

# The Single Resolution Mechanism

INTRODUCTION TO RESOLUTION PLANNING



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# CONTENTS

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<b>FOREWORD</b>	<b>5</b>
<b>LIST OF ABBREVIATIONS</b>	<b>6</b>
<b>1. INTRODUCTION</b>	<b>7</b>
1.1. The SRM: a European solution for ending ‘too big to fail’	7
1.2. The SRB in the Banking Union	8
1.3. Banks within the remit of the SRM and the SRB	9
1.4. Tasks of the SRB	10
1.4.1. Introduction	10
1.4.2. Resolution objectives	10
1.4.3. Resolution planning	11
1.4.4. Resolution schemes	11
1.4.5. Single resolution fund	13
1.5. Governance and decision-making	13
1.5.1. Governance of the SRB	13
1.5.2. Preparing and adopting resolution plans	14
1.5.3. Preparing and adopting resolution schemes	15
1.6. International cooperation	17
1.6.1. Cooperation with resolution authorities of non-participating Member States	17
1.6.2. Cooperation with other EU bodies	17
1.6.3. Cooperation with third countries	18
<b>2. RESOLUTION PLANNING</b>	<b>19</b>
2.1. Introduction	19
2.2. Strategic business analysis	22
2.2.1. Introduction	22
2.2.2. Bank structure	22
2.2.3. Financial overview	23
2.2.4. Business model and business lines	24
2.2.5. Critical functions and core business lines	25
2.2.6. Interdependencies	26
2.2.7. Critical IT systems and critical financial market infrastructures	27

<b>2.3. Preferred resolution strategy</b>	<b>28</b>
2.3.1. Introduction	28
2.3.2. Credibility and feasibility of normal insolvency proceedings	28
2.3.3. Factors determining the preferred resolution strategy	29
2.3.4. Resolution approach	30
2.3.5. Determination of relevant scenarios	30
2.3.6. Financial restructuring strategy	30
2.3.7. Business restructuring strategy	31
<b>2.4. Financial and operational continuity in resolution</b>	<b>32</b>
2.4.1. Introduction	32
2.4.2. Financial continuity	32
2.4.3. Operational continuity	33
2.4.4. Ensuring access to FMI and preventing disruption to client activity	34
<b>2.5. Information and communication plan</b>	<b>34</b>
2.5.1. Introduction	34
2.5.2. Governance of information provision	34
2.5.3. Management information systems	35
2.5.4. Communication framework	36
<b>2.6. Conclusion of the assessment of resolvability</b>	<b>37</b>
2.6.1. Introduction	37
2.6.2. Assessment of current resolvability	37
2.6.3. Measures to address or remove impediments	38
2.6.4. Determination of MREL	38
<b>2.7. Opinion of the bank</b>	<b>41</b>
<b>2.8. Management summary</b>	<b>41</b>
2.8.1. Introduction	41
2.8.2. Key elements of the resolution plan	41
2.8.3. Material changes	41
2.8.4. Implementation plan	41
<b>CONCLUDING REMARKS</b>	<b>42</b>
<b>ANNEX</b>	<b>43</b>

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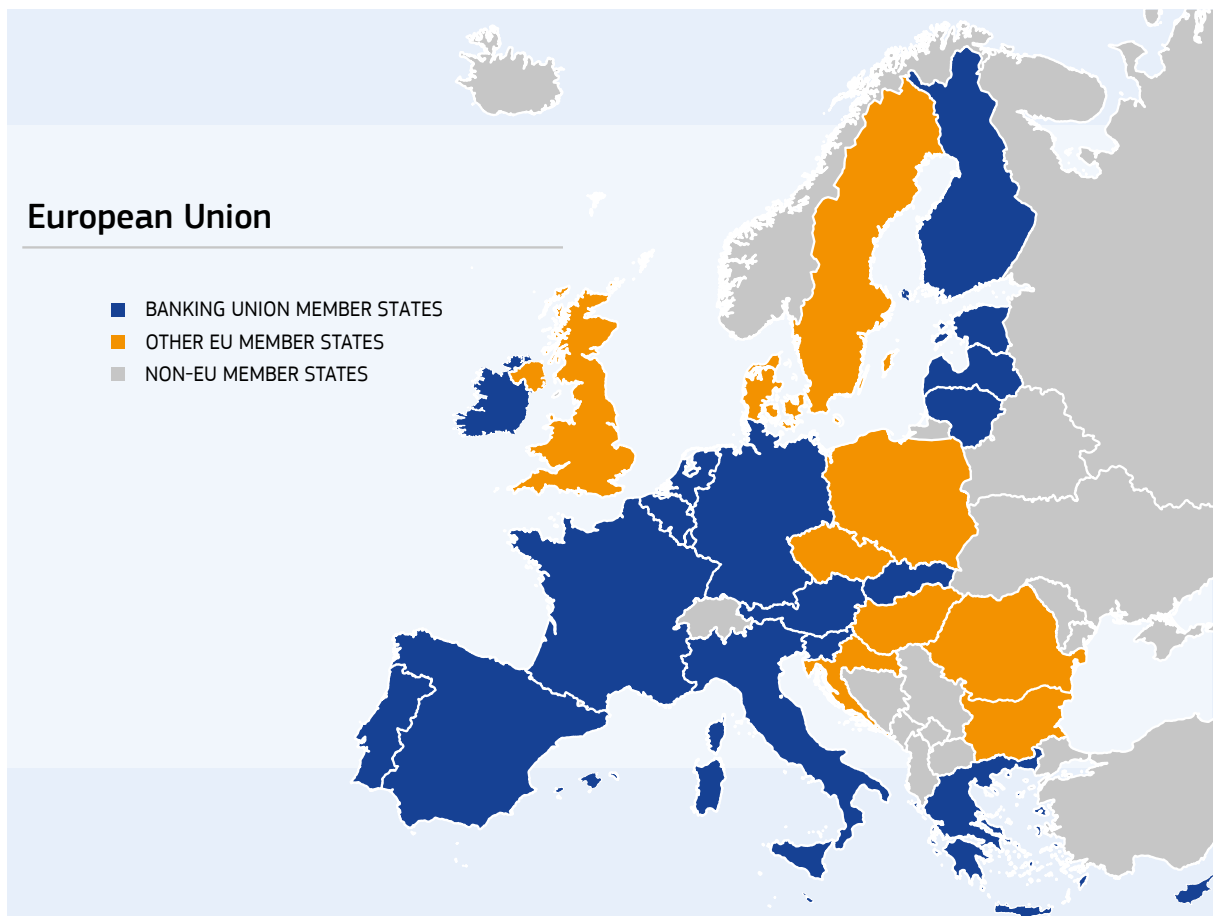
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# FOREWORD

In force from January 2015, the Single Resolution Mechanism (SRM) is the new system of bank resolution comprising the Single Resolution Board (SRB) and National Resolution Authorities of the participating Member States of the Banking Union (NRAs) (see Figure 1). The SRM constitutes one of the pillars of the Banking Union. It complements the Single Supervisory Mechanism (SSM), the unified system of banking supervision in the Banking Union. The SSM and the SRM aim to ensure the banking system in the Banking Union is safer.

The SRM's mission is to ensure an orderly resolution of failing banks and banking groups (hereafter 'banks'), with minimum impact on the real economy and public finances of the participating Member States of the Banking Union. Responsibilities are allocated among the SRB and the NRAs, as set out in the SRM Regulation (SRMR). The role of the SRB and the NRAs is not limited to crisis situations, but is primarily focused on planning and preparatory measures, such as drawing up resolution plans, setting appropriate levels of Minimum Requirements for own funds and Eligible Liabilities (MREL), and addressing impediments to resolvability. A resolution plan comprises a comprehensive description of credible and feasible resolution actions which the SRM may implement if a bank meets the conditions for resolution.

Figure 1: Participating Member States of the Banking Union



# LIST OF ABBREVIATIONS

<b>AT1</b>	Additional Tier 1	<b>LAA</b>	Loss-absorption amount
<b>BRRD</b>	Bank Recovery and Resolution Directive (Directive 2014/59/EU)	<b>LCR</b>	Liquidity Coverage Ratio
<b>CET1</b>	Common Equity Tier 1	<b>LDT</b>	Liability Data Template
<b>CMG</b>	Crisis Management Group	<b>MoU</b>	Memorandum of Understanding
<b>DGS</b>	Deposit Guarantee Scheme	<b>MPE</b>	Multiple Point of Entry
<b>DGSD</b>	Deposit Guarantee Schemes Directive (Directive 2014/49/EU)	<b>MREL</b>	Minimum Requirement for own funds and Eligible Liabilities
<b>EBA</b>	European Banking Authority	<b>NCA</b>	National Competent Authority
<b>EC</b>	European Commission	<b>NRA</b>	National Resolution Authority
<b>ECB</b>	European Central Bank	<b>NSFR</b>	Net Stable Funding Ratio
<b>EDIS</b>	European Deposit Insurance Scheme	<b>RAP</b>	Resolvability Assessment Process
<b>ERC</b>	European Resolution College	<b>RCA</b>	Recapitalisation Amount
<b>EU</b>	European Union	<b>RTS</b>	Regulatory Technical Standard
<b>FMI</b>	Financial market infrastructure	<b>SLA</b>	Service Level Agreement
<b>FSB</b>	Financial Stability Board	<b>SPE</b>	Single Point of Entry
<b>G20</b>	International forum for the governments of 20 major economies	<b>SRB</b>	Single Resolution Board
<b>G-SIB</b>	Global Systemically Important Bank	<b>SREP</b>	Supervisory Review and Evaluation Process
<b>GLRA</b>	Group Level Resolution Authority	<b>SRF</b>	Single Resolution Fund
<b>ICSD</b>	Investor Compensation Scheme Directive (Directive 97/9/EC)	<b>SRM</b>	Single Resolution Mechanism
<b>IRT</b>	Internal Resolution Team	<b>SRMR</b>	Single Resolution Mechanism Regulation (Regulation 806/2014)
		<b>SSM</b>	Single Supervisory Mechanism



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# 1. INTRODUCTION

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## 1.1. The SRM: a European solution for ending ‘too big to fail’

*The crisis revealed the need to overhaul the regulatory framework for banks...*

The financial crisis that unfolded in 2008 showed that authorities lacked the tools and preparation to wind down banks in an orderly manner. Ending the so-called ‘too big to fail’ problem and the undesirable feedback loop between banks and governments went to the top of the political agenda of the G20 group of nations. The G20 endorsed **the Key Attributes for Effective Resolution Regimes of the Financial Stability Board (FSB)** in October 2011 and annexes were added in October 2014. This international reference document requires member jurisdictions to establish frameworks for the orderly wind down – referred to as ‘resolution’ – of large, systemically important financial institutions.

The EU’s response was to establish an orderly cross-border resolution mechanism via the Bank Recovery and Resolution Directive (BRRD), which provides resolution authorities with comprehensive powers and resolution tools to intervene when a bank meets the conditions for resolution. Resolution authorities have to prepare resolution plans detailing how a bank will be resolved, in a way that achieves the resolution objectives, while ensuring taxpayers avoid carrying the burden, as was the case in the recent crisis. The BRRD, the Deposit Guarantee Scheme Directive (DGSD), the European Commission (EC) Delegated Acts, prepared on the basis of Technical Standards drafted by the European Banking Authority (EBA), and the EBA’s Guidelines, form a single rulebook for the EU for resolution planning and execution and the application of Deposit Guarantee Schemes (DGSS) (see the Annex for a current list of EC Delegated Acts, EBA Technical Standards, and EBA Guidelines).

