Barclays PLC
Our readiness for resolution

6 August 2024

BARCLAYS

Contents

1. Introduction

Over the past 15 years, Barclays PLC (BPLC, and together with its subsidiaries Barclays or the Group) has worked continuously with regulators globally to enhance its resilience to financial stress. Since 2011, Barclays has had a detailed recovery plan in place, setting out the measures available to it to restore the financial position of the Group should there be a significant deterioration in its financial condition. The recovery plan has been enhanced by the work Barclays has undertaken across a number of areas – including the ring-fencing of its UK retail banking business, the creation of a Group-wide service company, and reducing the size and complexity of its balance sheet – all of which increase the Group's readiness for any future crisis.

Where recovery measures are unsuccessful, the UK resolution framework is designed to ensure that banks and their wider groups can be recapitalised and restructured in a way that provides for the continued operation of important banking services. This framework also aims to protect financial stability without exposing public funds to loss. As part of the commitment by the Bank of England (BoE) to ensure that all banks are resolvable, Barclays is required by the Prudential Regulation Authority (PRA) to publish a summary of its preparations for resolution every two years; the first such summary (the First RAF Disclosure) was published in 2022.[1]

The BoE is publishing its second assessment of Barclays' resolution preparedness (Second RAF Assessment), alongside that of each other major UK firm, in parallel with this report. In Section 2, we outline a high-level summary of the BoE's second assessment of Barclays resolution preparedness.

In Section 3, we provide an overview of the UK's resolution framework and the powers the BoE, as the Group's lead resolution authority, could use to resolve BPLC and its subsidiaries. The BoE has worked with the Group and, via the regulatory Crisis Management Group, other regulators and resolution authorities globally, to identify single-point-of-entry (SPE) bail-in as the resolution strategy for Barclays. In Section 4, we provide an overview of the Group structure and, in Section 5, we describe how this SPE strategy could be used to resolve Barclays in the event that it became necessary to do so.

While the BoE is responsible for identifying and, if necessary, executing our resolution strategy should it become necessary to do so following the implementation of our own recovery plan, Barclays needs to have certain capabilities in place to assist with executing an orderly resolution. In Section 6, we provide details of these capabilities, together with the actions Barclays has taken following the First RAF Disclosure, including in response to the BoE's feedback[2] and lessons learned from the '2023 Bank Failures: Preliminary lessons learnt for resolution' report published by the Financial Stability Board (FSB).[3]

Since the publication of its First RAF Disclosure, Barclays has moved the focus of its resolution-related activities to maintaining, testing and enhancing the Group's resolvability arrangements, including:

- evolving the approach to assurance, including an increased focus on testing the interactions between the resolution capabilities;
- continuously enhancing Barclays' capabilities by addressing any lessons learned and feedback received from assurance activities and the BoE;
- addressing the areas of enhancements identified by the BoE as part of the first assessment of Barclays' resolvability capabilities in June 2022, specifically relating to further assurance for Valuations and Restructuring;
- further increasing engagement at the Board and executive committee level across the Group in resolvability planning, including a resolution simulation exercise undertaken at the Group Board level (the 2023 Group resolution simulation) to test the effectiveness of Barclays' capabilities on a cross-workstream basis; and
- embedding resolvability in Business as Usual (BAU), leveraging existing risk and control framework, resulting in increased review and challenge from Risk, Compliance and Internal Audit, as appropriate, including review and challenge of assurance activities.

Barclays also engages external review, as required, to support its assurance activities.

The framework previously described demonstrates that Barclays complies with the BoE policies and (where applicable) other relevant regulations; and is the basis on which Barclays has concluded that it has the capabilities to support the BoE with achieving the required outcomes. Please see Section 7 on how this conclusion has been reached and is supported through substantial testing and other assurance activities.

Barclays looks forward to continuing to work with the BoE, along with the Group's other regulators and resolution authorities globally, to maintain and enhance its resolvability capabilities and operational preparedness for resolution.

2. The Bank of England's Second RAF Assessment

In their Second RAF Assessment of Barclays' resolution preparedness, the BoE has identified: (1) that there are no shortcomings, deficiencies or substantive impediments identified in the Group's capabilities that could impede Barclays' ability to execute the preferred resolution strategy; and (2) three areas for further enhancement with respect to Valuations, Operational Continuity in Resolution (OCIR) and Restructuring.

Barclays will ensure these enhancements are made as part of Barclays' broader commitment to further embed, test and refine the Group's resolution capabilities and operational preparedness for resolution. Please see Section 8 on actions and steps being taken to address the areas for further enhancements identified by the BoE.

BoE's assessment		
Adequate financial resources	MREL	No material issues currently identified
	Valuations	Area for further enhancement
	Funding in Resolution	No material issues currently identified
Continuity and restructuring	Continuity of financial contracts (Stays)	No material issues currently identified
	Operational continuity in resolution (OCIR)	Area for further enhancement
	Continuity of Access to Financial Market Infrastructures (FMIs)	No material issues currently identified
	Restructuring	Area for further enhancement
Co-ordination and communication	Management, governance and communications	No material issues currently identified

BoE's terminology	Meaning
'No material issues currently identified'	No shortcoming, deficiency or area for further enhancement identified to date with the firm's implementation of the Resolvability Assessment Framework (RAF). The BoE will continue to test firms' capabilities and the BoE reserves the right to subsequently identify issues with a bank's approach.
'Area for further enhancement'	Issues not identified by the BoE as a shortcoming or deficiency to date, but where continued work is needed by the bank to enhance and/or embed capabilities within the business in order to further reduce execution risks associated with resolution.
'Shortcoming'	An issue which **may impede** the BoE's ability to execute the bank's preferred resolution strategy in a manner consistent with its statutory resolution objectives.
'Deficiency'	An issue which **is likely to impede** the BoE's ability to execute the bank's preferred resolution strategy in a manner consistent with its statutory resolution objectives.
'Substantive Impediment', as per Section 3A and 3B of the Banking Act 2009	The formal statutory process through which the BoE, as UK resolution authority, can direct banks to remove substantive impediments to resolvability. Further information on how the BoE would exercise these powers is set out in Statement of Policy[4] on the Bank of England's power to direct institutions to address impediments to resolvability.'

3. About the UK resolution framework and this disclosure

3.1 The purpose of recovery and resolution

Recent bank failures have highlighted both the importance of firms and regulators being prepared to respond effectively to unforeseen severe stress events, and the disruptive and costly nature of disorderly bank failure. As part of the global regulatory reforms, regulators have called on large, systemically important financial institutions, such as Barclays, to improve recovery plans for restoring their capital, liquidity and balance sheet positions during times of severe stress. In addition, and in the event of the failure of these recovery plans, regulators require such institutions to ensure they have capabilities and are operationally prepared to support their resolution.

The BoE describes the purpose of resolution in the following way:

"Resolution imposes losses on failed banks' shareholders and investors, not taxpayers. It ensures larger firms' services can continue to operate for a sufficient period, allowing authorities or new management to restructure them or wind them down.

By ensuring losses will fall on a failed bank's investors, resolution can reduce the risk of bank failures by encouraging more responsible risk-taking. This can limit the impact of bank failures when they do occur, by placing the cost of failure on shareholders and investors, not public finances."[5]

3.2 The UK resolution framework

The BoE is the regulatory authority with responsibility for resolution of banking groups, certain investment firms, and building societies in the UK. As such, the BoE has at its disposal several so called 'stabilisation options' provided for under the Banking Act 2009, as amended (Banking Act). These include:

- the bail-in of liabilities (including issued debt) in order to absorb losses and recapitalise the entity or the group (please see Section 5.1 below for further details);
- a sale of the entity either to a private sector purchaser, most likely another banking group, or a publicly-owned 'bridge bank';
- a sale of some or all of the group's business to another industry participant; and
- as a last resort, temporary public sector ownership of the entity or the group.

These powers can be exercised individually or in combination and with respect to operating companies in the UK, such as banks or certain investment firms, or with respect to their UK-organised holding companies.

On the 'Resolution' section of its website, the BoE has published a range of materials which discuss the UK's resolution framework and how the BoE might conduct a resolution.[6]

3.3 A commitment to resolvability

In April 2017, the BoE committed to Parliament that the major UK banking groups would be resolvable by 2022. Since that time, the BoE has developed its views on what it means for a bank to be resolvable, identified a number of potential barriers to resolution of banking groups and set associated policy expectations. The BoE assessed that, as at 10 June 2022, such barriers were removed, or substantially mitigated, whilst noting that the first resolvability assessment was part of the ongoing development of the UK's resolvability regime. For a bank to be resolvable, in the view of the BoE, it must achieve the following outcomes:

- have adequate financial resources available to absorb losses and recapitalise the institution, without recourse to public funds, in a resolution context;
- be able to continue to do business and serve its customers through resolution; and
- be able to co-ordinate and communicate effectively within the firm and with the authorities and markets so that resolution and subsequent restructuring are orderly.

