

The evolution of the Bank's approach to resolution – speech by Dave Ramsden

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In this speech Dave Ramsden sets out how a credible, proportionate and responsive UK resolution regime for banks supports sustainable growth and looks at how the resolution regime may need to evolve, alongside the Bank's other responsibilities and wider developments in the financial system.

Speech

Good afternoon. I am delighted to be here and thank you to the Money Macro and Finance Society and King's College London, two bodies I have a close affiliation with, for hosting me today.

For the avoidance of doubt, given we are at the start of a new year, the resolution I'm going to be focused on today is the one that makes a key contribution to financial stability by ensuring that banks and other financial institutions can be allowed to fail in an orderly way. The resolution which ensures the ongoing provision of critical financial services, the protection of customer deposits and reduced reliance on public funds.

But there is a link to the other resolution more typically committed to at this time of year. In focusing on how the Bank of England's (the Bank's) [approach to resolution](#) has evolved in the period since the failures of Silicon Valley Bank (SVB) UK and Credit Suisse in March 2023, I want to highlight that a common theme, or goal, of the Bank's evolving approach to resolution has been to be as responsive as possible. For me responsiveness now sits alongside credibility, feasibility and effectiveness, the key themes I set out in my last [Resolution-focused speech](#), as one of the key goals of our approach as the UK's resolution authority.

That responsiveness takes different forms. In the last 2 years, we have been responding to the events of 2023. In the resolution of SVB UK public funds were not exposed to loss. And the failure of Credit Suisse, a Global Systemically Important Bank (GSIB), did not lead to contagion into the UK financial system. But we learned lessons from our response, from putting our playbooks into action – particularly in relation to the need for inherent flexibility.

Responsiveness also needs to be viewed in terms of how our approach to resolution increasingly has to look beyond banks (and building societies) to the evolution of the wider financial system. Not least because, as the [Financial Policy Committee \(FPC\)](#) set out in December, risks to financial stability increased in 2025. Key sources of risk include

geopolitical tensions, fragmentation of trade and financial markets, and pressures on sovereign debt markets. Elevated geopolitical tensions increase the likelihood of cyberattacks and other operational disruptions.

And responsiveness goes wider than our direct responsibilities, functions and tools that go with being the UK's resolution authority – because prevention is as important as the cure. In my speech today I will refer to some of my broader responsibilities as a member of both the FPC and the Prudential Regulation Committee (PRC) and my role as part of the Bank's Executive responsible for oversight of the Bank's balance sheet.

Resolution supports financial stability. A stable financial system is one that has sufficient resilience to be able to facilitate and supply vital services by financial institutions, markets and market infrastructure to households and businesses, in a manner that absorbs rather than amplifies shocks. 'Sufficient' resilience is not about the elimination of all risks. It is about identifying, monitoring and taking action to remove or reduce systemic risks – those that could severely impair the supply of the financial system's vital services, which underpin economic growth and stability. So, there is a fundamental trade-off between how much ex-ante resilience is 'sufficient' in normal times to mitigate ex post costs – those that result from financial instability in crisis times.

The Global Financial Crisis (GFC) was a clear example of where the UK and other jurisdictions got the trade-off wrong and we did not have enough ex-ante resilience. In response, the UK authorities developed and implemented a credible resolution regime^[1], working closely with the international financial community, which has now been in place for over a decade. But as with any trade-off there's a continuous balance to strike to optimise ex ante resilience and ex post costs. As our resolution regime responds to more recent events and our changing environment, maintaining the right balance in our resilience supports sustainable growth.