*... and build an appropriate bank resolution regime for the Banking Union*

Though this single rulebook achieves a high degree of harmonisation across the EU, it was soon recognised that a network of national resolution authorities and resolution funds was unsuited to Member States that share a common currency and are supervised by a single supervisory system, the SSM. As a consequence, the EU adopted the SRMR to create the SRM, with a strong centralised decision-making body, the Single Resolution Board (SRB), and the Single Resolution Fund (SRF). This set-up provides key benefits:

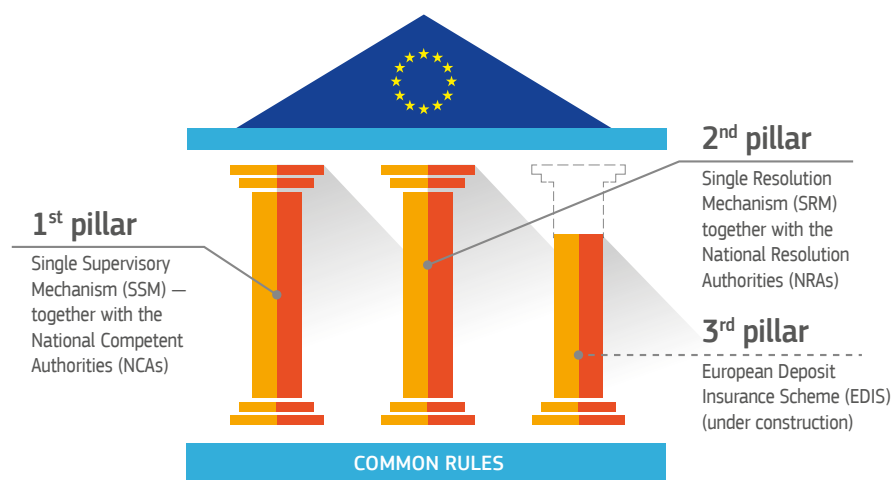
- ▶ Strong, centralised and independent decision-making ensures that resolution decisions across participating Member States of the Banking Union are taken effectively and quickly, avoiding uncoordinated action, minimising negative impact on financial stability, limiting the need for public financial support and ensuring a level playing field.
- ▶ The SRF pools significant resources from bank contributions and therefore protects taxpayers more effectively than national funds, while at the same time providing a level playing field for banks across participating Member States of the Banking Union.

## 1.2. The SRB in the Banking Union

### *The SRB: the single resolution authority for the Banking Union*

The SRM is one of the pillars of the Banking Union, alongside the SSM (see Figure 2). As of November 2014, the SSM is the new system of banking supervision in the Banking Union, comprising the European Central Bank (ECB) and national supervisory authorities of the participating Member States (National Competent Authorities). Under the SRM, centralised decision-making power in respect of resolution has been entrusted to the SRB, which derives its powers from both the BRRD and the SRMR.

Figure 2: Pillars of the Banking Union



The SRMR, adopted in July 2014, creates an integrated decision-making framework for resolution in the Banking Union as a complement to the SSM, which pursues a similar

objective with respect to supervision. The SRB works in close cooperation with NRAs. The NRAs are the resolution authorities of the participating Member States of the Banking Union, which are empowered to exercise resolution powers over banks within their own remit and, in compliance with a resolution scheme adopted by the SRB, the banks within the SRB's remit. The SRB and the NRAs closely cooperate with the SSM, the EC, the Council of the European Union, the European Parliament, as well as other European and international authorities.

### **SRB'S VISION**

The SRB aims to become a trusted and respected resolution authority with a strong resolution capacity and the ability to act swiftly and in an appropriate, consistent and proportionate manner in establishing and enforcing an effective resolution regime for banks in the Banking Union, thus avoiding future bail-outs. The role of the SRM is proactive: rather than waiting for resolution cases to occur, the SRB, in cooperation with NRAs, focuses on resolution planning and preparation with a forward-looking mindset, to avoid the potential negative impact of bank failure on the economy and financial stability.

The SRB has been operational as an independent EU Agency since 1 January 2015. The SRM started its work on developing resolution plans for banks

from January 2015 and became fully operational, with a complete set of resolution powers, on 1 January 2016.

### *The SRB's operating structure*

The Chair is responsible for, inter alia, the management of the SRB, its budget, preparing the work of the SRB in its Executive and Plenary Sessions, all staff matters, and matters of day-to-day administration. The Vice-Chair and the four full-time Board Members are responsible for individual directorates:

- ▶ Directorate A Resolution Strategy and Cooperation provides resolution expertise, including expertise related to financial stability analysis, and aims to ensure a common understanding within the SRM of horizontal and policy topics; in general, this Directorate also manages the SRB's cooperation with its stakeholders, like the EC and the ECB;
- ▶ Three directorates (Resolution Planning and Decisions B, C and D) are directly responsible for preparing resolution plans and, if necessary, resolution schemes for the banks within the SRB's remit, in cooperation with NRAs within the forum of Internal Resolution Teams (IRTs). As a general rule, each directorate covers specific countries;
- ▶ The Vice-Chair is responsible for Directorate E Corporate Services and the Single Resolution Fund. This directorate manages functions such as Human Resources, Information Technology, Finance and Procurement and Facilities, and is responsible for raising contributions to, as well as managing and investing the resources of, the SRF to ensure, if need be, the effective application of the resolution tools;
- ▶ Additionally, in the performance of her tasks, the Chair is assisted by a dedicated staff. In this regard, the General Counsel and Corporate Secretariat, the Policy Coordination and International Relations unit, the Communications team, Internal Audit and Accountant all form independent units within the SRB, reporting directly to the Chair.

### **SRB'S MISSION**

The SRB is the resolution authority for significant banks and other cross-border groups within the Banking Union. Together with NRAs, it forms the SRM. The NRAs play a key role within the Banking Union. The mission of the SRB is to ensure the orderly resolution of failing banks with minimum impact on the real economy and public finances of the participating Member States of the Banking Union.

## **1.3. Banks within the remit of the SRM and the SRB**

The SRM is responsible for the resolution of all banks in participating Member States of the Banking Union.

The SRB is the resolution authority for:

- ▶ banks which are considered significant or in relation to which the ECB has decided to exercise directly all of the relevant supervisory powers; and
- ▶ other cross-border groups, where both the parent and at least one subsidiary bank are established in two different participating Member States of the Banking Union.

As of 1 June 2016, the SRB's remit covers a total of 142 banks, including 129 banking groups:

- ▶ 14 significant banking groups (including all 8 Global Systemically Important Banks (G-SIBs) established in the Banking Union); and
- ▶ 15 other cross-border banking groups.

The number of banks within the SRB's direct remit is bound to change over time, as new banks are established and existing banks leave the market. The list of banks within the SRB's remit is published on the SRB's website.

NRAs are responsible for all other banks. However, where necessary to ensure the consistent application of high resolution standards, the SRB can decide, or an NRA can request the SRB, to exercise directly all its powers with regard to banks that are originally within an NRA's remit. Moreover, if a resolution action requires the use of the SRF, the SRB is responsible for the adoption of the resolution scheme for that bank.

The SRMR provides that the SRB is responsible for the effective and consistent functioning of the SRM. The SRB may issue general instructions for the attention of NRAs and may issue warnings to an NRA where the SRB considers that a decision that NRA intends to adopt does not comply with the SRMR or with the SRB's general instructions.

## 1.4. Tasks of the SRB

### 1.4.1. Introduction

The SRB, in cooperation with NRAs, is responsible for preparing resolution plans. Should a bank within the SRB's remit meet the conditions for resolution (see for the conditions for resolution below under Resolution schemes), the 'extended' Executive Session of the SRB, in which the SRB and relevant NRA(s) are represented, will adopt a resolution scheme and the relevant NRA(s) will implement the scheme.

The SRB is also in charge of the SRF. The SRF is financed by the banking sector. It has been set up to ensure that financial support is available as a last resort, after private solutions have been ruled out and after the owners and creditors have borne losses.

### 1.4.2. Resolution objectives

When applying resolution tools and exercising resolution powers, the SRB and, where relevant, NRAs, take into account the resolution objectives, and choose those resolution tools and resolution powers which best achieve the pertinent resolution objectives.

The BRRD and the SRMR set the following resolution objectives:

- ▶ to ensure the continuity of critical functions;
- ▶ to avoid significant adverse effects on financial stability, in particular by preventing contagion, including to market infrastructures, and by maintaining market discipline;
- ▶ to protect public funds by minimising reliance on extraordinary public financial support;
- ▶ to protect depositors covered by the Deposit Guarantee Scheme Directive (DGSD) and investors covered by the Investor Compensation Scheme Directive (ICSD);
- ▶ to protect client funds and client assets.

When pursuing the resolution objectives, the SRB and, where relevant, NRAs will seek to minimise the cost of resolution and avoid destruction of value unless necessary to achieve the resolution objectives.

### 1.4.3. Resolution planning

One of the key tasks of the SRB and NRAs is to draft resolution plans for the banks. Resolution plans are prepared by the SRB and NRAs within the forum of IRTs. IRTs are the main fora via which the SRB and NRAs cooperate in performing resolution activities (resolution planning and preparation of resolution schemes) at expert level. IRTs are composed of staff of the SRB and of the relevant NRAs, and are headed by coordinators appointed from the SRB's senior staff. The purpose of a resolution plan is to determine the bank's critical functions, to identify and address any impediments to its resolvability and to prepare for its possible resolution. A resolution plan is a comprehensive document, which details the characteristics of a bank and describes the preferred resolution strategy for that bank, including which resolution tools to apply. It concludes with a resolvability assessment of the bank. The purpose of this assessment is to identify and to address any impediments to the resolution of the bank and to set its MREL.

### 1.4.4. Resolution schemes

Resolution is the application of one or more resolution tools to a bank in order to achieve the resolution objectives.

The resolution of a bank occurs when the authorities determine that:

- ▶ the bank is failing or likely to fail;
- ▶ there are no supervisory or private sector measures that can restore the bank to viability within a short timeframe (for example, by taking actions set out in the bank's recovery plan); and
- ▶ resolution is necessary in the public interest, i.e. the resolution objectives would not be met to the same extent if the bank were wound up under normal (national) insolvency proceedings.

Figure 3: Conditions for resolution



The ECB, after consulting the SRB, determines whether a bank is failing or likely to fail. However, the SRB can make such an assessment after informing the ECB of its intention and only if the ECB does not make such an assessment within three calendar days of receipt of that information. The ECB shall provide all relevant information about a bank to the SRB to help inform its assessment process. The SRB remains ultimately responsible to determine whether no alternative solution is available and whether a resolution action is necessary in the public interest (see Figure 3).

If a bank meets the relevant conditions, the SRB places the bank under resolution. This is achieved by the adoption of a resolution scheme, which determines what resolution tools are to be applied to the bank and, if necessary, whether the SRF is to be used to support the resolution action. Before any resolution action is taken, the capital instruments of the bank must be written down or converted. The resolution tools are (see Figure 4):

- ▶ the sale of business tool;
- ▶ the bridge institution tool;
- ▶ the asset separation tool; and
- ▶ the bail-in tool.

The relevant NRAs take the necessary steps to implement the resolution scheme.

Figure 4: Resolution tools



#### 1.4.5. Single Resolution Fund

For the SRM to be credible, resolution funding arrangements are required as a last resort, once owners and creditors have first borne losses. For that reason, the SRF was established. The SRB owns and administers the SRF. The SRB may only use the SRF for the purpose of ensuring the efficient application of the resolution tools and exercise of the resolution powers. Where the bail-in tool is to be applied and certain eligible liabilities are to be excluded from its scope, the SRB may only use the SRF to cover losses or to recapitalise the entity once a contribution to loss absorption or recapitalisation equal to at least 8% of total liabilities of the bank, including own funds, has been made by the bank's owners and creditors. The SRF is composed of national compartments for a transitional phase of 8 years before becoming fully mutualised. The amount of funds is built up over time with contributions from the banking sector raised at national level by NRAs.

The aggregate target size of the SRF is to equal at least 1% of covered deposits of all banks in the participating Member States of the Banking Union. The target size of the SRF is dynamic and changes automatically as the amount of covered deposits varies.

#### SRB'S MAIN TASKS

- ▶ To draft resolution plans for the banks under its direct responsibility.
- ▶ To carry out the assessment of the banks' resolvability and to address impediments to resolution.
- ▶ To set the level of MREL.
- ▶ To take necessary actions following early intervention measures adopted by the ECB or the NCAs.
- ▶ To adopt resolution schemes (placing an entity under resolution, determining the application of resolution tools and determining, where necessary, the use of the SRF to support the resolution action).
- ▶ To raise contributions for the SRF and to manage and invest its resources.

