STATUTORY INSTRUMENTS

# 2025 No. 862

# FINANCIAL SERVICES AND MARKETS

## The Bank Recovery and Resolution (Amendment) Regulations 2025

| | |
|---|---|
| *Made - - - -* | *14th July 2025* |
| *Laid before Parliament* | *15th July 2025* |
| *Coming into force - -* | *1st January 2026* |

The Treasury make these Regulations in exercise of the powers conferred by sections 3(1) and 84(2) of the Financial Services and Markets Act 2023 ("the Act")(**a**).

The Treasury have consulted the Financial Conduct Authority, the Prudential Regulation Authority and the Bank of England in accordance with section 3(6) of the Act.

**Citation, commencement and extent**

**1.**—(1) These Regulations may be cited as the Bank Recovery and Resolution (Amendment) Regulations 2025.

(2) These Regulations come into force on 1st January 2026.

(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

**Amendments to the Bank Recovery and Resolution (No. 2) Order 2014**

**2.**—(1) The Bank Recovery and Resolution (No. 2) Order 2014(**b**) is amended as follows.

(2) In article 121 (interpretation of Chapter 1), after paragraph (2), insert—

"(3) In this Chapter, references to the "minimum requirement for own funds and eligible liabilities" include any transitional minimum requirement which the Bank determines that an institution is required to hold in accordance with article 123(1C)(**c**).".

(3) In article 123 (determination of minimum requirement)—

(a) after paragraph (1), insert—

"(1A) The Bank may determine a transitional period for a relevant institution, during which time a transitional minimum requirement applies.

(**a**) 2023 c. 29.
(**b**) S.I. 2014/3348. Article 121 was amended by S.I. 2018/1394 and 2021/1376. Articles 123 and 126 were amended by S.I. 2016/1239, 2018/1394, 2020/1350 and 2025/82. Article 125 was amended by S.I. 2018/1394 and S.I. 2020/1350. Article 135 was amended by S.I. 2016/1239 and 2018/1394.
(**c**) Article 123(1C) is inserted by regulation 2(3)(a).

(1B) The Bank may amend or revoke a determination under paragraph (1A), or determine a further transitional period in relation to a relevant institution, at any time including where a previous transitional period has expired.

(1C) Where the Bank determines a transitional period under paragraph (1A) or paragraph (1B), it must determine the transitional minimum requirement that applies during that period.

(1D) The Bank may amend or revoke any determination under paragraph (1C) at any time.".

(b) in paragraph (6)—

(i) in sub-paragraph (b)(**a**), after "appropriate cases" insert ", taking into account whether recapitalisation payments under section 214E of FSMA (recapitalisation payments)(**b**) may be available";

(ii) in sub-paragraph (f)(**c**), for "any Commission Regulation containing regulatory technical standards adopted by the European Commission under Article 45.2 of the recovery and resolution directive, so far as they are assimilated law" substitute "the Bank of England's Statement of Policy on its approach to setting a minimum requirement for own funds and eligible liabilities issued pursuant to section 3B(9) of the Banking Act 2009(**d**), as that Statement of Policy may be amended from time to time".

(c) omit paragraph (8).

(4) In article 125 (application and interpretation of Chapter 2), in paragraph (2)—

(a) in the definition of "minimum consolidated requirement", after "institutions" insert ", including any transitional minimum consolidated requirement of the group institutions in accordance with article 126(2C)(**e**)";

(b) in the definition of "minimum requirement", after "liabilities" insert ", including any transitional minimum requirement in accordance with article 135(2C)(**f**)".

(5) In article 126 (determination of minimum consolidated requirement)—

(a) after paragraph (2) insert—

"(2A) The Bank may determine a transitional period for a resolution group, during which time a transitional minimum consolidated requirement applies.

(2B) The Bank may amend or revoke a determination under paragraph (2A), or determine a further transitional period in relation to a resolution group, at any time including where a previous transitional period has expired.

(2C) Where the Bank determines a transitional period under paragraph (2A) or paragraph (2B), it must determine the transitional minimum consolidated requirement that applies during that period.

(2D) The Bank may amend or revoke any determination under paragraph (2C) at any time.".

(b) in paragraph (8)(a)—

---

(**a**) Sub-paragraph (b) was substituted by S.I. 2020/1350.
(**b**) Section 214E will be inserted by section 1 of the Bank Resolution (Recapitalisation) Act 2025 (c. 15).
(**c**) Sub-paragraph (f) was inserted by S.I. 2018/1394 and amended by S.I. 2025/82.
(**d**) Section 3B was inserted by S.I. 2014/3329.
(**e**) Article 126(2C) is inserted by regulation 2(5)(a).
(**f**) Article 135(2C) is inserted by regulation 2(6).