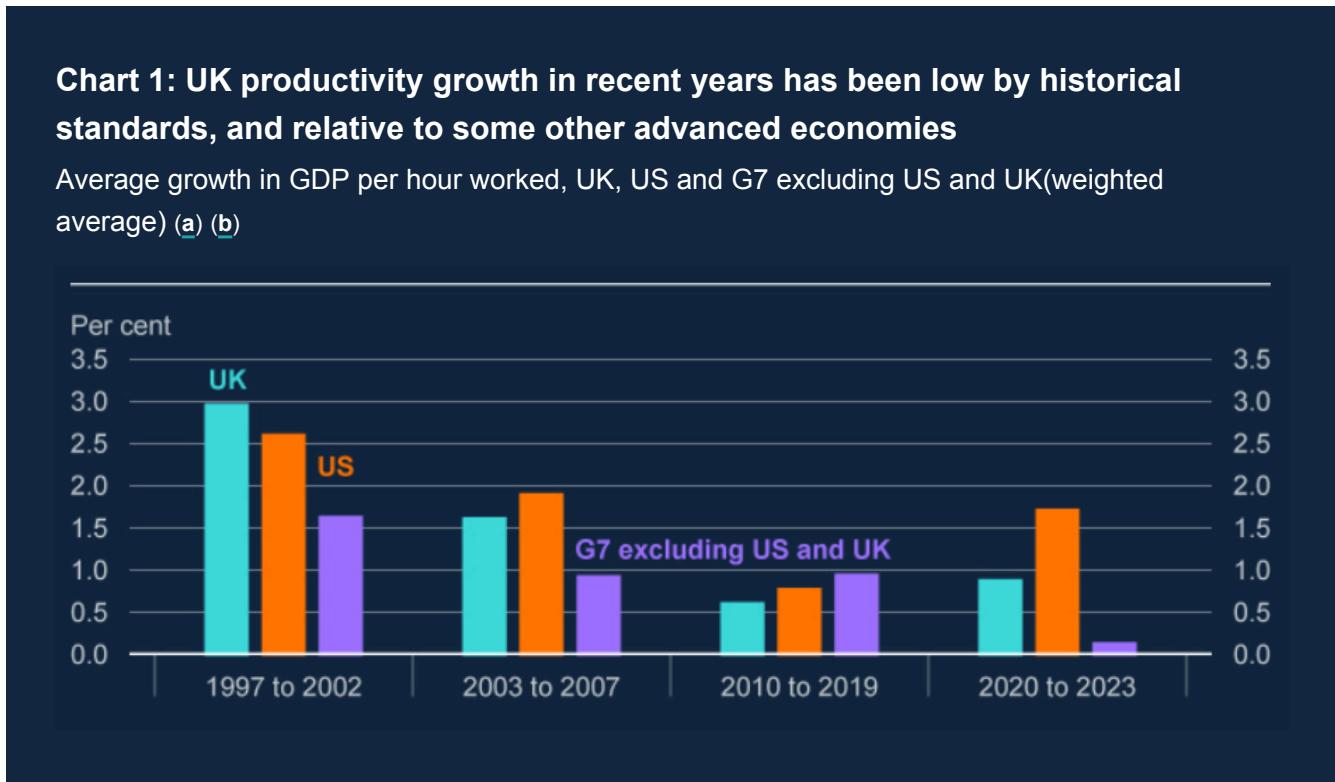
I want to start by exploring this trade-off in more detail and set out my thinking of how our credible, effective and responsive approach in recent years means we have a proportionate resolution regime for banks and building societies which can support growth.

A proportionate and responsive resolution regime supports growth Sustainable economic growth

A credible, effective resolution regime reduces the calibration of bank capital requirements necessary to support financial stability, the foundation for sustainable growth.

As the FPC set out in its recent [Financial Stability Report](#), periods of financial instability negatively impact the provision of vital services to households and businesses, weighing on output and productivity growth. The absence of a credible resolution regime during the GFC

meant the UK Government had to inject £137 billion of public money to stabilise the financial sector. The GFC also resulted in scarring of the economy - a large and permanent hit to the level of productivity and a sustained slowing in its growth rate. Chart 1 shows the UK's productivity growth was lower than the other G7 economies in the decade after the GFC.



Sources: OECD and Bank calculations.

(a) Average year on year growth in GDP per hour worked in 2020 US dollars, chain linked volume (rebased), purchasing power parity (PPP) converted. G7 excluding US and UK is weighted by total GDP in 2020 US dollars, chain linked volume (rebased), PPP converted. Weighted average excludes Canada for 1997 due to unavailable 1996 data.

(b) This chart is not directly comparable to Chart 4.1 of the July 2025 FSR due to an update to the underlying OECD database.

By contrast, a stable financial system supports lower risk and term premia, lowering the cost of borrowing and improving incentives to fund long-term productive investment and sustainable growth.

The GFC raised the question of “who pays?” for a firm’s resolution, to avoid bail-outs with public funds. I’ll return to this question later but it is also relevant to the FPC’s latest assessment of bank capital requirements, which was published in December 2025.

The FPC’s assessment weighs the trade-off between macroeconomic costs and benefits of loss-absorbing capital. On the one hand higher capital requirements can push up on borrowing costs, whilst on the other higher bank capital reduces the likelihood and costs of

financial crises. The FPC judges that the appropriate benchmark for the system-wide level of Tier 1 capital requirements^[2] is now 1 percentage point lower at around 13% of Risk Weighted Assets (RWAs).