## 1.5. Governance and decision-making

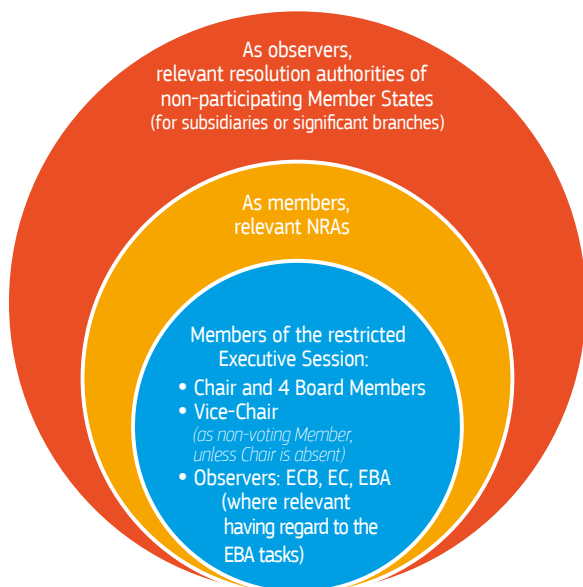
### 1.5.1. Governance of the SRB

Depending on the tasks, the SRB convenes in different compositions:

- ▶ The Executive Session
  - ▶ The 'restricted' Executive Session (see Figure 5) is composed of the Chair and the four further full-time Board Members. The Vice-Chair participates in the 'restricted' Executive Session as a non-voting member, but carries out the functions of the Chair in her absence.
  - ▶ In case the Executive Session deliberates on a specific bank, the Executive Session is extended ('extended' Executive Session) to include the Board Members that represent relevant NRAs. Hence, the composition of the 'extended' Executive Session depends on the individual bank in issue. If the 'extended' Executive Session is not able to reach a joint agreement by consensus, the Chair and the four further full-time Board Members take a decision by simple majority.
- ▶ The Plenary Session is composed of the Chair, the four further full-time Board Members and the Board Members representing all NRAs. Similar to the Executive Session, the Vice-Chair participates in the Plenary Session as a non-voting member, but carries out the functions of the Chair in her absence.

The EC and the ECB have permanent observer status in all meetings of the Executive and Plenary Sessions of the SRB. Where relevant, other observers may be invited on an ad hoc basis to the Executive and Plenary Sessions. Where the ‘extended’ Executive Session deliberates on a bank that has subsidiaries or significant branches in non-participating Member States, the resolution authorities of those Member States are invited to participate in the meeting.

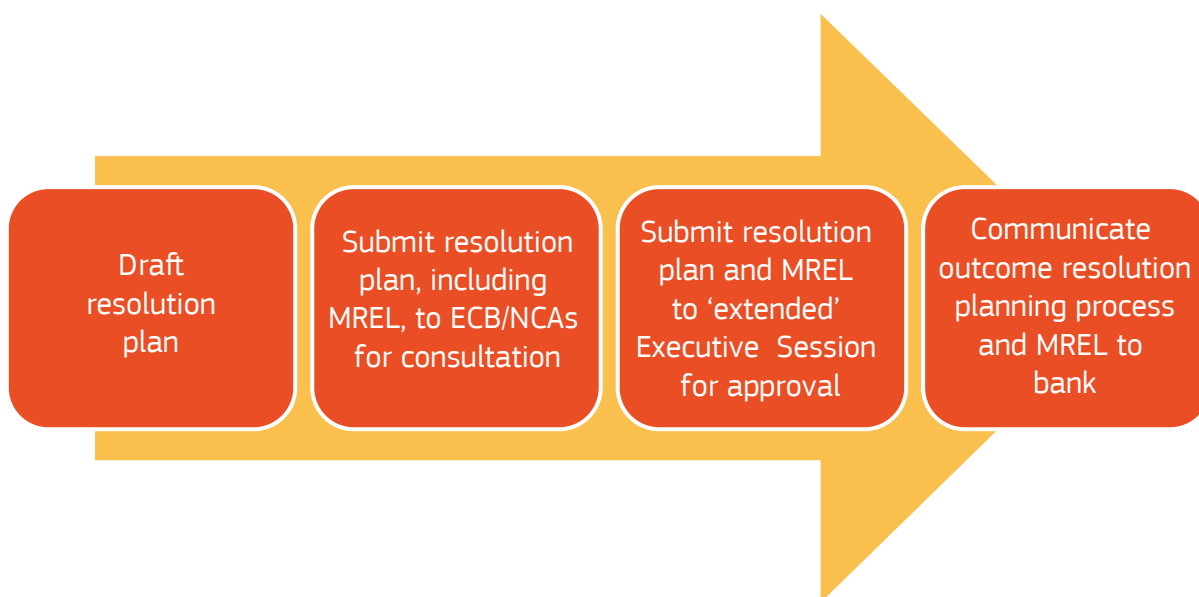
Figure 5: ‘Restricted’ and ‘extended’ Executive Session



1.5.2. Preparing and adopting resolution plans

While recovery plans are written by the banks, resolution plans are written by resolution authorities. Where the SRB is the resolution authority, this happens in so called IRTs. Resolution authorities of non-participating Member States may participate as observers, where appropriate. Resolution plans are adopted by the SRB in its ‘extended’ Executive Session

Figure 6: Resolution plans: preparation and adoption process where no Resolution College is required

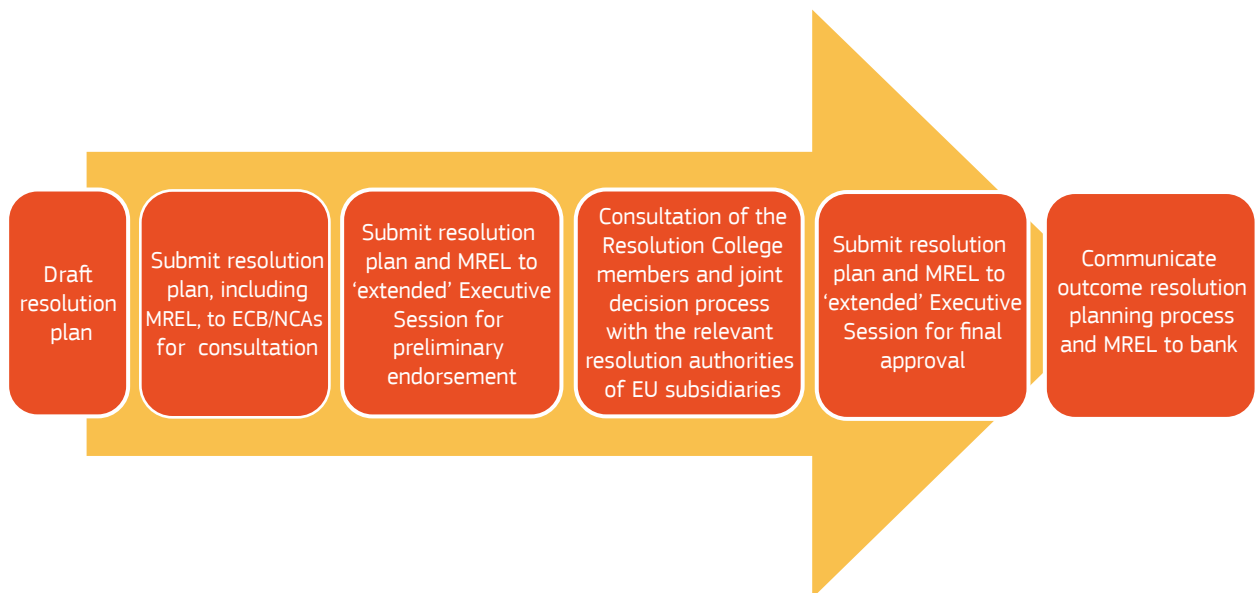




The decision-making process for resolution plans is different for banks without subsidiaries or significant branches in non-participating Member States compared to those with subsidiaries or significant branches in non-participating Member States, for which a Resolution College is established (see section 1.6 for more information on Resolution Colleges). Where there is no requirement for a Resolution College, the IRT prepares the resolution plan before entering into the formal adoption process. The steps of that process include consulting the ECB (or the NCA), obtaining approval from the SRB in its 'extended' Executive Session, then communicating the outcome of the resolution planning process to the relevant bank (see Figure 6).

For banks with a Resolution College, a joint decision should be sought within the Resolution College, wherever possible. This involves preparing joint decision timetables and written arrangements to ensure smooth and efficient functioning of the Resolution College, as prescribed in the **Commission Delegated Regulation 2016/1075 on, inter alia, the functioning of Resolution Colleges** (see Figure 7).

*Figure 7: Resolution plans: preparation and adoption process where a Resolution College is required*



### 1.5.3. Preparing and adopting resolution schemes

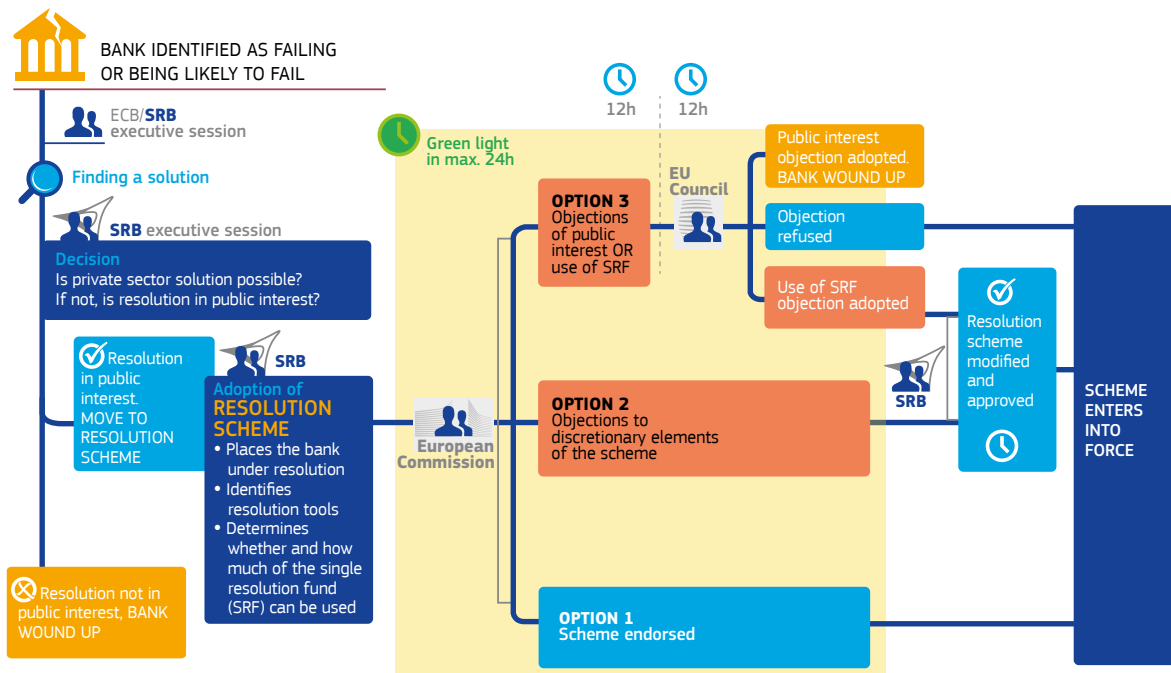
Upon the determination by the 'extended' Executive Session of the SRB that a bank meets the conditions for resolution, the SRB will adopt a resolution scheme, determining the application of the relevant resolution tools and, if necessary, the use of the SRF. Where the resolution action involves the use of the SRF or the granting of State aid, the resolution scheme can only be adopted after the EC has adopted a positive or conditional decision concerning the compatibility of such aid with the internal market. Relevant NRAs are closely involved in the preparation and adoption of a resolution scheme. The IRTs prepare the resolution schemes.

In general, the 'extended' Executive Session of the SRB adopts a resolution scheme and places a bank under resolution. However, if over €5 billion of the SRF (or €10 billion of liquidity support) is to be used, the resolution scheme prepared by the 'extended' Executive Session is deemed to be adopted, unless, within three hours after submission of the draft resolution scheme, at least one member of the Plenary Session calls a meeting of the Plenary Session. In the latter case, the Plenary Session will decide on the resolution scheme. If more than €5 billion of the SRF is used in any rolling 12-month period, the Plenary Session evaluates the application of the resolution tools and provides guidance which the Executive Session must follow in subsequent resolution decisions.

Once the SRB has adopted a resolution scheme, it sends the scheme to the EC. The scheme may only enter into force if no objection is expressed by the EC or the Council of the European Union within a period of 24 hours. If the EC endorses the scheme, it enters into force. However, if the EC objects to certain aspects of the scheme, the SRB shall modify it accordingly, after which is approved and enters into force. Alternatively, the EC can propose to the Council of the European Union that it objects to the scheme either because there is no public interest, or to require a material modification to the use of the SRF. If the Council of the European Union objects to the scheme because it is not in the public interest, the bank will be wound up in an orderly manner in accordance with the applicable national law. If the Council of the European Union approves the modification to the use of the SRF, the SRB modifies the scheme accordingly, after which it is approved and enters into force. If the Council of the European Union rejects the EC's proposal, the scheme enters into force in its original form.

All this is foreseen to take place within very tight deadlines in order to allow resolution of a failing bank over a weekend (see Figure 8).

