



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

Consultation Paper | CP1/18

# Resolution planning: MREL reporting

January 2018





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Responses are requested by Monday 9 April 2018.

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## 1 Overview

1.1 In this consultation paper (CP), the Prudential Regulation Authority (PRA) sets out its proposed expectations for reporting on the minimum requirement for own funds and eligible liabilities (MREL) through updates to Supervisory Statement (SS) 19/13 'Resolution planning'.<sup>1</sup>

1.2 The purpose of the proposals in this CP is to provide the PRA and the Bank of England (authorities) with information to monitor firms' progress towards meeting interim MREL, and eventual compliance with end-state MREL to ensure that the policy objectives that underpin MREL are met.

1.3 The CP is relevant to PRA-authorised UK banks, building societies, UK designated investment firms and their qualifying parent undertakings (collectively referred to as 'firms'), to which the Resolution Pack Part of the PRA Rulebook applies. In particular, this would be most relevant to:

- firms notified by the Bank of England (the Bank) that they are likely to be subject to external interim and/or end-state MREL in excess of regulatory capital requirements<sup>2</sup> as articulated in the Bank's statement of policy on its approach to setting MREL ('MREL Statement of Policy');<sup>3</sup> and
- firms notified by the Bank that they are likely to be subject to internal interim and/or end-state MREL in excess of regulatory capital requirements, as proposed in the Bank's CP on internal MREL published on 2 October 2017 ('Internal MREL CP').<sup>4</sup> Any references to the Internal MREL CP are to the proposals contained within it and do not therefore reflect finalised policy.

1.4 The Appendix to this CP sets out proposed amendments to SS19/13 'Resolution planning', draft reporting templates, and instructions.

1.5 This CP should be read in conjunction with the Resolution Pack Part of the PRA Rulebook, the MREL Statement of Policy and the Internal MREL CP.

### Background

1.6 The PRA aims to minimise the adverse impact on the financial system of firms failing by ensuring that they can be resolved in an orderly fashion. To achieve this, the PRA requires firms to submit resolution packs containing information to enable the authorities to prepare for orderly resolution.<sup>5</sup> The information submitted in resolution packs allows the authorities to identify barriers to an optimal resolution plan and develop the remedial actions for the removal of those barriers.

1 January 2015: available at [www.bankofengland.co.uk/prudential-regulation/publication/2013/resolution-planning-ss](http://www.bankofengland.co.uk/prudential-regulation/publication/2013/resolution-planning-ss).

2 References to 'regulatory capital requirements' mean the amount of capital required to meet the: (i) overall financial adequacy Rule 2.1 of the Internal Capital Adequacy Assessment Part of the PRA Rulebook or IPRU 2.2.1R of the Financial Conduct Authority (FCA) Rulebook (as applicable); and (ii) (if applicable) minimum leverage ratio in Rule 3 of the Leverage Ratio of the PRA Rulebook. Unless otherwise specified, this refers to Pillar 1 requirements and Pillar 2A add-ons applicable to an institution, or any higher applicable leverage ratio. Capital and leverage buffers are treated separately.

3 'Statement of Policy on the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)', November 2016: [www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/boes-approach-to-setting-mrel-statement-of-policy.pdf](http://www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/boes-approach-to-setting-mrel-statement-of-policy.pdf).

4 'Internal MREL — the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL) within groups, and further issues', October 2017: [www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/internal-mrel-consultation-october-2017.pdf](http://www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/internal-mrel-consultation-october-2017.pdf).

5 Resolution Pack Part of the PRA Rulebook.

1.7 The PRA sets out its expectations on the information firms should report in SS19/13. The PRA shares this information with the Bank, which is the UK resolution authority. SS19/13 was first published in December 2013, pending finalisation of the Bank Recovery and Resolution Directive 2014/59/EU (BRRD),<sup>1</sup> and was updated in January 2015 to reflect the requirement on certain holding companies to provide resolution packs on behalf of their group, following the transposition of the BRRD into UK law.

1.8 As set out in the MREL Statement of Policy, MREL is a minimum requirement for loss absorbing resources that must be met by firms at all times. MREL is designed to provide sufficient loss absorbing capacity and to enable recapitalisation in line with firm-specific resolution strategies. The authorities would use the MREL reporting proposed in this CP to monitor progress towards compliance with MREL and whether any firm is, or likely to be, in breach of its MREL.