A key and material judgement, reaffirmed in the FPC's latest assessment, is that the UK's post-GFC regime, in particular the resolution regime, reduces both the probability and the costs of financial crises. This judgement materially reduces the appropriate level of Tier 1 capital requirements for banks, by about 5 percentage points. Or put another way, if the UK did not have a credible and effective resolution regime banks would need to hold significantly more capital to mitigate risks to public funds. We would not be discussing the reduction from 14% to 13% RWAs, but from 19% to 18% RWAs, other things equal.

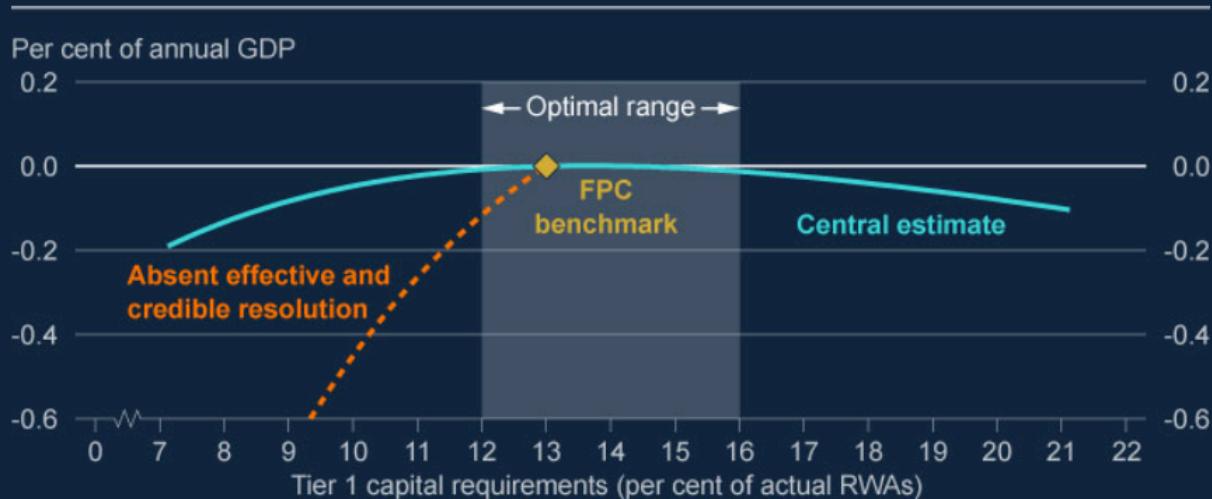
Effective resolution reduces the probability of crises primarily through market discipline. A credible resolution regime transfers the risk of failure from the government to creditors, aiming to reduce or eliminate moral hazard. In the UK, a bail-in risk premium – estimated at c. 30–45bps for a sample of large UK banks – indicates this market discipline, which incentivises banks to reduce excessive risk taking. Market discipline is also evidenced by the actions of credit rating agencies, which have lowered, or removed their expectations of implicit government support for UK bank holding company bondholders. Bank analysis also finds evidence of firm-specific pricing of risk – an encouraging sign of strong market discipline.

A range of studies show that rapid and effective resolution also reduces the economic costs of crises by limiting the otherwise longer-lasting nature of financial crises. [Brooke et al. \(2015\)](#) ↗, the analysis used in the FPC's assessment, assume a material 60% reduction in the net present value (NPV) cost of crises.

Chart 2 shows the FPC's latest assessment of the optimal range of Tier 1 capital requirements for banks. The orange dotted line shows that absent an effective and credible resolution regime the net macroeconomic costs of reducing capital increase sharply.

Chart 2: The net macroeconomic costs of reducing capital are expected to increase sharply below the optimal range and absent effective and credible resolution

Estimates of the expected net benefits of varying system-wide Tier 1 capital requirements relative to the FPC's benchmark, as a percentage of annual GDP (a)



Source: Bank calculations, December 2025 Financial Stability in Focus: The FPC's assessment of bank capital requirements.

(a) Calculations based on the analytical framework set out in [Brooke et al \(2015\)](#). The optimal range shown is consistent with the reported optimal range of 10%–14% of RWAs, plus an additional 2 percentage points of RWAs that reflects the impact of outstanding gaps and shortcomings in the measurement of risk weights on optimal capital requirements.

But as I emphasised at the start, just as our capital framework is not set in stone, neither is our resolution regime. Although our resolution regime is not explicitly subject to a secondary competitiveness and growth objective, it needs to remain responsive to developments.