Figure 8: Resolving failing banks



Relevant NRAs will take the necessary actions to implement the resolution scheme. The SRB will monitor the execution of the resolution scheme by the relevant NRAs at national level and, should an NRA not comply with the resolution scheme, the SRB can directly address executive orders to the bank under resolution.

## 1.6. International cooperation

### 1.6.1. Cooperation with resolution authorities of non-participating Member States

For banks headquartered in the Banking Union and with one or more subsidiaries or significant branches in one or more non-participating Member States, or vice-versa, Resolution Colleges bring the SRB and the relevant resolution authorities together to discuss and agree on resolution planning and other resolution matters. Depending on where the bank is headquartered, the SRB or the resolution authority of a non-participating Member State is the so-called Group-Level Resolution Authority (GLRA). The way in which Resolution Colleges are expected to work and the interaction among the members of the Resolution Colleges is defined in the **Commission Delegated Regulation 2016/1075**.

Resolution Colleges are composed of the following members:

- ▶ the GLRA, which is the SRB for banks under its direct responsibility;
- ▶ the relevant NRAs for the entities under the NRA's direct responsibility (the relevant NRAs are only observers for the banks within the SRB's direct remit);
- ▶ the resolution authorities of non-participating Member States in which a parent company, subsidiary, or significant branch is located;
- ▶ the consolidating supervisor (for banks under the SRB's direct responsibility, the consolidating supervisor can be either the ECB or, for the other cross-border groups, the relevant NCA) and the supervisory authorities of the Member States where the resolution authority is a member of the Resolution College;
- ▶ the competent ministries, where the resolution authorities which are members of the Resolution Colleges are not the competent ministries;
- ▶ the authorities responsible for the Deposit Guarantee Schemes (DGSs) of relevant Member States; and
- ▶ the EBA, as non-voting member.

The resolution authorities of third countries (i.e. countries outside of the EU) where a parent undertaking, a credit institution or an investment firm established in the EU has a significant subsidiary or branch, may at their request be invited to participate in the Resolution College as observers, provided that they are subject to equivalent confidentiality requirements.

Furthermore, European Resolution Colleges (ERCs) must be set up where two or more subsidiaries or significant branches are located in the EU of a parent undertaking, credit institution or investment firm that is headquartered in a third country.

### 1.6.2. Cooperation with other EU bodies

The SRB works closely with other EU bodies. Key stakeholders in this respect are:

- ▶ The ECB, as the supervisory authority of the significant banks within the SRB's remit. The SRB and the ECB have signed a **Memorandum of Understanding (MoU)** covering, amongst other things, information exchange and cooperation between the two authorities;

- ▶ The EC, given its role in the decision-making process regarding resolution schemes;
- ▶ The EBA, given its role in the regulatory process and in the convergence of resolution practices, including mediation and the efficient functioning of Resolution Colleges.

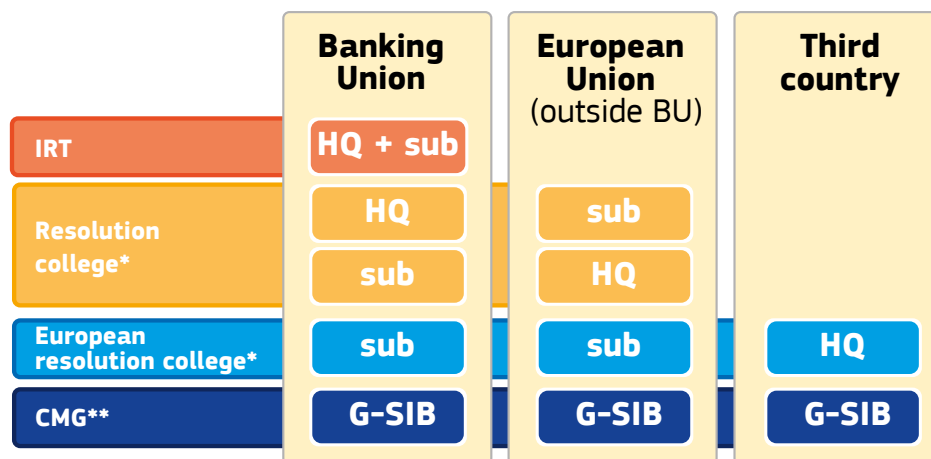
### 1.6.3. Cooperation with third countries

Crisis Management Groups (CMGs) have been set up for G-SIBs, as recommended by the FSB in its **Key Attributes for Effective Resolution Regimes**. CMGs are composed of the resolution authorities, supervisory authorities, central banks, finance ministries and public authorities responsible for DGSs of the countries where entities of the G-SIBs are located that are considered material to potential resolution of the G-SIBs. The authorities involved in CMGs sign institution specific Cooperation Agreements in which they specify the information exchange between them and the processes for information sharing with non-CMG authorities.

A **Resolvability Assessment Process (RAP)** is conducted annually in respect of all G-SIBs to promote adequate and consistent reporting on resolvability at a global level and to determine what should be done to address material recurring issues with respect to resolvability. The RAP conducted in each CMG is summarised in a so-called 'RAP letter' addressed to the Chair of the FSB. The SRB is in charge of preparing such letters for all G-SIBs within its remit.

See Figure 9 for a graphical representation of the interactions between resolution authorities within the Banking Union, the EU and globally.

Figure 9: Cooperation fora between resolution authorities



The figure highlights possible bank structures and the scope of the regulatory bodies relevant for resolution purposes.

HQ = headquarters, sub = subsidiaries. Subsidiaries also include significant branches.

\* \* A Resolution College also needs to be set up if HQ + sub are located in different non-participating Member States. A European Resolution College also needs to be set up if both subsidiaries are located in the EU, either within or outside the Banking Union. This also applies to situations whereby banks have a financial holding company in the EU.

\*\* CMGs bring together home and key host authorities of all G-SIBs.

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## 2. RESOLUTION PLANNING

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### 2.1. Introduction

#### PURPOSE

One of the main tasks of the SRB is to plan for the resolution of banks to ensure their resolvability. The purpose of resolution planning is:

- ▶ to obtain a comprehensive understanding of the banks and their critical functions,
- ▶ to identify and address any impediments to their resolvability, and
- ▶ to be prepared for their resolution if needed.

#### PROCESS

The resolution planning process (see Figure 10) is reflected in the chapters of a resolution plan:

- ▶ 1: Strategic business analysis

As the first step, a detailed overview of the bank is produced. The overview describes the bank's structure, financial position, business model, critical functions, core business lines, internal and external interdependencies and critical systems and infrastructures.

- ▶ 2: Preferred resolution strategy

Next, it is assessed whether, in case of a bank's failure, the resolution objectives are best achieved by winding up the bank under normal insolvency proceedings or resolving it. If it is the latter, the preferred resolution strategy is developed, including the use of appropriate resolution tools and powers.

- ▶ 3: Financial and operational continuity in resolution

When the resolution strategy has been determined, the financial and operational prerequisites to ensuring continuity in resolution so as to achieve the resolution objectives are assessed.

- ▶ 4: Information and communication plan

This step describes the operational arrangements and procedures required to provide resolution authorities with all necessary information and the arrangements regarding

management information systems, which will ensure timely, up-to-date and accurate information, together with the communication strategy and plan for resolution.

- ▶ 5: Conclusion of the resolvability assessment

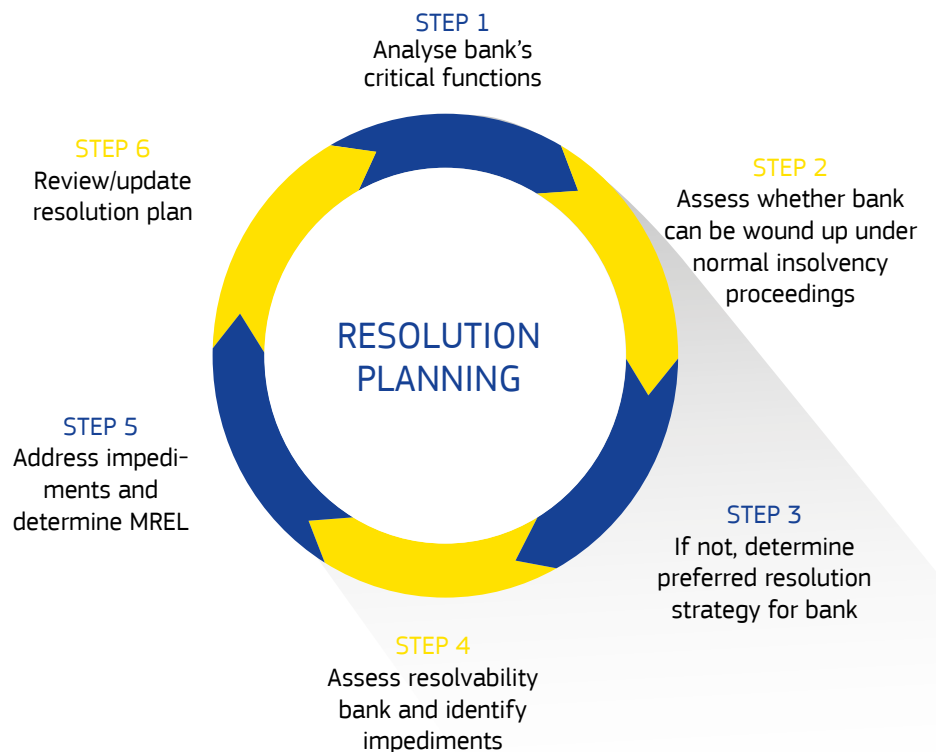
In this step, it is assessed whether impediments exist to the winding up under normal insolvency proceedings or the resolution of a bank. Where winding up or resolution is not possible, appropriate measures to address such impediments are identified. Furthermore, MREL is determined.

- ▶ 6: Opinion of the bank in relation to the resolution plan

The bank is entitled to provide its opinion in relation to the resolution plan. The bank's opinion forms part of the resolution plan.

The resolution plan is reviewed and, where necessary, updated at least annually and after any material changes relating to the bank.

Figure 10: Resolution planning process



## SCOPE

In general, IRTs draft comprehensive resolution plans for banks. However, IRTs are allowed to draft simplified resolution plans for banks, the failure of which would not be expected to have significant adverse consequences for the financial system or threaten financial stability. The EBA has published **guidelines** to specify the criteria for determining the application of simplified obligations.

Resolution plans prepared for such banks are subject to reduced requirements and may be updated less frequently than once a year. The SRB has decided that these simplified resolution plans will at least consist of:

- ▶ general information about the bank;
- ▶ relevant communication provisions;
- ▶ identification of legal and practical impediments to the application of normal insolvency proceedings;
- ▶ conclusion of the resolvability assessment and measures to address or remove impediments to the application of normal insolvency proceedings; and
- ▶ position of the bank itself.

## REQUIRED INFORMATION

IRTs are responsible for drawing up resolution plans, in consultation with the ECB or the relevant NCA. However, banks are also actively involved in the resolution planning process, as they are best placed to provide information about their own structure and functioning.

The starting point for the resolution planning process is the bank's **recovery plan**. In contrast to a resolution plan, a recovery plan is drawn up by the bank. A recovery plan details measures the bank will take to restore its financial position, if necessary. The plan should contain, inter alia, a summary of the material changes to the bank compared to the last version of the recovery plan and a strategic analysis to identify core business lines and critical functions. The supervisory authority reviews the bank's recovery plan. The IRT uses this information as a starting point for its own assessments of the bank's critical functions, the preferred resolution strategy and the bank's resolvability. The SRB can make recommendations to the supervisory authority regarding actions in the bank's recovery plan which may adversely impact the bank's resolvability.

Further information is derived from the data templates banks are required to fill out. Firstly, banks are required to submit information within the **templates** annexed to the **EC Implementing Regulation** with regard to procedures, standard forms and templates for the provision of information for the purpose of resolution plans. The information within these templates provides basic information regarding mainly the strategic business analysis (e.g. bank structure, interconnections). Secondly, banks must populate the **Liability Data Template** (LDT) developed by the SRB, in cooperation with NRAs, the ECB and the EBA, to provide information regarding the bank's liability structure and for the determination of MREL. In the future, the SRB may update the LDT or design additional standardized templates, with the ultimate aim of aligning the resolution data collection process with the supervisory data collection process of the SSM.

The IRT may require the bank – in writing or during meetings or workshops – to provide additional information or support in order to draft the resolution plan, for example:

- ▶ information about the bank's structure, critical functions or interconnections;
- ▶ an analysis of the operational consequences of a resolution strategy; or
- ▶ a description of the processes and arrangements necessary to effectively provide information in resolution.