1.9 As set out in the MREL Statement of Policy, the Bank currently expects to direct firms to comply with an end-state MREL from 1 January 2022. The Bank has set out in its MREL Statement of Policy that in the lead up to end-state MREL by 2022 it expects to direct global systemically important banks (G-SIBs) to meet interim MREL from 1 January 2019. Other firms, for which the preferred resolution strategy involves stabilisation powers, are expected to meet interim MREL from 1 January 2020.

1.10 Using SS19/13 for MREL reporting is a continuation of the PRA's current approach to collecting certain resolution planning information from firms. In this CP, the PRA is seeking to provide clarity over the future MREL reporting framework. But this framework is subject to ongoing review by the authorities and may be re-evaluated in future.

1.11 The proposals in this CP have been designed in the context of the current UK and EU regulatory framework. The PRA will keep the policy under review to assess whether any changes would be required due to changes in the UK regulatory framework, including those arising once any new arrangements with the European Union take effect.

### **Responses and next steps**

1.12 This consultation closes on Monday 9 April 2018. The PRA invites feedback on the proposals set out in this consultation. Please address any comments or enquiries to CP1\_18@bankofengland.co.uk.

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<sup>1</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0059>.

## 2 Proposals

2.1 This chapter sets out the PRA's proposals for information on MREL resources, together with the level of application, frequency, format and implementation timetable for MREL reporting; and the PRA's approach to reporting of cross-holdings of MREL. This chapter also mentions that the PRA will consider the reporting of surplus MREL in the future.

### Reporting templates

2.2 The templates proposed below are designed to allow the authorities to monitor firms' progress towards, and eventual compliance with end-state MREL, and to assess MREL resources issued both externally by the group and internally within the group, in respect of:

- the UK consolidation group;
- a UK resolution group, if different to the UK consolidation group (eg multiple point of entry (MPE) group headed by a resolution entity for which the Bank is the home resolution authority);
- the resolution entity;<sup>1</sup>
- each material subsidiary and material sub-group as identified in accordance with the proposed policy in the Internal MREL CP;<sup>2</sup> and
- relevant critical service providers<sup>3</sup> (if not a material subsidiary).

2.3 The PRA proposes that firms provide information on MREL resources using three templates:

- **MREL Resources (MRL01.00).** This template is intended to collect information on the amount and maturity profile of MREL eligible liabilities, cross-holdings of MREL and regulatory capital that does not qualify as MREL resources. This data would be supplemented by regulatory capital data from COREP C 01.00.
- **MREL Resources Forecast (MRL02.00).** This template is intended to collect information on projected MREL eligible resources. The data would be supplemented by regulatory capital forecast data from Capital+.<sup>4</sup>
- **MREL Debt (MRL03.00).** This template is intended to collect data on individual characteristics of internal and external MREL resources to monitor compliance with eligibility criteria.

2.4 The draft templates are included in the appendix to SS19/13.

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1 Those entities within a group in respect of which the use of stabilisation powers (other than third-country instrument powers) as defined in the Banking Act 2009 is envisaged under the preferred resolution strategy.

2 For the definition of 'material subsidiary' and 'material sub-group', please refer to the Bank's Internal MREL CP (see footnote 4 on page 5 above).

3 Policy Statement (PS) 21/16 'Ensuring operational continuity in resolution', July 2016: [www.bankofengland.co.uk/prudential-regulation/publication/2014/ensuring-operational-continuity-in-resolution](http://www.bankofengland.co.uk/prudential-regulation/publication/2014/ensuring-operational-continuity-in-resolution).

4 PS32/16 'Responses to Chapter 3 of CP17/16 – forecast capital data', November 2016: [www.bankofengland.co.uk/prudential-regulation/publication/2016/responses-to-chapter-3-of-cp1716-forecast-capital-data](http://www.bankofengland.co.uk/prudential-regulation/publication/2016/responses-to-chapter-3-of-cp1716-forecast-capital-data).

