

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)
(ASSUMING SINGLE POINT OF ENTRY BAIL-IN OF A LISTED BANK HOLDING COMPANY
OR A LISTED BANK WITHOUT A HOLDING COMPANY)

IMPORTANT NOTE: This draft template instrument is intended to increase awareness and understanding of the actions that may take place in a bail-in resolution in the United Kingdom. In light of the fact that bail-in is a crisis management tool, the Bank of England (the Bank) must be able to retain the full discretion accorded to it under the Banking Act 2009 as to how to respond to the circumstances of a particular case. Any use of the Bank's bail-in powers will depend on the facts and circumstances of the particular case, and may be different from the actions and approach set out in this draft template instrument. Accordingly, this draft template instrument is not, and should not be regarded as, indicative of the Bank's settled view in relation to any aspect of bail-in or resolution generally, as indicative that any actual bail-in resolution instrument which may be required in connection with the resolution of a particular firm would be in this form or would contain provisions the same as or similar to any of the provisions herein or as specifying an exhaustive list of the powers that may be exercised or the provisions that may be included in any actual bail-in resolution instrument.

The [Name of Bank] plc Resolution Instrument 20[]¹

Made - - - - [date]

Coming into force - [date]

The PRA is satisfied that Condition 1 in section 7 of the Banking Act is met and the Bank of England is satisfied that Conditions 2, 3 and 4 in section 7 of the Banking Act are met.

Accordingly, the Bank of England, having had regard to the special resolution objectives and the code of practice published by HM Treasury under section 5 of the Banking Act, in the exercise of the powers conferred by sections 12A, 12AA, [15,] [17,] [18,] [19,] [20,] [21,] [23,] 48B to 48W, 48WA, 48Z, [62A to E] [and 81BA-BC, 81C and 81CA]] of that Act, makes this instrument.²

¹ This Template Resolution Instrument (referred to in these notes as the "Template Resolution Instrument") has been drafted on a hypothetical basis in relation to a firm (referred to in these notes as the firm or [Bank]) where the bail-in will be a single point of entry bail-in of a listed holding company or listed operating bank that has bail-inable instruments held by U.S. investors. It is designed to comply with the U.S. Securities Act of 1933 as amended and reflects the fact pattern described in the no-action letter issued by the Staff of the U.S. Securities and Exchange Commission on 10 April 2026. In the case of a holding company, it is assumed that inter-company debt issued by the operating bank subsidiaries to the listed holding company will have been converted into share capital prior to resolution of the holding company taking place. It is also assumed that the bail-in will affect the shareholders, the holders of AT1 and Tier 2 regulatory capital instruments, the holders of preference shares if any, whether grandfathered under the Capital Requirements Regulation (CRR) or constituting Tier 2 regulatory capital under the CRR, and the holders of secondary non-preferential (SNP) debt securities. This Template Resolution Instrument assumes the possibility of a bail-in of SNP debt securities in part. It is necessary to comply with the provisions of S. 12AA of the Banking Act (sequence of write down and exchange of capital instruments and liabilities). Accordingly, for a write-down of SNP debt instruments in whole or in part to be possible it would be necessary for the Resolution Instrument to provide for the transfer, cancellation or dilution of all shares (CET1 instruments) (this Template Resolution Instrument provides for all ordinary shares in the firm to be transferred from the holders to a Depositary) and the reduction or cancellation of all AT1 and Tier 2 instruments including all preference shares (this Template Resolution Instrument provides for the reduction to zero (upon the grant of potential rights to onward property and proceeds (PROPPs) of all AT1 and Tier 2 instruments and the cancellation (upon the grant of PROPPs) of all preference shares). The entitlement of the beneficiaries of such PROPPs (PROPP Beneficiaries) could be zero.

Explanations of individual provisions of this Template Resolution Instrument and of potential options for the way in which the bail-in could be structured are contained in the footnotes.

² The powers on which the Bank of England (referred to in these notes as the "BoE") will rely for the relevant Resolution Instrument will be determined for the particular resolution. For example, the relevant powers will in part depend on whether the firm is a bank or the holding company of a bank and whether any other group companies are to be the subject of resolution powers. It should also be considered whether HM Treasury (referred to in these notes as "HMT") may wish to consider making an order under S. 74 of the

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Under section 52A of the Banking Act, where the Bank of England has made a resolution instrument under section 12A(2) of that Act, HM Treasury is required to make a bail-in compensation order under section 49(2A) of the Banking Act to establish a scheme for determining whether any persons should be paid compensation.

PART 1

GENERAL

Citation and commencement

1. This Instrument may be cited as The [*Name of Bank*] plc Resolution Instrument [*Year*].
2. This Instrument comes into force at the Resolution Time.

Interpretation: general

3. In this Instrument:

“Additional Shares” has the meaning given in paragraph [15];

“Allocation Expiration Date” means the day falling [] days after the Allocation Ratio Announcement Date.

[“Allocation FX Rate” means [the middle exchange rate on the London Foreign Exchange Market at the close of business [on the day on which foreign exchange markets were open in London immediately prior to the [Allocation Ratio Announcement Date]], as published for such date on [] [or, in absence of any such published rate, such rate as the [Bank of England] determines],³

“Allocation Period” means the period from and including the first day following the Allocation Ratio Announcement Date to but excluding the Allocation Expiration Date;

“Allocation Ratio Announcement Date” means [the date on which the Bank of England makes the Supplemental [Bank] Resolution Instrument announcing the Allocation Ratios];⁴

Banking Act (regarding the tax consequences of the exercise of the BoE’s powers, e.g. to disapply tax on income which may be treated as arising as a consequence of the write down of liabilities in bail-in) or S. 75 Banking Act (power to change the law for the purpose of enabling the BoE’s powers to be used effectively having regard to the special resolution objectives). The transfer of the Shares to the Depositary by the Resolution Instrument will not attract stamp duty or stamp duty reserve tax (SDRT) as a consequence of S. 49 Finance Act 2019 which inserted an exemption for transfers of marketable securities by a resolution instrument (S. 85A) in the Finance Act 1986. The BoE is entitled to recover its expenses reasonably incurred in connection with the exercise of a stabilisation option by directing [Bank] to pay a fee. It is likely that this fee would be dealt with outside the Resolution Instrument.

³ This definition is one possible approach to dealing with non-sterling liabilities and an exchange rate which could be used in that context and has been included for the purpose of illustration only. Other approaches are possible. It is modelled on the definition of the official exchange rate in Rule 14.21 of the Insolvency (England and Wales) Rules 2016/1024 (debts in foreign currency) for use in a Bank Insolvency Procedure. Rule 14.21 provides that all debts incurred or payable in a currency other than sterling must be converted into sterling at a single rate for each currency determined by the office holder by reference to the exchange rates prevailing at the relevant date. This rate would be used to convert into sterling any securities the subject of bail-in which are denominated in a currency other than sterling. The Allocation FX Rate to be used in respect of SNP Instruments denominated in a currency other than sterling or for converting any non-sterling amounts which have been received and added to Deposited Property during the resolution period will be considered at the relevant time.

⁴ The Allocation Ratio Announcement Date would be decided and the Supplemental [Bank] Resolution Instrument would be made following completion of the final equity valuation process (Valuation 3). The Template Instruments provide that the Supplemental [Bank] Resolution Instrument would be made on the Allocation Ratio Announcement Date, but this could be altered as required. Following the final equity valuation the BoE should be able to determine the full extent of the bail-in required and set the Allocation Ratios for each class of PROPP. Once this has been determined by the BoE, the Allocation Period and the Allocation Expiration Date would be determined automatically as a consequence of the definitions in this Template Resolution Instrument.

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“Allocation Ratios” means the Class [A] Allocation Ratio, the Class [B] Allocation Ratio, the Class [C] Allocation Ratio [EITHER] [and the Class [D] Allocation Ratio] [OR] [, the Class [D] 1 Allocation Ratio and the Class [D] 2 Allocation Ratio];

“Appointment Agreements” means the Deposit Agreement [and the Custody Agreement];⁵

“AT1 Instruments” means the [perpetual subordinated] debt securities issued by [Bank] with ISIN numbers [],⁶

“[Bank]” means [Name of Bank] plc;

“Banking Act” means the Banking Act 2009 (as amended);

“[Bank] Onward Transfer Instrument” means a transfer instrument made by the Bank of England under section 48V of the Banking Act to transfer some or all of the Shares [the SNP Instruments,] [the New Debt Instruments,] [any cash amount] and any other securities comprised in the Deposited Property from the Depository or its nominee to PROPP Beneficiaries;⁷

⁵ Whether a separate agreement dealing with custody functions in relation to the Shares [, the SNP Instruments,] [and the New Debt Instruments] in [Bank] will be required or whether all relevant provisions can be included in a single Deposit Agreement will depend on the requirements of the institution which is selected as Depository. It is possible that separate group companies may be used by the relevant service provider. Although not dealt with in this Template Resolution Instrument, the BoE may decide to arrange for an adviser familiar with capital markets (the “Allocation Adviser”) to be appointed to manage the PROPPs process on behalf of [Bank]. If such an Allocation Adviser was to be appointed, an agreement between [Bank], BoE and the Allocation Adviser would be required.

⁶ If there are multiple classes of AT1 Instruments which are to be treated the same way in the bail-in, e.g. because they would rank *pari passu* in insolvency, it should be possible to create a single class of PROPPs corresponding to all such classes of AT1 Instruments. If different classes of AT1 Instruments are to be treated differently in the bail-in separate classes of PROPPs will need to be created each corresponding to the relevant class of AT1 Instruments. This Template Resolution Instrument has been drafted on the assumption of a single class of Class [A] PROPPs corresponding to all classes of AT1 Instruments.

⁷ This Template Resolution Instrument provides for the Shares in [Bank] to be transferred by the instrument from the holders to the Depository and to be held by the Depository until transferred to the PROPP Beneficiaries whose former capital or debt instruments have been subject to bail-in once their entitlements are determined. It is assumed that the subsequent transfer of Shares to PROPP Beneficiaries would be effected by way of an Onward Transfer Instrument made by the BoE under S.48V of the Banking Act. Such a transfer would not be subject to SDRT. The BoE would be required to consult the PRA, FCA and HM Treasury before making such an instrument. It is also proposed that the Onward Transfer Instrument be used to transfer other assets, if any, to which PROPP Beneficiaries are entitled, for example any cash, any SNP Instruments if there is a deferred bail-in (see below) and any New Debt Instruments if they are to be created as part of the recapitalisation of the firm (see also below).

Inclusion of the references to SNP Instruments and New Debt Instruments will depend on how the bail-in is structured. The reference to SNP Instruments in this definition would only be relevant in the case of a deferred bail-in. The reference to New Debt Instruments in this definition would only be relevant if New Debt Instruments were to be created as part of the process of recapitalising the firm and PROPPs of any class were to be granted upon cancellation in whole or in part of such New Debt Instruments. However, see final paragraph of this Footnote 7. If New Debt Instruments are not to be created, all references to New Debt Instruments in this Template Resolution Instrument, the Template Supplemental Resolution Instrument and the Template Onward Transfer Instrument can be ignored and should be deleted.

If it is not possible to assess with an adequate level of confidence the full scale of any write down of SNP Instruments until the final equity valuation (Valuation 3) is obtained, two possible approaches to structuring the bail-in are as follows:

(1) “**subsequent additional bail-in**” option: the Resolution Instrument could provide for an immediate write down in part of the SNP Instruments with the option of a further write down of the SNP Instruments following the equity valuation. Such a further write-down is referred to in the notes to this Template Resolution Instrument as a subsequent additional bail-in. In such a case, when the subsequent additional bail-in occurs, the entitlement of the PROPP Beneficiaries who held the relevant SNP Instruments (in this Template Resolution Instrument Class [D] PROPP Beneficiaries) would need to be adjusted. Trading in SNP Instruments would need to be suspended at the Resolution Time and such suspension would need to remain in place until allocation of Shares to PROPP Beneficiaries is completed.

(2) “**deferred bail-in**” option: the Resolution Instrument could provide for a proposed bail-in of the SNP Instruments with the amount of the bail-in to be determined following completion of the equity valuation process (see S. 12A(2A) and (5) Banking Act). This is referred to in the notes to this Template Resolution Instrument as a deferred bail-in. In such a case the SNP Instruments to be bailed-in could be transferred to the Depository. The Depository would hold the SNP Instruments until completion of the equity valuation process following which they would be written down in whole or in part. If written down in part only, following write down the entitlement of the PROPP Beneficiaries who held such SNP Instruments prior to the Resolution Time would be to receive such written down SNP Instrument together with any Shares to which they are entitled following such partial write down. The transfer of such SNP Instruments to PROPP Beneficiaries could be effected by the [Bank] Onward Transfer Instrument. In a deferred bail-in, if more than one class of SNP Instruments exists, the PROPPs to be issued to the former holders of the SNP Instruments would need to be created

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“Business Day” means any day on which commercial banks are open for general business in London but excluding Saturday and Sunday and any day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971;

“Cash Account” means a [non-interest earning] pounds sterling account maintained by the Depository for the benefit of PROPP Beneficiaries into which cash amounts are paid in accordance with paragraph [63(d), 68, 69 or 71] of this Instrument;⁸

“Class [A] Allocation Ratio” means the fractional number determined by the Bank of England following the Valuation Date and to be used by the Bank of England for the purpose of calculating the Class [A] Entitlement in accordance with paragraph [37] of this Instrument;

“Class [A] Entitlement”, in relation to a Class [A] PROPP Beneficiary, means the fractional amount of Deposited Share Property to which that Class [A] PROPP Beneficiary is entitled as determined in accordance with paragraph [37] of this Instrument and specified in the relevant Onward Transfer Request;

“Class [A] Portion”, in relation to a Class [A] PROPP Beneficiary, means the percentage of the AT1 Instruments in issue immediately prior to the Resolution Time that were then held by that PROPP Beneficiary calculated by reference to the principal amount outstanding of such AT1 Instruments held by that PROPP Beneficiary immediately prior to the Resolution Time and the aggregate principal amount outstanding of all AT1 Instruments in issue immediately prior to the Resolution Time;

“Class [A] PROPP” means a PROPP in respect of such proportion of Deposited Share Property as is determined in accordance with and subject to this Instrument;⁹

as separate classes with each class (in this Template Resolution Instrument Class [D1] PROPPs and Class [D2] PROPPs) corresponding to a different class of SNP Instruments so that, in the event of a partial write down of SNP Instruments, the PROPP Beneficiaries would receive the correct class of partially written-down SNP Instrument on exchange of PROPPs following completion of the final equity valuation.