Proportionality and responsiveness

The [package of policy measures](#) that the Bank and Prudential Regulation Authority (PRA) announced last July responds to the lessons learned from the bank failures of 2023, including provision of a new recapitalisation tool in the Bank's resolution toolkit through the Bank Resolution (Recapitalisation) Act (BRRA), which came into law in July 2025. The measures ensure our regime for banks remains proportionate - recognising the lower risks that smaller and less complex firms generally present to the UK's financial stability and reflecting the need for greater capabilities and assurance that a firm can be resolved as complexity, size and risks in a firm grow – which in turn also supports growth.

Our new tool enables us to use [Financial Services Compensation Scheme \(FSCS\)](#) funds to recapitalise small firms in certain circumstances (effectively through mutualisation of these costs across industry)^[3] providing more flexibility for authorities to respond to events.

Before I cover exactly what changes we have made and how they have impacted firms in practice we need to return to the “who pays?” question.

The UK resolution regime broadly seeks to distinguish *ex ante* between firms whose failure can likely be dealt with adequately via an insolvency process and firms whose failure is likely to require the use of resolution powers. An insolvency process imposes the costs of failure on creditors but cannot be used where there has to be *ex ante* certainty that critical services will continue. Resolution minimises risks to financial stability by maintaining the continuity of critical services and ensuring that shareholders and investors bear the losses, not public funds. There are two broad types of resolution strategy, both require use of our resolution powers: transfer (to a private sector purchaser or a temporary Bank-owned bridge bank) and bail-in.

Where we expect to use our resolution powers to resolve a firm there needs to be adequate equity and subordinated liabilities to absorb the losses and enable orderly resolution. The key mechanism the Bank has employed to ensure this is to set a Minimum Requirement for Own Funds and Eligible Liabilities (MREL), where firms, in effect, self-insure against their own failure with liabilities subordinated in the creditor hierarchy^[4] so that they may be exposed to losses in resolution. In aggregate, for bail-in firms, we now have over £430bn of MREL resources insulating public funds^[5]. Naturally, this self-insurance comes at an upfront cost to firms.

We announced three key changes to our approach in July 2025, illustrated in Figure 1:

- Effective from January this year, we have increased the asset threshold range at which the use of resolution tools is likely to be appropriate from £15-25 billion to £25-40 billion of total assets.

This change means fewer firms will be subject to the Bank’s requirements to plan for resolution in future. In addition, and in line with the PRA’s approach to thresholds more generally, starting in 2028, the Bank has committed to update the total assets indicative thresholds every three years, to take account of nominal economic growth.

- We have introduced greater clarity on whether larger firms, fast approaching or already in the new £25-40bn total assets range, can be expected to be transferred if they fail. We will continue to carefully judge whether a transfer is appropriate or would pose unacceptable risks relative to bail-in.
- Where we judge a transfer strategy is appropriate, we no longer require firms to maintain

MREL above their minimum capital requirements. To be clear, and for the avoidance of any doubt, this means that they won't be required to meet any resolution-based loss-absorbing capacity requirements.

Figure 1: Stylised overview of resolution requirements by firm grouping (a) (b)

	Firm	RAF public disclosure	MREL	RAF policies	Resolution reporting
	Bail-in	✓	✓	✓	✓
£100 billion retail deposits (subject to consultation)	Bail-in	✗	✓	✓	✓
£40 billion total assets	Bail-in	✗	✓	✓	✓
	Transfer	✗	✗	✓	✓
£25 billion total assets	Transfer	✗	✗	✓	✓
	Modified insolvency procedure	✗	✗	✗	✓

Increasing policy expectations and engagement with resolution authority, commensurate to size and complexity of firm

(a) RAF policies: The Restructuring Planning SoP does not apply to transfer firms.

(b) Resolution reporting: Includes maintenance of a Phase 1 resolution pack under PRA SS19/13, which applies to all firms, and MREL and COREP13 reporting, which generally applies to stabilisation power firms.

Returning again to the “who pays” question, transfer firms now don’t face the cost of issuing subordinated debt upfront to self-insure - but because of our new recapitalisation tool, this change also does not increase risks to public funds.

In practice, as a consequence of these changes and as we communicated to firms in December 2025, we have updated the resolution strategies of several firms in the £25-40bn range to transfer so they are no longer required to hold MREL above minimum capital requirements. And because of the new asset threshold range other firms will remain as transfer firms for longer and so will not need to raise MREL as they grow, depicted by moving up in Figure 1.

The ranges I have outlined are indicative. Our judgements on the preferred resolution strategy for firms are made on a firm-by-firm basis and consider a range of factors. We continue to expect the largest firms in the UK to be resolved, if necessary, using our ‘bail-in’ powers, where the firm’s liabilities are converted to equity so it can remain a going concern whilst an orderly restructuring takes place. These firms must therefore continue to meet MREL above minimum capital requirements and the Bank’s other requirements to plan for resolution.

