

Bank of England PRA

Appendices to CP16/25 – Disclosure: resolvability resources, capital distribution constraints and the basis for firm Pillar 3 disclosure

Consultation paper | CP16/25

July 2025



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2: Notes to Draft Rulebook Instrument

Appendix 2: Notes on rule instrument.

1. The baseline for this rule instrument is the PRA Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the assumption that the near-final rules in Appendix 2 to Policy Statement (PS) 9/24 – Implementation of the Basel 3.1 standards near-final part 2 and the draft rules in Appendix 1 to Consultation Paper (CP) 13/24 – Remainder of CRR: Restatement of assimilated law will have been made prior to 1 January 2027, including the insertion of the following definitions into the PRA Rulebook (as set out below for ease of reference):

eligible liabilities instruments

has the same meaning as in paragraph 2.3 of the *Bank of England's* Statement of Policy entitled 'The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)' published by the *Bank of England* on [date];

eligible liabilities items

means MREL eligible liabilities as defined in paragraph 2.3 of the *Bank of England's* Statement of Policy entitled 'The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)' published by the *Bank of England* on [date];

For the purposes of this CP, the references to [date] in the above definitions should be construed as a reference to 15 July 2025.

2. In Chapter 2 of the Disclosure (CRR) Part of the draft rule instrument, the addition of the words 'as otherwise set out in this Part (including in any applicable template or instructions)' is intended to allow for the introduction of templates and corresponding instructions that require disclosure on bases other than the resolution group / consolidated basis as set out in the templates themselves and the corresponding instructions.

3: Dependencies within Draft Rulebook Instrument, Templates, and Instructions

Appendix 3: Dependencies within Draft Rulebook Instrument, Templates and Instructions.

This document is Appendix 3 of CP16/25: Disclosure: resolvability resources, capital distribution constraints and the basis for firm Pillar 3 disclosure.

Certain of the amendments set out in the draft rule instrument, MREL disclosure templates and instructions for completing the templates as part of this consultation assume that some or all of the following take place:

- The revocation of the UK Capital Requirements Regulation (CRR) own funds provisions and restatement of the provisions in the PRA Rulebook, set out in PRA's PS9/24 - Implementation of the Basel 3.1 standards near-final part 2 and its appendices, are brought into force;
- The proposals on restatement of UK CRR own funds provisions in the PRA Rulebook, set out in PRA's CP8/24 - Definition of Capital: restatement of CRR requirements in PRA Rulebook and its appendices, are implemented;
- The proposals in the PRA Rulebook, set out in PRA's CP 13/24 – Remainder of CRR: Restatement of assimilated law and its appendices are implemented;
- The revocation by HMT of the UK CRR TLAC (Total Loss-Absorbing Capacity) provisions and the restatement of those provisions, set out in Annex 3 of the MREL Policy Statement, is brought into force;
- The revocation of The Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014 and the provisions set out in The Capital Buffers and Macro-prudential Measures Regulations 2025 are brought into force;
- The proposals in the PRA Rulebook, set out in the CRR Firms: Capital Buffers (Consequential Amendments) Instrument [2025] are brought into force; and
- The draft proposals set out in The Financial Services and Markets Act 2023 (Capital Buffers and Macro-prudential Measures) (Consequential Amendments) Regulations 2025 are brought into force;

References in the draft rule instrument, MREL disclosure templates and instructions to legislation, the PRA Rulebook and Bank of England and PRA policy materials in connection with the above items may require amendment as a result of the outcome of these ongoing consultations and/or final implementation of the above items by HM Treasury, the PRA or the Bank of England.

The final version of the draft rule instrument, MREL disclosure templates and instructions will take into account the outcomes of the legislative processes and the final versions of the relevant PRA rules and the Bank of England or PRA policy materials of the above items.

Further amendments may be required to the draft rule instrument, MREL disclosure templates and instructions if expected revocations or proposals are delayed in their implementation or other developments occur (such as the enactment of further legislation or PRA rules and publication of policy materials impacting the proposals made in the CP).