If it were considered appropriate (e.g. to communicate the quantum of the minimum write-down of SNP Instruments that would occur, assuming that this could be determined with sufficient confidence) it would be possible to combine elements of the different bail-in structures. At the Resolution Time there could be an immediate write-down of the SNP Instruments in such minimum amount, a transfer of the written down SNP Instruments to the Depository and the granting of PROPPs to the former holders of the SNP Instruments. Once the equity valuation was complete a subsequent additional write down of such SNP Instruments could occur pursuant to the Supplemental [Bank] Resolution Instrument which would be made at that time and which would also determine the quantum of Shares (and if relevant any New Debt Instruments) which the relevant PROPP Beneficiaries would receive.

It is likely that bailed-in securities would only be converted (via PROPPs) into CET1 instruments. Consequently the references to New Debt Instruments would only be relevant in the unlikely event that PROPP Beneficiaries were to be allocated new debt securities, possibly together with CET1 securities as part of the recapitalisation of the firm. References to New Debt Instruments have therefore been included in this Template Resolution Instrument as a placeholder in case the provisions were needed in a particular resolution. Only one class of New Debt Instruments has been provided for in this Template Resolution Instrument for the purpose of illustration. If New Debt Instruments were to be issued, this Template Resolution Instrument assumes for reasons of operational simplicity that they would be issued to the Depository and transferred by the Depository to the relevant class(es) of PROPP Beneficiaries (along with any other Deposited Property to which they are entitled) rather than issued directly to such PROPP Beneficiaries. However, it would be possible for New Debt Instruments to be credited directly to the accounts of the relevant PROPP Beneficiaries if this was preferable. The issue of New Debt Instruments would only be possible in relation to the classes of PROPPs corresponding to the SNP Instruments as the AT1 Instruments and the Tier 2 Instruments must be converted to CET1 instruments. (S.12AA (1) (a) BA). If New Debt Instruments were to be created and they were to be listed, an application for listing would likely need to be made and listing particulars/a prospectus would need to be prepared by the firm and submitted for approval to the relevant stock exchange (see FCA Listing Rule 2.2.11R for UK listings). The approval of listing particulars/a prospectus is an iterative process requiring submission of drafts to the FCA for comment. If New Debt Instruments were to be issued consideration would need to be given as to whether they should be deposited with a UK CSD only, in which case the UK National Numbering Agency would allocate the ISIN or with an ICSD, in which case the ISIN allocation would fall to a non-UK National Numbering Agency and an XS ISIN issued.

⁸ A Cash Account has been included to cover the possibility (albeit unlikely) of a cash distribution or interest or principal payment being made in respect of the Shares or any debt instruments transferred to and held by the Depository during the bail-in.

⁹ The number of classes of PROPP and the bailed-in securities to which they correspond will depend on the capital structure of [Bank] and how the bail-in is structured. In this Template Resolution Instrument four classes of PROPP (A, B, C and D) corresponding respectively to all AT1 Instruments, all Tier 2 Instruments, all Preference Shares and all SNP Instruments of the hypothetical firm ([Bank]) have been included for the purpose of illustration. In an actual bail-in resolution, the number of different classes of PROPP will be case specific. If separate classes of PROPPs were necessary for different classes of AT1 Instruments, Tier 2 Instruments, Preference Shares or SNP Instruments for any reason, additional classes, definitions and corresponding modifications to this Template

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“Class [A] PROPP Beneficiary” means a person who has been granted a Class [A] PROPP in accordance with [paragraph 24] of this Instrument (or any person who acquires a Class [A] PROPP from that person by operation of law);

Class [B] Allocation Ratio” means the fractional number determined by the Bank of England following the Valuation Date and to be used by the Bank of England for the purpose of calculating the Class [B] Entitlement in accordance with paragraph [39] of this Instrument;

“Class [B] Entitlement”, in relation to a Class [B] PROPP Beneficiary, means the fractional amount of Deposited Share Property to which that Class [B] PROPP Beneficiary is entitled as determined in accordance with paragraph [39] of this Instrument and specified in the relevant Onward Transfer Request;

“Class [B] Portion”, in relation to a Class [B] PROPP Beneficiary, means the percentage of the Tier 2 Instruments in issue immediately prior to the Resolution Time that were then held by that PROPP Beneficiary calculated by reference to the principal amount outstanding of such Tier 2 Instruments held by that PROPP Beneficiary immediately prior to the Resolution Time and the aggregate principal amount outstanding of all Tier 2 Instruments in issue immediately prior to the Resolution Time;

“Class [B] PROPP” means a PROPP in respect of such proportion of Deposited Share Property as is determined in accordance with and subject to this Instrument;¹⁰

“Class [B] PROPP Beneficiary” means a person who has been granted a Class [B] PROPP in accordance with [paragraph 25] of this Instrument (or any person who acquires a Class [B] PROPP from that person by operation of law);

“Class [C] Allocation Ratio” means the fractional number determined by the Bank of England following the Valuation Date and to be used by the Bank of England for the purpose of calculating the Class [C] Entitlement in accordance with paragraph [41] of this Instrument;

“Class [C] Entitlement”, in relation to a Class [C] PROPP Beneficiary, means the fractional amount of Deposited Share Property to which that Class [C] PROPP Beneficiary is entitled as determined in accordance with paragraph [41] of this Instrument and specified in the relevant Onward Transfer Request;

“Class [C] Portion”, in relation to a Class [C] PROPP Beneficiary, means the percentage of the Preference Shares in issue immediately prior to the Resolution Time that were then held by that PROPP Beneficiary“ calculated by reference to the nominal value of such Preference Shares held by that PROPP Beneficiary immediately prior to the Resolution Time and the aggregate nominal value of all Preference Shares in issue immediately prior to the Resolution Time;

“Class [C] PROPP” means a PROPP in respect of such proportion of Deposited Share Property as is determined in accordance with and subject to this Instrument;¹¹

Resolution Instrument would be necessary. If there is a deferred bail-in and there is more than one class of SNP Instruments, additional classes of PROPPs corresponding to the different classes of SNP Instrument would be necessary – e.g. D1, D2 etc. – in order to ensure the “return” of the same class of SNP Instruments (following write down) which the original holder held immediately prior to the Resolution Time. In this Template Resolution Instrument definitions referring to Class [D1] PROPPs and Class [D2] PROPPs and related terms have been included for the purpose of illustrating how a deferred bail-in might work if there were more than one class of SNP Instruments.

¹⁰ See Footnote [9].

¹¹ See Footnote [9].

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“Class [C] PROPP Beneficiary” means a person who has been granted a Class [C] PROPP in accordance with [paragraph 26] of this Instrument (or any person who acquires a Class [C] PROPP from that person by operation of law);

“Class [D] Allocation Ratio” means the fractional number determined by the Bank of England following the Valuation Date and to be used by the Bank of England for the purpose of calculating the Class [D] Entitlement in accordance with paragraph [43] of this Instrument;

[“Class [D] Entitlement”, in relation to a Class [D] PROPP Beneficiary, means the fractional amount of Deposited Share Property [and the fractional principal amount of New Debt Instruments]¹² to which that Class [D] PROPP Beneficiary is entitled as determined in accordance with paragraph [43] of this Instrument and specified in the relevant Onward Transfer Request;]

“Class [D] Portion”, in relation to a Class [D] PROPP Beneficiary, means the percentage of the SNP Instruments in issue immediately prior to the Resolution Time that were then held by that PROPP Beneficiary calculated by reference to the principal amount outstanding of such SNP Instruments held by that PROPP Beneficiary immediately prior to the Resolution Time and the aggregate principal amount outstanding of all SNP Instruments in issue immediately prior to the Resolution Time;

[“Class [D] PROPP” means a PROPP in respect of such proportion of Deposited Share Property as is determined in accordance with and subject to this Instrument;]¹³

“Class [D] PROPP Beneficiary” means a person who has been granted a Class [D] PROPP in accordance with [paragraph 28] of this Instrument (or any person who acquires a Class [D] PROPP from that person by operation of law);

[“Class [D1] Allocation Ratio” means the fractional number determined by the Bank of England following the Valuation Date and to be used by the Bank of England for the purpose of calculating the Class [D1] Entitlement in accordance with paragraph [45A] of this Instrument;]

[“Class [D1] Deposited Instrument Property” means the [xxxx] SNP Instruments and all and any other securities, property and cash received by or on behalf of the Depository or its agents and attributable to the [xxxx] SNP Instruments;]¹⁴

¹² Whilst it is unlikely that New Debt Instruments would be created (see Footnote [7]), references to such instruments have been included so that the point can be considered if it were to become relevant. References should be deleted if not relevant. In this Template Resolution Instrument only one class of New Debt Instruments has been provided for the purpose of illustration. If different classes were to be issued (e.g. having different regulatory capital status) additional definitions would be needed. If New Debt Instruments were created they could be issued directly to PROPP Beneficiaries or issued to the Depository and transferred by the Depository together with the other Deposited Property to which the relevant PROPP Beneficiaries become entitled. The latter process has been assumed for the purpose of this Template Resolution Instrument, the Template Supplemental Instrument and the Template Onward Transfer Instrument.

¹³ See Footnote [9].

¹⁴ For illustrative purposes it has been assumed in this Template Resolution Instrument that there are two classes of SNP Instruments (the [xxxx] SNP Instruments and the [yyyy] SNP Instruments) and therefore that on a deferred bail-in two classes of PROPPs related to the SNP Instruments would be created, the Class [D1] PROPPs and the Class [D2] PROPPs, respectively. The reference to Deposited Instrument Property is only relevant if the SNP Instruments are to be the subject of deferred bail-in. In such case it is proposed that the SNP Instruments would be transferred to the Depository to be held by the Depository during the bail-in period and, assuming they are not written down in full, transferred to the Class [D1] PROPP Beneficiaries (or Class [D2] PROPP Beneficiaries, as applicable) following the partial write down of such SNP Instruments and their partial exchange for shares in [Bank]. See also Footnotes [7], [9] and [16].

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["Class [D1] Deposited Property" means the Shares, any other Deposited Share Property and [the Class [D1] Deposited Instrument Property];]¹⁵

["Class [D1] Entitlement", in relation to a Class [D1] PROPP Beneficiary, means the fractional amount of Class [D1] Deposited Property [and the fractional principal amount of New Debt Instruments] to which that Class [D1] PROPP Beneficiary is entitled as determined in accordance with paragraph [45A] of this Instrument and specified in the relevant Onward Transfer Request;]

"Class [D1] Portion", in relation to a Class [D1] PROPP Beneficiary, means the percentage of [xxxx] SNP Instruments in issue immediately prior to the Resolution Time that were then held by that PROPP Beneficiary calculated by reference to the principal amount outstanding of such [xxxx] SNP Instruments held by that PROPP Beneficiary immediately prior to the Resolution Time and the aggregate principal amount outstanding of all [xxxx] SNP Instruments in issue immediately prior to the Resolution Time;

["Class [D1] PROPP" means a PROPP in respect of such proportion of Class [D1] Deposited Property as is determined in accordance with and subject to this;]¹⁶

"Class [D1] PROPP Beneficiary" means a person who has been granted a Class [D1] PROPP in accordance with [paragraph 28] of this Instrument (or any person who acquires a Class [D1] PROPP from that person by operation of law);

["Class [D2] Allocation Ratio" means the fractional number determined by the Bank of England following the Valuation Date and to be used by the Bank of England for the purpose of calculating the Class [D2] Entitlement in accordance with paragraph [46B] of this Instrument;]

["Class [D2] Deposited Instrument Property" means the [yyyy] SNP Instruments and all and any other securities, property and cash received by or on behalf of the Depository or its agents and attributable to the [yyyy] SNP Instruments;]

["Class [D2] Deposited Property" means the Shares, any other Deposited Share Property and [the Class [D2] Deposited Instrument Property];]

["Class [D2] Entitlement", in relation to a Class [D2] PROPP Beneficiary, means the fractional amount of Class [D2] Deposited Property [and the fractional principal amount of New Debt Instruments] to which that Class [D2] PROPP Beneficiary is entitled as determined in accordance with paragraph [46B] of this Instrument and specified in the relevant Onward Transfer Request;]

"Class [D2] Portion", in relation to a Class [D2] PROPP Beneficiary, means the percentage of [yyyy] SNP Instruments in issue immediately prior to the Resolution Time that were then held by that PROPP Beneficiary calculated by reference to the principal amount outstanding of such [yyyy] SNP Instruments held by that PROPP Beneficiary immediately prior to the Resolution Time and the aggregate principal amount outstanding of all [yyyy] SNP Instruments in issue immediately prior to the Resolution Time;

["Class [D2] PROPP" means a PROPP in respect of such proportion of Class [D2] Deposited Property as is determined in accordance with and subject to this Instrument;]

¹⁵ The reference to Deposited Instrument Property is only relevant if the SNP Instruments are to be the subject of deferred bail-in. See also Footnote [7].

¹⁶ This definition, the other Class [D1] related definitions and the equivalent Class [D2] related definitions are only relevant if there is a deferred bail-in of SNP Instruments and there is more than one class of SNP Instruments which are to be transferred to the Depository during the bail-in period. See also Footnotes [7] and [9].

