



December 15, 2022

Mr. C.S. Venkatakrisnan
Group Chief Executive Officer
Barclays PLC
One Churchill Place
London
E14 5HP
United Kingdom

Mr. Richard Haworth
Chief Executive Officer, Barclays Americas
Barclays US LLC
745 Seventh Avenue
New York, New York 10019

Dear Messrs. Venkatakrisnan and Haworth:

On or before December 17, 2021, the Board of Governors of the Federal Reserve System (Board) and the Federal Deposit Insurance Corporation (FDIC) (together, the Agencies) received the targeted resolution plan submission (2021 Targeted Plan) of Barclays PLC (Barclays or the Covered Company), as required by section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended (Dodd-Frank Act), 12 U.S.C. § 5365(d), and the jointly issued implementing regulation, 12 CFR Part 243 and 12 CFR Part 381, as amended (Resolution Plan Rule).

The Agencies have reviewed the 2021 Targeted Plan, taking into consideration section 165(d) of the Dodd-Frank Act; the Resolution Plan Rule; the feedback letter that the Agencies provided to the Covered Company on December 9, 2020, regarding the

Covered Company’s resolution plan submission of September 29, 2020; the feedback letter that the Agencies provided to the Covered Company on December 20, 2018, regarding Barclays’s 2018 resolution plan submission; the joint “*Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies*”;¹ the targeted information request letter that the Agencies provided to the Covered Company on December 9, 2020 (Targeted Information Request Letter),² regarding the required content of the 2021 Targeted Plan; and certain other information available to the Agencies.

The Agencies did not identify as a result of this review shortcomings or deficiencies in the Covered Company’s 2021 Targeted Plan. Nonetheless, the Agencies have noted areas where further progress will help improve the preparation of the Covered Company for a rapid and orderly resolution of its U.S. subsidiaries and operations, as discussed in section II below.

Under the Resolution Plan Rule, the Covered Company is required to submit a full resolution plan on or before July 1, 2024 (2024 Full Plan). As discussed below, the Agencies expect the review of the 2024 Full Plan to include validation and testing of the firm’s resolution capabilities.

I. Background

Section 165(d) of the Dodd-Frank Act requires that each bank holding company with \$250 billion or more in total consolidated assets, certain bank holding companies with total consolidated assets of between \$100 billion and \$250 billion, and each designated nonbank financial company report to the Agencies the plan of such company for its rapid and orderly

¹ 85 Fed. Reg. 83557 (Dec. 22, 2020).

² The Agencies also note that, as required by the Resolution Plan Rule, the Covered Company included in its 2021 Targeted Plan information about material changes. 12 CFR §§ 243.6(b)(3), 381.6(b)(3). The Covered Company also included in its 2021 Targeted Plan information responding to the Targeted Information Request Letter regarding the Covered Company’s actions in response to events surrounding the coronavirus-related stress in 2020.

resolution in the event of material financial distress or failure.³ A firm, such as the Covered Company, that is a triennial full filer under the Resolution Plan Rule is required to file a resolution plan every three years, alternating between full and targeted resolution plans.⁴

Pursuant to the Resolution Plan Rule, the 2021 Targeted Plan was required to include the core elements;⁵ the Covered Company's response to the targeted information request (as set forth in the Targeted Information Request Letter); a description of each material change experienced by the Covered Company since its previously submitted resolution plan (or affirmation that no such material change has occurred) and the changes the Covered Company has made to its resolution plan in response; a description of changes to the Covered Company's previously submitted resolution plan resulting from changes in law or regulation, or from guidance or feedback from the Agencies;⁶ and a public section.⁷

Under section 165(d) of the Dodd-Frank Act, the Agencies may jointly determine, based on their review, that a firm's resolution plan is not credible or would not facilitate an orderly resolution of the company under the U.S. Bankruptcy Code.⁸ For a firm such as the Covered Company that is incorporated or organized in a jurisdiction other than the United States, rapid and orderly resolution means a reorganization or liquidation of the subsidiaries and

³ In addition, section 401(f) of the Economic Growth, Regulatory Relief, and Consumer Protection Act provides that any bank holding company, regardless of asset size, that is identified as a global systemically important bank holding company under 12 CFR § 217.402 shall be considered a bank holding company with \$250 billion or more in total consolidated assets with respect to the application of standards or requirements under section 165 of the Dodd-Frank Act. 12 U.S.C. § 5365 note.