(i) in paragraph (ii), after "appropriate cases" insert ", taking into account whether recapitalisation payments under section 214E of FSMA may be available"; and

(ii) in paragraph (vi), for "any Commission Regulation containing regulatory technical standards adopted by the European Commission under Article 45.2 of the recovery and resolution directive, so far as they are assimilated law" substitute "the Bank of England's Statement of Policy on its approach to setting a minimum requirement for own funds and eligible liabilities issued under section 3B(9) of the Banking Act 2009, as that Statement of Policy may be amended from time to time".

(6) In article 135 (determination of minimum requirement for group institutions), after paragraph (2) insert—

"(2A) The Bank may determine a transitional period for an institution, during which time a transitional minimum requirement applies.

(2B) The Bank may amend or revoke a determination under paragraph (2A), or determine a further transitional period in relation to an institution, at any time including where a previous transitional period has expired.

(2C) Where the Bank determines a transitional period under paragraph (2A) or paragraph (2B), it must determine the transitional minimum requirement that applies during that period.

(2D) The Bank may amend or revoke any determination under paragraph (2C) at any time.".

*Jeff Smith*
*Taiwo Owatemi*

14th July 2025

Two of the Lords Commissioners of His Majesty's Treasury

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Bank Recovery and Resolution (No. 2) Order 2014 (S.I. 2014/3348) ("the 2014 Order"). They make certain changes to the provisions in the 2014 Order which relate to the requirement for the Bank of England ("the Bank") to set a minimum requirement for own funds and eligible liabilities ("MREL") for relevant financial institutions. MREL is a requirement set by the Bank for relevant institutions to maintain sufficient equity and subordinated debt to support the effective use of the Bank's write-down and conversion powers under the Banking Act 2009 (c. 1) in the event that such an institution fails and it is necessary for the Bank to take resolution action.

Regulation 2(3)(a) makes provision relating to the Bank's ability to set a transitional period and transitional MREL requirement for relevant institutions by amending Article 123 of the 2014 Order (determination of minimum requirement). Article 123 of the 2014 Order sets out the basis upon which the Bank can make a determination of full ("end-state") MREL requirements in respect of a financial institution. In particular, the assessment criteria which apply to end-state MREL requirements are set out in Article 123(6) of the 2014 Order. Regulation 2(3)(b) inserts new paragraphs (1A) to (1D) into Article 123 which make provision for the Bank to set a transitional MREL requirement. This is a requirement for the relevant institution to hold a specified amount of MREL for a specified transitional period, reflecting the approach taken by the Bank where a particular institution is building up its MREL resources to the level needed to meet its end-state MREL requirements. Regulation 2(2) makes a related amendment to the definition of "minimum own funds and eligible liabilities" in Article 121 (interpretation) to include transitional MREL within that definition.

Regulation 2(3)(b) makes amendments to Article 123(6) of the 2014 Order to ensure that the Bank can take account of the potential availability of recapitalisation payments under section 214E (recapitalisation payments) of the Financial Services and Markets Act 2000 (c. 8) when making an MREL determination, and to require the Bank to base any MREL determination on (in addition to other factors already set out in Article 123(6)) the Bank of England's Statement of Policy on its approach to setting a minimum requirement for own funds and eligible liabilities issued under section 3B(9) of the Banking Act 2009. That Statement of Policy can be obtained at https://www.bankofengland.co.uk/paper/2021/the-boes-approach-to-setting-mrel-sop or in hard copy from the Bank of England, Threadneedle Street, London, EC2R 8AH.

Regulation 2(3)(c) omits the Bank's power to make technical standards relating to the assessment criteria upon which it must base a determination of MREL requirements.

Regulation 2(4) and (5) makes equivalent amendments to Chapter 2 of Part 9 of the 2014 Order, which sets out the Bank's duties in relation to the determination of MREL requirements for relevant groups where the PRA or FCA is the consolidating supervisor.

Regulation 2(6) makes equivalent amendments to Chapter 4 of Part 9 of the 2014 Order, which relates to the determination of MREL requirements for group institutions where the PRA or FCA is the consolidating supervisor.

No impact assessment has been prepared for these Regulations as there is no, or no significant, impact predicted on businesses, charities, voluntary bodies or the public sector.

© Crown Copyright 2025

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Saul Nassé, Controller of His Majesty's Stationery Office and King's Printer of Acts of Parliament.

ISBN 978-0-34-827403-5

£5.78

http://www.legislation.gov.uk/id/uksi/2025/862

9 780348 274035