Ensuring readiness to carry-out a bank resolution

In terms of bank resolution, assuming no unexpected developments, we have now implemented the key policy developments I expect us to – certainly in my remaining term as Deputy Governor, which ends in September 2027. But firms must continue to maintain, enhance and test their operational readiness for resolution, as must we. And we must continue to progress work with international authorities to ensure we can execute a bank resolution in the future. I will briefly talk through each of these in turn.

Firm capabilities

At the firm level, the Bank and PRA’s [**Resolvability Assessment Framework**](#) (RAF) is how we assess whether firms have done what they need to do to be ready for resolution. The most recent assessment of the [**major UK banks**](#) provides further reassurance that a major UK bank could enter resolution safely if needed. The latest assessment of mid-tier firms found they continue to make progress in improving their preparations for resolution. Generally, firms have more to do to assure themselves that their capabilities are ready to work in a resolution.

The third assessment for the major UK banks begins later this year, with the findings being published in summer 2027 to provide transparency on the resolvability of each of the eight major UK banks. The focus in the upcoming assessment will be targeted testing of firms’ readiness to continue to operate whilst they are stabilised during a resolution and to prepare for orderly restructuring following a resolution. These tests will mimic the timelines and engagement the Bank expects to have with firms during a resolution and will also reflect the

lessons learned from 2023. Subject to the findings of the third RAF assessment and market developments, we expect to confirm the timing of the fourth assessment as not being before 2029-30. As our approach to the RAF has matured and firms' capabilities have improved we have been able to evolve our approach - we have now made resolvability assessments less frequent but with more realistic testing, balancing robustness, efficiency and proportionality.

The Bank of England's operational readiness

At the Bank, we continue to enhance our own readiness to execute a resolution.

Supporting our principle of flexibility, effective from December 2025, the [PRA](#) increased the FSCS deposit protection limit from £85,000 to £120,000, meaning depositors will be protected up to £120,000 per depositor should their bank, building society or credit union fail. This change helps to maintain the public's confidence in the safety of their money – and in turn it supports the credibility and flexibility of our resolution regime.

Consistent with the importance of transparency, later this year, we expect to publish an operational guide to the transfer resolution strategies for use by those firms either in, or prospectively in, this category. This will include more detail on how we would run our auction/bidder selection process to sell a failed firm to a purchaser - at pace - and under the inherently uncertain circumstances of a resolution. We also expect to publish an update to our operational guide to bail-in.

Cross-border engagement

At the international level, cross-border relationships with international authorities are vital for resolution readiness. We continue to work closely with our international counterparts on issues such as bail-in execution and liquidity in resolution including in international fora, such as the Financial Stability Board (FSB). More broadly, we prioritise investment in our cross-border relationships and cooperation. In October 2025, I was pleased to attend the [Single Resolution Mechanism's 10th Anniversary conference](#)  and participate in a panel exploring the international dimension of bank resolution.

Increasingly we are focusing on practical steps to maintain our operational readiness such as Crisis Management Group (CMG) playbooks and cross-border exercises. For example, we have regularly participated in Trilateral Principal Level Exercises (TPLE) with US, UK and Banking Union (BU) financial regulatory authorities. The last principal-level exercise was hosted by the Federal Deposit Insurance Corporation (FDIC) in April 2024. The exercises are structured to test how authorities would coordinate and respond to a crisis in practice and have helped us to develop a common understanding on key aspects of a GSIB's resolution.

Looking ahead - responding to changes in the financial system

Market-based finance

As I said at the start, we have learned the lessons from previous bank resolutions and the evolution of the banking system - but we must also respond to evolution in the wider financial system.

In a [speech](#) I gave in December 2024, I talked about developments in market-based finance. Market-based finance is an interconnected system of markets, market infrastructure such as central counterparties (CCPs), and non-bank financial institutions (NBFIIs) such as insurers, hedge funds and private finance firms. For a much more comprehensive account I refer you to section 6 of the [December 2025 FSR](#). But for today's purposes, the key point is that the role of market-based finance within the financial system has increased rapidly since the GFC - NBFIIs now account for around half of global and UK financial sector assets. There are some benefits to that shift, but recent periods of financial instability have demonstrated that vulnerabilities in the system of market-based finance can amplify shocks.

It is important that we think about our resolution regime in the context of this changing environment. Given their systemic importance, the focus on our resolution regime for banks over the last decade is justified. But we are now looking beyond banks and have already made progress on CCP resolution.