## Level of application and frequency of reporting

2.5 The PRA proposes the following frequencies for reporting:

- **MREL Resources (MRL01.00)** would be reported on the same frequency, reporting date and remittance as firms' COREP C 01.00 submissions.
- **MREL Resources Forecast (MRL02.00)** would be reported on the same frequency, reporting date and remittance as firms' Capital+ submissions.
- **MREL Debt (MRL03.00)** would be reported every time there is a change to terms or the stock of outstanding issuances that affects any of the reported fields, ie new issuance or a partial or full redemption of an issuance.

2.6 The following table shows the proposed level of application, in terms of groups and single entities, and frequency of MREL reporting:

	<b>MREL Resources (MRL01.00)</b>	<b>MREL Resources Forecast (MRL02.00)</b>	<b>MREL Debt (MRL03.00)</b>
Level of application	UK consolidation group, UK resolution group, material subsidiaries and material subgroups, and each relevant critical service provider	UK consolidation group, UK resolution group, material subsidiaries and material subgroups, and each relevant critical service provider	One template should be submitted in respect of all entities within the UK consolidation group
Frequency	Aligned with COREP C 01.00	Aligned with Capital+	Every time there is a change to terms or the stock of outstanding issuances

2.7 To minimise the reporting burden for firms and to avoid duplication, the authorities intend to assess MREL resources issued by the resolution entity through analysing a combination of existing regulatory reporting and the submission of the proposed templates for the UK consolidation group and for material subsidiaries.

### Reporting of operational continuity resources

2.8 As set out in the Internal MREL CP, the Bank consulted on the requirement that: firms within a group must be able to ensure that each provider of critical services within a group maintains sufficient loss-absorbing resources to continue providing critical services during and after resolution.

2.9 Where a critical service provider in a UK group is not a PRA-authorised firm (ie it is an unregulated provider of services or regulated by the Financial Conduct Authority (FCA)), the Bank may expect its parent to downstream the relevant loss-absorbing capacity to the critical service provider. In such cases, the PRA proposes this information to be reported via the relevant PRA-authorised firm.

### Reporting of cross-holdings of MREL

2.10 Where a firm has invested in MREL-eligible resources of another firm that may be resolved, such cross-holdings could represent a source of contagion.<sup>1</sup> The MREL Resources

<sup>1</sup> See Chapter 11 of the Internal MREL CP (reference as in footnote 4 of page 5 above).

(MRL01.00) and MREL Resources Forecast (MRL02.00) templates therefore collect information about these cross-holdings.

2.11 The policy approach to the treatment of such cross-holdings is subject to the European Commission's proposed amendments to the Capital Requirements Regulation (575/2013) (CRR). This may introduce a deductions regime whereby G-SIBs are required to deduct their MREL holdings from their MREL resources if they exceed certain thresholds. The PRA's approach therefore will be kept under review to take into account relevant amendments to the CRR.

### Surplus MREL

2.12 As proposed in the Internal MREL CP, any 'surplus MREL' (ie the difference in requirements between external MREL and the sum of what must be issued to the resolution entity as internal loss-absorbing resources) should be readily available to recapitalise any subsidiary. One way in which it would be possible to make surplus MREL readily available is for groups to use the surplus MREL to invest in high-quality liquid assets which would be maintained at the relevant resolution entity. The proposed reporting templates do not request this information. The PRA intends to work together with the Bank to consider whether any further reporting is needed to monitor surplus MREL, taking into account the Bank's final policy on internal MREL, and subject to the outcome of that consultation.

### Reporting format

2.13 The PRA proposes to use an approach consistent with that adopted for other recent data collections, such as Capital+. In particular, the PRA has developed a single data dictionary, which contains all disaggregated data modelling concepts developed by the European Banking Authority (EBA), and by the Bank. These concepts are used to produce a Data Point Model (DPM) which is designed to define the data independently of the templates. The PRA proposes that firms submit the MREL data in accordance with the DPM data field definitions.

2.14 The PRA has also developed XBRL taxonomies based on these DPM definitions. The PRA proposes to add MREL reporting to the Bank's Banking XBRL Taxonomy,<sup>1</sup> and that firms submit MREL information in XBRL format.