Historically, there have been a number of features of banking groups, or the regulatory environment in which they operate, which the BoE has identified that might, if not adequately addressed, act as potential barriers to these resolvability objectives. In particular, the BoE has identified the following key features that should be considered as part of the resolution planning process:

- adequacy of minimum requirements for own funds and eligible liabilities (MREL);
- capability to conduct accurate and timely valuations of assets and liabilities in resolution;
- access to funding in resolution;
- the risk of early termination of financial contracts;
- ensuring operational continuity in resolution;
- ensuring continuity of access to financial market infrastructures;
- identification, development and execution of post-stabilisation restructuring options; and
- effectiveness and timeliness of management, governance and communications in resolution.

Barclays has taken active steps to mitigate these barriers identified by the BoE, particularly where such barriers might in practice constitute an impediment to a credible execution of its SPE resolution strategy. Please see Section 6 for a description of Barclays' capabilities and the steps taken to date. Barclays has not identified any other barriers to its resolution. Further, based on the substantial assurance activities undertaken to date, Barclays considers that the capabilities it has developed are well adapted to meeting any future issue which may pose a threat to the credible execution of Barclays' SPE resolution strategy.

3.4 Resolution planning and this disclosure

Resolution planning is the process of analysing information about a banking group, developing a resolution strategy and creating systems and structures in the banking group that support the resolution strategy. A resolution strategy identifies the stabilisation options and other resolution powers that are likely to be best suited to stabilise and restructure a particular bank were it to become severely financially distressed; planning to support that strategy involves identifying how the potential barriers noted above could be addressed. The strategy for a banking group is determined by the BoE based on reports and analysis provided by the banking group.

The BoE has developed the RAF to support this process. The RAF sets out the information that banking groups need to provide to the BoE, and how the BoE will determine the extent to which the strategy for a particular group and the group's arrangements have adequately prepared for resolution. As part of this process Barclays is making this disclosure, which follows the publication of Barclays' First RAF Disclosure and summarises Barclays' readiness for resolution. As indicated in Section 1, the BoE is also communicating publicly its Second RAF Assessment of our resolvability and the resolvability of other banking groups.

4. Group structure

4.1 Overview of the Group

Barclays is a diversified bank with five operating divisions comprising: Barclays UK, Barclays UK Corporate Bank, Barclays Private Bank and Wealth Management, Barclays Investment Bank and Barclays US Consumer Bank, supported by Barclays Execution Services Limited (BXSL), the Group-wide service company providing technology, operations and functional services to businesses across the Group. As described in more detail in Section 4.2 below, Barclays UK broadly represents businesses that sit within the UK ring-fenced bank, Barclays Bank UK PLC (BBUKPLC), and its subsidiaries. The remaining divisions broadly represent the businesses that sit within the non-ring fenced bank, Barclays Bank PLC (BBPLC) and its subsidiaries.

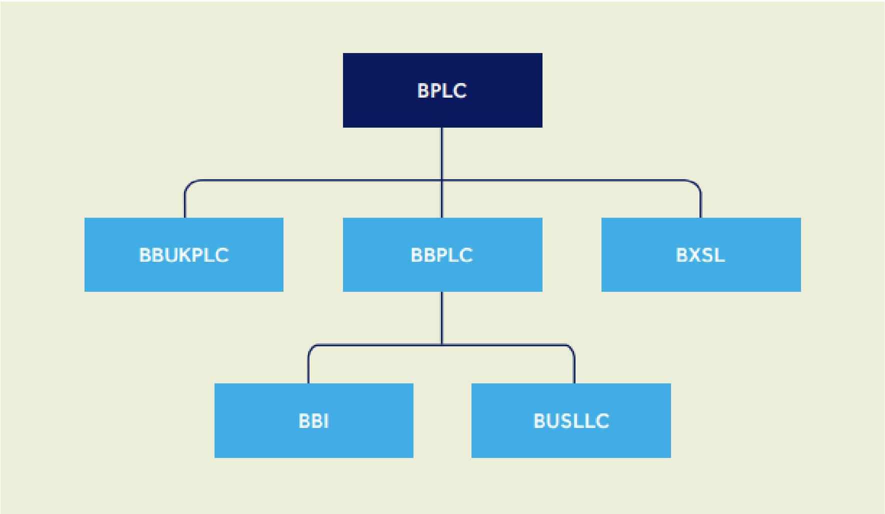
Barclays has identified its material subsidiaries for resolution purposes (Material Subsidiaries). In addition, on an annual basis, Barclays undertakes analysis to identify those entities which are significant to the Group and those business lines which are core to the Group's operations. This analysis covers all branches and subsidiaries within the Group and supports the determination of the scope of work required to remove any impediments to resolution.

4.2 Legal structure

The following provides a summary of BPLC, the Group's Material Subsidiaries and their activities:

- BPLC – BPLC is the holding company for the Group and the direct or indirect parent of all other Group legal entities. BPLC's ordinary shares are listed on the main market of the London Stock Exchange and American Depositary Receipts representing BPLC's ordinary shares are listed on the New York Stock Exchange. As discussed further in Section 5 below, BPLC is the only 'Resolution Entity' identified by the BoE for the purposes of Barclays' SPE resolution strategy. BPLC is subject to consolidated supervision by the PRA and Financial Conduct Authority (FCA), and in 2021 received approval by the PRA as a financial holding company.
- BBUKPLC – BBUKPLC is the Group's ring-fenced bank, established in line with the PRA's requirements to segregate core UK retail banking activities from certain investment banking activities and thereby protect retail banking from risks unrelated to the provision of that service. The Barclays UK division includes Personal Banking, Business Banking and Barclaycard Consumer UK. Personal Banking offers retail solutions to help customers with their day-to-day banking needs, UK Business Banking serves business clients, from high growth start-ups to small- and medium-sized enterprises, with specialist advice, and Barclaycard Consumer UK offers flexible borrowing and payment solutions. BBUKPLC is authorised by the PRA and regulated by the FCA and the PRA.
- BBPLC – BBPLC is the Group's non-ringfenced bank, and it is authorised by the PRA and regulated by the FCA and the PRA. The business divisions comprise (i) Barclays UK Corporate Bank, which offers lending, trade and working capital, liquidity, payments and FX solutions for corporate clients with turnover from £6.5 million (excluding those that form part of the FTSE 350), (ii) Barclays Private Bank and Wealth Management, (iii) Barclays Investment Bank, which incorporates the Global Markets, Investment Banking and International Corporate Banking businesses, serving FTSE 350, multinationals and financial institution clients that are regular users of Investment Bank services, and (iv) Barclays US Consumer Bank, which has the US credit card business, focused on the partnership market, as well as an online deposit franchise.
- Barclays Bank Ireland PLC (BBI) – BBI is a wholly-owned subsidiary of BBPLC and is the primary legal entity within the Group serving its EEA clients, with branches in Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden, in addition to its Irish head office. BBI is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution, directly supervised by the Single Supervisory Mechanism of the European Central Bank. BBI is regulated by the CBI for financial conduct and BBI's branches are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established.
- Barclays US LLC (BUSLLC) – BUSLLC is the intermediate holding company for the Barclays Bank Group's non-branch US operations, including Barclays Capital Inc. and Barclays Bank Delaware. BUSLLC is regulated as a bank holding company by the US Federal Reserve Board. Please see Section 4.3(a) for further detail on the establishment of BUSLLC.

Each of BPLC, BBUKPLC, BBPLC, BBI and BUSLLC is subject to MREL (or the local equivalent, for example TLAC) requirements, as further described in Section 6.1(a).



BXSL is not regulated by the PRA or the FCA, but as part of setting up and maintaining the services that BXSL provides, BXSL is structured so as to support the Group's compliance with the PRA's expectations regarding operational continuity.

4.3 Developments to Group structure improving resilience and resolvability

In addition to developing its resolvability capabilities, Barclays has made a number of material changes to its business, structure and operations over the past 15 years which support its resilience to financial stress and improve its resolvability.