The PRA notes, in particular, that it will consult in due course on restating UK CRR definitions within the PRA Rulebook. This will take into account HM Treasury's intended restatement of key definitions to ensure the overall legislative framework for regulating banks, building societies, and investment firms continues to operate as intended once the UK CRR is fully revoked. Certain defined terms used in the draft rule instrument, MREL disclosure templates and instructions set out in this consultation still cross-refer to UK CRR definitions. However, it is possible that, by the time the proposals in this CP are finalised and due to be implemented, HM Treasury may have revoked the UK CRR definitions and those definitions may have been restated in either another legislative instrument or in PRA rules and therefore the draft rules instrument, MREL disclosure templates and instructions may need to be updated accordingly.

Draft for consultation

4 & 5: Draft Proposed MREL Disclosure Templates and Instructions

Appendix 4:

Annex XXXXI – MREL Disclosure Templates

Appendix 5:

Annex XXXXII – MREL Disclosure Instructions

Draft for consultation

6: Summary of MREL Template Modifications

APPENDIX 6: Summary of proposed modifications from BCBS TLAC disclosure templates

This document is Appendix [6] of CP16/25: Disclosure: resolvability resources, capital distribution constraints and the basis for firm Pillar 3 disclosure.

Proposed template: UK KM2	
Modifications from BCBS KM2 template	
Adaptation	Rationale for adaptation
Replace all references to 'leverage exposure measure' with 'total exposure measure excluding central bank claims'	This aligns with the approach to calculation of total exposure measure (the UK terminology for 'leverage exposure measure') under the Leverage Ratio (CRR) Part of the PRA Rulebook, under which central bank claims are excluded.
Specify that MREL resources available in this template should be measured and disclosed at their accounting value	Under the Bank of England's Statement of Policy entitled 'The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)' published on [15 July 2025], the Bank of England specifies that the accounting value of an eligible liability instrument should be used as the basis for measuring the value of the instrument that can be used to meet a firm's MREL requirement.

Addition	Rationale for additions
Average exposure measure excluding central bank claims (row UK 4a)	These additional data fields are only applicable to institutions whose MREL requirement is based on either the applicable leverage ratio requirement or on leverage exposures.
Average MREL resources as a percentage of average exposure measure excluding central bank claims (%) (row UK 5a)	This aligns the MREL disclosures more closely to that for leverage ratio disclosures in the UK, whereby i) larger firms which are bound by the leverage ratio requirement are required to disclose average values of their capital measures (ie the numerator) and leverage exposures (ie the denominator) as well as period-end values; and ii) smaller firms which are not bound by the leverage ratio requirement only disclose period-end values of capital measures and leverage exposures.
Minimum capital requirement as a percentage of total risk exposure amount or total exposure measure excluding central bank claims (%) (row UK 7)	Disclosure of MREL requirement figures under the UK MREL regime, alongside the original data fields in the Basel KM2 template and other Basel TLAC templates (which only covers MREL resources), is important to enhancing market discipline about a firm's MREL compliance and increasing market confidence about a firm's resolvability.
MREL requirement as a percentage of total risk exposure amount or total exposure measure excluding central bank claims (%) (row UK 8)	
MREL requirement and combined buffer requirements as a percentage of total risk exposure amount or total exposure measure excluding central bank claims (%) (row UK 9)	

