day.
Reference to statistical definitions set out by European bodies outside of legislation (eg by the European Central Bank (ECB), Eurostat or European Commission), or to non-binding materials such as guidelines or	These should be read as a reference to the definitions or materials as they stand at the date of UK withdrawal from the EU.  Example occurrences: References in CRR Financial Reporting (FINREP) templates and instructions to the Small and Medium-sized Enterprise (SME) definition set out in the Commission Recommendation of 6 May



Q&As produced by the European Banking Authority (EBA)	2003 concerning the definition of micro, small and medium-sized enterprises. <sup>6</sup>
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**Table B: Approach to interpretation of specific EU-based references in ITS 2018/1624**

Table B considers specific cases where reporting and disclosure requirements include EU-based references, and sets out an expected approach in each instance.

Reference	Template title	Legislative reference	Interpretation
Liabilities excluded from bail-in	Annex I, Z 02.00 - Liability Structure (LIAB), rows 0100 - 0200  Annex II, II.2.2 Instructions concerning specific positions, rows 0100 - 0200	Article 44 of Directive 2014/59/EU	References in Annexes I and II to liabilities excluded from bail-in under Article 44 of Directive 2014/59/EU should be read as the equivalent excluded liabilities in section 48B(8) of the Banking Act 2009.
Liabilities not excluded from bail-in	Annex I, Z 02.00 - Liability Structure (LIAB), rows 0300 – 0400  Annex II, II.2.2 Instructions concerning specific positions, rows 0300 - 0400	Article 108 of Directive 214/59/EU	References in Annexes I and II to liabilities not excluded from bail-in under Article 108 of Directive 214/59/EU should be read as referring to section 175 and Schedule 6 of the Insolvency Act 1986.
Senior non-preferred liabilities	Annex I, Z 02.00 - Liability Structure (LIAB), row 0365  Annex II, II.2.2 Instructions concerning specific positions, row 0365	Article 108 of Directive 2014/59/EU	The senior non-preferred liabilities should be read as referring to section 176AZA of the Insolvency Act 1986 as amended by the Banks and Building Societies (Priorities on Insolvency) Order 2018.
DGS / Deposit insurance (DIS)	Annex I, Z 02.00 - Liability Structure (LIAB), row 0200  Annex I, Z 06.00		References to DGS and Deposit insurance (DIS) should be read as the UK deposit guarantee scheme, the Financial Services Compensation Scheme (FSCS), as set



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			out in the Depositor Protection Part of the PRA Rulebook.
DGS liabilities	Annex II, II.2.2 Instructions concerning specific positions, row 0200	Article 44(2) point g (iv) of Directive 2014/59/EU	Reference to DGS liabilities under Article 44(2) point g (iv) of Directive 2014/59/EU should be read as FSCS liabilities pursuant to section 48B(8)(j) of the Banking Act 2009.
DGS	Annex II, II.6 Z 06.00 — Deposit insurance (DIS) , II.6.2 Instructions concerning specific positions, row 0030	Article 4(3) of Directive 2014/49/EU	Reference to DGS pursuant to Article 4(3) of Directive 2014/49/EU should be read as the UK deposit guarantee scheme, the FSCS, as defined in the Depositor Protection part of the PRA Rulebook.
Amount of covered deposits	Annex II, II.6 Z 06.00 — Deposit insurance (DIS), II.6.2 Instructions concerning specific positions, row 0040	Articles 2(1)(5) and 6(2) of Directive 2014/49/EU	References to covered deposits as defined in Articles 2(1)(5) and 6(2) of Directive 2014/49/EU should be read as the amount of covered deposits as defined in the Depositor Protection Part of the PRA Rulebook.
Institutional Protection Scheme	Annex II, Z 06.00 – Deposit insurance (DIS), II.6.2 Instructions concerning specific positions, row 0050	Article 113(7) of Regulation (EU) No 575/2013	Reference to an institutional protection scheme in row 0050 can be disregarded as there is no UK institutional protection scheme.
Additional protection under contractual scheme	Annex II , II.6 Z 06.00 — Deposit insurance (DIS), II.6.2 Instructions concerning specific positions, row 0060	Article 1(3)(a) of Directive 2014/49/EU	Reference to additional protection under a contractual scheme in row 0060 can be disregarded as there is no such scheme under the FSCS.