(a) Structural reform

Barclays' delivery of structural reform has significantly improved the likelihood of an orderly bail-in and subsequent restructure of the Group. Barclays met the UK ring-fencing requirements by transferring Barclays UK into BBUKPLC, which was a new legal entity that became Barclays' UK ring-fenced bank. Accordingly, Barclays UK, and the business lines it comprises (please see above), are separate operating divisions. This structure simplifies the Group and reduces the likelihood that UK customers and clients – and the day-to-day services upon which each rely – will be put at risk by a failure in another part of the Group or shocks originating in global financial markets.

Since September 2017, the Barclays' operating divisions have been supported by BXSL. BXSL facilitates the efficient operational continuity of operations, technology and functional services for business units and the execution of recovery and resolution plans in the event of financial difficulty, thereby strengthening and enhancing the overall resilience and resolvability of the Group.

In addition, in response to US Federal Reserve Regulation YY,[7] by 1 July 2016 Barclays had restructured its US operations and established BUSLLC as its US top-tier intermediate holding company to house Barclays' non-branch US operations and US subsidiaries and meet the Enhanced Prudential Standards set out in Regulation YY.

(b) Business strategy

In February 2024, Barclays laid out plans to become Simpler, Better and More balanced and deliver greater shareholder value by 2026[8]. By achieving operational and process efficiencies through streamlining the Group's workforce, simplifying decision making, upgrading legacy system architecture, and accelerating the pace of delivery, Barclays aims to deliver improved cost to income ratios across every business, while driving better returns and improving resilience. The Group will seek to increase the allocation of capital to the higher-returning consumer businesses and deliver a more balanced allocation of Risk Weighted Assets (RWAs).

Overall, these new plans will facilitate restructuring in recovery or resolution due to reduced organisational complexity and streamlined management accountability, improved customer journey that enables better customer outcomes and resilient financial performance.

(c) Increase in CET1 ratio reflecting capital build

Capital requirements are an important part of the regulatory framework governing banks' activities and how banks are supervised. Banks are required to maintain enough capital to cover unexpected losses and keep themselves solvent in a crisis, and the amount of capital required depends on the risk attached to the assets of a particular bank. Capital requirements are primarily expressed as a percentage of its RWAs and capital is assigned certain grades according to its quality and risk. A bank's CET1 ratio is considered to be one of the most important measures of its capital strength and resilience. The Group's capital management objective is to maximise shareholder value by prudently managing the level and mix of its capital. This is to ensure the Group and all of its subsidiaries are appropriately capitalised relative to their minimum regulatory and stressed capital requirements, and to support the Group's risk appetite, growth, and strategic options while seeking to maintain a robust credit proposition for the Group and its subsidiaries.

In line with this objective, Barclays has significantly increased the Group's CET1 ratio over a number of years and now targets operating within a 13-14% range. The CET1 ratio as at 31 December 2023 was 13.8%.

(d) Recovery and resolution planning teams in the UK, US and Europe

Barclays recognises that resolution exists in a continuum of financial stress and has many components spanning multiple areas of the Group. To ensure consistency of approach and a centre of subject matter expertise on recovery and resolution planning (RRP) requirements, integrated teams are in place to respond to RRP requirements at Group level in the UK, alongside jurisdictional teams in the US and in Europe. The UK team is supported by capability-specific resources, ensuring appropriate alignment of delivery responsibilities while maintaining close co-ordination overall.

5. The Bank of England's resolution strategy for the Group

5.1 Resolution strategy

The BoE has identified a SPE bail-in resolution as the most appropriate strategy for resolving the Group in the unlikely event it would become necessary to do so.

Under this strategy, a bail-in would be conducted at the level of the Group's ultimate parent and resolution entity, BPLC. A SPE bail-in resolution strategy means that:

- in the event of a severe stress or potential failure of one of the Group's Material Subsidiaries, the entity would be recapitalised through the write-down or conversion of regulatory capital or other internal MREL (iMREL) resources without the entity itself being placed into resolution and with losses ultimately flowing 'up-stream' to BPLC as the resolution entity; and
- if such losses were to exceed the ordinary ability of BPLC to provide support to and absorb the losses of its subsidiaries, and cause the BoE (as the public authority responsible for any resolution of the UK's banks) to determine that BPLC is likely to fail, the BoE would 'bail-in' the shares and debt held in BPLC by external investors (including, in very limited circumstances, investors in certain Group entities other than BPLC).

A bail-in would involve the write-down or conversion of equity and debt instruments according to the regulatory classification of such instruments and the creditor hierarchy in insolvency. Effecting a bail-in according to the regulatory classification means that losses would be imposed on holders of relevant instruments in the following order:

1) BPLC ordinary shares;
2) other instruments that qualify as Tier 1 capital;
3) instruments that qualify as Tier 2 capital; and
4) senior unsecured MREL issued by BPLC.

The BoE's recent confirmation, in response to the action taken by the Swiss Authorities with respect to Credit Suisse in March 2023, of its intention to conduct resolution actions in a way that respects the creditor hierarchy further supports that a bail-in would be conducted in the above manner.[9]

In line with the BoE's Operational Guide on executing a bail-in,[10] it is expected that the BoE would implement the bail-in resolution strategy as follows:

- BPLC ordinary shares would be transferred to a custodian, which would hold the shares for the benefit of the holders of other instruments subject to bail-in; and
- holders of other equity and debt instruments within scope of bail-in would receive 'certificates of entitlement' that may be exchangeable in due course for ordinary shares in BPLC (in the case of instruments that qualify as Tier 1 or Tier 2 capital), or a combination of ordinary shares or other instruments, including the original instrument (in the case of other bail-inable debt instruments issued by BPLC). For further details of how a bail-in resolution strategy may be put into effect by the BoE, please refer to the BoE's Operational Guide on executing a bail-in.

Aside from BPLC, none of the other entities within the Group are expected to be placed into insolvency, administration or resolution proceedings. This means that Barclays' operating subsidiaries (including BBPLC and BBUKPLC) are expected to continue to operate as normal through a resolution of the Group, including both honouring all existing obligations and standing ready to engage in new transactions. In order to achieve this, as appropriate, entities will be recapitalised with losses ultimately flowing up-stream to BPLC. In the case of Barclays' Material Subsidiaries, recapitalisation capacity is pre-positioned through the use of iMREL issued by Barclays' Material Subsidiaries to BPLC. iMREL would be written off or converted to restore the capital adequacy of the relevant Material Subsidiary.

As at the date of this document, a limited number of instruments issued externally by BBPLC, which count towards BBPLC and Group regulatory capital, may also be written down or converted alongside regulatory capital instruments issued by BPLC or BBPLC iMREL instruments without BBPLC being placed into resolution.

Further, under this SPE strategy, there is no expectation that any of the Group's businesses, assets or operating subsidiaries would be sold or transferred as part of the bail-in process. Once the Group had been stabilised by way of a bail-in at the level of BPLC, Barclays would then need to deliver a business reorganisation plan for approval by the BoE showing how the Group would be restructured to create a viable post-resolution business model.

5.2 Conduct of a resolution

The BoE has explained how it might conduct a SPE resolution in its Approach to Resolution document.[11] This is illustrated in the chart produced by the BoE, which is reproduced overleaf.

As part of its internal resolvability preparations, Barclays has developed a playbook framework of the actions Barclays and its staff would be expected to take within this BoE framework. This includes a high level summary of key resolution activities and information for the bail-in administrator (BIA), Board and senior management so as to facilitate execution of the resolution strategy and mitigate risks to the required resolvability outcomes. Further detail is set out in a master resolution playbook, which is supported by individual workstream playbooks, with one workstream for each potential barrier[12] to resolution identified by the BoE, each of which provides detailed step by step guides to executing each resolution workstream's activities in resolution, including objectives, key stakeholders, key management information, communications and relevant considerations, in each case set against the phases of the stylised resolution timeline.