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“Class [D2] PROPP Beneficiary” means a person who has been granted a Class [D2] PROPP in accordance with [paragraph 28] of this Instrument (or any person who acquires a Class [D2] PROPP from that person by operation of law);

“Clearstream” means Clearstream Banking S.A., and any successor thereto;

“common depository/safekeeper” means, in relation to any AT1 Instruments, Tier 2 Instruments, SNP Instruments [and New Debt Instruments], the person acting as the common depository or common safekeeper, as the case may be, for [CREST,] the ICSDs, or other relevant clearing system of the global instrument or master certificate in respect of such class of securities;

“Companies Act” means the Companies Act 2006;

“CREST” means the central securities depository and electronic settlement system for UK securities operated by EUI;

“CSD”, in relation to any AT1 Instruments, Tier 2 Instruments, Preference Shares and SNP Instruments, the person acting as central securities depository for those instruments, including (without limitation and to the extent appropriate in relation to any instrument) CREST, the ICSDs and DTC;

[“Custodian” means [] and any other person appointed as custodian to hold the Shares [and SNP Instruments] on behalf of the Depository in connection with this Instrument from time to time;]¹⁷

[“Custody Agreement” means []];

“data controller” means controller (as that term is defined in the UK GDPR as supplemented by the Data Protection Act 2018);

“default event provision” has the meaning contained in section 48Z(1) of the Banking Act;

“Deposit Agreement” means the agreement [dated []] between [Bank], [] as Depository [and Custodian], [the Resolution Administrator] and the Bank of England relating to the Shares [SNP Instruments and New Debt Instruments] transferred to the Depository by this Instrument;

“Depository” means [] and any other person appointed by the Bank of England from time to time to receive the Shares [,SNP Instruments and New Debt Instruments] and to act in connection with this Instrument;¹⁸

[“Deposited Instrument Property” means the Class [D1] Deposited Instrument Property and the Class [D2] Deposited Instrument Property;]¹⁹

“Deposited Property” means and includes the Deposited Share Property [and the Deposited Instrument Property];

¹⁷ It will be necessary to consider whether a separate Custody Agreement is necessary or whether the custody aspects can be dealt with in the Deposit Agreement. This may depend on the Depository/Custodian which is selected. Reference to the SNP Instruments is only relevant if there is a deferred bail-in and the SNP Instruments are to be transferred to the Depository and a Custodian is to be used by the Depository to hold the SNP Instruments.

¹⁸ The Depository function may be carried out by the Bank of England or a person appointed by the Bank of England.

¹⁹ This definition is relevant only if there is a deferred bail-in of the SNP Instruments. See Footnotes [7], [9] and [14].

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

“Deposited Shares” means the Shares and all and any Additional Shares transferred, issued or allotted to the Depository [or to the Custodian on behalf of the Depository];

“Deposited Share Property” means and includes the Deposited Shares and all and any other securities, property and cash received by the Depository, [the Custodian] or their respective agents and attributable to the Deposited Shares;

“DTC” means the Depository Trust Company and any successor thereto;

“EUI” means Euroclear UK & Ireland Limited and any successor thereto;

“Euroclear” means Euroclear Bank SA/NV, and any successor thereto;

“Existing Debt Instruments” means [the AT1 Instruments], [the Tier 2 Instruments] and [the SNP Instruments];

“FCA” means the Financial Conduct Authority;

“FSMA” means the Financial Services and Markets Act 2000 (as amended);

“Holder”, in relation to a holding of AT1 Instruments, Tier 2 Instruments, Preference Shares or SNP Instruments, means the person shown on the records of the relevant CSD as entitled to the relevant instrument or, where that person has agreed to sell the relevant instrument and the sale transaction has reached the point at which it is irrevocable and will be settled in accordance with the rules or practice of the relevant CSD, the person to whom the relevant instrument will be transferred by the CSD;

“ICSD” means Euroclear or Clearstream, or both, as the context may require;

“Insolvency Act” means the Insolvency Act 1986 (as amended);

[“New Debt Instruments” means the sterling [perpetual] subordinated [bonds] [notes] to be issued by [Bank] on or before the [first] Onward Transfer Date having terms and conditions substantially in the form set out in Schedule [3] and terms as to interest rate, early call dates and maturity date (if applicable) set out in the Supplemental [Bank] Resolution Instrument;]²⁰

[“New Debt Instruments Agency Agreement” means [the agency agreement in respect of the New Debt Instruments to be entered into on or before the [first] Onward Transfer Date by [Bank] and [] and [] as the paying agent[s] [and [] as the registrar];]

[“New Debt Instruments Trust Deed” means the trust deed in respect of the New Debt Instruments to be entered into on or before the [first] Onward Transfer Date by [Bank] and [] as the trustee;]

²⁰ Although it is unlikely that new debt capital securities would be created in connection with a resolution (see Footnote [7]), placeholder provisions relating to New Debt Instruments have been included in this Template Resolution Instrument as a prompt in case a decision should be taken in a particular case to include new debt capital securities as part of the recapitalisation of the firm in resolution. If New Debt Instruments are not to be created and allocated to PROPP Beneficiaries this definition and the related definitions for New Debt Instruments should be deleted. If New Debt capital Instruments are to be created, such instruments could be structured as Tier 1 and/or Tier 2 instruments, as required, to achieve a particular recapitalisation profile for the firm following the exercise of the bail-in power. It may not be known at the time the Resolution Instrument is made what characteristics and quantum of New Debt Instruments would be needed once the final equity valuation (Valuation 3) is concluded. Therefore the Resolution Instrument contains the terms and conditions on which they would be issued but the determination of the commercial terms such as quantum, interest rate, maturity and other commercial features and the entry into the documents is assumed to take place at or around the Allocation Ratio Announcement Date. In this Template Supplemental Instrument only one class of New Debt Instruments has been provided for the purpose of illustration. If multiple classes of New Debt Instruments were to be created additional definitions would be required. All classes of New Debt Instrument could be created using the same Trust Deed and Agency Agreement. If any New Debt Instruments are to be listed an application for listing would need to be made and listing particulars/a prospectus prepared. Reference to the first Onward Transfer Date has been included in case more than one [Bank] Onward Transfer Instrument is made.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

“Onward Transfer Date” means the date specified in a [Bank] Onward Transfer Instrument on which Deposited Property the subject of such Onward Transfer Instrument is to be transferred to the relevant PROPP Beneficiaries;

“Onward Transfer Request” means a request by the [Depository] to the Bank of England substantially in the form of Schedule [] to the Deposit Agreement for the making of a [Bank] Onward Transfer Instrument to transfer the relevant Deposited Property to the relevant PROPP Beneficiaries;

[“original minimum denomination” means, in respect of any Existing Debt Instrument, the minimum denomination for such Existing Debt Instrument immediately before the Resolution Time;]²¹

“PRA” means the Prudential Regulation Authority;

“PROPP” or “potential right to onward property or proceeds” means a contingent beneficial interest in the Deposited Property or, in certain circumstances, the net cash proceeds of the sale of such Deposited Property, [or New Debt Instruments], as created by and determined in accordance with and subject to this Instrument and any Supplemental [Bank] Resolution Instrument;

“PROPP Beneficiary” means a person who has been granted a PROPP in accordance with this Instrument (or any person who acquires a PROPP from that person by operation of law);

[“Preference Shares” means the preference shares issued by [Bank] with ISIN numbers []];²²

“relevant securities” has the meaning given in paragraph [10(c)];

“Resolution Administrator” means [] or any other person appointed by the Bank of England as a Resolution Administrator;

“Resolution Administrator Appointment Agreement” means the agreement between the Bank of England and the Resolution Administrator dated [] relating to the appointment of the Resolution Administrator;

“Resolution Time” is [] [a.m.] [p.m.] on [date];

“Sale Event” means: [(a)] the occurrence of the Allocation Expiration Date; [or (b) a takeover offer is made in respect of [Bank] and accepted by holders of more than 50 per cent. of the

²¹ If there is a partial write down of SNP Instruments it may be necessary to change the minimum denomination in which the SNP Instruments can be held to avoid significant rounding problems in calculating individual entitlements.

²² Under UK capital requirements regulations (the remaining relevant provisions of the UK version of EU Capital Requirements Regulation 575/2013 as restated in the PRA Rulebook), preference shares are not fully eligible as AT1 (as they do not convert to CET1). AT1 instruments (e.g. in the form of contingent convertible bonds (“CoCos”)) issued by the UK banks are generally expressed to rank at the same level as preference shares in an insolvency. This reflects the general expectation for both preference shares and CoCos to rank senior to ordinary shares, but junior to all subordinated debt. However, in a resolution the ranking of the preference shares on an insolvency and not only their regulatory capital treatment is relevant. For preference shares this would be likely to be ahead of the ordinary shares but below all classes of subordinated debt. If the holders of preference shares are to be potentially entitled to receive ordinary shares in the resolution, it will be necessary for such holders to be granted PROPPs. However, it is possible that the entitlement of such class of PROPP Beneficiaries could be nil. This Template Resolution Instrument provides for the purpose of illustration for the Preference Shares to be cancelled and the Class [C] PROPPs granted to previous holders. If there are multiple classes of preference shares which are to be treated the same way in bail-in, e.g. because they would rank *pari passu* in insolvency, it should be possible to create a single class of PROPPs in respect of all such preference shares. In this Template Resolution Instrument the Class [C] PROPPs correspond to all classes of Preference Shares in the firm. If the holders of Preference Shares are not to be granted PROPPs, this Template Resolution Instrument should simply provide for them to be cancelled and all references to the grant of the corresponding class of PROPPs should be deleted. If the firm does not have preference shares this definition and all references in this Template Resolution Instrument to Preference Shares should be deleted.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

context requires any [Bank] Onward Transfer Instrument made by the Bank of England in respect of [Bank] at any time;

“Tier 2 Instruments” mean the [subordinated debt] securities issued by [Bank] with ISIN number[s] [],²⁵

“Uncertificated Securities Regulations” means the Uncertificated Securities Regulations 2001 as amended including by the Uncertificated Securities (Amendment and EU Exit) Regulations 2019;²⁶

“UK GDPR” has the meaning given to it by section 3(10) (as supplemented by section 205(4)) of the Data Protection Act 2018;

“Valuation Date” means the date on which the valuation of the assets and liabilities of [Bank] conducted under section 6E or section 48X of the Banking Act by an independent valuer appointed by the Bank of England in accordance with the Banking Act is delivered to the Bank of England]; and

“Voting Rights Transfer Date” means the business day following the day on which more than 50 per cent. of the Shares have been transferred to the PROPP Beneficiaries.

Definitions used in this Instrument which are not otherwise defined shall have the meaning given to them by the Banking Act.

PART 2

SHARE TRANSFER AND BAIL-IN PROVISIONS

Share transfer and dematerialisation

4. By this Instrument the Shares are transferred to [the Depository].²⁷ The Depository shall hold the Shares on trust for the benefit of the [Resolution Administrator and the] PROPP Beneficiaries subject to the terms of the Deposit Agreement and this Instrument.
5. By this Instrument all Shares not in uncertificated form at the Resolution Time are converted into uncertificated form for the purposes of regulation 33 of the Uncertificated Securities Regulations. This Instrument shall be treated as satisfying all formalities required by the Uncertificated Securities Regulations. All share certificates in respect of Shares which were not in uncertificated form at the Resolution Time shall cease to be valid for all purposes.
6. [EUI shall do all things necessary or desirable to secure the admission of all Shares to the CREST system (including taking such action as is described in Schedule [2] to this Instrument).]

²⁵ If there are multiple classes of Tier 2 Instruments which are to be treated the same way in bail-in, e.g. because they would rank *pari passu* in insolvency, it should be possible to create a single class of PROPPs in respect of all such Tier 2 Instruments. If different classes of Tier 2 Instruments are to be treated differently in the bail-in separate classes of PROPPs will need to be created corresponding to the relevant class of Tier 2 Instruments. In this Template Resolution Instrument the Class [B] PROPPs correspond to all classes of Tier 2 Instruments.

²⁶ Shares in the firm may already be in uncertificated form in whole or in part in CREST. It is anticipated that they would remain so if transferred to a single shareholder (the Depository). It will be necessary to agree the arrangements to be made for conversion of certificated Shares into uncertificated form in CREST with EUI in advance of the making of the Resolution Instrument so that the necessary entries can be made in the CREST operating system in time upon it reopening after the Resolution Time.

²⁷ The Depository may nominate a Custodian to hold the Shares on its behalf. These arrangements would be dealt with in the Deposit Agreement between the Depository, [Bank] and the BoE.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

7. The Share Transfer effected by paragraph [4] and the dematerialisation effected by paragraph [5] take place at the Resolution Time.
8. The Share Transfer effected by paragraph [4] vests title in the Depository:²⁸
 - (a) free from all trusts, liabilities, claims and other encumbrances; and
 - (b) together with all rights, benefits and privileges which attach or accrue to or arise from or in respect of the Shares.

Extinguishment of rights to acquire Shares

9. By this Instrument all rights of any holder or beneficial owner of the Shares at any time prior to the Resolution Time to or in respect of the Shares and all rights of any person to receive any relevant securities, whether by issue, allotment, subscription, exchange or otherwise, are extinguished.
10. For the purposes of paragraph [9]:
 - (a) a right includes a right or entitlement by any name, including a contingent or future right or entitlement;
 - (b) it does not matter if the right was granted by [Bank] or any other person; and
 - (c) “relevant securities” means ordinary shares, preference shares, other Class 1 securities (within the meaning of section 14(2) of the Banking Act) or any other securities of [Bank] or any securities convertible into, exchangeable for or otherwise giving any right to subscribe for or acquire ordinary shares, preference shares, other Class 1 securities or any other securities of [Bank].
11. The extinguishing of rights by paragraph [9] takes place with effect from the Resolution Time.

Registration of Shares and issue of Share certificate

12. The Depository is entitled with effect from the Resolution Time to be entered in the register of members of [Bank] as the holder of the Shares transferred by virtue of this Instrument without the need for delivery of any instrument or transfer or other instrument or document and notwithstanding:
 - (a) the absence of any required consent or concurrence to or with the transfer; or
 - (b) any other restriction relating to the transfer.
13. [Bank] shall procure that [Bank’s] Share Registrar shall forthwith after the Resolution Time and for so long as the Shares are held in CREST be maintained in accordance with the Uncertificated Securities Regulations.
14. From the Resolution Time and until the Depository [or the Custodian as its nominee] is entered in [Bank’s] register of members:
 - (a) the Depository is deemed for all purposes (including for the purposes of the Companies Act) to be the sole member of [Bank];
 - (b) [subject to the power of the [Resolution Administrator] to exercise all voting rights in respect of the Shares as provided in paragraph [94] of this Instrument,] the Depository is entitled from

²⁸ The reference to “Other than as expressly provided in this Instrument” is to address the point that voting rights in respect of the Shares may be vested in the Resolution Administrator as provided under Paragraph [94] of this Template Resolution Instrument.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

the Resolution Time to all the rights and advantages of a member of [Bank] to the exclusion of all other persons, notwithstanding that it is not entered in [Bank's] register of members;

(c) [subject to the power of the [Resolution Administrator] to exercise all voting rights in respect of the Shares as provided in paragraph [94] of this Instrument,] no other person may exercise or purport to exercise in respect of [Bank] any right deriving from any Shares in [Bank];

15. If at any time while there are any PROPP Beneficiaries and any Shares are held by or on behalf of the Depository [Bank] issues further ordinary shares in respect of those Shares, whether by way of bonus issue, scrip dividend or otherwise ("Additional Shares"), such Additional Shares shall be issued and allotted to the Depository or its nominee or as may otherwise be directed by [the Resolution Administrator] or the Bank of England.