As the responsibility for the resolution plan lies with the IRT, the information and analyses provided by the bank will be assessed by the IRT.

To avoid multiple requests to banks for the same information, IRTs will first check with supervisory authorities whether information is already available before requesting a bank to provide information or analyses.

## 2.2. Strategic business analysis

### 2.2.1. Introduction

The decision whether or not to resolve a bank and, if so, which functions to preserve, depends on the bank's characteristics. The purpose of the strategic business analysis is to present these characteristics in a detailed overview to inform the determination of the preferred resolution strategy and resolvability assessment.

### 2.2.2. Bank structure

The first step is to analyse the bank's legal, ownership and governance structures.

#### LEGAL STRUCTURE

Given that resolution tools are applied to individual legal entities, the bank's legal structure is presented, detailing, inter alia, all legal entities and branches of the bank, their legal form, location, and business purpose, and the intragroup ownership structure. In this respect banks are required to populate at least Annex I of the aforementioned **EC Implementing Regulation**.

In the context of **recovery planning**, the bank must identify the legal entities and branches (**material legal entities**) which:

- ▶ Substantially contribute to profit or funding, or hold an important share of assets, liabilities or capital of the bank;
- ▶ Perform key commercial activities;
- ▶ Centrally perform key operational, risk or administrative functions;
- ▶ Bear substantial risks that in a worst case scenario could jeopardize the viability of the bank;
- ▶ Could not be disposed of or liquidated without likely triggering a major risk for the bank; or
- ▶ Are important for the financial stability of at least one of the Members States it operates in.

The IRT assesses whether the material legal entities identified by the bank are indeed material in the context of resolution planning.



## OWNERSHIP

The resolution plan contains a presentation of the external ownership structure of the bank. The external legal and ultimate beneficial owners (whether shareholders, members, or otherwise) of the parent company and the material legal entities are described. In this respect banks are required to fill out at least Annex I of the aforementioned **EC Implementing Regulation**.

## GOVERNANCE

The resolution plan also contains a presentation of the governance structure of the bank. This presentation provides an overview of the relevant governing bodies (e.g. executive board, supervisory board) and committees (e.g. risk committee, assets and liabilities committee) of the bank and its material legal entities, as well as the organisational structures (at an adequate level) and shared services and how the latter are assigned to organisational units. The decision-making and advisory powers of the relevant governing bodies and committees are reported, as well as details of the advisory and voting members of the bank and its material legal entities. In this respect banks are required to fill out at least Annex II of the aforementioned **EC Implementing Regulation**.

### 2.2.3. *Financial overview*

The second step is that the IRT prepares a detailed overview of the financial position of the bank and its material legal entities. This overview comprises information from the balance sheet and the income statement and information regarding the regulatory requirements for different financial reporting dates in order to monitor significant changes.

## BALANCE SHEET

The assets, liabilities and equity components are presented, indicating their balance sheet category, product type or group and whether they are internal or external to the bank. Specific attention is given to collateralised positions, encumbered assets unencumbered assets that can be used for generating additional liquidity in a short period of time and the structure and contractual characteristics of derivatives.

In addition to the balance sheet items, all material off-balance sheet items are described, indicating, inter alia, whether they are internal or external to the bank.

In this respect banks are required to fill out at least Annexes V, VI and VII of the aforementioned **EC Implementing Regulation** and the LDT.

## INCOME STATEMENT

The material income and expense items are presented for the different financial reporting dates.

## REGULATORY REQUIREMENTS

This section sets out the regulatory capital requirements (including the specification of pillar 2 requirements and applicable buffers) as well as the absolute amount of and the current ratios for own funds (Common Equity Tier 1 (CET1), Additional Tier 1 (AT1), and Tier 2 capital) and the regulatory risk positions (risk-weighted assets for credit, market and operational risk). The relevant approaches towards the calculation of risk (e.g. standardized method or internal ratings based method) for the various categories are also described.

Furthermore, the model for capital, risk and liquidity management is described together with the required support functions (such as risk management, collateral management, treasury, hedging, market evaluation etc.). In particular, the procedures and processes for internal capital control and allocation, internal liquidity control and information exchange within the bank are presented.

#### 2.2.4. Business model and business lines

The third step is a description of the bank's business model and business lines. The description serves as a starting point for the identification of the bank's **core business lines** and **critical functions**.

### BUSINESS MODEL

The description of the business model explains the core elements of the business and risk strategy, the interplay between material legal entities and their role within the bank, the major funding strategy and sources, the main sources of risk and revenue within the bank and its material legal entities, and the position of the bank and its material legal entities in the market (e.g. market share, significant competitors).

### BUSINESS LINES

Business lines are structured sets of activities, processes or operations that are developed by the bank for third parties to achieve the bank's goals. For each business line, relevant financial figures (e.g. assets, liabilities, funding, regulatory risk, economic risk, profit contribution margin) are presented. Furthermore, for each business line, significant markets, market segments and target customers according to their strategy are listed and significant risks affecting or arising from the business line are described. The resolution plan presents all business lines in a clear, consistent and a sufficiently detailed way, inter alia by matching the primarily responsible organisational units of the legal entities to the business lines (see Figure 11).

Figure 11: Example of overview of business lines (activities/functions) per entity (organisational unit)

Business lines	activities / functions	Group Entity I			Group Entity II					...		
		Organisational Units										
		A	B	C	D	E	F	G	H	I	J	K
A	1	1										
	2		1									
	3	1										
B	4					1						
	5						1					
	6							1				
C	7			1								
	8				1							
	9								1			
...	...											

The table gives an example of the assignment of all Business Lines and activities to Organisational Units, where the entry '1' stands for the (primarily) responsible Organisational Units.

### 2.2.5. *Critical functions and core business lines*

#### CORE BUSINESS LINES

A **core business line** is a business line together with associated services that represents a material source of revenue, profit or franchise value for a bank. The bank must identify its core business lines when drawing up its recovery plan. Possible indicators of core business lines are:

- ▶ amount of revenues or profits;
- ▶ return on capital or assets;
- ▶ total assets;
- ▶ customer base, geographic footprint, brand and operational synergies of the business line with other business lines;
- ▶ impact of ceasing the business line on costs and earnings, if it is a source of funding or liquidity;
- ▶ growth outlook;
- ▶ the attractiveness of the business line to competitors as a potential acquisition;
- ▶ market potential and franchise value

#### CRITICAL FUNCTIONS

The identification of a bank's **critical functions** is an essential step in resolution planning, because ensuring the continuity of critical functions is one of the resolution objectives. The functions of a bank are structured sets of activities, services or operations that are delivered by the bank to third parties (e.g. deposit taking, granting loans, clearing). A bank function becomes a critical function if the discontinuance of the function is likely to lead to the disruption of services that are essential to the real economy or to disrupt financial stability in one or more Member States.

A bank must identify its critical functions in the context of drawing up its recovery plan. To this end, the bank must perform an 'impact analysis' and a 'supply side analysis'. The impact analysis focuses first on the impact of a sudden discontinuation of a function on third parties. Secondly, the impact on financial markets and the real economy with respect to potential contagion effects and general market confidence should be analysed. The supply side analysis focuses on the evaluation of the market for the provision of the function, in particular in terms of concentration and substitutability. It must be analysed whether the function can be substituted, i.e. whether it can be replaced in an acceptable manner and within a reasonable time frame thereby avoiding systemic problems for the real economy and the financial markets. The bank's IRT assesses its analysis and determines which functions are critical.

With respect to the determination of core business lines and critical functions, banks are required to fill out at least Annex III of the aforementioned **EC Implementing Regulation**.

### 2.2.6. *Interdependencies*

Insights from the analysis of internal and external interdependencies of the bank and its material legal entities (and other relevant legal entities) are essential to assess the bank's loss absorbing capacity and separability in order to determine the preferred resolution strategy. The analysis distinguishes between internal and external financial, legal and operational interdependencies.

## INTERNAL INTERDEPENDENCIES

The internal financial and legal interdependencies in respect of the following items are described:

- ▶ own funds;
- ▶ assets and liabilities;
- ▶ off balance-sheet risk positions;
- ▶ derivative positions;
- ▶ other material financial (e.g. mutual guarantee commitments, back-to-back transactions, cross-default clauses, cross-collateralisation agreements) and legal interdependencies (e.g. guarantee obligations, profit-and-loss transfer agreements, dependency agreements).

The internal operational interdependencies focus in particular on material interdependencies between organisational units, which could lead to impediments to resolution and shall include at a minimum information about:

- ▶ essential internal services: these are service relationships within the bank and its material legal entities, which are relevant for the performance of the business lines and their related activities. For each activity within a business line, there must be an indication of the internal services (shared or dedicated) and the respective organisational units. Only the service relationships that are essential for the continuity of a given activity within a business line in case of resolution are described;
- ▶ critical internal services: these are the bank's essential internal services, the disruption or failure of which can present a serious impediment or can completely prevent the performance of a critical function and which cannot be provided by alternative provider within a reasonable timeframe to a comparable extent as regards its object, quality and cost.

With respect to the determination of internal interdependencies, banks are required to fill out at least Annex X of the aforementioned **EC Implementing Regulation** and the **LDT** developed by the SRB in cooperation with the NRAs, the ECB, and the EBA.

## EXTERNAL INTERDEPENDENCIES

The main purpose of the analysis of the external interdependencies is to identify:

- ▶ external services that are critical to the continuity of the bank's critical functions; and
- ▶ potential contagion risks in the event of the failure of the bank.

The external financial and legal interdependencies in respect of the following items are described:

- ▶ own funds;
- ▶ assets and liabilities (regarding the latter in particular liabilities eligible for bail-in and MREL, and liabilities in respect of deposits covered by a DGS);
- ▶ off balance-sheet risk positions;
- ▶ derivative positions (in particular the implications in case of failure, e.g. exercise of potential termination rights, resulting capital/liquidity requirements in close-out netting, replacement cost);
- ▶ other material financial and legal interdependencies.

Regarding external operational interdependencies, first the material external service providers and material outsourced services are described. Thereafter, those external services considered essential for the activities of the business lines are analysed. Finally, to determine the criticality of the external services, the impact of an interruption of the essential external services on the bank's critical functions and the substitutability of the essential external services are assessed.

With respect to the determination of external interdependencies, banks are required to fill out at least Annex IV (sections 1, 2 and 3) of the aforementioned **EC Implementing Regulation** and the **LDT**.

### **2.2.7. Critical IT systems and critical financial market infrastructures**

The aim of this section is to analyse and to describe a bank's IT systems and financial market infrastructures (FMIs) that are vital for the continuity of the bank's critical functions. The bank's critical IT systems and FMIs are identified following a three-step approach.

#### **IT SYSTEMS**

First, to get an overview, the bank's main IT systems (software and hardware) and applications are described, in particular:

- ▶ front-office systems;
- ▶ back-office systems (e.g. management information systems, administrative systems);
- ▶ data centres;
- ▶ systems required for the provision of/access to FMI platforms;
- ▶ systems that are needed to identify deposits covered by a DGS, as well as the processes for identifying covered deposits.

Second, IT systems and applications are analysed to identify the systems and applications that are essential for the continuity of the activities of the business lines.

Third, the essential IT systems and applications are analysed to identify the systems and applications that are critical for the continuity of the bank's critical functions. The impact of a disruption or failure of the essential IT systems and applications on the bank's critical functions and the substitutability of those IT systems and applications are both analysed. The essential IT systems and applications are considered critical if their disruption or failure can present a serious impediment to the continuity of the bank's critical functions and if they cannot be substituted.

#### **FMI ACCESS**

FMIs are used for the clearing, settlement, and recording of monetary and other financial transactions. FMIs include payment systems, central securities depositories and central counterparties. Access to FMIs can be vital for the continuity of a bank's critical functions.

The first step is a description of the bank's main FMIs. It is indicated whether the bank has direct membership with the FMIs, or uses another entity's membership, and whether it clears other banks that are not members of those FMIs. Furthermore, the relationships with the FMIs are specified:

- ▶ payment transactions;
- ▶ clearing;
- ▶ settlement;
- ▶ central securities depository;
- ▶ custody;
- ▶ technical infrastructure;
- ▶ other services within security handling/payment transactions;
- ▶ trade (market accesses including derivatives).

Second, the bank's access to FMIs is analysed to identify those FMIs that are essential for the continuity of the bank's business lines.