⁴ 12 CFR §§ 243.4(b), 381.4(b).

⁵ "Core elements" means the information required to be included in a full resolution plan pursuant to section __.5(c); (d)(1)(i), (iii), and (iv); (e)(1)(ii), (2), (3), and (5); (f)(1)(v); and (g) of the Resolution Plan Rule, regarding capital, liquidity, and the Covered Company's plan for executing any recapitalization contemplated in its resolution plan, including updated quantitative financial information and analyses important to the execution of the Covered Company's resolution strategy. 12 CFR §§ 243.2, 381.2; *see also* Resolution Plans Required, 84 Fed. Reg. 59194, 59208 n.35 (Nov. 1, 2019).

⁶ 12 CFR §§ 243.6(b), 381.6(b).

⁷ 12 CFR §§ 243.11(c), 381.11(c).

⁸ 12 U.S.C. § 5365(d)(4).

operations of the covered company that are domiciled in the United States under the U.S. Bankruptcy Code that can be accomplished within a reasonable period of time and in a manner that substantially mitigates the risk that the failure of the covered company would have serious adverse effects on financial stability in the United States.⁹ Under the Resolution Plan Rule, the Agencies can jointly identify shortcomings or deficiencies in a covered company's resolution plan.¹⁰ The Resolution Plan Rule also provides processes by which shortcomings or deficiencies jointly identified by the Agencies in a resolution plan may be remedied.

U.S. Resolution Planning & Home Country Expectations

The Covered Company's preferred group resolution strategy is a single point of entry (SPOE) strategy in which all of its material operations, including its U.S. operations, would receive necessary support from the foreign parent and would not be required to enter resolution. While the preferred outcome for a failing foreign-based covered company is a successful home country resolution, the Resolution Plan Rule requires the Covered Company to address a situation where its U.S. subsidiaries and operations enter bankruptcy in the United States.

To maximize preparedness for a range of outcomes, the Covered Company's broader resolvability work should consider both the objectives of the firm's group-wide SPOE resolution strategy and the Resolution Plan Rule. It is important that future resolvability efforts by the Covered Company, including those related to the testing and enhancement of resolution capital and liquidity capabilities, be as complementary as practicable to the group-wide resolution strategy. While the Agencies encourage the Covered Company to develop capabilities that also

⁹ 12 CFR §§ 243.2, 381.2.

¹⁰ 12 CFR §§ 243.8(b), (e), 381.8(b), (e).

help to improve global resolvability, the Agencies will conduct their review of the Covered Company's 2024 Full Plan in accordance with section 165(d) of the Dodd-Frank Act and the Resolution Plan Rule.

II. Results of the Agencies' Review of the 2021 Targeted Plan

The Agencies did not identify any shortcomings or deficiencies in the 2021 Targeted Plan. However, the Agencies expect that the Covered Company will continue to develop its resolution readiness and have noted areas where further progress will help improve the preparation of the Covered Company for a rapid and orderly resolution.

Additional Feedback

The Resolution Plan Rule requires each Covered Company's targeted resolution plan to include detailed descriptions of funding, liquidity and capital needs of, and resources available to, the Covered Company and its material entities.¹¹

Reliable financial information is essential to ensuring the identification of stress and consideration and execution of appropriate resolution-related actions, including timely resource requests and calibration of expected resource needs in runway and resolution. Barclays's resolution strategy relies on an effective Resolution Liquidity Execution Need (RLEN) and Resolution Capital Execution Need (RCEN) framework to support the timely commencement of bankruptcy proceedings by Barclays US LLC and the continuity of operations of material entities called for by the U.S. resolution strategy. It is important that the firm develop liquidity and capital resolution capabilities that are sufficiently robust to successfully execute the firm's U.S. resolution strategy.