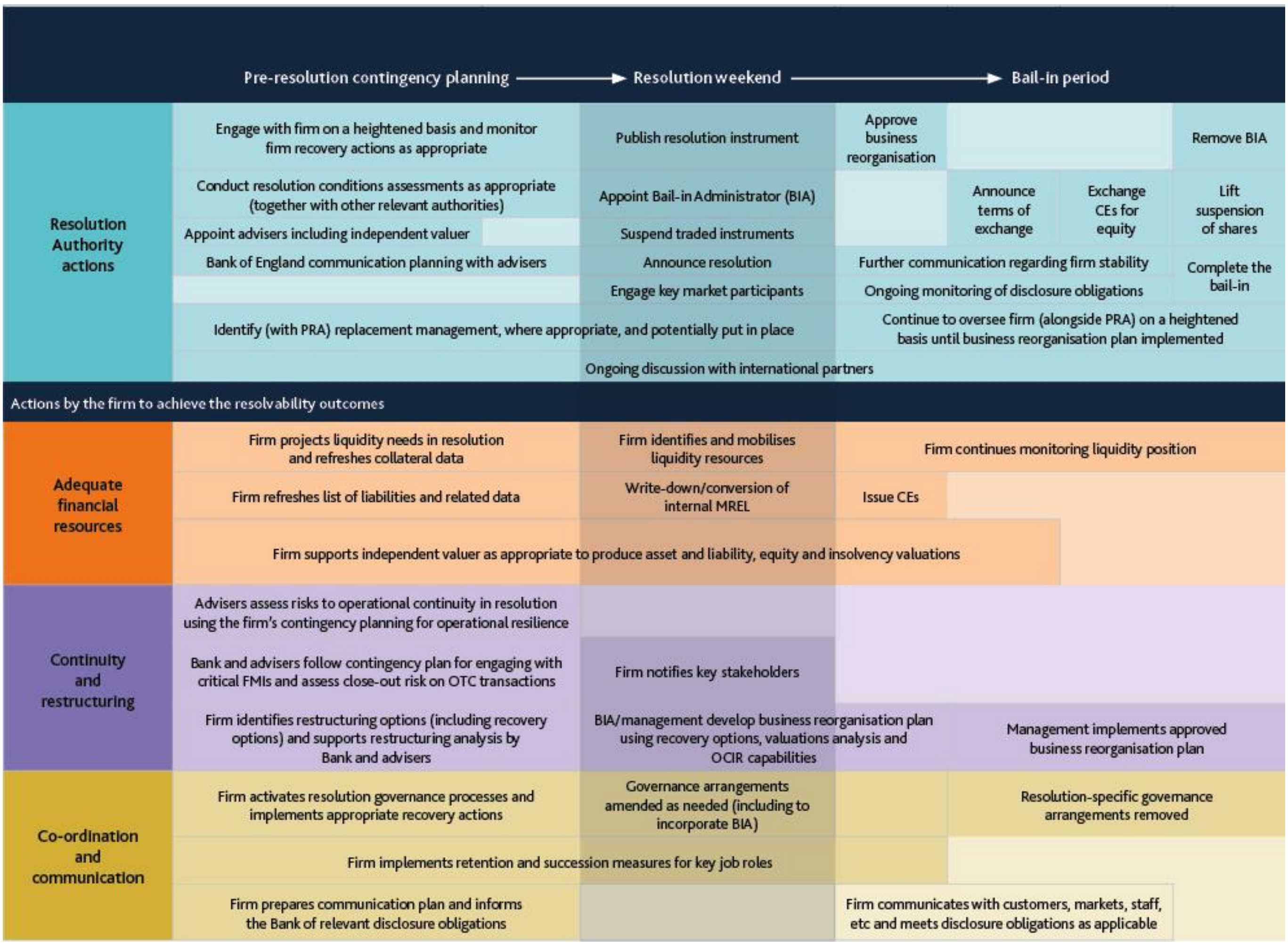
(a) Creditors

In respect of other creditors, the SPE resolution strategy is designed to avoid any defaults by subsidiaries of BPLC. The SPE strategy is intended to ensure that such operating subsidiaries can continue to meet all of their other payment and performance obligations to all of their counterparties, vendors and other creditors. Likewise, such parties are generally prevented from terminating their agreements as a result of the resolution proceedings taken in respect of BPLC.

Notwithstanding this intention, it is possible that a bail-in would, in addition, result in the write-down or conversion of instruments other than those listed in Section 5.1 above, including of other more senior-ranking liabilities of BPLC, or of liabilities of other Group entities. In this unlikely circumstance, many creditors would be protected by the express exclusions from bail-in provided for under section 48B of the Banking Act. In particular, holders of secured liabilities (up to the value of the security), depositors that are eligible for protection under the UK Financial Services Compensation Scheme (up to the extent of the coverage limit), employees in respect of fixed remuneration (and some variable remuneration) entitlements, pensions schemes and suppliers of non-financial goods and services that are critical to Barclays' daily operations are all expressly excluded from the potential scope of any bail-in.

There are a limited number of subordinated instruments issued externally by BBPLC that remain outstanding, including those instruments which count towards BBPLC and Group regulatory capital as noted in Section 5.1 above. As at 31 December 2023, the total principal amount outstanding of such instruments stood at £1.1bn equivalent. On the basis that the amount outstanding of such instruments is very small relative to Barclays' overall MREL resources (which stood at £115.3bn as at 31 December 2023), Barclays does not consider that these instruments represent an impediment to the resolution of the Group and intends to treat these instruments as eligible regulatory capital for BBPLC and the Group (but not MREL for BBPLC or the Group) for so long as they remain outstanding and qualify as regulatory capital under prevailing prudential regulation.

Figure 1: Stylised resolution timeline



(b) Depositors

Under the SPE resolution strategy, it is intended that none of the Group's operating banks or other subsidiaries would enter into resolution, administration, insolvency or other proceedings. Further, the strategy is aimed at ensuring that depositors continue to have uninterrupted access to their deposits and related banking services throughout the entire resolution process. Part of the resolution planning process involves assessing the likely sources and modelling the likely uses of liquidity in resolution, including that required to meet any withdrawals made by depositors (beyond those that would have been made in the ordinary course) in the unlikely event they might arise. The Group has a variety of sources of liquidity available to it, including central bank facilities that may be made available by the BoE and other central bank and third party facilities. Please refer to the latest final Pillar 3 statements contained in the Barclays Financial Results for further detail of Barclays' liquidity position.[13]

(c) Vendors and service providers

The UK resolution framework recognises the critical importance of preserving relationships with key vendors and service providers. Liabilities to key vendors and service providers are generally excluded from the scope of liabilities that could be affected by a bail-in. Barclays has adopted a 'clean' holding company model, meaning that relationships with third party vendors and service providers are entered into by subsidiaries of BPLC that (as discussed above) are not expected to be placed into resolution, administration or insolvency proceedings and that are expected to continue to operate on a BAU basis throughout resolution.

5.3 Post-resolution restructuring

If BPLC were to become subject to a bail-in, its directors (or a BIA appointed by the BoE) would be required to draw up a business reorganisation plan within a specified period of time. This business reorganisation plan should, among other things, include measures aimed at restoring the long-term viability of the Group within a reasonable timescale following resolution, and a timetable for the implementation of those measures. These steps would take into account any actions taken as part of the pre-resolution recovery phase and reflect the particular reasons for Barclays entering resolution; by way of example, such steps might include the disposal or wind-down of loss-making subsidiaries and/or business lines.

6. Achieving the resolution outcomes

To help achieve the resolution outcomes, the Group has enhanced its capabilities, dedicated resources and established arrangements to remove the potential barriers to resolution identified by the BoE as set out in Section 3.3 above, thereby improving the Group's resolvability. No idiosyncratic barriers to resolution (i.e. barriers to resolution that are specific to Barclays rather than market-wide) have been identified to date based on the work Barclays has undertaken globally across the Group. This section describes the Group's capabilities, the actions Barclays has taken to address these potential barriers to resolution and how this supports the delivery of the resolution outcomes.

6.1 Outcome 1: adequate financial resources

Summary: Since the First RAF Disclosure, Barclays has continued taking steps to ensure that it continues to have adequate financial resources in resolution. In particular, it has more than the required minimum amount of loss absorbing capacity in the form of external MREL and iMREL. Barclays also holds liquid resources to meet its ongoing liabilities, supported by forward-looking analysis to seek to ensure that appropriate levels are maintained through resolution. Furthermore, the Group's valuation capabilities enable sufficiently timely and robust valuations of assets and liabilities to be conducted to support effective resolution. As a result, Barclays considers that the Group complies with the objectives that together comprise its obligation to maintain adequate financial resources in the context of resolution. However, as part of Barclays' ongoing efforts to improve its capabilities, additional enhancements are being implemented in 2024 around identification of legal features of collateral to further reduce execution risk in resolution; and Barclays has recently completed testing the production of the necessary valuations on a timeliness basis.