Creation of PROPPs

16. By this Instrument the Class [A] PROPPs are created by the grant of PROPPs to the Holders of the AT1 Instruments in accordance with paragraph [24] of this Instrument.

17. By this Instrument the Class [B] PROPPs are created by the grant of PROPPs to the Holders of the Tier 2 Instruments in accordance with paragraph [25] of this Instrument.

18. By this Instrument the Class [C] PROPPs are created by the grant of PROPPs to the Holders of the Preference Shares in accordance with paragraph [26] of this Instrument.

19. *[EITHER²⁹]*

[By this Instrument the Class [D] PROPPs are created by the grant of PROPPs to the Holders of the SNP Instruments in accordance with paragraph [28] of this Instrument.]³⁰

[OR]

[By this Instrument the Class [D1] PROPPs are created by the grant of PROPPs to the Holders of the [xxxx] SNP Instruments in accordance with paragraph [28(a)] of this Instrument and the Class [D2] PROPPs are created by the grant of PROPPs to the Holders of the [yyyy] SNP Instruments in accordance with paragraph [28(b)] of this Instrument.]³¹

20. All rights and obligations of PROPP Beneficiaries in respect of the PROPPs granted to them are derived from this Instrument and [Bank] shall do all things as may be required by the Bank of

²⁹ The first or second option depends on whether an immediate or a deferred bail-in of SNP Instruments and the number of classes of SNP Instruments issued by [Bank] is proposed.

The first option (one class of Class [D] PROPPs only) corresponding to the only class of SNP Instruments or all classes of SNP Instruments is applicable if there is an immediate bail-in of SNP Instruments (including where there will be a subsequent additional bail-in) and either there is only one class of SNP Instruments or, if there is more than one class of SNP Instruments, all classes of SNP Instruments are to be treated the same way.

The second option (multiple classes of Class [D] PROPPs (Class [D1], Class [D2] PROPPs etc.)) corresponding to the different classes of SNP Instruments is applicable if there are multiple classes of SNP Instruments and there is to be a deferred bail-in of SNP Instruments. (See Footnotes [7] and [9].) Multiple classes of Class [D] PROPPs would also be necessary on an immediate bail-in if there were multiple classes of SNP Instruments and they were to be treated differently. This latter possibility is not covered in this draft Template Resolution Instrument.

³⁰ This option assumes an immediate partial bail-in of the SNP Instruments. If a subsequent additional bail-in were a possibility this would need to be effected by the Supplemental [Bank] Resolution Instrument which would be made after the final equity valuation (Valuation 3) had been completed and the extent of any subsequent additional bail-in could be quantified.

³¹ This option is applicable to a deferred bail-in where the extent of the proposed write-down of the SNP Instruments cannot be quantified with a sufficient level of confidence and the SNP Instruments are to be transferred to the Depository during the bail-in period. The amount of the write-down and grant of PROPPs would be specified in the Supplemental [Bank] Resolution Instrument made after the final equity valuation (Valuation 3) had been completed.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

England or as may otherwise be necessary or desirable in connection with the creation and grant of PROPPs and this Instrument.

21. The creation of PROPPs by virtue of paragraphs [16] to [19] takes effect at the Resolution Time.

[New Debt Instruments ³²

22. The New Debt Instruments will be issued by [Bank] [on or before] the [first] Onward Transfer Date in accordance with the provisions of this Instrument and the Supplemental [Bank] Resolution Instrument.³³ The New Debt Instruments will be debt securities of and shall for all purposes be treated as obligations of [Bank] only. All rights and liabilities in respect of the New Debt Instruments will be derived from this Instrument, the Supplemental [Bank] Resolution Instrument and the terms and conditions of such New Debt Instruments as annexed to the New Debt Instrument Trust Deed, which terms and conditions will be substantially in the form set out in Schedule [] of this Instrument. The New Debt Instruments shall for all purposes be treated as constituted by the New Debt Instruments Trust Deed and issued by [Bank] subject to, and with the benefit of, the New Debt Instruments Agency Agreement. The New Debt Instruments will be represented by a global New Debt Instrument substantially in the form set out in the New Debt Instrument Trust Deed which will be duly executed by [Bank], duly authenticated by [] and held by [] as common depository/safekeeper in respect of the New Debt Instruments for the ICSDs. If definitive New Debt Instruments are required to be issued in exchange for a global New Debt Instrument upon the occurrence of any of the limited circumstances in condition [] of the New Debt Instruments conditions, the New Debt Instruments shall be represented by definitive New Debt Instruments substantially in the form set out in the New Debt Instrument Trust Deed which will be executed and authenticated by [Bank] and [] respectively.

23. The principal amount, interest rate, early call provisions if any and maturity date if applicable of the New Debt Instruments will be determined by the Bank of England following the Valuation Date and will be specified in the Supplemental [Bank] Resolution Instrument.]

Grant of PROPPs and cancellation of AT1 Instruments and Tier 2 Instruments

24. By this Instrument:

- (a) a Class [A] PROPP is granted to each Holder of AT1 instruments at the Resolution Time;
- (b) all rights of any holder or beneficial owner of the AT1 Instruments at any time to or in respect of the AT1 Instruments (including in respect of principal and interest including interest accrued at any time prior to the Resolution Time) are cancelled and extinguished; and
- (c) all outstanding AT1 Instruments are cancelled in full.

25. By this Instrument:

- (a) a Class [B] PROPP is granted to each Holder of Tier 2 Instruments at the Resolution Time;

³² This Paragraph and other provisions relating to New Debt Instruments are to be included only if New Debt Instruments are to be created and allocated to PROPP Beneficiaries. See Footnotes [7] and [12]. If New Debt Instruments are not to be created as part of the recapitalisation of the firm, all such references and provisions should be deleted.

³³ If New Debt Instruments were to be created, the principal commercial terms such as amount, interest rate, any early call provisions and the maturity date, if applicable, of the New Debt Instruments are unlikely to be finally determined prior to the Valuation Date when the final bail-in and recapitalisation requirements can be determined. The details of the New Debt Instruments will therefore need to be specified in the Supplemental [Bank] Resolution Instrument. The provisions relating to New Debt Instruments included in this Template Resolution Instrument for illustration assume a single class of New Debt Instruments. If multiple classes of New Debt Instruments are to be created additional definitions will be required, e.g. for each class of New Debt Instrument. All classes of New Debt Instrument could be created using the same Trust Deed and Agency Agreement. Separate global notes and conditions would be necessary.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

- (b) all rights of any holder or beneficial owner of the Tier 2 Instruments at any time to or in respect of the Tier 2 Instruments (including in respect of principal and interest including interest accrued at any time prior to the Resolution Time) are cancelled and extinguished; and
- (c) all outstanding Tier 2 Instruments are cancelled in full.

26. By this Instrument:

- (a) a Class [C] PROPP is granted to each Holder of Preference Shares at the Resolution Time;
- (b) all rights of any holder or beneficial owner of the Preference Shares at any time to or in respect of the Preference Shares (including in respect of any dividend or other distribution) are cancelled and extinguished; and
- (c) all Preference Shares in issue or forming part of the authorised capital of [Bank] but not issued are cancelled in full.³⁴

27. The grants, extinguishments and cancellations effected by paragraphs [24], [25] and [26] take effect at the Resolution Time.

Grant of PROPPs and *[EITHER]* [Reduction [in part]] */OR/* [Transfer] of SNP Instruments³⁵

[EITHER]

28. [By this Instrument:

- (a) a Class [D] PROPP is granted to each Holder of each class of SNP Instrument at the Resolution Time;³⁶
- (b) such amount of the aggregate outstanding amount (being the principal amount outstanding and the accrued and unpaid interest up to but excluding the day on which the Resolution Time occurs) in respect of each class of SNP Instruments as set out in the table contained in Schedule [1] to this Instrument is reduced and cancelled;
- (c) [the original minimum denomination in respect of each class of SNP Instrument is reduced and amended as set out in the table contained in Schedule [1] to this Instrument.]³⁷

/OR/

[By this Instrument, following the determination of the applicable Allocation Ratios, the SNP Instruments of each class shall be written down or cancelled as provided in the Supplemental [Bank] Resolution Instrument to be made on or about the [Allocation Ratio Announcement Date] and accordingly, by this Instrument:

- (a) a Class [DI] PROPP is granted to each Holder of [xxxx] SNP Instruments at the Resolution Time; and

³⁴ This provision is relevant only if [Bank] has Preference Shares in its capital.

³⁵ The option to be used will depend on whether there is an immediate partial bail-in or a deferred bail-in of SNP Instruments.

³⁶ Paragraph [28] assumes that all classes of SNP Instruments are to be treated the same in the bail-in. If different classes of SNP Instrument are to be treated differently in bail-in for any reason (e.g. because they would have a different priority on a winding-up) different classes of Class [D] PROPPs will be required corresponding to the separate classes of SNP Instrument. See Footnotes [7] and [9].

³⁷ The provision in sub-Paragraph (c) is relevant only if it is necessary to make an adjustment to the minimum denominations of the SNP Instruments as a consequence of the bail-in.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

- (b) a Class [D2] PROPP is granted to each Holder of [yyyy] SNP Instruments at the Resolution Time;
- (c) the SNP Instruments of each class are transferred to the Depository and;³⁸ and
- (d) the Depository shall hold the [xxxx] SNP Instruments on trust for the benefit of the Class [D1] PROPP Beneficiaries and the [yyyy] SNP Instruments on trust for the benefit of the Class [D2] PROPP Beneficiaries subject in each case to the terms of this Instrument, the Supplemental [Bank] Resolution Instrument, the [Bank] Onward Transfer Instrument and the Deposit Agreement.]

29. [EITHER]

[By this Instrument all rights of any holder or beneficial owner of the SNP Instruments of any class at any time to or in respect of the aggregate outstanding amount in respect of the SNP Instruments of such class which is reduced and cancelled by paragraph [28] are extinguished and the principal amount outstanding of each SNP Instrument of such class is cancelled to the extent of such reduction.]

[OR]

[By this Instrument all rights, benefits and privileges of any holder or beneficial owner of the SNP Instruments of any class which are transferred by paragraph [28] at any time to or in respect of the SNP Instruments of such class, including all rights of any such person to receive any payment whether in respect of principal, interest or otherwise or any amount in specie in respect of the SNP Instruments of such class, are extinguished [save as otherwise expressly provided by this Instrument, any Supplemental [Bank] Resolution Instrument or any [Bank] Onward Transfer Instrument].]³⁹

30. [Other than as expressly provided in this Instrument, the transfers of SNP Instruments effected by paragraph [28]] vest title in the Depository:

- (a) free from all trusts, liabilities, claims and other encumbrances; and
- (b) together with all rights, benefits and privileges which attach or accrue to or arise from or in respect of the SNP Instruments.]⁴⁰

31. [By this Instrument the terms and conditions of the SNP Instruments [of each class] [and of any agreement relating to the SNP Instruments [of each class]] are modified with the effect that all provisions providing for the payment of any amount of interest, principal or any other amount on or in respect of the SNP Instruments [of such class] [at or after the Resolution Time] (and notwithstanding that all or any part of any such amount may have accrued in respect of any period prior to the Resolution Time) shall not have any effect and shall be disregarded for all purposes and no person shall have any right at any time to or in respect of any such amount [save as may otherwise be provided in any Supplemental [Bank] Resolution Instrument].]⁴¹

³⁸ This language also assumes that the SNP Instruments will remain in existence and will be transferred by the Resolution Instrument to the Depository to be written down and/or converted into Shares [and/or New Debt Instruments] following completion of the final equity valuation (Valuation 3).

³⁹ The first option applies if there is to be an immediate bail-in in part of SNP Instruments. The second option applies if there is to be a deferred bail-in where the SNP Instruments are transferred to the Depository. The reference to save as otherwise provided in the instruments relates to Paragraph [28(b)] and the holding of SNP Instruments on trust referred to therein in a deferred bail-in.

⁴⁰ This Paragraph only applies if there is a transfer of SNP Instruments to the Depository in a deferred bail-in.

⁴¹ To be included if payments in respect of the SNP Instruments are to be suspended during the bail-in period.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

32. [The modifications in paragraph [31] shall be disregarded in determining whether:
- (a) any breach of contract or event of default applies in the SNP Instruments or in any other contract or other arrangement to which [Bank] is a party; and
 - (b) any right of termination or right to require payment of any amount prior to its due date arises under the SNP Instruments or under any other contact or arrangement to which [Bank] is a party.]
33. [The modifications in paragraph [31] shall apply until such time as may be specified in any Supplemental [Bank] Resolution Instrument [and are subject to any provision in any Supplemental [Bank] Resolution Instrument providing for the cancellation in whole or in part of any such amounts as are referred to in paragraph [31]].]⁴²
34. For the purposes of paragraphs [29], [30], [31] [32 and 33]:⁴³
- (a) a right includes a right or entitlement by any name, including a contingent or future right or entitlement;
 - (b) it does not matter if the right was granted by [Bank] or any other person.
35. The *[EITHER]* [grants, reductions and cancellations] *[OR]* [transfers]⁴⁴ effected by paragraph [28], the extinguishing of rights effected by paragraphs [29] and [30] [and the modification of the terms and conditions of the SNP Instruments and any agreements relating thereto effected by paragraphs [31 and 32]] take place with effect from the Resolution Time.