### Implementation

2.15 The PRA proposes the following three different implementation timelines:

- Firms that have been notified by the Bank prior to 1 January 2017 that they are likely to be set external MREL in excess of regulatory capital requirements (whether interim and/or end-state) should start reporting, at the same time and frequency as their Capital+ and COREP C 01.00 reporting, starting 6 months after the publication of the final policy statement following this CP, but not before 1 January 2019.
- Firms that have been notified by the Bank that they are likely to be set internal MREL in excess of regulatory capital requirements (whether interim and/or end-state) should start reporting, at the same time and frequency as their Capital+ and COREP C 01.00 reporting, starting the later of:
  - (i) 6 months after the publication of the final policy statement following this CP;

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<sup>1</sup> See the Bank's webpage on regulatory reporting for the banking sector at [www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector.#taxonomy](http://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector.#taxonomy).

- (ii) 6 months after being notified by the Bank about their internal MREL levels. The Bank has not yet informed firms about their internal MREL levels and any such notification will only occur following the finalisation of an internal MREL statement of policy; or
  - (iii) 1 January 2019.
- Firms that have been notified after 1 January 2017 that they are likely to be set internal or external MREL in excess of regulatory capital requirements (whether interim and/or end-state) by the Bank, should start reporting at least 12 months prior to the end of the transitional period set by the Bank.<sup>1</sup> The Bank will inform firms of the first expected reporting date along with MREL levels.

### 3 The PRA's statutory obligations

3.1 The PRA is required by the Financial Services and Markets Act 2000 (FSMA) to consult when setting its general policies and practices.<sup>2</sup> In doing so, the PRA is required to comply with several statutory and public law obligations. The PRA meets these obligations by providing the following in its consultations:

- a cost benefit analysis (CBA);
- an explanation of the PRA's reasons for believing that making the proposed policy is compatible with the PRA's duty to act in a way that advances its general objective,<sup>3</sup> insurance objective<sup>4</sup> (if applicable), and secondary competition objective;<sup>5</sup>
- an explanation of the PRA's reasons for believing that making the proposed policy is compatible with its duty to have regard to the regulatory principles;<sup>6</sup> and
- a statement as to whether the impact of the proposed policy will be significantly different to mutuals than to other persons.<sup>7</sup>

3.2 The Prudential Regulation Committee (PRC) should have regard to aspects of the Government's economic policy as recommended by HM Treasury.<sup>8</sup>

3.3 The PRA is also required by the Equality Act 2010<sup>9</sup> to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out its policies, services and functions.

#### Cost benefit analysis

3.4 The analysis of the overall costs and benefits of MREL with respect to banking groups, and the economy as a whole, was set out in the Bank's consultation on its approach to setting MREL.<sup>10</sup> Ensuring that firms have sufficient loss-absorbing capacity is necessary to make resolution credible without public capital support, and therefore to end the 'too big to fail'

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1 See paragraph 7.9 of the appendix to the MREL Statement of Policy (reference as in footnote 3 of page 5 above).

2 Section 2L of FSMA.

3 Section 2B of FSMA.

4 Section 2C of FSMA.

5 Section 2H(1) of FSMA.

6 Sections 2H(2) and 3B of FSMA.

7 Section 138K of FSMA.

8 Section 30B of the Bank of England Act 1998.

9 Section 149.

10 'The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)', December 2015: [www.bankofengland.co.uk/financialstability/Documents/resolution/mrelconsultation2015.pdf](http://www.bankofengland.co.uk/financialstability/Documents/resolution/mrelconsultation2015.pdf).

problem. MREL ensures that when firms fail, that failure can be managed in an orderly way while minimising risks to financial stability, disruption to critical functions, and risks to public funds. It can also reduce uncertainty associated with firm failures.

3.5 The PRA has undertaken a CBA of the incremental impact of its proposed MREL reporting templates. The CBA has taken the current MREL submissions made by firms to the PRA as a baseline for the consideration of incremental costs of the proposed MREL reporting templates.

### Benefits

3.6 The proposals in this CP would enable effective monitoring of compliance with MREL, through the proposed reporting templates set out in the appendix to SS19/13. The proposals in this CP support the intended outcomes and benefits of MREL policy as stated in paragraph 3.4.

3.7 In addition, automated solutions for MREL reporting in XBRL format ensure that data is modelled based on the definitions in the Bank's taxonomy which would be aligned where possible with European reporting taxonomy. The proposed reporting format would facilitate the discoverability of data within IT systems and data reusability in other frameworks such as disclosure requirements. XBRL Assertions (known as 'taxonomy validations') would also consistently assure data quality at the point of entry.