(a) MREL

BoE objective: *To be considered resolvable, firms should maintain a sufficient amount of resources that can credibly and feasibly be used to absorb losses and recapitalise them to a level that enables them to continue to comply with the conditions for regulatory authorisation and sustain market confidence* (the MREL Objective).[14]

Barclays' actions:

Sufficient MREL resources: The Group is required to meet MREL requirements set by the BoE. Barclays' external MREL requirement is 25.2% measured in RWAs (plus 4.9% of capital buffers).[15]

CET1 capital cannot be counted towards both MREL and the capital buffers, meaning that the buffers are effectively applied above MREL requirements.

As at 31 December 2023, the Group had £115.3bn of own funds and eligible liabilities against a 1 January 2024 MREL requirement including buffers of £103.0bn.

In addition to the requirements applicable to the Group, each of BBUKPLC, BBPLC, BBI and BUSLLC (i.e. each of the Material Subsidiaries except for BXSL) is subject to iMREL requirements set by its relevant resolution authority.[16] Each of these entities meets or, for future targets, is on course to meet its required iMREL requirements.

Adequacy of MREL capabilities: Barclays has taken the following steps, at the level of the Group and for each of BBUKPLC, BBPLC, BBI and BUSLLC, to help ensure that it has and will continue to meet the MREL Objective:

- issued eligible liabilities instruments in accordance with an assurance plan to ensure the Group's MREL resources meet relevant eligibility criteria (including contractual trigger language where appropriate and, for non-UK incorporated Material Subsidiaries, local iMREL eligibility criteria) and established a buffer in excess of MREL requirements to cover the risk of MREL market restrictions or closure;
- established regular monitoring of MREL resources and future MREL demand projections to inform an MREL issuance plan;
- developed a MREL playbook describing the legal and operational bail-in steps to recapitalise BPLC and its Material Subsidiaries; and
- implemented and embedded controls to ensure MREL instruments meet relevant eligibility criteria, including controls to ensure the Group maintains a clean holding company structure.[17]

These capabilities, which are supported by external legal advice where relevant, have been subjected to further review following the First RAF Disclosure, via independent controls testing and desktop exercises, including for monitoring and reporting against internally set warning levels and identification of material subsidiaries within the Group, as well as a recapitalisation simulation as part of the 2023 Group resolution simulation. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and continue to comply with the MREL Objective.

(b) Valuations

BoE objective: *To be considered resolvable, firms should meet the objective of having valuation capabilities that would enable a valuer to carry out sufficiently timely and robust valuations to support effective resolution (the ViR Objective).*[18]

Barclays' actions:

Barclays has established valuation capabilities that would enable a valuer to carry out robust valuations. These valuation capabilities are evidenced through a Valuations in Resolution (ViR) Framework, including a ViR data and information inventory to provide up-to-date data to a valuer and a ViR model inventory that captures models relevant for ViR, including ViR consolidation models, informing the required valuations. The ViR consolidation models source underlying data and valuations, balance sheets and income statements by Material Subsidiary (apart from BXSL). The ViR Framework is maintained through a ViR Standard which sets out specific controls for the ViR capabilities.

The valuation capabilities are supported by operational documentation, including a ViR Playbook, a summary of approach for an independent valuer, and end-to-end valuation process mapping. The ViR Playbook, which provides a valuer with an overview of Barclays' valuation capabilities, including valuation assumptions, methodologies and processes, also details the process that Barclays would follow to provide a third party with access to its data, systems, infrastructure and models, and the relevant Barclays staff with whom a valuer would need to liaise.

To ensure consistency in valuation methodologies across jurisdictions and in-scope subsidiaries and the use of realistic assumptions in the underlying valuation models, the capabilities have been subject to review and testing by internal stakeholders with relevant expertise, including annual 'dry run' tests and quarterly assessment of the ViR controls environment. The ViR Framework models are subject to Barclays Model Risk function annual review and in addition Barclays Internal Audit performed an operational effectiveness review in 2022. Further, the 2023 Group resolution simulation tested the ViR workstream's inter-linkages especially with the MREL and Restructuring workstreams. Enhancements have also been made since the First RAF Disclosure to implement recommendations coming out of an independent external review conducted in 2021 and in response to the BoE's findings in the 2022 assessment.

The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the ViR Objective. Barclays has, however, recently also completed additional assurance activities as part of its ongoing commitment to resolvability, to further evidence Barclays' ability to produce the valuations required on a timeliness basis.

(c) Funding in resolution

BoE objective: *To be considered resolvable, firms should ensure they can continue to meet their obligations as they fall due, are able to estimate, anticipate and monitor their potential liquidity resources and needs and mobilise liquidity resources in the approach to and throughout resolution (the FiR Objective).*[19]

Barclays' actions:
Barclays has developed capabilities and taken necessary steps to address impediments to resolution identified by reference to the BoE's Statement of Policy[20] on the resolvability outcomes and impediments to resolution, building on Barclays' existing liquidity resources and liquidity risk control framework.

To enable it to project sources and uses of liquidity in resolution and to identify funding gaps across the forecast horizon, Barclays has developed a flexible forecasting engine that can adapt to a broad range of resolution scenarios. The engine provides liquidity analysis at Group level, for each Material Subsidiary and for other Group entities identified as material for liquidity purposes in USD, EUR, GBP and JPY (being currencies representing 5% or more of the total liabilities for any of the in-scope entities or the Group as a whole).

Granular input data enables forecasts up to five years ahead on a timely basis. The engine is designed to include pre-set scenarios which can be used as a starting point in resolution, and can be tailored to align to the relevant resolution scenario. The engine can report unencumbered collateral on a spot basis across a broad range of characteristics. The use of the liquidity engine is supplemented by a Funding in Resolution Playbook to guide users in its governance and operation.

Barclays has taken into account BoE feedback and participated in the BoE's collateral data reporting test exercises during 2023. As part of Barclays ongoing effort to further improve its resolution capabilities, additional enhancements to collateral reporting are being implemented.

The liquidity engine is tested semi-annually, was subject to a post-implementation review by Internal Audit in 2022, and its functionality was demonstrated during a live system demonstration with the BoE in December 2023. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the FiR Objective.

6.2 Outcome 2: continuity and restructuring

Summary: Barclays has put in place arrangements designed to ensure that it is able to continue to do business through resolution and any post-stabilisation restructuring. These include modifying financial and operational contracts so that resolution does not result in their termination and developing plans to preserve access to financial market infrastructures (FMIs). Building on its recovery planning activities and considerable restructuring experience, Barclays also has appropriate restructuring capabilities in place. As a result, Barclays considers that it complies with the objectives that together comprise Barclays' obligation to be able to continue to do business and restructure in resolution, notwithstanding ongoing enhancements to ensure OCIR language is included in a wider range of supplier contracts and providing further detail on restructuring options.

(a) Continuity of financial contracts

BoE objective: *To be considered resolvable, firms should suitably address the risk of early termination of financial contracts upon entry into resolution to limit any impact on their stability and the wider financial system (i.e. market contagion) that may otherwise occur as a result of resolution (the Stays Objective).*[21]

Barclays' actions:
The BoE can apply temporary statutory stays in resolution, preventing the exercise of termination, payment and delivery, and/or security rights in financial contracts. Certain Barclays' financial contracts are booked into subsidiaries of BPLC that are not expected to be subject to resolution action. Nevertheless, the BoE can apply the stays to contracts entered into by subsidiaries of BPLC even where these entities are not in resolution. In order to give effect to these stays, financial contracts governed by non-UK law are required to include a contractual recognition of these stays.

As at 31 December 2023, Barclays had mitigated early termination risk in respect of 99.9% of in-scope financial contracts under relevant third country law agreements facing the Group's UK entities by including 'stay recognition' language and has implemented processes to include stay recognition language in new in-scope agreements.[22] Legal opinions have been obtained on the enforceability of 'stay recognition' language to ensure its effectiveness and Barclays uses enhanced systems to record and monitor financial contracts, and produce quarterly reports monitoring early termination risk across the Group. Such reports have been enhanced to include additional business areas since 2022.

These activities have been subjected to independent controls testing and post-implementation review by Internal Audit. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the Stays Objective.