***[EITHER]* [Additional Reduction] *[OR]* [Reduction] of SNP Instruments ⁴⁵**

[EITHER] ⁴⁶

36. [On] the Allocation Ratio Announcement Date:
- (a) such further amount of the aggregate principal amount outstanding [and the aggregate accrued and unpaid interest from and including the day on which the Resolution Time occurs to but excluding the [Allocation Ratio Announcement Date]] in respect of [each class of SNP Instruments] as is equal to the aggregate principal amount of [and such aggregate accrued and unpaid interest in respect of] the SNP Instruments [of such class] multiplied [in each case] by

⁴² Paragraph [33] is only relevant if payments in respect of SNP Instruments are to be suspended pursuant to Paragraph [31]

⁴³ The references to Paragraphs [32] and [33] only apply if payments in respect of SNP Instruments are to be suspended pursuant to Paragraph [31].

⁴⁴ The relevant option depends on whether there is an immediate bail-in in part or a deferred bail-in. There may not be a need for either option.

⁴⁵ The relevant option depends on whether there is to be an immediate bail-in and a subsequent additional bail-in of the SNP Instruments is to be provided for or if there is to be a deferred bail-in of the SNP Instruments.

⁴⁶ This option is applicable if there is to be an immediate bail-in of the SNP Instruments at the Resolution Time under Paragraph [28] of the Resolution Instrument and the BoE intends to preserve the option to make a subsequent additional bail-in following the final equity valuation (Valuation 3). The inclusion of the provision in square brackets relating to the write-down of accrued and unpaid interest depends on whether interest has continued to accrue or has been suspended under Paragraph [31] and therefore whether the subsequent additional bail-in is a write-down of the principal amount outstanding only or of principal outstanding and accrued and unpaid interest since the Resolution Time. If interest accrual has been suspended the application of the words in square brackets relating to accrued and unpaid interest can be deleted as interest will not have accrued. This Paragraph also assumes all classes of SNP Instruments are to be treated the same in the subsequent additional bail-in. If different classes of SNP Instrument are to be treated differently in a subsequent additional bail-in for any reason (e.g. because they would have a different priority on a winding-up) different classes of Class [D] PROPPs will be required corresponding to the separate classes of SNP Instrument. See Footnotes [7] and [9].

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

the Class [D] Allocation Ratio shall be reduced and cancelled as provided in the Supplemental [Bank] Resolution Instrument;⁴⁷ and

- (b) [the amended minimum denomination in respect of each class of SNP Instrument shall be reduced and amended as set out in the Supplemental [Bank] Resolution Instrument.⁴⁸]

[OR]⁴⁹

[On] the Allocation Ratio Announcement Date such amount of the aggregate principal amount outstanding [and the aggregate accrued and unpaid interest from and including the day on which the Resolution Time occurs to but excluding the [Allocation Ratio Announcement Date]] in respect of [each class of SNP Instruments] as is specified in the Supplemental [Bank] Resolution Instrument shall be reduced and cancelled as provided in the Supplemental [Bank] Resolution Instrument.

PROPP Entitlements

37. The Class [A] Entitlement of a Class [A] PROPP Beneficiary shall be the aggregate of:

- (a) such [fractional] number of Deposited Shares as is equal to $(DS \times AR) \times P$, where DS is the aggregate number of Deposited Shares, AR is the Class [A] Allocation Ratio and P is the Class [A] Portion in relation to that holder; and
- (b) such [fractional] amount of the Deposited Share Property which is in the form of cash as is equal to $(DSP \times AR) \times P$, where DSP is the aggregate amount of cash forming part of the Deposited Share Property, AR is the Class [A] Allocation Ratio and P is the Class [A] Portion in relation to that holder.

38. [The aggregate Class [A] Entitlement of a Class [A] PROPP Beneficiary shall be rounded down in the case of Deposited Shares to the nearest whole Deposited Share and in the case of Deposited Share Property to the nearest £ [1].]

39. The Class [B] Entitlement of a Class [B] PROPP Beneficiary shall be the aggregate of:

- (a) such [fractional] number of Deposited Shares as is equal to $(DS \times AR) \times P$, where DS is the aggregate number of Deposited Shares, AR is the Class [B] Allocation Ratio and P is the Class [B] Portion in relation to that holder; and
- (b) such [fractional] amount of the Deposited Share Property which is in the form of cash as is equal to $(DSP \times AR) \times P$, where DSP is the aggregate amount of cash forming part of the Deposited Share Property, AR is the Class [B] Allocation Ratio and P is the Class [B] Portion in relation to that holder.

40. [The aggregate Class [B] Entitlement of a Class [B] PROPP Beneficiary shall be rounded down in the case of Deposited Shares to the nearest whole Deposited Share and in the case of Deposited Share Property to the nearest £ [1].]

⁴⁷ This provision assumes that the same Allocation Ratio can be used to calculate the amount of the additional write down of principal amounts outstanding (and any accrued and unpaid interest if relevant) in respect of the SNP Instruments of each class and the entitlement of the Class [D] PROPPs. The Allocation Ratio Announcement Date seems to be the appropriate date for the subsequent additional bail-in to take place as the final equity valuation information will then be available. However, this is a potential date only and could be altered.

⁴⁸ Only relevant if it is necessary to make a further adjustment to the minimum denominations of the SNP Instruments to deal with significant rounding issues in determining entitlements as a consequence of the subsequent additional bail-in. See Footnote [7].

⁴⁹ This option is applicable if there is a deferred bail-in and the write-down of the SNP Instruments is to take place on the Allocation Ratio Announcement Date following completion of the final equity valuation (Valuation 3). See Footnotes [7] and [9]. The Allocation Ratio Announcement Date seems to be the appropriate date for the deferred bail-in to take place as the final equity valuation information will then be available. However, this is a potential date only and could be altered.

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41. The Class [C] Entitlement of a Class [C] PROPP Beneficiary shall be the aggregate of:
- (a) such [fractional] number of Deposited Shares as is equal to $(DS \times AR) \times P$, where DS is the aggregate number of Deposited Shares, AR is the Class [C] Allocation Ratio and P is the Class [C] Portion in relation to that holder; and
 - (b) such [fractional] amount of the Deposited Share Property which is in the form of cash as is equal to $(DSP \times AR) \times P$, where DSP is the aggregate amount of cash forming part of the Deposited Share Property, AR is the Class [C] Allocation Ratio and P is the Class [C] Portion in relation to that holder.
42. [The aggregate Class [C] Entitlement of a Class [C] PROPP Beneficiary shall be rounded down in the case of Deposited Shares to the nearest whole Deposited Share and in the case of Deposited Share Property to the nearest £ [1].]

[EITHER]⁵⁰

43. The Class [D] Entitlement of a Class [D] PROPP Beneficiary shall be the aggregate of:
- (a) such [fractional] number of Deposited Shares as is equal to $(DS \times AR) \times P$, where DS is the aggregate number of Deposited Shares, AR is the Class [D] Allocation Ratio and P is the Class [D] Portion in relation to that holder;
 - (b) such [fractional] amount of the Deposited Share Property which is in the form of cash as is equal to $(DSP \times AR) \times P$, where DSP is the aggregate amount of cash forming part of the Deposited Share Property, AR is the Class [D] Allocation Ratio and P is the Class [D] Portion in relation to that holder; [and]
 - (c) [such [fractional] principal amount of [each class of] New Debt Instruments forming part of the Class [D] Entitlement following the creation of the New Debt Instruments as referred to in paragraph [22] as is equal to $(NDI \times AR) \times P$, where NDI is the aggregate principal amount of each such class of New Debt Instrument, AR is the Class [D] Allocation Ratio and P is the Class [D] Portion in relation to that holder.]
44. [The aggregate Class [D] Entitlement of a Class [D] PROPP Beneficiary shall be rounded down in the case of Deposited Shares to the nearest whole Deposited Share, in the case of Deposited Share Property to the nearest £[1] [and in the case of New Debt Instruments to the nearest whole minimum denomination of a New Debt Instrument of the relevant class or classes]].

[OR]⁵¹

45. A. The Class [D1] Entitlement of each Class [D1] PROPP Beneficiary shall be the aggregate of:
- (a) such fractional principal amount of the [xxxx] SNP Instruments following the cancellation of principal amount outstanding as referred to in paragraph [36] as is equal to $(SNPI \times AR) \times P$,

⁵⁰ The relevant option depends on whether there is to be an immediate bail-in (whether or not a subsequent additional bail-in is to take place) or a deferred bail-in in respect of the SNP Instruments.

This first option in Paragraph [43] and the accompanying Paragraph [44] is applicable if there is an immediate bail-in of the SNP Instruments at the Resolution Time under Paragraph [28] of the Resolution Instrument whether or not followed by a subsequent additional bail-in as contemplated in Paragraph [36] of the Resolution Instrument following the final equity valuation (Valuation 3). This Paragraph assumes all classes of SNP Instruments are to be treated the same. If different classes of SNP Instrument are to be treated differently for any reason (e.g. because they would have a different priority on a winding-up) different classes of Class [D] PROPPs will be required corresponding to the separate classes of SNP Instrument.

⁵¹ This option is applicable if there is a deferred bail-in at the Resolution Time under Paragraphs [28] and [36] of the Template Resolution Instrument.

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where SNPI is the aggregate principal amount of the [xxxx] SNP Instruments, AR is the Class [D1] Exchange Ratio and P is the Class [D1] Portion in relation to that holder;

- (b) [such fractional amount of the Deposited Instrument Property which is in the form of cash as is equal to $(DIP \times AR) \times P$, where DIP is the aggregate amount of cash forming part of the Deposited Instrument Property, AR is the Class [D1] Allocation Ratio and P is the Class [D1] Portion in relation to that holder;]⁵²
 - (c) such [fractional] number of Deposited Shares as is equal to $(DS \times AR) \times P$, where DS is the aggregate number of Deposited Shares, AR is the Class [D1] Allocation Ratio and P is the Class [D1] Portion in relation to that holder;
 - (d) such [fractional] amount of the Deposited Share Property which is in the form of cash as is equal to $(DSP \times AR) \times P$, where DSP is the aggregate amount of cash forming part of the Deposited Share Property, AR is the Class [D1] Allocation Ratio and P is the Class [D1] Portion in relation to that holder; [and
 - (e) such [fractional] principal amount of [each class of] New Debt Instruments forming part of the Class [D1] Entitlement following the creation of the New Debt Instruments as referred to in paragraph [22] as is equal to $(NDI \times AR) \times P$, where DS is the aggregate principal amount of such class of New Debt Instruments, AR is the Class [D1] Allocation Ratio and P is the Class [D1] Portion in relation to that holder.]
46. B. The Class [D2] Entitlement of a Class [D2] PROPP Beneficiary shall be the aggregate of:
- (a) such fractional principal amount of the [yyyy] SNP Instruments following the cancellation of principal amount outstanding amount as referred to in paragraph [36] as is equal to $(SNP \times AR) \times P$, where SNP is the aggregate principal amount of the [yyyy] SNP Instruments, AR is the Class [D2] Allocation Ratio and P is the Class [D2] Portion in relation to that holder;
 - (b) [such fractional amount of the Deposited Instrument Property which is in the form of cash as is equal to $(DIP \times AR) \times P$, where DIP is the aggregate amount of cash forming part of the Deposited Instrument Property, AR is the Class [D2] Allocation Ratio and P is the Class [D2] Portion in relation to that holder;]⁵³
 - (c) such [fractional] number of Deposited Shares as is equal to $(DS \times AR) \times P$, where DS is the aggregate number of Deposited Shares, AR is the Class [D2] Allocation Ratio and P is the Class [D2] Portion in relation to that holder;
 - (d) such [fractional] amount of the Deposited Share Property which is in the form of cash as is equal to $(DSP \times AR) \times P$, where DSP is the aggregate amount of cash forming part of the Deposited Share Property, AR is the Class [D2] Allocation Ratio and P is the Class [D2] Portion in relation to that holder; [and
 - (e) such [fractional] principal amount of [each class of] New Debt Instruments forming part of the Class [D2] Entitlement following the creation of the New Debt Instruments as referred to in paragraph [22] as is equal to $(NDI \times AR) \times P$, where NDI is the aggregate principal amount of such class of New Debt Instruments, AR is the Class [D2] Allocation Ratio and P is the Class [D2] Portion in relation to that holder.]

⁵² Although it is unlikely to be the case, Deposited Instrument Property could potentially include interest and principal payments which had been suspended during the bail-in period but which are reinstated on the Allocation Ratio Announcement Date. Alternatively, such amounts could be taken into account as part of the write-down and cancellation and the relevant Allocation Ratio calculation.

⁵³ See Footnote [52].