3.8 Firms are currently providing some of the proposed information on MREL resources and issuance plans to the authorities on an ad hoc basis through manual submission. Continuing manual ad hoc collections and non-automated reporting is expected to be more costly to firms due to associated staff and data quality checking costs, and would be without the benefits of XBRL set out in paragraph 3.7 of this CP.

### Costs to firms

3.9 Direct costs to firms of meeting the proposals are two-fold:

- (i) initial implementation costs related to technology and infrastructure setup; and
- (ii) ongoing costs associated with maintenance of IT systems, data quality checking, and staff.

3.10 To make a comparison, the PRA reviewed other reporting requirements it had introduced. In particular, Capital+, which firms use to report forecast capital data.<sup>1</sup>

3.11 When Capital+ was implemented using PRA rules, the PRA estimated the costs of reporting to be less than £41,000 implementation costs and £49,000 annual ongoing costs per firm, for the 64 new reporters brought into the scope of reporting. The costs of MREL reporting are expected to be less than for Capital+ as:

- firms are already reporting against the Bank's taxonomy so some of the initial setup costs should be substantially lower; and
- there are fewer required reporting fields.

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<sup>1</sup> CP17/16 'Regulatory reporting of financial statements, forecast capital data and IFRS 9 requirements', April 2016: [www.bankofengland.co.uk/prudential-regulation/publication/2016/regulatory-reporting-of-financial-statements-forecast-capital-data-and-ifs-9-requirement](http://www.bankofengland.co.uk/prudential-regulation/publication/2016/regulatory-reporting-of-financial-statements-forecast-capital-data-and-ifs-9-requirement).

3.12 The PRA anticipates that small deposit-taking firms are likely to be set MREL at a level equal to their capital requirements. Those firms would not need to report the proposed templates and therefore would not incur any additional costs.

3.13 For other firms that have MREL in excess of regulatory capital requirements, the PRA expects that the costs would be higher for large and systemically important firms than for non-systemically important firms with less complex and simpler group structures. The estimated costs for firms are likely to be low relative to the size of their balance sheet.

### Costs to the PRA

3.14 The PRA would incur set-up costs and ongoing maintenance costs to ensure that it can process and analyse data. Due to the ongoing work of defining the Bank's future systems, these costs cannot be quantified at this stage. There would also be ongoing staff costs for quality checking and monitoring the data. The PRA expects that these costs would be lower in the long run compared to costs associated with ad hoc data collections.

### Compatibility with the PRA's objectives

3.15 The PRA considers the proposals in this CP are compatible with its statutory objective under FSMA to promote the safety and soundness of PRA-authorized firms.<sup>1</sup> The proposals in this CP are intended to further that objective by ensuring that the PRA can monitor firms' progress towards meeting MREL, which is a minimum requirement and a critical element of an effective resolution strategy.<sup>2</sup>

3.16 The proposals in this CP support Fundamental Rule 8,<sup>3</sup> which requires that a firm must prepare for resolution so that, if the need arises, it can be resolved in an orderly manner with minimal disruption to critical services.

3.17 When discharging its general function in a way that advances its primary objectives, the PRA has, as a secondary objective, a duty to facilitate effective competition in the markets for services provided by PRA-authorized persons. The PRA considers that the estimated incremental costs of the proposals are justified in order to support the intended outcomes of MREL policy. The PRA does not consider there would be negative implications on competition.

### Regulatory principles

3.18 In developing the proposals in this CP, the PRA has had regard to the eight regulatory principles as set out in section 3B of FSMA.<sup>4</sup> Of these, three principles are of particular relevance:

- The need to use the resources of each regulator in the most efficient and economic way. The proposals in this CP would enable an automated MREL data collection and using standardised templates which would improve consistency and comparability of data. This would allow an efficient allocation of supervisory resources.
- The principle that a burden or restriction which is imposed on a person should be proportionate to the benefits, which are expected to result from the imposition of that burden. The PRA considers that the costs to firms, as outlined in the CBA, are justified and

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1 Section 2B(1) and Section 2B(2) FSMA.