(b) Maintaining operational continuity in resolution

BoE objective: *To be considered resolvable firms should achieve the outcome of continuity by ensuring their operational continuity arrangements ensure continuity at the point of entry into resolution and permit post-stabilisation restructuring, to ensure the continuity of banking services and critical functions (the OCIR Objective).*[23]

Barclays' actions:
Barclays has implemented effective operational systems and capabilities to meet the OCIR Objective in line with relevant regulatory policy expectations, and has an OCIR Playbook designed to facilitate co-ordination and execution of relevant actions in the event of recovery or resolution. These arrangements and capabilities include:

- to facilitate access to service information, support decision making and the execution of restructuring actions that may be required by the PRA, BoE or any BIA during resolution, Barclays has put in place systems to identify and document granular details in respect of its critical services and operational arrangements;
- to enable services which it receives to continue in resolution, Barclays has incorporated resolution-resilient provisions

within existing contracts with key vendors and service providers to ensure that these services cannot be terminated, suspended or modified by cause of resolution action unless (i) the resolution authority consents in writing or (ii) amounts due from Barclays remain unpaid for an extended period of time. Terms with key vendors and operational service providers also enable Group entities to transfer their rights and obligations to certain other parties, as this may be required in restructuring. Barclays has documented intra-Group services using outsourcing compliant standardised documentation setting out objective service-level agreements (where applicable) as well as predictable and transparent charging structures, enabling services to be transferred with minimal disruption through any required restructuring; and

- Intra-Group arrangements for critical services have been made financially resilient in resolution primarily through a charging structure under which service providers can recover their costs and pay expenses as they fall due. Service providers within the Group (including BXSL) maintain adequate liquidity resources and loss absorbing capacity to ensure they can continue to meet their obligations to third parties.

A body of work was undertaken in 2022 to implement the requirements of the PRA's Policy Statement PS 9/21 and Supervisory Statement SS4/21. Given the maturity of the Barclays OCIR model, the revised rules represented a series of enhancements to Barclays OCIR arrangements. Barclays SS 4/21 implementation plan met the compliance deadline, delivering on the enhanced capabilities.

Enhancements made to existing internal processes during the course of 2022 / 23 and the annual risk assessment for third party services conducted by Barclays in 2023 has identified a number of additional third-party critical service providers and, accordingly, contracts with such providers require remediation to incorporate resolution-resilient provisions. This work is underway and is planned to be completed by the end of 2024. Barclays remains committed to strengthening its processes for identifying and mapping critical third-party services for the purposes of OCIR, and in addition to said activities focusing on the inclusion of resolution-resilient clauses, has commenced a broader review of third-party arrangements to support the OCIR objective.

OCIR capabilities have been embedded in Barclays BAU operations, governance and processes. In addition to the ongoing OCIR governance and monitoring activities, Barclays conducted various independent assurance exercises, across its Chief Controls Office, Compliance and Internal Audit functions, to assess the effectiveness of OCIR arrangements and associated control environment.

The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the OCIR Objective.

(c) Continuity of access to financial market infrastructures

BoE objective: To be considered resolvable firms should be able to take all reasonable steps available to facilitate continued access to clearing, payment, settlement, and custody services in order to keep functioning in resolution (recognising that providers of these services may retain a degree of discretion over their ability to terminate a firm's membership) (the FMIs Objective).[24]

Barclays' actions:
In order to conduct their financial business, banks rely on payment, settlement and clearing services provided by third parties referred to as FMIs. Barclays has identified all of its FMI relationships, including those maintained through intermediaries, a subset of which have been deemed critical. Barclays considers that each of its arrangements with critical FMIs would facilitate continuity of access during resolution. This view is based on an understanding of how critical FMIs would exercise their contractual discretions, based on responses to FSB FMI questionnaires and bilateral engagement with FMIs and relevant third-party providers.

Barclays has established a FMI Playbook and individual contingency plans to ensure access to critical FMIs is capable of being maintained throughout stress or resolution, and has put in place mitigating strategies to address and manage additional capital and liquidity requirements experienced during stress. Barclays has clear, frequent and effective communications with its key FMIs, and has developed approaches to communicating with FMI service providers during the pre-resolution contingency planning, the resolution weekend and bail-in period. To support the BoE and BIA in the event of resolution, the Group has also developed a reporting capability which captures detailed information on FMI relationships and assesses FMI relationship by applying category-specific usage metrics, including key transaction data and collateral obligations.

To support its assurance and verify that capabilities continue to meet the BoE's requirements, Barclays has conducted data validation reviews and retrieval tests, tabletop walk-throughs, communications testing and a scenario test together with representatives from the Governance and Communications workstreams as well as a review by Internal Audit. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities support continuity of access to FMIs in resolution to comply with the FMIs Objective.

(d) Restructuring

BoE objective: *To be considered resolvable firms should be able to plan and execute restructuring effectively and on a timely basis in the event of resolution, taking into account the objectives applicable to that firm's preferred resolution strategy* (the Restructuring Objective).[25]

Barclays' actions:
In conjunction with resolution, a restructuring of Barclays' business may be required to ensure that the recapitalised Group has addressed the causes of its failure so as to enable the Group to return to fulfilling its regulatory requirements and support the achievement of the BoE statutory resolution objectives.

Barclays maintains a Group-wide inventory of actions that could be taken in any stress scenario and has developed a Reorganisation Plan Playbook to assist senior management and any BIA with identifying and evaluating alternative restructuring strategies. Barclays has significant restructuring experience, including through the establishment of its ring-fenced bank, BBUKPLC, the migration of certain clients to BBI following the UK's exit from the European Union, and divestiture of several businesses internationally, and has dedicated resources available within the Corporate Development and Principal Structuring functions to support restructuring planning and execution in resolution. The Group has also produced a Reorganisation Plan Template to expedite the drafting or updating of any such plan when required, accounting for interactions as appropriate with the other resolvability capabilities. These capabilities are intended to enable Barclays to deliver a business reorganisation plan within the timelines stipulated by the BoE's Statement of Policy on Restructuring Planning and referred to in Section 5.3.

A key focus of the 2023 Group resolution simulation was an assessment of potential restructuring options post-resolution trigger. In addition, following completion of the simulation, Barclays developed a hypothetical business reorganisation plan based on the stress scenario provided for in the 2023 Group resolution simulation to assess the operational considerations and preparedness in executing a major restructure of the Group immediately following the resolution weekend. This is in alignment with the lessons learned as identified by the FSB following the bank failures observed in 2023, which highlighted the importance of testing preparedness for the post-resolution restructuring phase. Enhancements identified from this exercise have been implemented across multiple resolution workstreams, including Barclays' reorganisation playbook as well as restructuring-relevant considerations in OCIR and Management in Resolution. Barclays is undertaking additional assurance activities as part of its ongoing commitment to resolvability, to ensure and evidence the credibility of its restructuring options in a resolution event.

These testing and assurance activities conducted supported the conclusion by Barclays that the Group's capabilities continue to be effective and comply with the Restructuring Objective.

6.3 Outcome 3: co-ordination and communication

Summary: Barclays has in place arrangements that would enable it to co-ordinate and communicate effectively within the Group, and with authorities and markets, so that any resolution and subsequent restructuring are orderly. These include the ability to identify and retain key staff where possible, apply its governance structures appropriately and provide stakeholders and markets with accurate and timely communications. As a result, Barclays considers that it complies with the objectives that together comprise Barclays' obligation to be able to co-ordinate and communicate in resolution.

BoE objective: *To be considered resolvable firms should be able to – during the execution of a resolution – ensure that their key roles are suitably staffed and incentivised, that their governance arrangements provide effective oversight and timely decision making, and that they deliver timely and effective communications to staff, authorities and other external stakeholders (the MG&C Objective).*[26]

Barclays' actions:
Management in Resolution (MiR): To address the risk of disruption caused by the loss of key staff, Barclays identifies 'Key Job Roles' in resolution across the Group, supported by a documented rationale for why each of these roles is deemed critical. The Group actively manages and maintains succession plans for Key Job Roles to ensure that, if required, any replacement appointments into Key Job Roles can be swiftly identified and executed. A MiR Playbook sets out the immediate actions to be taken in resolution to effect retention arrangements and any additional succession planning for Key Job Roles. Barclays has tested its capabilities to carry out key activities from the MiR Playbook in line with the resolution timelines, including re-assessing management information data collection processes and carrying out a 'dry run' of retention procedures. The MiR-related management information also formed a component of the 2023 Group resolution simulation.

Governance in Resolution (GiR): Barclays considers that its existing governance structures are sufficiently robust and adaptable to be appropriate in a resolution scenario. The Group Board and Group Executive Committee would oversee and co-ordinate any resolution. A GiR Playbook has been developed to document how existing capabilities would be leveraged and adjusted in resolution; this playbook also reflects preparation for the incorporation of a BoE-appointed BIA into Barclays' existing governance structure, covering different operating models based on the likely range of scenarios and powers available to the BoE. Barclays' GiR capabilities were a key focus area of the 2023 Group resolution simulation. In addition, Barclays has undertaken a review of its conflict resolution mechanisms to determine whether these would work as intended in a recovery and resolution scenario.