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47. A. [The aggregate Class [D1] Entitlement of a Class [D1] PROPP Beneficiary shall be rounded down in the case of the [xxxx] SNP Instruments to the nearest whole minimum denomination of [xxxx] SNP Instruments following any modification to the minimum denomination of the [xxxx] SNP Instruments made by the Supplemental [Bank] Resolution Instrument,]⁵⁴ in the case of the Deposited Shares to the nearest whole Deposited Share, [in the case of the Deposited Instrument Property to the nearest [£1] and] in the case of the Deposited Share Property to the nearest £[1] [and in the case of New Debt Instruments to the nearest whole minimum denomination of a New Debt Instrument of the relevant class or classes.]
48. B. [The aggregate Class [D2] Entitlement of a Class [D2] PROPP Beneficiary shall be rounded down in the case of the [yyyy] SNP Instruments to the nearest whole minimum denomination of [yyyy] SNP Instruments following any modification to the minimum denomination of the [yyyy] SNP Instruments made by the Supplemental [Bank] Resolution Instrument,]⁵⁵ in the case of the Deposited Shares to the nearest whole Deposited Share, in the case of [the Deposited Instrument Property to the nearest [£1] and] in the case of the Deposited Share Property to the nearest £[1] [and in the case of New Debt Instruments to the nearest whole minimum denomination of a New Debt Instrument of the relevant class or classes.]
49. For the purpose of determining the Class [A] Entitlement, the Class [B] Entitlement, the Class [C] Entitlement and [EITHER] [the Class [D] Entitlement] [OR] [the Class [D1] Entitlement and the Class [D2] Entitlement]:
- (a) any Existing Debt Securities denominated in a currency other than sterling shall be converted into sterling at the Allocation FX Rate; and
 - (b) any cash amount received by the Depositary and comprised within the Deposited Share Property or the Deposited Instrument Property and denominated in a currency other than sterling shall be converted into sterling at the [Allocation FX Rate].⁵⁶
50. The Class [A] Allocation Ratio, the Class [B] Allocation Ratio, the Class [C] Allocation Ratio and [EITHER] [the Class [D] Allocation Ratio] [OR] [the Class [D1] Allocation Ratio and the Class [D2] Allocation Ratio] will be [published by the Bank of England as soon as reasonably practicable after the Valuation Date and] specified in the Supplemental [Bank] Resolution Instrument.⁵⁷
51. For so long as the Bank of England requires, each CSD shall keep in respect of each account held with them to which any AT1 Instruments, Tier 2 Instruments, Preference Shares or SNP Instruments were credited immediately prior to the Resolution Time the following information:
- (a) the name and address and any other information held by such CSD required to establish the identity of the account holder;
 - (b) the account name and number and any other information held by such CSD required to establish the identity of the account of a PROPP Beneficiary in which such PROPP Beneficiary held, in the case of a Class [A] PROPP Beneficiary, AT1 Instruments in the case of a Class [B] PROPP Beneficiary Tier 2 Instruments, in the case of a Class [C] PROPP Beneficiary, Preference Shares [EITHER] [and in the case of a Class D PROPP Beneficiary, SNP Instruments] [OR] [in the case of a Class [D1] PROPP Beneficiary, [xxxx] SNP Instruments and in the case of a Class [D2] PROPP Beneficiary, [yyyy] SNP

⁵⁴ Adjusting the minimum denomination of SNP Instruments if that was necessary to deal with significant rounding issues in determining individual entitlements should not be problematic.

⁵⁵ See Footnote [54].

⁵⁶ See comment on the Allocation FX Rate in Footnote [3].

⁵⁷ The arrangements for the announcement of the Allocation Ratios and the making of the Supplemental Resolution Instrument will be determined in the circumstances of the case.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

Instruments]; and to enable securities and cash to be transferred to and credited to such account if required under this Instrument or any instrument supplemental hereto;

- (c) separately for each class of securities, the aggregate principal amount outstanding of all AT1 Instruments, Tier 2 Instruments, [xxxx] SNP Instruments] and [[yyyy]]⁵⁸ SNP Instruments and the aggregate number and nominal value of all Preference Shares credited to such account;
- (d) if the same account holder has more than one account with such CSD to which AT1 Instruments, Tier 2 Instruments, Preference Shares, [xxxx] SNP Instruments or [yyyy] SNP Instruments were credited, the same details as are specified in (a) to (c) above for each account of such account holder; and
- (e) any other information available from the systems of such CSD which would facilitate the identification of the PROPP Beneficiaries as at the Resolution Time;

and shall provide the necessary account information to the Bank of England or as it may require to the Depository [Custodian] to enable the delivery of Deposited Share Property and cash in accordance with paragraph [51].

Allocation to PROPP Beneficiaries

52. Not less than [] Business Days prior to the Allocation Expiration Date, the CSDs will provide to the Depository [and Custodian] in respect of each Class [A] PROPP Beneficiary, each Class [B] PROPP Beneficiary, each Class [C] PROPP Beneficiary [EITHER] [and each Class [C] PROPP Beneficiary] [OR] [each Class [C1] PROPP Beneficiary and each Class [C2] PROPP Beneficiary] identified in the records of such CSD the information specified in paragraph [51] (a) to (e).
53. Following receipt of the information specified in paragraph [51] above, the Depository [Custodian] will:
- (a) not less than [] Business Days prior to the Allocation Expiration Date, determine for each Class [A] PROPP Beneficiary, each Class [B] PROPP Beneficiary, each Class [C] PROPP Beneficiary [EITHER] [and each Class [D] PROPP Beneficiary] [OR] [each Class [D1] PROPP Beneficiary and each Class [D2] PROPP Beneficiary] the Deposited Property to be transferred to each such Class [A] PROPP Beneficiary, Class [B] PROPP Beneficiary, Class [C] PROPP Beneficiary [EITHER] [and Class [C] PROPP Beneficiary] [OR] [Class [C1] PROPP Beneficiary and Class [C2] PROPP Beneficiary], being:
 - (i) the aggregate number of Shares;
 - (ii) if applicable, the aggregate principal amount of the SNP Instruments of each class, if any;
 - [(iii) if applicable, the aggregate principal amount of the New Debt Instruments, if any;][and]
 - [(iv) if applicable, the aggregate sterling cash amount, if any;] and
 - (b) not less than [] Business Days prior to the Allocation Expiration Date provide to the Bank of England an Onward Transfer Request containing such information.

⁵⁸ Reference to classes of SNP Instruments relevant in a deferred bail-in.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

54. As soon as practicable following the making of a [Bank] Onward Transfer Instrument by the Bank of England following receipt by the Bank of England of an Onward Transfer Request, the Depository [Custodian] will transfer the Deposited Property to the relevant PROPP Beneficiaries.⁵⁹
55. The Bank of England may require from a PROPP Beneficiary such further information and evidence as it considers relevant before transferring Deposited Property to that PROPP Beneficiary.

PART 3

FURTHER PROVISIONS RELATING TO PROPPS

Limitations and restrictions in respect of PROPPs

56. No PROPP may be assigned or transferred (other than by operation of law), subject always to the provisions of this Instrument. Accordingly, any attempt to assign, transfer, sell, offer to sell, trade or otherwise make available PROPPs to any person (other than the grant to the relevant PROPP Beneficiary pursuant to this Instrument) shall have no legal effect.
57. PROPPs shall not confer any ownership interest in [Bank] and no PROPP Beneficiary shall have any right or power to vote in respect of any shares of any class in [Bank] on any poll or at any meeting of [Bank] shareholders of any class or to agree to any written resolution of [Bank] shareholders or any class or to give any directions to [Bank] or to any director of [Bank].
58. No PROPP Beneficiary shall be entitled to any document or instrument of any kind evidencing the rights of such PROPP Beneficiary to PROPPs under this Instrument.
59. No dividend or other distribution shall be payable in respect of any PROPPs.
60. No interest shall accrue on or in respect of property or proceeds to which PROPPs may at any time confer any entitlement under this Instrument, including without limitation any Deposited Share Property or any net proceeds of sale of Deposited Share Property.
61. None of the Bank of England, [the Resolution Administrator,] [the Depository [or the Custodian]] shall have any responsibility to monitor or ascertain the compliance with the restrictions in paragraph [56].

Allocation to PROPP Beneficiaries

62. [By not less than [] Business Days] prior to the Allocation Expiration Date, the Depository will provide to the Bank of England an Onward Transfer Request providing details of:
- (a) the aggregate number of Shares;
 - [(b) if applicable, the aggregate principal amount of the SNP Instruments of each class, if any, (following the reduction and cancellation of any principal amount thereof and the reduction and cancellation of any accrued and unpaid interest in respect thereof [and any other modification

⁵⁹ As noted in Footnote [7], it is assumed in this Template Resolution Instrument that the subsequent transfer of Shares to PROPP Beneficiaries would be effected by way of an Onward Transfer Instrument made under S.48V of the Banking Act. The reference to one or more [Bank] Onward Transfer Instruments is to address the possibility that the BoE may decide to effect the exchanges of PROPPs and the transfer of the relevant entitlements in batches. If only one [Bank] Onward Transfer Instrument is envisaged the plural references should be deleted.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

to the terms and conditions thereof made by the [Bank] Resolution Instrument or any Supplemental [Bank] Bail-in Instrument));

[(c) if applicable, the aggregate principal amount of the New Debt Instruments, if any;][and]

(d) if applicable, the aggregate sterling cash amount, if any;]

to be transferred to [each Class [A] PROPP Beneficiary], [each Class [B] PROPP Beneficiary], [each Class [C] PROPP Beneficiary] [and] [each Class [D] PROPP Beneficiary] [each Class D1 PROPP Beneficiary] [and] each [Class [D2] PROPP Beneficiary][, in each case as identified in such Onward Transfer Request.

63. As soon as practicable following the making of an [Bank] Onward Transfer Instrument by the Bank of England, the Depositary will:

- (a) [cause the [Custodian to] confirm with the relevant CSD that the relevant number of Shares has been credited to the relevant securities account of each PROPP Beneficiary;
- (b) [if the Deposited Share Property included SNP Instruments of any class, [cause the Custodian to] confirm with the relevant CSD that the relevant principal amount of SNP Instruments of each relevant class has been credited to the relevant securities account of each PROPP Beneficiary of the relevant class;]
- (c) [if the Deposited Share Property included New Debt Instruments, [cause the Custodian to] confirm with the relevant CSD that the principal amount of New Debt Instruments has been credited to the relevant securities account of each PROPP Beneficiary of the relevant class;]
- (d) [cause the Custodian to] confirm with the relevant CSD that the relevant sterling cash amount has been credited to the relevant cash account of each relevant PROPP Beneficiary;

64. The relevant securities account of a PROPP Beneficiary shall be the securities account in which such PROPP Beneficiary held, in the case of a Class A PROPP Beneficiary, AT1 Instruments, in the case of a Class B PROPP Beneficiary, Tier 2 Instruments, in the case of a Class C PROPP Beneficiary, Preference Shares [EITHER] [and in the case of a Class D PROPP Beneficiary, SNP Instruments] [OR] [in the case of a Class D1 PROPP Beneficiary, [xxxx] SNP Instruments and in the case of a Class D2 PROPP Beneficiary, [yyyy] SNP Instruments].

Sale of Shares and other Deposited Property by the Depositary

65. Upon the occurrence of a Sale Event, [Bank] shall, unless instructed to the contrary by the [Bank of England] [Resolution Administrator], direct the Depositary to sell in accordance with the procedures described in this Instrument all the Shares [and any other securities comprised in the Deposited Property to which PROPP Beneficiaries are entitled] which have not been transferred under a [Bank] Onward Transfer Instrument (together the “**Sale Securities**”).

66. Within [] days of the Allocation Expiration Date, the [Depositary] shall appoint a broker [(which should be approved by the [Bank of England] [Resolution Administrator] in advance of any such appointment)] on such terms as [Bank] shall direct [and at the expense of [Bank] to sell all Sale Securities in accordance with all applicable laws and rules. None of the Bank of England, the Resolution Administrator or the Depositary shall have any liability in respect of losses or expenses arising out of the conduct of the sale or in respect of any price obtained [(save, in the case of the Depositary, in respect of the Depositary’s wilful default, gross negligence or bad faith)].

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

67. [If following the expiration of the Allocation Period a takeover offer in respect of [Bank] is accepted by a holders of more than 50 per cent of the Shares at the time of the offer (excluding any Shares held by or on behalf the Depository) [or a scheme of arrangement under sections 895 to 899 of the Companies Act is approved by the requisite shareholder majorities (but excluding Shares held by the Depository) and it remains possible for any offer in connection with such scheme of arrangement to be accepted], the Depository will accept the offer in respect of Shares that remain held by or for the Depository in connection with this Instrument [unless instructed to the contrary by the [Bank of England] [Resolution Administrator]].]⁶⁰
68. The Depository shall credit the Cash Account with the proceeds of sale of the Sale Securities sold under paragraph [65] after deducting all costs and expenses incurred by the Depository in connection with such sale (the “**net proceeds of sale**”). Each PROPP Beneficiary shall be entitled to: (1) such proportion (which may be zero) of the total amount of the net proceeds of sale of Shares credited to the Cash Account as is equal to the proportion that the number of Shares to which that PROPP Beneficiary’s PROPPs relate which were comprised in the Sale Securities bears to the total number of Shares which were sold, rounded down to the nearest [£1] and (2) in the case of any other securities comprised in the Sale Securities, to such proportion of the total amount of the net proceeds of sale of such other securities credited to the Cash Account as is equal to the proportion (which may be zero) that the net proceeds of sale of such other securities to which that PROPP Beneficiary’s PROPPs relate which were comprised in the Sale Securities bears to the total net proceeds of sale of such other securities which were sold, rounded down to the nearest [£1].⁶¹
69. The relevant proportion of the net proceeds of sale to which a PROPP Beneficiary is entitled will be paid to such PROPP Beneficiary by the Depository transferring the relevant proportion of the net proceeds of sale to the cash account of such PROPP Beneficiary with [EUI,] [Euroclear or Clearstream] as the case may be details of which have been retained by [EUI,] [Euroclear or Clearstream] as the case may be as required by paragraph [] of Schedule 2 of this Instrument. Balances standing to the credit of the Cash Account will not earn interest.
70. Following the sale of the Shares [and any other securities comprised in the Deposited Property to which the PROPPs relate] under paragraph [] or paragraph [], any net proceeds of sale and any other cash amounts in respect of PROPPs shall be held on trust by the [Depository] in a non-interest bearing account until such time as the Depository shall receive instructions from the Bank of England to transfer or pay such amounts as the Bank of England may direct.
71. If the Depository shall receive from [Bank] any dividend or other cash distribution in respect of the Shares or any dividend, cash distribution or payment of interest or principal in respect of any other Deposited Property held by or on behalf of the Depository, the Depository shall pay such amount into the Cash Account and hold such amount in accordance with this Instrument, any Supplemental [Bank] Resolution Instrument and the Deposit Agreement.
72. If [Bank] makes any bonus issue, scrip dividend or other distribution of Additional Shares to the Depository, such Additional Shares shall form part of the Deposited Share Property and shall be held by the Depository in accordance with this Instrument, any Supplemental [Bank] Resolution Instrument and the Deposit Agreement.

⁶⁰ To be considered whether takeover risk needs to be addressed in view of the short time window in which a takeover offer could be made i.e. the period in which a proportion of Shares are still held by the Depository but voting rights are no longer controlled by the Resolution Administrator, which would be the period following the end of the Allocation Period after one or more Onward Transfer Instruments has been made and the bulk (i.e. more than 50% per cent.) of the Shares have been transferred to PROPP Beneficiaries and prior to the date the Shares which remain held by the Depository are sold under Paragraph [65]. If this is not considered to be a concern in the particular case, this provision should be deleted.