Once the essential FMIs have been identified, the FMIs that are critical for the continuity of the bank's critical functions are determined. Access to particular FMIs is only considered critical if the inability to access those FMIs would present a serious impediment to the continuity of the bank's critical functions and the access cannot be substituted.

In this respect banks are required to fill out at least Annexes VIII and IX (sections 1 and 2) of the aforementioned **EC Implementing Regulation**.

## 2.3. Preferred resolution strategy

### 2.3.1. Introduction

The bank's characteristics described in the section on the strategic business analysis are key inputs to determine the preferred resolution strategy for the bank. The first step is to determine whether winding up under normal insolvency proceedings would be credible and feasible, because this is the normal option for a failing bank. Only if this is not credible or feasible, the factors determining the preferred resolution strategy and its implementation are described. The description of the preferred resolution strategy sets out the resolution tools and the resolution powers to be applied in case of resolution.

### 2.3.2. Credibility and feasibility of normal insolvency proceedings

First, it must be determined whether it would be credible and feasible to wind up the bank under normal insolvency proceedings. Resolution action may only be taken if it is necessary in the public interest and the resolution objectives cannot be met to the same extent through winding up the bank under normal insolvency proceedings.

Whether the application of normal insolvency proceedings to the bank is credible depends on whether the failure of the bank has a material adverse impact on:

- ▶ the functioning of the financial market and market confidence;
- ▶ financial market infrastructures;
- ▶ other financial institutions; or
- ▶ the real economy and in particular the availability of critical financial services.

If winding up under normal insolvency proceedings is considered credible, the feasibility of such a process is assessed. This implies an assessment whether, inter alia, the bank's systems are able to provide the information required for the proper functioning of relevant DGSs and whether the bank has the capacity to support the operations of those DGSs. DGSs are national schemes that reimburse up to €100,000 of deposits to depositors whose bank fails.

If the conclusion is that winding up the bank under normal insolvency proceedings is not credible or feasible, a resolution strategy must be determined.

### 2.3.3. *Factors determining the preferred resolution strategy*

Before being able to determine the preferred resolution strategy, two factors must be considered: the loss-absorbing capacity of the bank and the separability of the bank.

#### **LOSS-ABSORBING CAPACITY**

The loss-absorbing capacity of the bank is the current amount and composition of its own funds and liabilities that can absorb losses or that can be used to recapitalise the bank. A distinction is made between bail-inable own funds and liabilities that a bank must minimally hold at all times (MREL) and own funds and liabilities that could be bailed-in in case of resolution. The scope of own funds and liabilities included in MREL is narrower to ensure a minimum amount of robustly bail-inable instruments are available. Another distinction is made between external and internal loss-absorbing capacity. External loss-absorbing capacity is the current amount and composition of the bail-inable own funds and liabilities of the bank that are held by third parties. Internal loss-absorbing capacity, on the other hand, is held intragroup (where the bank consists of two or more legal entities) and is relevant for the transmission of losses between those legal entities.

The resolution plan describes the current amount and composition of external loss-absorbing capacity, internal loss-absorbing capacity and MREL at the level of each of the legal entities and, where relevant, at the level of the group (see section 2.6.4 below for further information about MREL). The relevant own funds and liabilities are analysed for legal, financial and operational obstacles that could impede their contribution to loss absorption or recapitalisation in case of resolution. In this respect, banks are required to fill out at least Annex IV (sections 2 and 3), V, VI, VII and X of the aforementioned **EC Implementing Regulation** and the **LDT**.

#### **SEPARABILITY**

Further, on the basis of the strategic business analysis, especially the description of critical functions, core business lines and interdependencies, the separability of the bank is analysed. The purpose of the analysis is to identify sections of the bank that provide critical functions and that can or should be financially, legally, operationally, and technologically separated in case of resolution. Such section could, for example, consist of a core business line and a (non-core) business line jointly performing a critical function, together with the relevant critical internal services to support the business lines. The idea is to minimise complexity by reducing the number of interdependencies that must be considered when implementing a structure-changing resolution action.

#### 2.3.4. *Resolution approach*

On the basis of the bank's structure and the analysis of its loss-absorbing capacity and separability, the general resolution approach is determined. Two kinds of general resolution approaches can be distinguished:

- ▶ single point of entry (SPE) approach: the application of resolution powers by a single resolution authority at the level of a single parent company or of a single institution subject to consolidated supervision; and
- ▶ multiple point of entry (MPE) approach: the application of resolution powers by two or more resolution authorities to regional sub-groups or entities of a bank.

A combination of the approaches is also possible.

In general, the SPE approach is more likely to be suitable for banks that are centrally structured and operated, that are mainly funded through the parent company, and that can transfer losses from other entities of the bank to the parent company. On the other hand, the MPE approach is, in general, more likely to be suitable for banks that have material subsidiaries that are independently operated and funded.

#### 2.3.5. *Determination of relevant scenarios*

The preferred resolution strategy is determined on the basis of the analysis of the loss-absorbing capacity and separability of the bank, in a scenario based on an idiosyncratic shock. The idiosyncratic shock should be exceptional, but plausible, and be specific to the bank. Furthermore, the scenario developed in the context of the recovery plan of the bank could be considered as a starting point.

The preferred resolution strategy is tested against scenarios where the event triggering failure of the bank occurs at a time of broader financial instability or system wide events. The purpose of scenario testing is to assess the robustness of the preferred resolution strategy against different scenarios. If it is determined that the preferred resolution strategy is not sufficiently robust to be applied effectively and credibly in all scenarios, variants of the preferred strategy are developed.

#### 2.3.6. *Financial restructuring strategy*

The preferred resolution strategy can be divided into:

- ▶ a financial restructuring strategy; and
- ▶ a business restructuring strategy

The financial restructuring strategy describes the application of the power to write down or convert capital instruments and of the bail-in tool. Prior to any resolution action, the capital instruments of a bank must be written down or converted into equity. The bail-in tool can be applied to the liabilities of a bank in resolution that are transferred to a bridge institution or under the sale of business tool or the asset separation tool. The bail-in tool can also be applied to recapitalise a bank in resolution, provided that it restores the bank to financial soundness and long-term viability. Where the bail-in tool is applied to recapitalise a bank in resolution, the bank is required to submit within one month a business reorganisation plan indicating measures to restore its long-term viability.



The financial restructuring strategy consists of the following steps:

1. Determination of the current loss-absorbing and recapitalisation capacity and the transferability of losses and capital. On the basis of the analysis of the loss-absorbing capacity described in paragraph 2.3.3, the current loss-absorbing and recapitalisation capacity of the bank and of each of its legal entities that are considered to be subject to resolution is analysed. Furthermore, the transferability of losses and capital among these legal entities is analysed.
2. Determination of the hierarchy of claims of own funds and liabilities. The hierarchy of claims determines the sequence of write down or conversion when applying the power to write down or convert capital instruments or the bail-in tool. For each of the legal entities subject to resolution, the hierarchy of claims of the own funds and the liabilities in resolution and in winding up under normal insolvency proceedings is determined according to their national law. Regarding the hierarchy of claims in resolution, special consideration is given to the liabilities that may be (partially) excluded from the bail-in tool in exceptional circumstances.
3. Description of the implementation plan for financial restructuring. The implementation plan describes the implementation of the power to write down or convert capital instruments and of the bail-in tool in each of the relevant legal entities of the bank. On the basis of the relevant scenarios, the amount of write-down and conversion of own funds and liabilities, the potential compensation through the SRF (which may have a potential claim against DGSs) and the financial difference between winding up under normal insolvency proceedings and resolution (in view of the 'no creditor worse off' principle) are described.
4. Identification of impediments. Finally, the financial, legal and operational impediments to the financial restructuring strategy are identified.

### **2.3.7. Business restructuring strategy**

The business restructuring strategy describes the application of the appropriate resolution tool(s), i.e. the sale of business tool, the bridge institution tool, the asset separation tool or a combination of these tools. The asset separation tool can only be applied together with another resolution tool.

The business restructuring strategy consists of the following steps:

1. Determination of the separability of the bank. On the basis of the analysis of the separability of the bank described in paragraph 2.3.3, the sections of the bank that provide critical functions and that can or should be financially, legally, operationally and technologically separated in case of resolution are determined.
2. Determination of the resolution tool(s) to be applied. After determining the abovementioned sections of the bank, it is determined which resolution tool(s) would be applied to these sections to best achieve the resolution objectives. In case a third party purchaser can be found immediately for these sections, the sale of business tool could be applied. However, where no third party purchaser can be found immediately, the bridge bank tool could be applied to maintain the bank's critical functions, while searching for a third party purchaser. On the other hand, the asset separation tool could be applied to transfer the bank's assets whose liquidation could cause market disruption to an asset management vehicle. Any remaining activities of the bank will be wound up under normal insolvency proceedings.
3. Description of the implementation plan to business restructuring. After the resolution tools have been selected, the implementation plan is drafted, explaining how the resolution

tools will be implemented. The implementation plan describes, inter alia, the assets, liabilities and rights to be transferred, and how to achieve the transfer financially, legally (for example, required authorisations) and operationally (for example, having in place Service Level Agreements (SLAs)). On the basis of the relevant scenarios, the robustness of the implementation plan is tested.

4. Identification of impediments. Finally, financial, legal and operational impediments to the business restructuring strategy are identified.

## 2.4. Financial and operational continuity in resolution

### 2.4.1. Introduction

In order to effectively implement the preferred resolution strategy, it must be ensured that arrangements are in place to continue the bank's critical functions during and after resolution. A distinction can be made between financial arrangements, operational arrangements and arrangements regarding access to FMs to preserve continuity.

### 2.4.2. Financial continuity

The financial arrangements must ensure that during and after resolution access to liquidity and funding is maintained or regained to safeguard the continuation of the bank's critical functions, regardless of whether they will remain within the bank under resolution or will be transferred to a third party purchaser or to a bridge bank. In the period leading up to the failure of the bank, it is most likely that liquidity needs have increased, funding has become more expensive and collateral requirements have increased. This section of the resolution plan describes the liquidity and funding required during and after resolution and how to maintain or regain access to liquidity and funding.

First, the amount and timing of liquidity and funding required during and after the resolution must be determined, taking into account the bank's liquidity requirements after resolution and the need to restore market confidence. On the basis of the preferred resolution strategy and the relevant scenarios, liquidity and funding needs in the short to medium term must be estimated. It is to be assumed that prior to and during resolution, the bank's access to liquidity and funding sources will deteriorate. Therefore, the analysis of liquidity and funding required during and after resolution will take into account any adverse conditions, such as the potential inability to roll-over maturing unsecured debt, deposit outflows and rating implications. The starting point of the analysis is the information in the bank's recovery plan, any additional information from the supervisor (for example the Liquidity Coverage Ratio (LCR) report, the Net Stable Funding Ratio (NSFR) report and the asset encumbrance report), and the information in the sections on the strategic business analysis and the preferred resolution strategy.

Second, on the basis of the analysis of liquidity and funding required during and after resolution, a liquidity and funding plan is drafted to ensure access to the required liquidity and funding in the short to medium term. First, internal possibilities are analysed to determine whether liquidity or funding sources within the bank are available, for example the sale of (liquid) assets or the reduction of expenses. Second, external private liquidity and funding sources are analysed to determine which sources are expected to remain open, to what extent, and against which conditions, and which sources are expected to close (for example unsecured funding) and how they can be replaced. Finally, external public liquidity and funding sources are considered. The

liquidity and funding plan includes an analysis of when and how the bank can apply for the use of regular central bank facilities and a description of the assets which are expected to qualify as collateral for central bank facilities. However, the plan will not assume any public financial support, central bank emergency liquidity assistance or central bank liquidity assistance provided under non-standard terms.

In light of potential resolution, a bank must be able to provide its IRT at any time up-to-date and accurate information regarding its short- to medium-term liquidity and funding position.

#### 2.4.3. *Operational continuity*

In addition to financial continuity, it is also essential to ensure the operational continuity of the bank's critical functions during and after resolution, regardless of whether or not they will be transferred. Therefore, it should be ensured that, for example, staff, IT systems, operational assets and other internal or external services essential to the bank's critical functions remain in place or are replaced without causing (significant) interruption to the provision of the critical functions. The **FSB in its consultative document of 3 November 2015 on Guidance on arrangements to support operational continuity in resolution** distinguishes three service delivery models:

- ▶ by a division within a regulated legal entity;
- ▶ by an intra-group service company;
- ▶ by a third party service provider.

The manner in which to ensure the operational continuity of the services essential to the bank's critical functions depends on the service delivery model(s) employed by the bank.