CCP Resolution

CCPs play a vital role in safeguarding the stability of the global financial system and their resilience^[6] is crucial.

The Financial Services and Markets Act 2023 introduced a new regime for resolving CCPs. The UK regime is fully consistent with FSB standards introduced in 2024 and provides the Bank and His Majesty's Treasury (HMT) with a range of CCP-specific tools and powers designed to enable us to act quickly, flexibly and decisively to handle the failure of a CCP. Like the resolution regime for banks, the CCP regime aims to protect financial stability, public funds and the economy while maintaining the critical functions of the CCP.

But there is more for us to do. Like with banking resolution, we need to operationalise our powers and the Bank's ability to implement its tools effectively depends on firms being sufficiently prepared to support the Bank in taking these actions. We are working to enhance our own operational capacity and preparedness to execute a CCP resolution and we are working with firms to ensure they adequately progress their resolution capabilities. Later this year we expect to consult on resolvability standards for CCPs.

Again cross-border cooperation is crucial – we engage in international knowledge-sharing and have also participated in a series of very valuable exercises and structured discussions with US regulators – to share views on the challenges in this space and review progress in addressing those challenges.

Systemic Stablecoins

Moving on to structural developments in relation to money and payments. In November 2025, the Bank published a [consultation paper](#) on its proposed regulatory regime for sterling-denominated systemic stablecoins.

Trust in money is a critical part of the Bank's mission. As innovation in money and payments accelerates, including through the potential growth of stablecoins, it is our job to ensure that the public can have the same trust in new forms of money as they do in existing ones. Our proposed systemic stablecoin regime is designed to maintain financial stability and enable systemic stablecoin issuers to operate viable business models. Alongside granting such issuers access to a deposit account at the Bank, we are proposing that they can hold a portion of their backing assets in short-term UK government debt. We are also considering putting in place central bank liquidity arrangements to help backstop issuers' ability to monetise those assets if needed.

We look forward to engagement with market participants on the consultation paper as we look to finalise the systemic stablecoin regime by the end of this year.

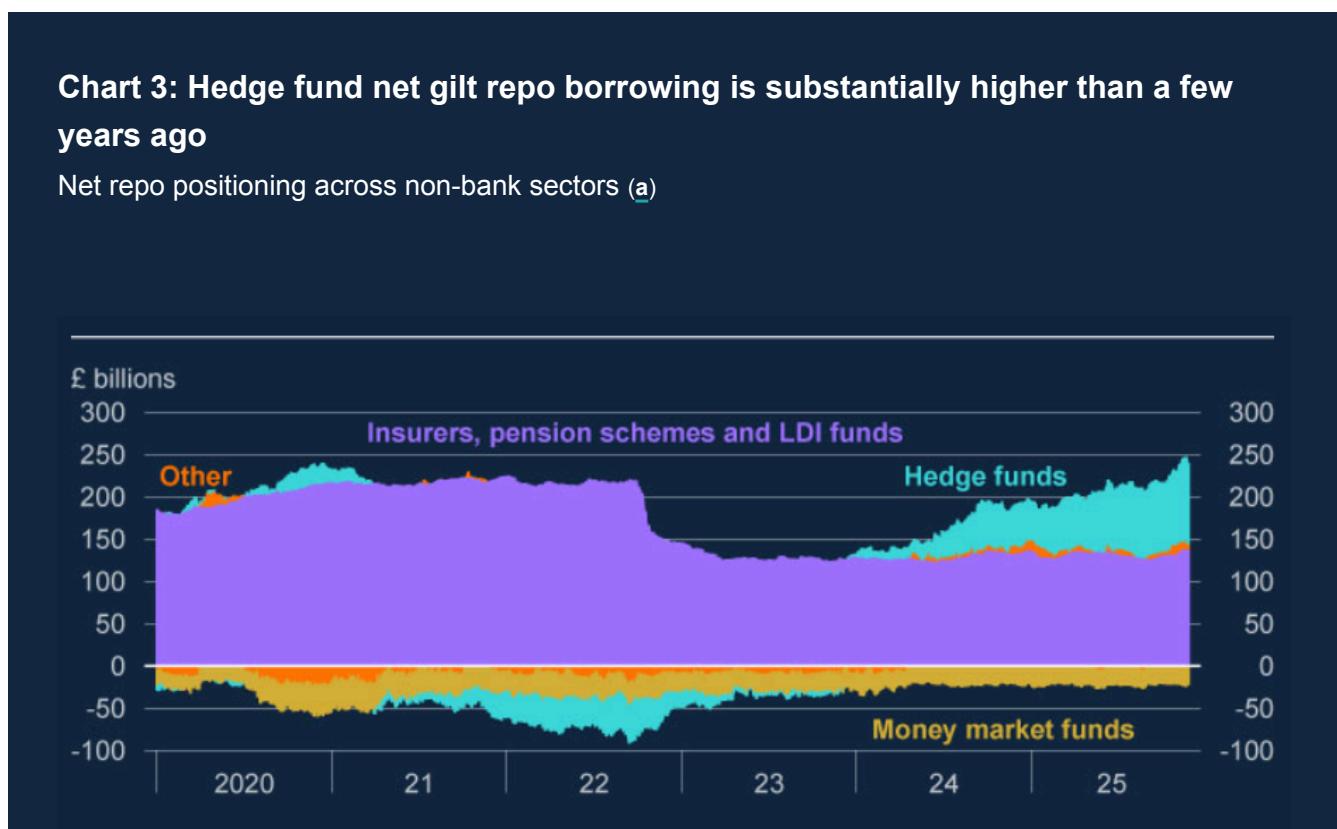
To maintain trust in sterling stablecoins we are also considering what failure arrangements might need to be in place both now and in the future, as the UK systemic stablecoin sector develops. In our consultation we propose to require backing assets, along with reserves of liquid assets for financial risk and insolvency/wind-down costs, to be held in a statutory trust, and to require issuers to keep wind-down plans up-to-date and validated by external auditors. This will help to protect coinholders and support financial stability if a systemic stablecoin were to fail. The Bank will continue to work closely with HMT and other authorities to determine the appropriate interim and comprehensive long-term issuer-failure arrangements for systemic stablecoins. In the longer term, trust in stablecoins may require some form of insurance scheme analogous to that which applies to bank deposits and a statutory resolution arrangement that ensures coinholders are preferred creditors in any insolvency process.