2 See 'MREL Statement of Policy' (reference as in footnote 3 on page 5 above).

3 Rule 2.8 of the Fundamental Rules Part of the PRA Rulebook.

4 Section 2H and Section 3B FSMA.

proportionate with respect to the policy outcome of advancing PRA's objective of promoting the safety and soundness of PRA-authorized firms.

- The principle that the regulators should exercise their function as transparently as possible. The PRA judges that the proposals outlined in this CP would bring greater transparency to the MREL framework through encouraging standardisation of reporting.

### **Impact on mutuals**

3.19 FSMA requires that the PRA assess whether, in its opinion, the impact of the proposed rules on mutuals will be significantly different from the impact on other firms.<sup>1</sup> The proposals affect some building societies, however the costs are not expected to be substantially different from the costs incurred by banks of similar size.

### **HM Treasury recommendation letter**

3.20 HM Treasury has made recommendations to the PRC about aspects of the Government's economic policy to which the PRC should have regard when considering how to advance the PRA's objectives and apply the regulatory principles.<sup>2</sup> The PRA has considered the implications of the proposals in this CP for each of these aspects and considers that the following aspects of economic policy are relevant:

- Competition has been considered in the 'compatibility with the PRA's objectives' section above.
- The PRA believes that the policy proposals in this CP would enhance the safety and soundness of firms and the stability of the financial system and therefore are consistent with robust institutions and a resilient system, which supports the competitiveness of the UK industry.

### **Equality and diversity**

3.21 The PRA has performed an assessment of the policy proposals and does not consider that the proposals give rise to equality and diversity implications.

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<sup>1</sup> Section 138K FSMA.

<sup>2</sup> Information about the PRC and the recommendations from HM Treasury are available on the Bank's website at [www.bankofengland.co.uk/about/people/prudential-regulation-committee](http://www.bankofengland.co.uk/about/people/prudential-regulation-committee).

## Appendix: Draft amendments to Supervisory Statement 19/13 'Resolution planning'

In this appendix new text is underlined and deleted text is struck through.

### Introduction

...

#### Process

...

15. The PRA will review Phase 1 submissions and, in conjunction with the Bank of England, will determine a preferred resolution strategy for the firm. This will define the information that should be requested in Phase 2. Supervisory judgement will inform the breadth and depth of the information firms will be requested to provide in Phase 2 and, where possible, this will be integrated with other scheduled supervisory initiatives (eg business model analysis reviews, liquidity reviews, operational risk reviews) in order to avoid duplication of effort. The PRA expects firms that are or are likely to be subject to external or internal MREL in excess of regulatory capital requirements to provide information on MREL resources as specified in Chapter 2 part A4 of this statement. Given the diversity of legal, financial and operational structures across firms, firms may be required to provide information beyond that which is outlined in this supervisory statement. The PRA will notify firms where updates are required to Phase 2 information. As firms move closer to resolution the PRA may ask for data to be updated.

### Chapter 2

#### Phase 2 Part A: Strategy-specific information requests

##### A1 Bail-in

2.1 The information outlined below will be requested from firms to facilitate the development of a resolution plan based on the use of the bail-in tool and to monitor firms' compliance with MREL and their ability to meet requirements in the future.

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

...

##### *(a)(1) MREL Reporting*

2.6A As part of the information on loss-absorbing capacity (part A1.1), firms should also provide information on MREL resources, projected resources, and individual instrument characteristics as set out in part A4.

(a)(2) Further information on bail-in liabilities

...

**Sample template**

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

...

**A2 Partial transfer and bridge bank**

...

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

A2.4 MREL reporting

2.35A Firms should also provide information on MREL resources, projected resources, and individual instrument characteristics as set out in part A4.

...

2.38 However firms may be required to submit additional information, for example, if they undertake a specific economic function that may present particular complications in resolution. In this case firms may be required to submit more granular information as outlined in Part B of Phase 2 (eg cash services).

A4 MREL reporting

2.38A The PRA expects firms that have been notified by the Bank of England that are or are likely to be subject to external or internal MREL in excess of regulatory capital requirements to provide information on MREL resources, projected resources, and individual instrument characteristics.