¹¹ See 12 CFR §§ 243.6(b)(1), .5(c)(1)(iii), 381.6(b)(1), .5(c)(1)(iii).

Liquidity

Sufficiently robust liquidity capabilities include the ability to prepare timely and accurate RLEN calculations. In particular, prior to the 2024 Full Plan, the Agencies expect Barclays to enhance capabilities to have the flexibility to estimate RLEN (including daily cash flow forecasts, peak needs, and minimum operating liquidity) during an actual stress or resolution. An RLEN framework that can be calibrated to reflect actual stress conditions utilizing reliable and timely forecasts produced by the firm's data and reporting systems can inform a more reliable RLEN calculation. The Agencies also expect the Covered Company to conduct testing to ensure that these liquidity capabilities function as designed.

Capital

Sufficiently robust capital capabilities help ensure resource requests can be made timely and calibrated to estimate the amount of resource needs in runway and resolution under actual stress conditions. Therefore, prior to the 2024 Full Plan, the Agencies expect Barclays to enhance RCEN capabilities, such as (i) the ability to accelerate business-as-usual (BAU) processes to produce RCEN in stress, (ii) the use of actual and current data inputs that correspond as closely as possible to the as of date to support a timely and accurate calculation and (iii) the incorporation of sensitivity analysis that demonstrates the relative impact of data lags and any mitigants. The Agencies also expect the Covered Company to conduct testing to ensure that these capabilities function as designed.

Future Testing by the Covered Company

In reviewing the 2021 Targeted Plan, the Agencies noted that the Covered Company had plans to conduct certain internal operational testing exercises related to U.S. resolution preparedness in early 2022. Resolution planning is an iterative process, and therefore, internal

testing and simulation exercises could help substantiate or demonstrate the firm's resolution capabilities, and the Agencies encourage Barclays to undertake such efforts on an ongoing basis. In addition, as the firm adds new tools or improves capabilities to its RLEN/RCEN framework, testing efforts can ensure proper integration with existing RLEN/RCEN production platform. Further, governance-focused tabletop exercises could engage all stakeholders and test the adequacy of management information, escalation protocols, and management actions associated with a resolution scenario. Barclays should consider how additional testing efforts could help strengthen the firm's resolution planning and consider documenting and incorporating lessons learned from any such exercises in its future resolution plans submissions. In particular, the Agencies encourage testing efforts for capabilities that complement global resolution planning efforts.

Future Agency Testing

Among other things, testing of resolution capabilities by the Covered Company and by the Agencies can help inform the firm and its management, as well as the Agencies, about strengths and weaknesses in the Covered Company's resolution preparedness. Further, assessing the Covered Company's ability to execute its resolution plan is the next logical step as the firm's resolution planning efforts have matured. Accordingly, the Agencies anticipate conducting capabilities testing and validation work as they continue to assess the Covered Company's resolvability. The Agencies expect to engage with the Covered Company and other firms during the period preceding submission of the 2024 Full Plan.

III. Conclusion

The resolvability of firms will change as markets and firms' activities, risk profiles, and structures change. In addition to further actions to enhance its current resolvability, the Agencies

expect the Covered Company to continue to address the resolution consequences of these changes and its day-to-day management decisions to fulfill its obligation to enable the rapid and orderly resolution of the Covered Company's U.S. subsidiaries and operations under the U.S. Bankruptcy Code.

If you have any questions about the information communicated in this letter, please contact the Agencies.

Sincerely,

(Signed)

Ann E. Misback
Secretary of the Board
Board of Governors of the Federal Reserve
System

Sincerely,

(Signed)

Debra A. Decker
Executive Secretary
Federal Deposit Insurance Corporation