Communications in Resolution (Ciri): Similarly, Barclays considers that its existing communications capabilities can be leveraged to support execution of its resolution strategy. It has considered the communications required in previous crisis, including the 2023 bank failures, and structural change scenarios and maintains a CiR Playbook to support its expected needs. Each resolvability workstream has a playbook that contains a dedicated communications section. Barclays' CiR planning and preparation continues to evolve by:

- aligning all crisis communication activity, for both operational and financial stress scenarios, with a common objective of ensuring consistent, coordinated and timely communications to every audience, via every channel, every time;
- proactively training key communication responders across media, social media, employee communications, communications with regulators, government and legal, and across Barclays' key strategic jurisdictions, on how to effectively communicate in a crisis, including in recovery and resolution;
- leveraging operational stress response communication tools, simulations and activities for the benefit of CiR;
- maintaining and improving CiR messaging tools, including refreshing pre-prepared messaging for internal and external stakeholders across the resolution timeline;
- undertaking simulation exercises to test and enhance Barclays' communications response in all stress situations.

The testing and assurance activities conducted on MiR, GiR and CiR supported a conclusion by Barclays that the Group's capabilities are effective and continue to comply with the MG&C Objective.

7. Barclays' resolvability accountability and assurance

7.1 Governance

A governance structure has been implemented to help ensure effective co-ordination of the work to improve resolvability across Barclays globally and appropriate oversight by the BPLC, BBPLC and BBUKPLC Boards and respective Board Risk Committees. The Boards of BBI and BUSLLC are engaged in relation to local resolution activities in the EU and the US, respectively. Barclays has allocated the prescribed responsibility under the UK's Senior Managers Regime for developing and maintaining the firm's recovery plan and resolution assessment to the Group Finance Director (GFD), as the overall Accountable Executive (AE) for RRP and a member of the BPLC Board, with supporting responsibilities allocated to the BBUKPLC Chief Financial Officer (CFO) and the BBPLC CFO. The GFD and Group Chief Risk Officer are co-AEs for Barclays resolvability arrangements under the RAF.

The Group RRP team is responsible for setting direction and overseeing the activities of resolvability workstreams (described below) and aggregating and reporting a single view of resolvability to Group and Material Subsidiary Boards, Board committees and executive-level committees, working with the workstreams and US and EU RRP teams as required.

At a working level, 10 workstreams, one for each barrier[27] to resolution identified by the BoE, were initially established to develop the Group's resolution capabilities across all relevant legal entities and were each subject to robust governance. Since implementation, the workstreams are responsible for maintaining and testing the resolution capabilities. The workstreams are each overseen by at least one senior AE, who is accountable for maintaining the capabilities to resolution, and enhancing these as required, in line with policy requirements and report to (i) Group and Material Subsidiary senior management and Boards via the Group RRP team's updates and (ii) existing local BAU governance channels as appropriate.

A framework of internal attestations of compliance with the relevant BoE requirements for each workstream, supported by the testing and assurance activities conducted, provides confirmation to Barclays' senior management that Barclays' resolution capabilities, for each barrier to resolution identified by the BoE, meet the requirements established and outcomes expected by the BoE.

Barclays has in particular taken into account the needs of BBUKPLC, as the Group's ring-fenced bank, in the development of its resolution capabilities and has ensured its involvement throughout the process by way of the following:

- BBUKPLC-specific governance from the outset of the resolvability programme, including oversight from the BBUKPLC Board and BBUKPLC Board Risk Committee, enabling BBUKPLC's senior management and Board to shape, oversee and challenge resolvability work;
- identification of BBUKPLC AEs (for relevant impediments) and involvement of BBUKPLC internal stakeholders at the working level within relevant workstreams; and
- terms in the attestations of BBUKPLC AEs specifically addressing BBUKPLC capabilities.

Pursuant to these processes, no conflict of interests arising between the Barclays Bank UK Group and the Group have been identified.

Barclays' senior management and Group and entity boards will continue to receive updates on resolvability activities and provide ongoing oversight of the maintenance, embedding, testing and self-assessment of Barclays' resolvability capabilities.

7.2 Testing and assurance

Barclays designed and implemented an assurance framework in respect of the steps taken in the development of its resolvability capabilities. The framework was centrally designed and overseen by the Group RRP team based on the RAF assurance requirements with input from all three lines of defence.[28] Assurance activities are executed by workstreams and relevant 1st Line (business units and Chief Controls Office) and 2nd Line (Risk and Compliance functions) teams and are risk-based, proportionate and appropriate to the impediment in question. 3rd Line independent assurance is provided by Barclays Internal Audit as part of its annual audit plan and ongoing monitoring activities. The design of the assurance framework was reviewed by the BPLC Board.

Barclays uses a range of testing and assurance activities to help ensure that its resolution capabilities would operate as expected in resolution, with different types of testing and assurance activities being applied to suit the particular capability. For example, given the technical legal considerations involved in the GiR workstream, it was considered most effective to seek review of the playbook by external counsel; for workstreams that would require significant internal co-ordination there has been greater focus on conducting 'dry runs' of elements of the playbooks with relevant internal stakeholders; other workstreams that have developed technology tools (such as Funding in Resolution) have also included specific testing on these tools as part of their plans. The particular mix of testing and assurance activities used by each workstream is agreed annually between the relevant AEs and the Head of Group RRP and noted to relevant Group entity Boards and executive-level committees as appropriate, ensuring that the most relevant activities were conducted in respect of each capability.

Since the First RAF Disclosure, the testing has increasingly focused on the interaction between the resolution capabilities to ensure that the capabilities would support the BoE's stylised timeline for how a resolution event would unfold and how they would operate in practice in a resolution event. A key activity supporting this testing was the 2023 Group resolution simulation to test the effectiveness of its capabilities on a cross-workstream basis.

Barclays is committed to ongoing testing, maintenance and refinement of its capabilities. Further details on testing conducted by each workstream are set out in Section 6 while Section 7.3 below outlines how Barclays' commitment to ongoing testing has been embedded within Barclays' risk and control frameworks.

7.3 Embedding resolvability into Barclays' risk and control frameworks

At Barclays, risks are identified and overseen through the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF governs the way in which Barclays identifies and manages its risks, by defining standards, objectives and responsibilities for all areas of the Group. It is complemented by frameworks, policies and standards, aligned to nine individual Principal Risks.

In order to reflect the importance of resolvability to Barclays, and to ensure the Group's resolvability capabilities continue to be tested, enhanced and subject to effective governance in BAU operations, Barclays has an internal RRP policy and standard which ensure the maintenance of a single view of Barclays' resolvability and set overarching resolvability requirements across the Group. These include (but are not limited to) the requirements for:

- ongoing testing and enhancement of capabilities. Future testing will continue to build on the extensive testing completed to date and further develop assurance that capabilities are effective and, in addition, can operate in conjunction with one another in a resolution scenario. To this end, future testing will include further simulations, including recovery and resolution specific simulations at Group and Material Subsidiary level;
- reporting and assessment of resolvability controls to ensure maintenance of a single view of the resolvability control environment;
- continued governance and oversight of capabilities, including through ongoing engagement between RRP teams, workstream AEs and relevant Risk senior management to discuss regulatory developments, the resolvability control environment and ongoing resolvability priorities;
- the maintenance and update of resolution playbooks, designed to ensure Barclays remains ready to operationalise its resolution capabilities if required; and
- a governance process for escalation and consideration of material changes to Barclays' assessment of its resolvability capabilities and, if necessary, for submission of an updated Resolvability Self-Assessment report to the PRA.

Having embedded resolvability capabilities in this way cements resolvability within Barclays' risk and control frameworks and as an ongoing focus for senior management and Group entity Boards.

8. Strengthening our resolvability capabilities

As set out in this disclosure, Barclays complies with the policies of the BoE and (where applicable) other relevant regulators, has established the capabilities, and is operationally prepared to assist with achieving the required resolvability outcomes. In the course to maintaining, embedding and testing the capabilities, Barclays has (in addition of the specific actions and enhancements set out in this disclosure) identified some areas for further refinement, including continued optimisation of processes and use of automation where appropriate, which it will continue to progress.

