



Response to the Consultation on Banking Reform: Bail-in powers implementation

Submission from Barclays
7 May 2014

Executive Summary:

- Barclays is pleased to respond to HMT's Bail-in powers implementation consultation.
- We are strong supporters of the development of a global framework for recovery and resolution, and believe that a bail-in tool can play a very important role.
- This work is taking place within the context of a major regulatory change agenda within Europe and the rest of the world, and we encourage the Government to ensure that this environment is reflected when considering the early transposition of the BRRD.
- We have some concerns, however, over the manner in which the Government intends to implement the requirements and share our thoughts on specific pieces as requested.
- We would welcome further clarity on exact timeline relating to fully transposing the BRRD via secondary legislations in the UK by the HMT and how this interplays with the various technical standards required to be issued by European Banking Authority for various areas.
- We agree to the alignment of depositor preference to the text of the Bank Recovery and Resolution Directive (BRRD), however, do not advocate an early transposition unless a thorough impact analysis of this early implementation has been conducted by the HMT.
- Primary legislation is clear on the exclusion of secured liabilities from the scope of the bail-in tool and the draft Order is likely not the appropriate place for further clarification.
- [REDACTED]
- [REDACTED]
- Criteria for the application of bail-in to derivatives are critical in ensuring policy goals are understood and markets are not undermined by uncertainty as to potential outcomes.
- Restriction of termination rights to facilitate resolution actions is currently the subject of considerable international discussion – a timescale which allows alignment with the outcome of international developments would be preferable.
- [REDACTED]

- [REDACTED]
- We believe that vehicles that are not “financial institutions” or “investment firms” should be outside the scope; and would welcome greater clarity as to which other banking group companies are within the scope of bail-in.
- We have not responded to questions dealing with the bail-in of building societies.
- We would welcome the opportunity to engage further on any aspect of the consultation.