⁶¹ The rounding thresholds indicated are illustrative only.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

Voting rights in respect of Shares

73. Prior to the Voting Rights Transfer Date, voting rights in respect of all Shares [(including any Shares which have been delivered to PROPP Beneficiaries in accordance with paragraph [65 and are no longer held by or on behalf of the Depository))] will be exercisable only by the [Resolution Administrator].⁶²
74. Voting rights in respect of Shares that are held by or for the Depository after the Voting Rights Transfer Date will be exercisable only by the [Resolution Administrator].

Liability

75. None of the Depository, [or the Custodian] shall be responsible to anyone with respect to the validity of their appointment, the Deposit Agreement [or the Custody Agreement] (together the "Appointment Agreements") or the PROPPs of any class for any act or omission by it in connection with the Appointment Agreements or any PROPP except in each case for its own wilful default, gross negligence or bad faith, including that of its officers, directors and employees.
76. None of the Depository, [or the Custodian] or any of its respective agents, officers or directors or employees shall incur any liability to any PROPP Beneficiary, [Bank], the Bank of England, [the Resolution Administrator] or any other person if, by reason of any provision of any present or future law or regulation of England and Wales or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of this Instrument or the Deposit Agreement [or the Custody Agreement] provide shall or may be done or performed.
77. None of the Depository [or the Custodian] shall be liable (except by reason of its own wilful default, gross negligence or bad faith or that of its agents, officers, directors or employees) to any PROPP Beneficiary, [any holder of SNP Instruments,] [any holder of New Debt Instruments,] [Bank,] the Bank of England, [the Resolution Administrator] or any other person by reason of having accepted as valid, or not having rejected, any document relating to Shares or other Deposited Property subsequently found to be forged or not authentic for its failure to perform any obligations under this Instrument.
78. Notwithstanding anything else contained in the Deposit Agreement [or the Custody Agreement] or this Instrument, the Depository [the Custodian] may refrain from doing anything which could or might, in its reasonable opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depository [the Custodian] may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.
79. Notwithstanding anything to the contrary contained in this Instrument, the Depository [the Custodian] shall not be liable in respect of any loss or damage which arises out of or in connection with the performance, delayed performance or non-performance of or the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under this Instrument or the Deposit Agreement [or the Custody Agreement], except to the extent that such loss or damage arises from its own wilful default, gross negligence or bad faith or that of its agents, officers, directors or employees.
80. No provision of this Instrument or the Deposit Agreement [or the Custody Agreement] shall require the Depository [the Custodian] to expend or risk its own funds or otherwise incur any financial

⁶² See Paragraph [94] of this Template Resolution Instrument. The reference to Shares which have been delivered to PROPP Beneficiaries would only be relevant if transfers of Shares to PROPP Beneficiaries was to occur in stages using more than one Onward Transfer Instrument and it would be possible for Shares representing less than 50 per cent. of the voting rights in respect of all Shares to be so transferred.

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

liability in the performance of any of its duties or in the exercise of any of its rights or powers if, acting reasonably, it shall believe that repayment of such funds or adequate indemnity and security against such risk of liability is not assured.

81. Save as otherwise provided in the Deposit Agreement, [the Custody Agreement] or the [Bank] Resolution Instrument or any Supplemental [Bank] Resolution Instrument or any [Bank] Onward Transfer Instrument, none of the Depository, [the Custodian] nor any of their respective agents, officers, directors or employees shall be liable to the Bank of England, [the Resolution Administrator], [Bank], any PROPP Beneficiary, or any person with an interest in a Share or other Deposited Property or any other person for any indirect, special, punitive or consequential loss or damage of any kind whatsoever whether arising as a matter of contract, tort, negligence or otherwise (including, but not limited to, lost profit, goodwill, reputation, business opportunity or anticipated saving), whether or not foreseeable, even if any of the Depository, [the Custodian] or any of their respective agents, officers, directors or employees (as the case may be) has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract, breach of trust or otherwise.

Financial crime and sanctions compliance

82. No provision of this Instrument or the Deposit Agreement [or the Custody Agreement] shall require the Depository [the Custodian] to [take any step that it reasonably believes would] violate any laws or regulations applicable to it concerned with sanctions or the prevention of financial crime, including (without prejudice to the generality of the forgoing) the Proceeds of Crime Act 2002, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Sanctions and Anti-Money Laundering Act 2018 (and regulations made thereunder).

Taxation

83. If any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom of Great Britain and Northern Ireland or any political subdivision therein or any authority therein or thereof having power to tax is required by law to be made in respect of any payment or distribution of cash in respect of the PROPPs or the Deposited Property or the sale of any Shares or other Deposited Property, such payment or distribution shall be made net of such deduction or withholding and no additional amount shall be payable by any person in respect of such withholding or deduction.

Amendments

84. The PROPPs, this Instrument and the provisions of the Deposit Agreement, [and the Custody Agreement] and any other agreement relating to this Instrument may be amended or modified without the consent of the PROPP Beneficiaries to correct a manifest error or if such amendment or modification is of a formal, minor or technical nature or is not, in the opinion of the Bank of England or the Resolution Administrator, materially prejudicial to the interests of the PROPPs or any class of PROPP.
85. Without prejudice to paragraph [84], the Bank of England may at any time by a Supplemental [Bank] Resolution Instrument make any modification to this Instrument, any Supplemental [Bank] Resolution Instrument, any [Bank] Onward Transfer Instrument, the PROPPs or any class of PROPPs, [the Deposit Agreement, [the Custody Agreement] or any other agreement relating to this Instrument which it considers necessary or desirable.

Resignation and termination of appointment of the Depository

86. The [Resolution Administrator] [or [Bank]] with the prior written approval of the Bank of England may terminate the appointment of the Depository with immediate effect or with such period of

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

notice as it may specify in writing and for any or no reason. The Depositary may resign as Depositary by giving at least [90] calendar days' prior notice in writing to [the Resolution Administrator,] [Bank] and the Bank of England.

87. The termination of the appointment of the Depositary may be effected by the [Resolution Administrator] [or by [Bank]] with the prior written approval of the Bank of England serving a termination notice on the Depositary specifying the date on which the termination is to take effect; provided that, where the termination notice is served by [Bank], the termination of the appointment of the Depositary shall not become effective until a successor depositary has been appointed and such appointment has become effective. If the appointment of a successor depositary has not become effective within [90] calendar days after the notice of termination of appointment, the Depositary may, at the expense of [Bank], identify a successor depositary, being a leading international bank or an affiliate thereof and [Bank] shall, within [45] calendar days after the Depositary has notified [Bank] of the person identified, appoint such person as a successor depositary.
88. The resignation of the Depositary shall take effect on the date specified in the relevant notice provided that the Depositary shall be required to remain as depositary until [the Resolution Administrator] [Bank] has appointed a successor depositary approved by the Bank of England and such appointment has become effective. If the appointment of a successor depositary has not become effective within [90] calendar days after the notice of resignation, the Depositary may, at the expense of [Bank], identify a successor depositary, being a leading international bank or any affiliates thereof and [Bank] shall, within [45] calendar days after the Depositary has notified [Bank] of the person identified, appoint such person as a successor depositary.
89. Upon the termination of appointment or resignation of the Depositary, the Depositary shall, at the expense of [Bank], deliver to any successor depositary sufficient information and records to enable such successor efficiently to perform its obligations under this Instrument and, at the expense of [Bank], shall take or refrain from taking any step as directed by [the Resolution Administrator or] [Bank] in order to effect the transition to a new depositary.

Notices

90. All notices to PROPP Beneficiaries shall be validly given if mailed to them at their respective addresses or furnished to them by electronic transmission through the relevant CSD. Any such notice shall be deemed to have been given on the seventh day after being so mailed or in the case of electronic transmission, when delivered.

Assignment and transfer

91. None of the Depositary [or the Custodian] may assign or transfer any of its rights or obligations under this Instrument or the Appointment Agreements without the prior written consent of the Bank of England.

PART 4

GOVERNANCE

[Resolution Administrator]⁶³

92. By this Instrument, [] is appointed as Resolution Administrator.

⁶³ Power to appoint a Resolution Administrator is contained in S. 62B to S. 62E Banking Act. It is not mandatory to appoint a Resolution Administrator, hence these provisions are in square brackets for consideration in the particular case. The BoE may also appoint itself as Resolution Administrator.

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93. The appointment made in paragraph [92] takes effect at the Resolution Time.
94. Voting rights in respect of the Shares shall be exercisable only by the Resolution Administrator until the Voting Rights Transfer Date, [provided that the Resolution Administrator shall not exercise any voting rights unless it has first consulted with the [Bank of England] [and the PRA]].⁶⁴
95. The Resolution Administrator shall be remunerated as provided in the Resolution Administrator Appointment Agreement.⁶⁵
96. The Resolution Administrator may resign as Resolution Administrator on providing not less than [] notice in writing to the Bank of England. Such resignation shall become effective on the date determined by the Bank of England [such determination being made not later than [] days after receipt by the Bank of England of such notice of resignation].
97. The Bank of England may terminate the appointment of the Resolution Administrator in the circumstances provided in section 62D(3)(b) of the Banking Act.
98. Following the resignation of the Resolution Administrator or the termination of the appointment of the Resolution Administrator, the Bank of England may take such steps as it deems necessary or desirable in order to appoint a replacement Resolution Administrator or may decide not to appoint a replacement Resolution Administrator.]

Business reorganisation plan⁶⁶

99. The [Resolution Administrator] [directors of [Bank]] shall:
- (a) draw up a business reorganisation plan in accordance with the requirements specified in paragraph 100
 - (b) submit the business reorganisation plan to the Bank of England within [] days of the date of this Instrument;
 - (c) submit to the Bank of England progress reports on the implementation of the business reorganisation plan at [intervals to be specified].⁶⁷
100. The business reorganisation plan shall include:
- (a) an assessment of the factors that caused Condition 1 in section 7 of the Banking Act to be met in the case of [Bank];
 - (b) a description of the measures to be adopted with a view to restoring the viability of [Bank];
 - (c) a timetable for the implementation of those measures;

⁶⁴ The Resolution Instrument may make provision that specified rights attaching to securities may be exercised by the BoE or a Resolution Administrator.

⁶⁵ The provisions for remuneration and allowances to be paid by the BoE or determined by the BoE and paid by [Bank] to the Resolution Administrator may be included in the Resolution Instrument or in a separate document with the Resolution Administrator. The Resolution Administrator Appointment Agreement could also include various other provisions, for example provisions as to frequency and form of reporting to the BoE.

⁶⁶ S. 12A(2C) Banking Act requires provision to be made in a bail-in resolution instrument for a business reorganisation plan under the provisions of S. 48H(1). S. 48H(1) requires a business reorganisation plan to be drawn up by a resolution administrator or one or more directors of the firm in resolution. S. 48H(3) and (5) set out the process for approval of the business reorganisation plan by the BoE and the requirement to consult the PRA and the FCA. The requirements of the Bank Recovery and Resolution (No. 2) Order 2014 in relation to the preparation of a business reorganisation plan will also need to be taken into account, either in the Resolution Instrument or in the separate agreement with the person responsible for preparing the plan.

⁶⁷ S. 48H(1) Banking Act sets out the process for production of the business reorganisation plan to be included in the Resolution Instrument. S.48H(7) permits certain matters to be dealt with in a separate agreement between the BoE and the person responsible for drawing up the business reorganisation plan.

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- (d) *[EITHER]* [further provisions in relation to the business reorganisation plan to be specified] *[OR]* [such matters as are specified in the agreement entered into between the Bank of England and [the person responsible for the preparation of the business reorganisation plan] on or before the date on which the Resolution Time occurs.]⁶⁸

[Resolution Administrator: Further functions]

101. The Resolution Administrator may terminate, or direct [Bank] to terminate, the appointment of the Depositary [and/or the Custodian] at any time [with immediate effect] and for any or no reason and may appoint, or direct [Bank] to appoint, a successor depositary, [and/or Custodian].]

Directors

102. At any time when any Shares are held by or on behalf of the Depositary or a Resolution Administrator has been appointed in respect of [Bank], the Bank of England may:

- (a) remove, vary the service contract of, terminate the service contract of, or appoint, a director or senior manager of [Bank]; or
- (b) give written directions (whether general or specific) to one or more directors of [Bank].

103. References in paragraph [102] to [Bank] include a reference to any undertaking which is a banking group company in respect of [Bank].

104. The directors of [Bank] shall do all things necessary to give effect to this Instrument and shall refrain from exercising any power (whether deriving from common law, statute or [Bank]'s memorandum or articles of association) which could have the effect of undermining the actions and prohibitions provided for or contemplated in this Instrument.

Memorandum and Articles of Association

105. This Instrument takes effect notwithstanding any provision in [Bank]'s memorandum of association or articles of association, or any contracts to which [Bank] is a party. In particular, any provision in the articles of association of [Bank] which prevents a person from holding more than [15%] of [Bank]'s Shares or voting rights (and any related provision) is disappplied in relation to Shares and voting rights held or exercisable by or on behalf of the Depositary, [Custodian,] any Resolution Administrator or the Bank of England or by this Instrument.]

PART 5

MISCELLANEOUS

Overriding nature of transfers, cancellations and modifications

106. The transfer of the Shares in paragraph [4], the cancellation of the AT1 Instruments, Tier 2 Instruments and Preference Shares in paragraphs [24], [25] and [26], *[EITHER]* [the reduction of the SNP Instruments in paragraph [28] *[OR]* [the transfer of the SNP Instruments in paragraph [28]], [and the modification of the SNP Instruments in paragraph [31]] take effect at the Resolution Time irrespective of whether the Shares, the Preference Shares or the relevant Existing Debt

⁶⁸ S.48H(2) Banking Act sets out what the business reorganisation plan must include. This paragraph will need to be developed with further provisions as are appropriate in the circumstances of the case having regard to the powers of the BoE under S.48H(7) Banking Act or provide for such additional matters to be included in a separate agreement between the BoE and the person responsible for drawing up the business reorganisation plan in accordance with S.48H(7).