Beyond resolution

Unlike banks, insurers and FMIs, such as CCPs, the Bank does not regulate hedge funds and private finance firms - they are not subject to our governance, financial and operational requirements, they are not part of our stress test exercises and there is no resolution regime for them.

To go beyond resolution, we therefore utilise alternative measures and work to monitor those elements of the market that we do not directly regulate. One groundbreaking piece of work was the Bank's system-wide exploratory scenario (SWES), undertaken in 2024, the first exercise of its kind globally. It helped us to understand the behaviour of NBFIs and their interactions with banks under stress and re-emphasised how vulnerabilities in market-based finance can propagate liquidity stresses in core markets; dynamics we saw through the 2020 'dash for cash' and 2022 Liability Driven Investment (LDI) stress.

It's important for us to understand those interactions between banks and NBFIs, and the vulnerabilities that can emerge in core markets. Overall, exposures have continued to grow, with major UK banks' exposures to NBFIs (excluding derivatives) rising from 17% of total assets in 2018 to 21% in 2024. Within the gilt repo market, hedge funds have been playing an increasingly important role with their net gilt repo borrowing significantly higher than just a couple of years ago, demonstrated by chart 3.



Sources: Sterling money market data (SMMD) and Bank calculations.

(a) Latest data as of 24 November 2025. SMMD data and the sector classification are reviewed on an ongoing basis in order to continuously improve the quality and coverage of the data set.

Whilst hedge funds and private finance firms fall outside of our regulatory perimeter – and so outside of our responsibilities as resolution authority – how they interact with the firms we do regulate is important for how we ensure the resilience of banks, insurers, CCPs and core markets more broadly. Once again, the prevention is as important as the cure – in other

words, we should look to mitigate the risks emanating from the vulnerabilities in market-based finance at the same time as having credible and effective resolution regimes for banks and CCPs.

The Bank is therefore undertaking a range of work to monitor and improve the resilience of market-based finance and respond to structural changes in the UK financial system. Let me highlight just a few of the key developments over the last year.

At the beginning of last year, the Bank launched the [**Contingent NBFI Repo Facility \(CNRF\)**](#). Whilst it is for NBFIs to manage the liquidity risks they face, it is not feasible for NBFIs to maintain a level of resilience that would self-insure against the most extreme system-wide liquidity stresses, where increased liquidity demand may lead to forced selling among NBFIs. In such circumstances, central bank facilities can support financial stability by providing backstop liquidity by lending to NBFIs, reducing their need to sell assets. The CNRF provides this liquidity backstop, enabling eligible counterparties to borrow against gilt collateral from the Bank in the event of severe gilt market dysfunction. We encourage eligible insurance companies and pension funds to continue to sign up[7].