In addition, Barclays continues to take steps to embed its capabilities into its BAU risk and control frameworks, ensuring that capabilities will be subject to ongoing oversight, testing and controls. Further enhancements and refinements to capabilities may be made as a result of these activities, and Barclays' capabilities are therefore responsive to changes to the internal (e.g. business or structural changes) and external (e.g. regulatory change) environments. In particular, and in the context of these broader activities, Barclays is committed to:

- further testing of its capabilities to ensure the Group is operationally prepared to respond to the wider events in the financial industry of 2023, including the lessons learned as identified by the FSB from the 2023 bank failures,[29] and any developments in the regulatory regime that may arise from these events; and
- ensure relevant service contracts contain resolution resilient language and is undertaking further testing of its Valuations and Restructuring Planning capabilities, which has included the recently completed timeliness testing of its valuation capabilities, and setting out in further detail the restructuring options.

Barclays is also taking steps to achieve compliance with the PRA's expectations for Trading Activity Wind-down in accordance with Supervisory Statement SS 1/22[30] by 3 March 2025, as required, which is expected to further enhance the Group's restructuring and valuation capabilities, and hence its resolvability.

Notes

[1] As set out in Chapter 4 (Disclosure) of the Resolution Assessment part of the PRA Rulebook and the PRA's Supervisory Statement SS4/19 'Resolution assessment and public disclosure by firms' (amended with effect from May 2021). Barclays previous summary of its preparations for resolution dated 10 June 2022 (the First RAF Disclosure) is available on the following link: https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2021/20220610-Barclays-RAF.pdf.

[2] This includes the BoE feedback provided in the letter from Melanie Beaman, Executive Director of the Bank of England's Resolution Directorate, of 7 March 2023, and the letter from Christopher Jackson, Head of International Resolvability Division, and Robert Zammit, Head of Domestic Resolvability Division, of 24 July 2023.. Available at: https://www.bankofengland.co.uk/-/media/boe/files/letter/2023/letter-from-mel-beaman-on-firms-preparations-for-second-raf-assessment.pdf and at https://www.bankofengland.co.uk/-/media/boe/files/letter/2023/letter-from-christopher-jackson-and-robert-zammit-on-firms-preparations-for-second-raf-assessment.pdf.

[3] Financial Stability Board (2023) '*2023 Bank Failures: Preliminary lessons learnt for resolution*', available at: https://www.fsb.org/wp-content/uploads/P101023.pdf.

[4.] The Bank of England's (2015) power to direct institutions to address impediments to resolvability. Available at: https://www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/boes-power-to-direct-institutions-to-address-impediments-to-resolvability-statement-of-policy.pdf.

[5] Bank of England (2018) '*Introduction to the Resolvability Assessment Framework*', page 2, available at https://www.bankofengland.co.uk/-/media/boe/files/paper/2018/introduction-to-the-raf.pdf.

[6] Available at: https://www.bankofengland.co.uk/financial-stability/resolution.

[7] 12 CFR Part 252, Regulation YY, Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations, Final Rule, effective June 1, 2014 (Regulation YY).

[8]. https://home.barclays/investor-update-2024/

[9] Bank of England Statement: UK creditor hierarchy, 20 March 2023, available at: https://www.bankofengland.co.uk/news/2023/march/boe-statement-uk-creditor-hierarchy.

[10] Bank of England (2021) 'Executing a bail-in: an operational guide from the Bank of England', available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/executing-bail-in-an-operational-guide-from-the-bank-of-england.pdf.

[11] Bank of England (2023) 'The Bank of England's approach to resolution', available at: https://www.bankofengland.co.uk/paper/2023/the-bank-of-englands-approach-to-resolution.

[12] Three workstreams are in place for the Management, Governance and Communications barrier.

[13] Available at: https://home.barclays/investor-relations/reports-and-events/financial-results/

[14] Bank of England (2021) 'Statement of Policy – The Bank of England's Approach to Assessing Resolvability' (BoE RAF Approach SoP), para 4.2, available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/bank-of-englands-approach-to-assessing-resolvability-sop-may-2021.pdf.

[15] Bank of England (2024), 'External minimum requirements for own funds and eligible liabilities (MRELs) – 2024', available at: https://www.bankofengland.co.uk/financial-stability/resolution/mrels-2024.

[16] iMREL is set by the BoE for UK-incorporated Material Subsidiaries (BBPLC and BBUKPLC); the EU's Single Resolution Board has set iMREL requirements for BBI, a material entity incorporated in the EU; and the US Federal Reserve has set TLAC requirements for BUSLLC.

[17] In summary, this entails BPLC, as the resolution entity, not incurring material non-MREL liabilities.

[18] Bank of England (2021) The Bank of England's Statement of Policy on valuation capabilities to support resolvability available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/bank-of-englands-sop-valuation-capabilities-to-support-resolvability-may-2021.pdf.

[19] BoE RAF Approach SoP, para 4.19.

[20] Bank of England (2019) 'The Bank of England's Statement of Policy on Funding in Resolution', available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2019/bank-of-england-funding-in-resolution-sop.pdf.

[21] BoE RAF Approach SoP, para 5.2.

[22] Either through bilateral amendments or adherence to the relevant International Swaps and Derivatives Association protocol. Equivalent requirements under EU and US law related to the contractual recognition of stays powers have also been met.

[23] BoE RAF Approach SoP, para 5.9. The term 'critical functions' is defined at s. 3(1) of the Banking Act. In summary, critical functions are activities, services or operations which, if discontinued, would be likely (a) to lead to the disruption of services that are essential to the economy of the UK, or (b) to disrupt financial stability in the UK, due to the size, market share, external connectedness, complexity or crossborder activities of a bank or group.

[24] BoE RAF Approach SoP, para 5.12.

[25]. BoE RAF Approach SoP, para 5.14.

[26] BoE RAF Approach SoP, para 6.1.

[27] Three workstreams are in place for the Management, Governance and Communications barrier.

[28] 1st Line of defence – Business units and Chief Controls Office teams, 2nd Line of defence – Risk and Compliance functions, 3rd Line of defence – Barclays Internal Audit.

[29] See note 3.

[30] https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2022/may/ss122.pdf.

Glossary

Term	Definition
2023 Group resolution simulation	Resolution simulation exercise undertaken at the Group Board level
AE	Accountable Executive
Banking Act	Banking Act 2009, as amended
Barclays	Barclays PLC and its subsidiaries
Barclays Bank Group	Subconsolidation group formed by BBPLC and its subsidiaries
Barclays Bank UK Group	Subconsolidation group formed by Barclays Bank UK PLC and its subsidiaries
BAU	Business as usual
BBI	Barclays Bank Ireland Plc
BBPLC	Barclays Bank PLC
BBUKPLC	Barclays Bank UK PLC
BIA	Bail-in Administrator
BoE	Bank of England
BoE RAF Approach SoP	Bank of England (2021) 'Statement of Policy – The Bank of England's Approach to Assessing Resolvability'
BPLC	Barclays PLC
BUSLLC	Barclays US LLC
BXSL	Barclays Execution Services Limited
CFO	Chief Financial Officer
CiR	Communications in Resolution
ERMF	Enterprise Risk Management Framework
FCA	Financial Conduct Authority
FiR Objective	Funding in Resolution Objective
First RAF Disclosure	Barclays' previously published summary of its preparations for resolution dated 10 June 2022
FMI	Financial market infrastructure
FMIs Objective	Continuity of Access to FMIs Objective
FSB	Financial Stability Board
GiR	Governance in Resolution
Group	Barclays PLC and its subsidiaries
Group FD	Group Finance Director
iMREL	Internal MREL
Material Subsidiaries	Subsidiaries identified by Barclays as material for resolution purposes
MG&C Objective	Management, Governance and Communications Objective
MiR	Management in Resolution
MREL	Minimum requirements for own funds and eligible liabilities
MREL Objective	Objective that firms should maintain a sufficient amount of MREL
OCIR	Operational Continuity in Resolution
OCIR Objective	Operational Continuity in Resolution Objective
PRA	Prudential Regulation Authority
RAF	Resolvability assessment framework
Regulation YY	12 CFR Part 252, Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations, Final Rule, effective June 1, 2014
Restructuring Objective	Objective that firms should be able to plan and execute a restructuring of their business in an effective and timely fashion
RRP	Recovery and resolution planning
RWA	Risk-weighted assets

Term	Definition
SEC	US Securities and Exchange Commission
Second RAF Assessment	The BoE's second assessment of Barclays' resolution preparedness dated 6 August 2024
Stays Objective	Objective that firms should suitably address the risk of early termination of financial contracts upon entry into resolution
SPE	Single point of entry
TTP	Temporary transitional powers
ViR	Valuations in Resolution
ViR Objective	Valuations in Resolution Objective

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