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

Instruments, as applicable, have been produced, delivered, transferred or otherwise dealt with or are subsequently purported to be produced, delivered, transferred or otherwise dealt with.

Suspension and discontinuation of listing

107. By this Instrument, the listing of the Shares and the listing of the SNP Instruments [of each class] listed on the Official List of the FCA is suspended with effect from the Resolution Time without the need for any notice to, or consent of, [Bank] or any other person.⁶⁹
108. By this Instrument, the listing of the AT1 Instruments, the Tier 2 Instruments and the Preference Shares on the Official List of the FCA is discontinued with effect from the Resolution Time without the need for any notice to, or consent of, [Bank] or any other person.⁷⁰
109. By this Instrument, [Bank] is instructed to make arrangements with effect from the Resolution Time for the suspension of the listing of any overseas listed Shares, AT 1 Instruments, Tier 2 Instruments and Preference Shares without the need for consent from any other person other than as required by the laws of the relevant jurisdiction(s).
110. [By this Instrument, and notwithstanding the transfer of the Shares [or the SNP Instruments of any class] to the Depository [or any reduction and cancellation in the [principal amount] [outstanding amount payable] in respect of any class of SNP Instruments or any conversion in part of SNP Instruments of any class into Shares [and/or New Debt Instruments of any class] as contemplated by this Instrument or any Supplemental [Bank] Resolution Instrument, the Shares and the SNP Instruments of each class shall continue to be admitted to the Official List of the FCA without the need for any notice to or consent of the FCA or any other person and without the need for the approval, filing or publication of any prospectus or listing particulars in respect of [Bank] or the Shares or the SNP Instruments of any class and section 85 (1) and (2) of FSMA shall be disapplied.⁷¹

Continuity

111. As from the Resolution Time, the [Depository] is to be treated as the same person as the transferors of the Shares [and the transferors of the SNP Instruments]⁷² for all purposes necessary to give effect to the transfer to the [Depository].
112. Any rights, benefits or privileges to which the transferors are entitled before the transfer time that have not yet vested been paid or settled shall transfer to the [Depository] from the Resolution Time.

⁶⁹ It is possible that listed securities of the firm may already have been suspended either on a request from [Bank] which will be likely to be actively considering its disclosure obligations in the period prior to resolution or by the FCA exercising its power to suspend listed securities. If that is the case this provision will need to be amended. The BoE would co-ordinate with the FCA in relation to the suspension of UK listed securities by the BoE exercising its power so that the FCA can make any announcement it would normally make on the suspension of a listed security and can amend the Official List. The duration of the suspension of the listing of the Shares and the SNP Instruments also needs to be considered. Since the Shares are to be transferred to a Depository for the duration of the bail-in, and as trading of the Shares on the stock exchange would not be possible whilst they are held by the Depository, the suspension of the listing of Shares is expected to remain in place until the bail-in is complete. This would also be likely to be the position with regard to the SNP Instruments. Notwithstanding the suspension of the listing of securities which are admitted to the Official List of the FCA, [Bank] will remain subject to the continuing obligations, including the disclosure obligations, of the FCA throughout any period of suspension.

⁷⁰ Since the Preference Shares, AT1 Instruments and Tier 2 Instruments are being cancelled the listing of these instruments should be discontinued.

⁷¹ The reference in Paragraph [110] to the transfer of the SNP Instruments is relevant if there is to be a deferred bail in. The other references to SNP Instruments in Paragraph [110] apply whether there is to be an immediate or a deferred bail-in of such instruments. If New Debt Instruments are to be created and issued in respect of the exchange of any SNP Instruments listing particulars/a prospectus will need to be prepared and approved in respect of such New Debt Instruments.

⁷² The reference to the SNP Instruments is relevant if there is to be a deferred bail-in.

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113. A reference (express or implied) in a relevant instrument or document relating to the transferors is to have effect as if it were a reference to the [Depository] if the reference is in connection with rights that relate to the Shares [or the SNP Instruments as applicable].⁷³
114. A relevant instrument or document is one which relates to some or all of the Shares [or the SNP Instruments as applicable].
115. The transferors in respect of the Shares [and the SNP Instruments]⁷⁴ and the holders of the AT1 Instruments, the Tier 2 Instruments, the Preference Shares [and the SNP Instruments]⁷⁵ prior to the Resolution Time must provide as soon as practicable the Bank of England [and the Resolution Administrator] with such information and assistance as is reasonably requested by the Bank of England [or the Resolution Administrator] in writing:
- (a) in relation to the Shares, the AT1 Instruments, the Tier 2 Instruments, the Preference Shares [or the SNP Instruments], as applicable; and
 - (b) for any other purpose relating to, in connection with or in consequence of this Instrument.
116. [Bank] shall exercise all rights to which it is entitled by contract or otherwise to procure that each CSD, each registrar, common depository, trustee and paying agent shall do, and each CSD, each registrar, common depository, trustee and paying agent and each PROPP Beneficiary [and all other relevant persons] are required by this Instrument to do, all things necessary or desirable to give effect to the transfers, reductions, cancellations, exchanges and modifications and the creation of new securities and instruments effected by this Instrument [or any Supplemental [Bank] Resolution Instrument] or any [[Bank] Onward Transfer Instrument] and to assist the Bank of England as it may require in connection therewith (including the retention and provision of information required by paragraph [5149] and the taking such actions as are described in Schedule [2] to this Instrument).⁷⁶

Bank of England Power to Instruct

117. The Bank of England shall have the authority to give instructions, on behalf of [Bank], to any common depositories/safekeepers, any CSD, any trustee and any paying agent [and any other person] in respect of the AT1 Instruments, the Tier 2 Instruments, the Preference Shares and the SNP Instruments following the making of this Instrument.

Execution, issue and delivery of instruments

118. [Add any provision required relating to execution, issue or delivery of instruments].

Data protection

119. [Bank] shall be considered the data controller of any personal data required only to be processed in connection with this Instrument.

Overriding effect of this Instrument

⁷³ See Footnote [72].

⁷⁴ The reference to the SNP Instruments is relevant if there is to be a deferred bail-in.

⁷⁵ The reference to SNP Instruments is relevant if there is to be an immediate bail-in.

⁷⁶ In addition to the general power of the BoE to require assistance under S.48Q Banking Act, this provision requires the firm in resolution to exercise any rights it has to direct EUI, the ICSDs, each registrar, common depository, trustee and paying agent to take any necessary actions to give effect to the bail-in.

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120. This Instrument takes effect despite any restriction arising by virtue of contract or legislation or in any other way.
121. Section 48Z(6) of the Banking Act (which makes provision in respect of default event provisions) is applied by this Instrument.
122. [Section 48Z(6) of the Banking Act does not apply to the extent that it would be incompatible with the Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (SI 1999/2979), as amended or the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226), as amended.]

The Governor and Company of the Bank of England

DRAFT

TEMPLATE BAIL-IN RESOLUTION INSTRUMENT (PROPPs)

SCHEDULE 1

REDUCTIONS OF SNP INSTRUMENTS

ISIN of relevant class of SNP Instrument	Original principal amount repayable per original minimum denomination of the relevant class of SNP Instrument	Reduction in principal amount repayable per original minimum denomination of the relevant class of SNP Instrument	[Amended minimum denomination of the relevant class of SNP Instrument] ⁷⁷	[New principal amount repayable per amended minimum denomination of the relevant class of SNP Instrument] ⁷⁸	Accrued and unpaid interest per original minimum denomination of the relevant class of SNP Instrument	Reduction in accrued and unpaid interest per original minimum denomination of the relevant class of SNP Instrument	Aggregate principal amount of relevant class of SNP Instrument (sterling or sterling equivalent) cancelled upon granting of Class [D] PROPPs

⁷⁷ This column is only relevant if the reduction in the principal amount outstanding of the SNP Instrument of any class requires a change to be made to the minimum denomination of such class of SNP Instruments.

⁷⁸ This column is only relevant if the reduction in the principal amount outstanding of the SNP Instrument of any class requires a change to be made to the minimum denomination of such class of SNP Instruments.

SCHEDULE 2

ACTION TO BE TAKEN BY COMMON DEPOSITARIES/SAFEKEEPERS, CSDs AND REGISTRARS FOLLOWING THE MAKING OF THIS INSTRUMENT

Introduction

1. This Schedule describes the procedures to be followed by the common depositaries/safekeepers, CSDs, and the registrars, in respect of the AT1 Instruments, the Tier 2 Instruments, the Preference Shares and the SNP Instruments following the making of this Instrument.
2. This Schedule forms part of this Instrument.
3. Terms not otherwise defined in this Schedule have the meanings given to such terms in paragraph [3] of Part 1 of this Instrument.
4. The actions described in this Schedule are to be taken by the relevant entity immediately following notification by the Bank of England on behalf of [Bank] of the making of this Instrument.

Common depositaries/safekeepers for the AT1 Instruments and the Tier 2 Instruments

5. The common depositaries/safekeepers for the AT1 Instruments and the Tier 2 Instruments shall cancel the global notes in respect of the relevant AT1 Instruments and the relevant Tier 2 Instruments and shall deliver such cancelled global notes to [Bank] for destruction.
6. The common depositaries for the AT1 Instruments and the Tier 2 Instruments shall notify [EUI as operator of CREST] [the ICSDs] [all other relevant CSDs] immediately following completion of such cancellations of the relevant global notes.

Registrars

7. The Share Registrar shall record in the Share Register the transfer of the Shares to the Depositary or its nominee as the holder of Shares in accordance with the Uncertificated Securities Regulations and shall cancel all share certificates in respect of the Shares in existence at the Resolution Time.
8. The registrars for the Preference Shares shall record in the registers in respect of the Preference Shares the cancellation of the Preference Shares and shall cancel all share certificates in respect of the Preference Shares in existence at the Resolution Time.⁷⁹
9. The [registrars] [common depositaries] [custodians] in respect of the Preference Shares shall notify [EUI as operator of CREST] [the ICSDs] [all other relevant CSDs] immediately following completion of such cancellations.

Common depositaries/safekeepers for the SNP Instruments

10. [The common depositaries/safekeepers for each class of SNP Instruments shall amend the global notes in respect of such instruments to reflect the reductions in the [aggregate principal amount outstanding] of such class of SNP Instruments effected by paragraph [28] of the Instrument.

⁷⁹ If Preference Shares are held by custodians/depositaries, provision should be included to provide for such custodians/ to deliver the share certificates in respect of the cancelled Preference Shares to [Bank] for destruction.

11. The common depositories/safekeepers for each class of SNP Instruments shall notify [EUI as operator of CREST] [the ICSDs] [all other relevant CSDs] immediately following completion of such amendments to and reductions in the relevant global notes.]⁸⁰

EUI

12. EUI shall reflect in its records that all Shares not in uncertificated form immediately prior to the Resolution Time are converted into uncertificated form, that from the Resolution Time all the Shares are in uncertificated form and that the [Depository] [Custodian] is the holder of the Shares transferred by this Instrument.

CSDs

13. Each CSD shall, with effect from the Resolution Time until account holders' records have been updated in accordance with paragraph [15] of this Schedule, suspend settlement of the AT1 Instruments, the Tier 2 Instruments, the Preference Shares, and the SNP Instruments except where the person shown on the records of the relevant CSD as entitled to the relevant instrument has agreed to sell that instrument and the sale transaction has at the Resolution Time reached the point at which it is irrevocable and will be settled in accordance with the rules or practice of the relevant CSD.
14. Each CSD shall with effect from the Resolution Time until such time as notified in writing by the Bank of England suspend settlement of the [xxxx] SNP Instruments and the [yyyy] Instruments except where the person shown on the records of the relevant CSD as entitled to the relevant instrument has agreed to sell that instrument and the sale transaction has at the Resolution Time reached the point at which it is irrevocable and will be settled in accordance with the rules or practice of the relevant CSD.]⁸¹
15. Each CSD shall, having regard to paragraph [13] of this Schedule, update the records relating to accounts of account holders which held the AT1 Instruments, the Tier 2 Instruments, the Preference Shares, [and the SNP Instruments]⁸² immediately before the Resolution Time:
 - (a) to reflect the reduction to zero of the principal amount repayable to an account holder under any relevant AT1 Instrument or Tier 2 Instrument and the cancellation of the accrued and unpaid interest in respect of such AT1 Instruments and Tier 2 Instruments up to but excluding the day on which the Resolution Time occurs and the cancellation of that instrument;
 - (b) to reflect the cancellation of the Preference Shares;
 - (c) [to reflect the reduction in the [principal amount repayable] to an account holder under any SNP Instrument [and the cancellation of the accrued and unpaid interest in respect of such SNP Instrument up to but excluding the day on which the Resolution Time occurs];⁸³
 - (d) [to reflect the transfer of the SNP Instruments to the Depository].⁸⁴

⁸⁰ This provision is relevant if there is an immediate partial bail-in of the SNP Instruments. See [Option 1] in Paragraph [28] of this Template Resolution Instrument.

⁸¹ In the case of deferred bail-in suspension of the SNP Instruments would need to last until completion of the bail-in process.

⁸² This provision is relevant if there is a deferred bail-in of the SNP Instruments which are transferred to and to be held by the Depository during the bail-in period. See [Option 2] in Paragraph [33] of this Template Resolution Instrument.

⁸³ This provision is relevant if there is an immediate partial bail-in of the SNP Instruments. See Option 1 in Paragraph [28] of this Template Resolution Instrument.

⁸⁴ This provision is relevant if there is a deferred bail-in of the SNP Instruments which are transferred to and to be held by the Depository during the bail-in period. See Option 2 in Paragraph [28] of this Template Resolution Instrument.

[SCHEDULE 3 TERMS AND CONDITIONS OF THE NEW DEBT INSTRUMENTS]⁸⁵

⁸⁵ To be included only if New Debt Instruments are to be created. See Footnote [7].

EXPLANATORY NOTE

[An explanatory note would be included in the Resolution Instrument as made and would be a description of the Resolution Instrument made in a particular case. It would be analogous to the kind of explanatory note which sometimes accompanies a statutory instrument and would briefly describe the purpose and key provisions of the Resolution Instrument. The explanatory note would not be part of the Resolution Instrument.]