The first step is to determine the services that are essential to continue the bank's critical functions during and after resolution. These essential services are determined on the basis of the analysis of internal and external operational interdependencies (see section 2.2.6) and the separability analysis (see section 2.3.3). Those parts of the bank identified in the context of the separability analysis determine the perimeter of the bank's activities that can be transferred in resolution. These parts also determine the operational interdependencies with the remaining bank and with external service providers that are essential for the continuity of those activities.

As a second step, an operational continuity plan must be drafted explaining how to ensure that:

- ▶ the services relevant to the identified parts of the bank can be transferred; and
- ▶ the essential external interdependencies to those parts can be continued.

In this respect, it is important that the bank has in place SLAs for essential services that will remain valid and enforceable during resolution and that, in case of termination, provide for an appropriate transfer of the service to another service provider. Furthermore, it must be ensured that, for example, management information systems are in place and that the necessary regulatory or commercial licences can be continued or transferred.

In this respect banks are required to fill out at least Annex XII of the aforementioned **EC Implementing Regulation**.

#### **2.4.4. Ensuring access to FMI and preventing disruption to client activity**

As explained in section 2.2.7, FMIs are used for the clearing, settlement, and recording of monetary and other financial transactions. Banks make use of the services of FMIs, for example, to be able to provide payment services or to perform securities or derivatives trading activities. Banks can make use of the services of FMIs for their own activities, but they can also act as intermediaries for their clients. In this section of the resolution plan the services of FMIs are identified that are essential for the continuation of the bank's critical functions. Furthermore, this section describes how access to FMIs that provide essential services can be ensured during and after resolution, for both current and new transactions.

As for financial and operational continuity, the first step is to determine the services of FMIs that are essential for the continuation of the bank's critical functions. On the basis of the analysis of critical FMIs (see section 2.2.7) and the separability analysis (see section 2.3.3) the essential services of FMIs are identified.

Thereafter, a plan must be developed to ensure that during and after resolution the bank, the third party purchaser or the bridge institution (depending on the preferred resolution strategy) continues to have access to those FMIs that provide essential services. It has to be taken into account that FMIs may toughen the criteria for continued participation in the FMI, for example by requiring more or better quality collateral or the pre-funding of transactions. In case the preferred resolution strategy foresees a transfer of the bank's critical functions, it must be ensured that participation in FMIs providing essential services can be transferred to the entity receiving the critical functions. Where the bank's critical functions are related to its function as an intermediary, the plan must detail how the services can be continued for its clients or how those clients' positions can be transferred to another service provider.

## **2.5. Information and communication plan**

### **2.5.1. Introduction**

This section of the resolution plan describes the provision of information and information systems relevant for resolution planning and resolution itself. First, the governance of the provision of information from the bank to the IRT and between the IRT and other relevant authorities is presented. Second, the bank's management information systems are described, in particular their capability to provide timely, up-to-date and accurate information required for the relevant valuations performed during resolution. Finally, the elements that have to be taken into account when preparing a communication plan for resolution are discussed.

### **2.5.2. Governance of information provision**

A governance structure for the provision of information is established to facilitate efficient and timely communication between the bank and the IRT and to efficiently coordinate the information exchange among the SRB, relevant NRAs and other relevant authorities. The governance structure should cover both the provision of information in the context of resolution planning as well as, if different, in the context of resolution.

Regarding communication between the bank and the IRT, an overview is presented of the details of the members of the management body responsible for providing the information required to prepare the resolution plan, its alternate and – if different – those responsible for the different legal entities, critical operations and core business lines. If different, an overview is also presented of those

persons responsible for the provision of information in resolution. In this context, the bank's crisis management plan for resolution is also described.

To be able to efficiently coordinate the information exchange among the SRB, relevant NRAs and other relevant authorities (for example, supervisory authorities, DGSs), an overview is presented of those persons at authorities responsible for the bank. Furthermore, this section will detail the arrangements for coordination and cooperation among all the relevant authorities.

In this respect, banks are required to fill out at least Annex XI of the aforementioned **EC Implementing Regulation**.

### 2.5.3. *Management information systems*

This section of the resolution plan focuses on the bank's management information systems. Management information systems are computer-based systems and procedures to gather, process and present information supporting the activities of a company.

It is essential that the bank's management information systems are able to provide timely, up-to-date, accurate and reconcilable information for the IRT to draft the resolution plan and, if necessary, to prepare and implement a resolution scheme. In the context of resolution planning, this implies that the bank's management information systems must be able to provide, at least on an annual basis but possibly more frequently, the information necessary to populate the annexes of the aforementioned **EC Implementing Regulation**, the **LDT**, and any additional information required to draft the resolution plan (for example, information regarding financial continuity in resolution). Furthermore, the bank's management information systems must be able to provide at very short notice the information necessary to prepare and implement a resolution scheme and to perform the necessary valuations for resolution in particular, information about the bank's assets and liabilities and its current own funds and liabilities structure (including depositors covered and not covered by a DGS).

Three kinds of valuation can be distinguished in the context of resolution planning. The bank's management information systems must be able to provide the relevant information for all three kinds of valuation:

- ▶ Valuation 1: The bank's management information systems must be able to provide timely, up-to-date, accurate and reconcilable accounting, financial and prudential information in order to determine whether the conditions for the write down or conversion of capital instruments or for resolution are met.
- ▶ Valuation 2: The bank's management information systems must also be able to provide timely, up-to-date and accurate information to inform the decision on the appropriate resolution action. In this respect, the economic value of the bank's assets and liabilities is assessed, even if this requires exceptions from accounting and prudential rules, taking into account the effect of the resolution strategy. This will require, for example, information on expected cash flows of specific assets or the values of the underlying collateral of collateralised loans, in order to be able to perform a valuation. In the context of valuation 2, the bank's management information systems must also be able to provide information to determine the marketability of assets (and liabilities). The level of detail required will necessarily be high. Further, the information must be up-to-date at all times.
- ▶ Valuation 3: Finally, the bank's management information systems must be able to provide information to determine whether shareholders and creditors would have received better treatment if the bank had entered into normal insolvency proceedings ('no creditor worse off' principle).

#### 2.5.4. *Communication framework*

The adoption and implementation of a resolution scheme require the involvement of numerous authorities, like the SRB, relevant NRAs, the EC and relevant supervisory authorities. Furthermore, resolution action will have a major impact on a great number of stakeholders, such as the bank's customers, depositors, staff and management. Moreover, the adoption and implementation of a resolution scheme and communication to stakeholders will very likely take place under significant time pressure. Therefore, it is essential that a resolution plan contains a comprehensive communication plan, in order to ensure that all communications related to resolution action are timely, accurate, consistent, well-coordinated and well-targeted.

The communication plan must cover at least the following elements:

- ▶ The entities that will communicate:  
  
the communication plan must detail which entity (whether the SRB, relevant NRAs, the bank or any other entity) will communicate. In this respect, the procedural obligations following from the BRRD and the SRMR must be taken into account, which provide that under specific circumstances the bank, the SRB, or the supervisory authority must notify several authorities. To enhance the coordination among the entities involved in resolution, the communication plan must present an overview of the details of the communication officers of the relevant entities. Furthermore, the plan must describe the bank's arrangements for communication in situations of crisis.
- ▶ The recipients of the communication (the stakeholders):
- ▶ The stakeholders are, at least, the following:
  - ▶ management, owners and staff of the bank;
  - ▶ customers, media and the general public;
  - ▶ depositors, shareholders, bondholders, other creditors and other affected market participants;
  - ▶ any administrative or judicial bodies from whom approval or authorization critical to implementing the resolution scheme is required;
  - ▶ any advisors required to implement the resolution scheme.
- ▶ The content of the communication:  
  
the content of communications will depend on the specific circumstances at the time of resolution and the adopted resolution scheme. However, the communication plan must already identify the best way each stakeholder can be informed and what confidentiality and other legal rules to be borne in mind.
- ▶ The means of communication:  
  
the communication plan must identify the proper means of communication (for example, a newspaper, a website), as well as describe the procedure to publish the message.
- ▶ The timeline of communication:  
  
the communication plan must provide a timeline indicating the moments before, during and after resolution that entities must communicate.

## 2.6. Conclusion of the assessment of resolvability

### 2.6.1. Introduction

The assessment of a bank's resolvability is the concluding analysis, which identifies whether impediments exist to the winding up under normal insolvency proceedings or resolution of the bank. All the analyses and assessments of the previous sections of the resolution plan feed into this overall assessment of resolvability. Where impediments to the winding up or resolution of the bank are identified, appropriate measures to address or remove them are determined. Finally, the bank's MREL is determined to ensure that the bank has at all times sufficient loss-absorbing and recapitalisation capacity.

### 2.6.2. Assessment of current resolvability

#### PROCEDURE

The procedure for assessing the resolvability of a bank is as follows. The IRT conducts the assessment in consultation with the ECB (or NCA) and relevant resolution authorities of non-participating Member States. In this context, the IRT also examines the bank's recovery plan to identify any actions which may adversely impact resolvability, in which case it makes recommendations to the relevant supervisory authority on those matters

#### ASSESSMENT OF WINDING UP UNDER NORMAL INSOLVENCY PROCEEDINGS

First, the IRT assesses whether a bank can be wound up under normal insolvency proceedings. In this respect, the IRT assesses the credibility and the feasibility of a winding up.

##### *Credibility*

In order to determine whether the bank could credibly be wound up under normal insolvency proceedings, the IRT assesses whether winding up would be likely to have a material adverse impact on:

- ▶ financial market functioning;
- ▶ financial market infrastructures;
- ▶ other financial institutions; or
- ▶ the real economy.

##### *Feasibility*

If the IRT concludes that winding up would be credible, it assesses whether it would also be feasible, i.e.:

- ▶ whether the bank's systems are able to provide the information required by relevant DGs; and
- ▶ whether the bank has the capability required to support the DGs' operations, in particular by distinguishing between covered and non-covered balances on the deposit accounts.

## SELECTION OF PREFERRED RESOLUTION STRATEGY

Where the IRT concludes that:

- ▶ it is not feasible or credible to wind up the bank under normal insolvency proceedings; or
- ▶ resolution action may otherwise be necessary in the public interest,

the IRT identifies an appropriate resolution strategy. Where the preferred resolution strategy would not be feasible or credible in certain circumstances, the IRT also identifies variants of the resolution strategy.

## ASSESSMENT OF FEASIBILITY OF THE RESOLUTION STRATEGY

Thereafter, the IRT assesses whether it is feasible to apply the preferred resolution strategy effectively in an appropriate timeframe and it identifies potential impediments to the implementation of the resolution strategy.

## ASSESSMENT OF CREDIBILITY OF THE RESOLUTION STRATEGY

Finally, the IRT assesses the credibility of the strategy. The IRT considers the likely impact of the bank's resolution on the financial systems and real economies of any Member State or of the EU, with a view to ensuring the continuity of critical functions carried out by the bank.

### 2.6.3. *Measures to address or remove impediments*

On the basis of the assessment of the resolvability of the bank, the IRT, after consulting the relevant supervisory authorities, determines whether there are impediments to the winding up or resolution of the bank. In general, the bank will first informally be requested to propose and implement measures to address or remove those impediments. Where the IRT determines that the impediments have not been sufficiently addressed or removed, they may then be designated as substantive.

## SUBSTANTIVE IMPEDIMENTS

If, after consulting the supervisory authority, it has been determined that substantive impediments are present, the IRT, in cooperation with the supervisory authority, prepares a report addressed to the bank which analyses the substantive impediments and recommends necessary and proportionate measures to address or remove them. Any such measures required will also be described in the resolution plan. Within four months from the date of receipt of the report, the bank must propose to the SRB possible measures to address or remove the impediments. The IRT, after consulting the relevant supervisory authority, assesses whether the measures proposed by the bank effectively address or remove the impediments. If the SRB concludes that the proposed measures do not effectively reduce or remove the impediments, it can require the bank to take measures specified in the SRMR, such as the limitation or cessation of activities, the divestment of assets, changing its legal or operational structures or issuing eligible liabilities to meet its MREL. The **EBA Guidelines on measures to reduce or remove impediments to resolvability** provide guidance regarding the specification of these measures and the circumstances in which each measure may be applied.

### 2.6.4. *Determination of MREL*

The purpose of MREL is to ensure that a bank has sufficient loss absorbing and recapitalisation capacity at all times, i.e. a minimum amount of own funds and eligible liabilities, that can credibly



and feasibly be written down or converted into equity. The liabilities eligible for MREL represent only a subset of the liabilities that may be bailed in.