2.38B The PRA expects firms to submit information on MREL resources using the templates in the appendix of this statement. The names and contents of the templates are as follows:

- **MREL Resources (MRL01.00)** - amount and maturity profile of MREL eligible liabilities, cross-holdings of MREL and regulatory capital that does not qualify as MREL resources.
- **MREL Resources Forecast (MRL02.00)** - projected MREL eligible resources.
- **MREL Debt (MRL03.00)** - individual characteristics of internal and external MREL resources, issued by entities within the UK consolidation group.

2.38C The PRA expects firms to report at the following frequencies:

- **MREL Resources (MRL01.00)** - the same frequency, reporting date and remittance as firms' COREP C 01.00 submissions.

- **MREL Resources Forecast (MRL02.00)** - the same frequency, reporting date and remittance as firms' Capital+ submissions.
- **MREL Debt (MRL03.00)** - when there is a change to terms or the stock of outstanding issuances that affects any of the reported fields, ie new issuance or a partial or full redemption of an issuance.

2.38D The following table shows the level of application and frequency of MREL reporting:

	<b>MREL Resources (MRL01.00)</b>	<b>MREL Resources Forecast (MRL02.00)</b>	<b>MREL Debt (MRL03.00)</b>
<u>Level of application</u>	<u>UK consolidation group, UK resolution group, material subsidiaries and material subgroups, and each relevant critical service provider</u>	<u>UK consolidation group, UK resolution group, material subsidiaries and material subgroups, and each relevant critical service provider</u>	<u>One template should be submitted in respect of all entities within the UK consolidation group</u>
<u>Frequency</u>	<u>Aligned with COREP C 01.00</u>	<u>Aligned with Capital+</u>	<u>Every time there is a change to terms or the stock of outstanding issuances</u>

2.38E Where a critical service provider in a UK group is not a PRA-authorized firm (ie it is an unregulated provider of services or regulated by the Financial Conduct Authority (FCA)) and its parent has downstreamed the relevant amounts to the critical service provider, the PRA expects this information to be reported via the relevant PRA-authorized firm (subject to final policy on internal MREL).

2.38F Firms should provide information in the XBRL format using the templates in the appendix.

2.38G The PRA expects firms to commence reporting at the following times:

- Firms that have been notified by the Bank of England prior to 1 January 2017 that they are likely to be set external MREL in excess of regulatory capital requirements (whether interim and/or end-state) should start reporting, at the same time and frequency as their Capital+ and COREP C 01.00 reporting, starting 6 months after the publication of the final policy statement on 'Resolution planning: MREL reporting', but not before 1 January 2019.
- Firms that have been notified by the Bank of England that they are likely to be set internal MREL in excess of regulatory capital requirements (whether interim and/or end-state) should start reporting, at the same time and frequency as their Capital+ and COREP C 01.00 reporting, starting the later of:
  - 6 months after the publication of the final policy statement on 'Resolution planning: MREL reporting';
  - 6 months after being notified by the Bank of England about their internal MREL levels;  
or
  - 1 January 2019.
- Firms that have been notified after 1 January 2017 that they are likely to be set internal or external MREL in excess of regulatory capital requirements (whether interim and/or end-

state) by the Bank of England, should start reporting at least 12 months prior to the end of the transitional period set by the Bank of England.<sup>1</sup> The Bank of England will inform firms of the first expected reporting date along with MREL levels.

## Appendix: Reporting templates and instructions- MRL01.00-MRL03.00

The links provided in the table below are to versions published as part of this consultation.

Name		Data Item	Guidance
MRL01.00	MREL Resources	Available at: <a href="http://www.bankofengland.co.uk/prudential-regulation/publication/2018/resolution-planning-mrel-reporting">www.bankofengland.co.uk/prudential-regulation/publication/2018/resolution-planning-mrel-reporting</a>	Available at: <a href="http://www.bankofengland.co.uk/prudential-regulation/publication/2018/resolution-planning-mrel-reporting">www.bankofengland.co.uk/prudential-regulation/publication/2018/resolution-planning-mrel-reporting</a>
MRL02.00	MREL Resources Forecast		
MRL03.00	MREL Debt		

<sup>1</sup> See paragraph 7.9 of the appendix in 'Statement of Policy on the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)', November 2016: [www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/boes-approach-to-setting-mrel-statement-of-policy.pdf](http://www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/boes-approach-to-setting-mrel-statement-of-policy.pdf).