Dis-application	Rationale for dis-application
Fully loaded Expected Credit Loss (ECL) accounting model MREL resources available (row 1a)	The transitional arrangement for the implementation of the expected credit loss (ECL) framework in International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) will have ended before the proposed implementation date. Therefore, figures of MREL resources available, total risk exposure amount, and total exposure measure excluding claims on central banks, or calculated results based on these figures, in rows 1, 3 and 5 will reflect fully loaded ECL after implementation of IFRS 9 (ie the values intended to be reported in rows 1a, 3a and 5a). The separate rows of 1a, 3a and 5a become duplicative of 1, 3 and 5 and are therefore not necessary.
Fully loaded ECL accounting model MREL resources as a percentage of fully loaded ECL accounting model total risk exposure amount (%) (row 3a)	
Fully loaded ECL accounting model MREL resources as a percentage of fully loaded ECL accounting model total exposure measure excluding central bank claims (%) (row 5a)	
Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? (row 6a)	The UK MREL regime requires MREL resources to be statutorily, structurally or contractually subordinated to operating liabilities. The subordination exemptions under Section 11 of the FSB TLAC Term Sheet are not relevant to the UK. Hence, these data fields are not applicable.
Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? (row 6b)	
If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be	

recognised as external TLAC if no cap was applied (%) (row 6c)	
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Proposed template: UK MREL1	
Modifications from BCBS TLAC1 template	
Adaptation	Rationale for adaptation
Replace all references to 'leverage exposure measure' with 'total exposure measure excluding central bank claims'	This aligns with the approach to calculation of total exposure measure (the UK terminology for 'leverage exposure measure') under the Leverage Ratio (CRR) Part of the PRA Rulebook, under which central bank claims are excluded.
Replace reference to "higher loss-absorbency requirement" with "G-SII or O-SII buffer" (row 31)	This reflects that there are two types of higher loss-absorbency buffers in the UK (namely G-SII or O-SII buffer), and that the systemic risk buffer is no longer required by the PRA. This has been replaced by O-SII buffer since December 2020. The removal of the systemic risk buffer will be achieved through the repealing of the relevant legislation. The HMT has published a draft statutory instrument which proposes this amendment.¹ This is subject to

¹ [The Capital Buffers and Macro-prudential Measures Regulations \[2024\]](#).

	the legislative processes and the final version of the statutory instrument for the revocation of the systemic risk buffer.
Addition	Rationale for additions
Average exposure measure excluding central bank claims (row UK 24a)	These additional data fields are only applicable to institutions whose MREL requirement is based on either the applicable leverage ratio requirement or on leverage exposures. This aligns the MREL disclosures more closely to that for leverage ratio disclosures in the UK, whereby i) larger firms which are bound by the leverage ratio requirement are required to disclose average values of their capital measures (ie the numerator) and leverage exposures (ie the denominator) as well as period-end values; and ii) smaller firms which are not bound by the leverage ratio requirement only disclose period-end values of capital measures and leverage exposures.
Average MREL resources as a percentage of average exposure measure excluding central bank claims (%) (row UK 26a)	
Dis-application	Rationale for dis-application
Eligible liabilities instruments issued directly by the institution which are not subordinated to excluded liabilities but meet all external MREL eligibility criteria (row 13)	The UK MREL regime requires MREL resources to be statutorily, structurally or contractually subordinated to operating liabilities. The subordination exemptions under Section 11 of the FSB TLAC Term Sheet are not relevant to the UK. Hence, these data fields are not applicable.
Sub-set of row 13 eligible as MREL after application of the caps (row 14)	

Eligible liabilities instruments issued by funding vehicles prior to 1 January 2022 (row 15)	Under the UK MREL regime, instruments issued by funding vehicles prior to 1 January 2022 are not eligible as external MREL resources. Hence, this data field is not applicable.
Eligible ex ante commitments to recapitalise a G-SIB in resolution (row 16)	MREL resources under the UK MREL regime have to be own funds or MREL eligible liabilities. The provision under Section 7 of the FSB TLAC Term Sheet, whereby credible ex ante commitments to recapitalise a G-SIB in resolution may count towards a firm's TLAC subject to certain conditions, is not relevant to the UK. Hence, this data field is not applicable.

7 & 8: CC1 Draft Proposed Template and Instruction Updates:

Appendix 7:

Annex VIII – Instructions for Own Funds Disclosure

Appendix 8:

Annex VII – Template UK CC1

Draft for consultation