In September, the Bank, in close consultation with the FCA, and with input from HMT and the UK Debt Management Office (DMO), published a [**discussion paper**](#) evaluating the effectiveness and impact of a range of potential reforms to enhance the resilience of the gilt repo market; such as, greater central clearing of gilt repo and minimum haircuts on non-centrally cleared gilt repo transactions. We're grateful for the feedback received and will continue to engage with industry as we progress our thinking on any potential measures.

And, at the end of last year, the Bank announced that it will undertake a second [**SWES**](#) focused on risks from the private markets' ecosystem. Private markets have grown significantly in the UK and are an important source of funding for corporates. The SWES aims to enhance our understanding of the broader risks and dynamics of private markets.

I could describe those initiatives in greater detail. But in the interests of brevity, I will just say that this extensive work to understand new vulnerabilities in the financial system is critical to maintaining financial stability going forward. And our approach should be to remain evidence based, resolute and responsive as those vulnerabilities emerge and evolve.

Conclusion

To conclude, a credible, effective and responsive resolution regime for banks creates a foundation on which our regulatory system can promote growth and competition with financial stability at its core. It protects taxpayers and reduces both the probability and cost of crises, meaning banks can hold lower capital requirements.

But inherent in our work on financial stability and resolution are trade-offs and as our regime evolves, we need to ensure we maintain the right balance. The measures we announced last July implemented the lessons learned from the events of 2023, but also – thanks to our new recapitalisation tool in the Bank’s resolution toolkit – supported a recalibration of the resolution regime for banks, making it more proportionate.

We must continue to ensure we are ready to execute a bank resolution – this means testing firms’ - and our own - capabilities and investing in international relationships and cooperation. But for banks, while we will continue to adapt, assuming no unexpected developments, we have implemented the key resolution policy developments that we expect to.

Looking ahead it’s important our resolution regime responds to changes in the financial system, including the growth of market-based finance and structural developments such as the introduction of new financial products. We have made good progress with our CCP resolution regime, but we have more to do to ensure firms and the Bank are ready to implement a CCP resolution. To maintain trust in money, we are considering what failure arrangements are necessary for systemic stablecoins.

More broadly the Bank is undertaking a range of work, including through the SWES and market monitoring, to understand the vulnerabilities and mitigate the risks presented by the growth in market-based finance and the interlinkages with banks.

The resolution regime has been responsive, and it must continue to respond. Because a credible, effective and responsive resolution regime is a key contributor to financial stability and financial stability is the foundation for sustainable growth.

I would like to dedicate this speech to Pete McCarthy a dear colleague, who very sadly passed away in December 2025. Pete worked in the Bank of England’s Resolution Directorate and he was very enthusiastic about, and dedicated to, his work on resolvability.

I would like to thank Hui Tek Chiew, Adam Cull, Kat Hind, Ed Kent, Amy Sinclair and Jackie Tibbetts for their help in drafting these remarks. I would also like to thank Andrew Bailey, Charlotte Boyce, Sarah Breeden, Geoff Davies, Ludovica Guarnieri, Chris Gynn Andrew Hewitt, Eduardo Orellana, Ruth Smith and Sam Woods for their support and helpful comments.

1. See more on creating a resolution regime for the UK’s global financial system here: [Planning to fail – what resolution is and why it matters | Bank of England](#)

2. In the FPC's assessment the appropriate benchmark for the system-wide level of Tier 1 capital requirements refers to the aggregate level of capital requirements and buffers set by the UK authorities that apply to the major UK banks in a standard risk environment, reflecting the significant role of these banks in supplying vital services to the UK economy. This comprises minimum requirements (Pillar 1 and Pillar 2A), the capital conservation buffer (CCoB), the UK component of the CCyB when set at its neutral rate, and systemic buffers for domestically and globally systemic banks.
3. Similar to a covered depositor payout in a Bank Insolvency Process, the FSCS would only levy the industry subject to their affordability.
4. The creditor hierarchy is the statutory order in which creditors are paid when a company becomes insolvent and its assets are liquidated. The UK's bank resolution framework has a clear statutory order in which shareholders and creditors would bear losses in a resolution or insolvency scenario. CET1 absorbs losses first, followed by AT1 and then Tier 2 in the hierarchy. See: [Bank of England Statement: UK creditor hierarchy | Bank of England](#)
5. This is the aggregate external MREL as of Q3 2025 of UK headquartered firms set a preferred resolution strategy of bail-in by the Bank of England.
6. [Ensuring the resilience of CCPs | Bank of England](#)
7. The CNRF is open to insurance companies, pension funds and LDI funds, which the Bank judges to be appropriately regulated or authorised i.e. they have adequate 'self-insurance'.

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