The determination of MREL is governed by the BRRD, the SRMR, and the **EC Delegated Regulation on regulatory standards on MREL**.

Under the BRRD and the SRMR, the bail-in tool extends to all liabilities, while respecting the creditor hierarchy under the applicable national insolvency laws and the *pari passu* principle, unless the liabilities are explicitly excluded from bail-in.

### KEY FEATURES OF SRB'S MREL POLICY

The SRB must determine MREL for all banks within its direct remit. In general, each entity within the scope of the SRMR is required to meet its own MREL at an individual level and for parent entities, also at a consolidated level.

The SRB will determine MREL by means of individual decisions and on the basis of a case-by-case analysis. In order to reach the MREL target level as soon as possible, the SRB may set an appropriate transition period, including compulsory interim MREL targets, where appropriate, and take decisions on the quality and quantity of all or part of a bank's MREL. The SRB will work with the banks on the basis of individual implementation plans.

For banks within the SRB's remit, an MREL target of not less than 8% of total liabilities and own funds – but on a case-by-case basis possibly well above – would generally be required. It is generally unlikely that a lower MREL requirement would be set for any of the most important banks in the Banking Union.

### DECISION-MAKING PROCESS FOR MREL

The IRTs will make a first proposal for MREL as part of the resolution planning process. In this process, the supervisory authority will be consulted. Subsequently, the 'extended' Executive Session of the SRB will decide upon MREL as part of the resolution planning process. The banks will be informed about the decisions on their MREL, but these decisions will not be publicly disclosed. This is without prejudice to any market transparency responsibility or other requirement for banks.

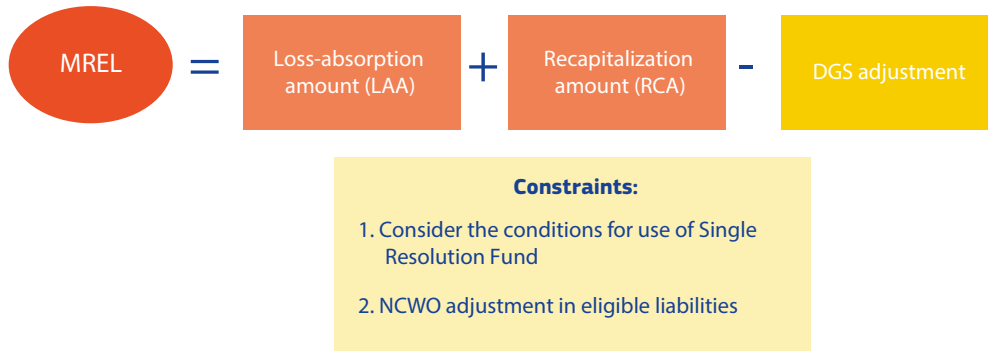
For banks within the scope of NRAs, those NRAs are responsible for setting MREL taking into account the guidelines and the general instructions of the SRB.

Regarding banks with Resolution Colleges, IRTs will propose MREL as part of drawing up the resolution plan in line with the **EC Delegated Regulation on, inter alia, the operational functioning of Resolution Colleges**, which will have to be approved by the 'extended' Executive Session of the SRB. Resolution Colleges will approve MREL in the context of resolution planning.

### MREL AS THE SUM OF SEVERAL COMPONENTS

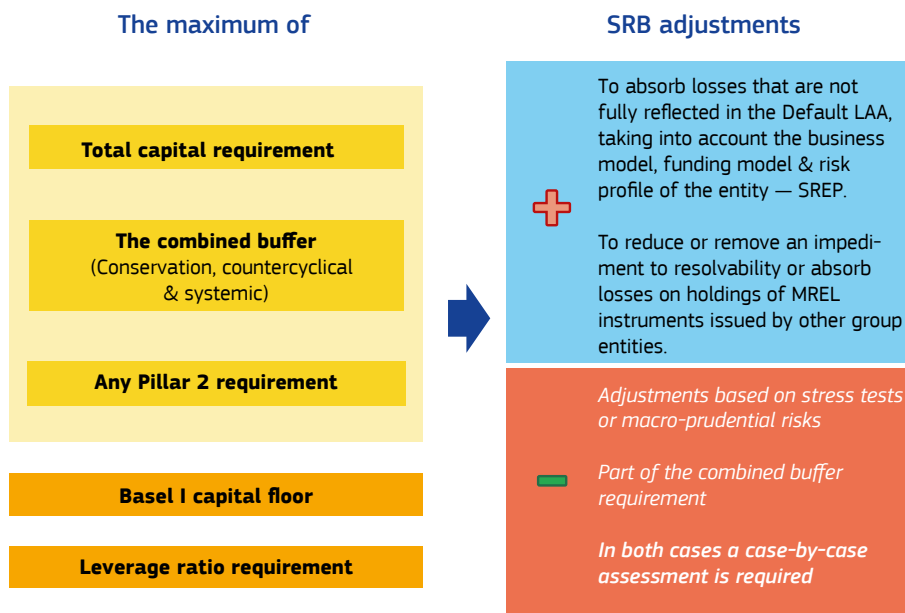
The SRMR provides that the level of MREL needs to ensure that, if the bail-in tool were to be applied, the losses of the bank could be absorbed and the capital ratio of the bank could be restored to a level necessary for continued authorisation and to sustain sufficient market confidence post resolution.

Figure 12: MREL: Main pillars and constraints



The EC Delegated Regulation on MREL provides that the loss-absorption amount (LAA) must be equal to a bank's own funds requirements (including Pillar 2 requirements and buffers). This is called the default LAA. Nevertheless, the SRB could consider potential adjustments to the LAA following a case-by-case analysis per bank in close cooperation with the supervisory authority, in particular on the basis of detailed information from the Supervisory Review and Evaluation Process (SREP).

Figure 13: Determining the loss-absorption amount



The Commission Delegated Regulation on MREL provides further that a recapitalisation amount (RCA) must be determined to be able to implement the preferred resolution strategy. The components of a bank's capital requirements post resolution are initially the same as those taken into account for the LAA and apply to the entity or entities that are expected to continue to perform banking activities post resolution. However, the RCA may be adjusted to take into account the concrete resolution strategy for a bank. In addition, the RCA shall include an additional amount that the SRB considers necessary to maintain market confidence post resolution. The default additional amount shall be equal to the combined buffer requirement.

In the context of determining MREL, banks are required to fill out the LDT.

## 2.7. Opinion of the bank

The BRRD and the SRMR provide that, where applicable, any opinion expressed by a bank in relation to its resolution plan shall be included in the resolution plan. After the resolution plan has been adopted by the 'extended' Executive Session of the Board, a bank will formally receive the summary of the key elements of the resolution plan. Hence, only after adoption of the resolution plan, a bank can express its opinion regarding the formal summary of the key elements of the resolution plan. This opinion will be included in the updated version of the resolution plan and, where relevant, the opinion will be taken into account each time when updating the resolution plan.

## 2.8. Management summary

### 2.8.1. Introduction

The SRMR and the BRRD provide that a resolution plan must contain a summary of the key elements of the resolution plan as well as a summary of the material changes to the institution. The summary of the key elements of the resolution plan will be disclosed to the bank concerned;

### 2.8.2. Key elements of the resolution plan

The summary of the key elements of the resolution plan follows the structure of the resolution plan and contains the following elements:

- ▶ the critical functions and most important core business lines of the bank, as well as the main internal and external interdependencies;
- ▶ the preferred resolution strategy;
- ▶ the material aspects of the implementation plan for financial restructuring and for business restructuring;
- ▶ the main sources of funding and liquidity identified to enable the implementation of the preferred resolution strategy and the main actions to be taken to maintain operational continuity;
- ▶ the adequacy of the communication and information plans;
- ▶ the impediments to resolution, as well as the measures to remedy these;
- ▶ the assessment of the liabilities that qualify as MREL;
- ▶ the summary of the opinion of the bank regarding the resolution plan.

### 2.8.3. Material changes

The summary describes the material changes to the bank since the previous version of the resolution plan. The impact of the material changes on the resolution strategy and resolvability is indicated.

### 2.8.4. Implementation plan

The summary contains a description of the current status of the actions that the bank has to implement according to the resolution plan to address or remove impediments to resolution.

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# CONCLUDING REMARKS

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The SRB works in close cooperation with NRAs to accomplish its tasks. One of its key tasks is to draft resolution plans for the banks. The purpose of resolution planning is to gain a comprehensive understanding of the banks, to identify and address any impediments to their resolvability, and to be prepared for their resolution, if needed. Resolution planning requires a considerable amount of information and analysis, also from the banks, as they are best placed to provide information on their own structure and functioning. This publication describes, in general terms, the information required for resolution planning and the structure and process to draft a resolution plan. Resolution planning is an ongoing process. Over time, resolution plans will become more detailed and sophisticated. This also implies that in the period to come, the requirement for banks to address impediments to their resolvability and to meet their MREL (quantity, quality, and location) will become more concrete.

In case of questions, comments, or suggestions regarding this publication, please contact the SRB through [SRB-INFO@srb.europa.eu](mailto:SRB-INFO@srb.europa.eu).

# ANNEX

Subject	Article (BRRD)	Product	Scope	Link to public version of EBA product (GL, RTS, ITS or advice)	Link to public version of OJ (or EC DA when no OJ publication yet)
Proportionality	4(5)	Guidelines (GL) -> Regulatory Technical Standard (RTS)	Criteria for applying simplified obligations	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-simplified-obligations">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-simplified-obligations</a>	-
	4(6)	Implementing Technical Standard (ITS)	Templates for notification on proportionality (simplified obligations)	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/implementing-technical-standards-on-simplified-obligations">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/implementing-technical-standards-on-simplified-obligations</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0962&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0962&amp;from=EN</a>
Recovery planning	5(6)	GL (in cooperation with European Systemic Risk Board (ESRB))	The range of scenarios to be used in recovery plans	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/draft-regulatory-technical-standards-specifying-the-range-of-scenarios-to-be-used-in-recovery-plans">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/draft-regulatory-technical-standards-specifying-the-range-of-scenarios-to-be-used-in-recovery-plans</a>	-
	5(7)	RTS	Content of recovery plan	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/draft-regulatory-technical-standards-on-the-content-of-recovery-plans">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/draft-regulatory-technical-standards-on-the-content-of-recovery-plans</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN</a>
	6(5)	RTS	Assessment recovery plans	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/draft-regulatory-technical-standards-on-the-assessment-of-recovery-plans">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/draft-regulatory-technical-standards-on-the-assessment-of-recovery-plans</a>	
Resolution planning	11(3)	ITS	Procedures, forms and templates for resolution planning	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/implementing-technical-standards-on-procedures-forms-and-templates-for-resolution-planning">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/implementing-technical-standards-on-procedures-forms-and-templates-for-resolution-planning</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1066&amp;qid=1473437686413&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1066&amp;qid=1473437686413&amp;from=EN</a>
	9(5)	RTS (after consulting ESRB)	Contents resolution plans	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-planning/-/regulatory-activity/press-release">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-planning/-/regulatory-activity/press-release</a>	
	11(6)	RTS (after consulting ESRB)	Contents of group resolution plans	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-planning/-/regulatory-activity/press-release">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-planning/-/regulatory-activity/press-release</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1066&amp;qid=1473437686413&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1066&amp;qid=1473437686413&amp;from=EN</a>
	13(3)	RTS (after consulting ESRB)	Assessment resolvability	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-planning/-/regulatory-activity/press-release">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-planning/-/regulatory-activity/press-release</a>	
	14(8)	GL	Powers to address impediments to resolvability	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-measures-to-reduce-or-remove-impediments-to-resolvability">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-measures-to-reduce-or-remove-impediments-to-resolvability</a>	-

Subject	Article (BRRD)	Product	Scope	Link to public version of EBA product (GL, RTS, ITS or advice)	Link to public version of OJ (or EC DA when no OJ publication yet)
Intragroup financial support	19(2)	RTS	Conditions for the provision of group financial support (group 1)	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-rtss-on-conditions-for-the-provision-of-group-financial-support">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-rtss-on-conditions-for-the-provision-of-group-financial-support</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN</a>
	19(2)	GL	Various conditions for the provision of group financial support (group 2)	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-specifying-the-various-conditions-for-the-provision-of-group-financial-support">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-specifying-the-various-conditions-for-the-provision-of-group-financial-support</a>	-
	22(2)	ITS	Disclosure group financial support agreement	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/implementing-technical-standards-its-on-the-disclosure-of-group-financial-support-agreements">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/implementing-technical-standards-its-on-the-disclosure-of-group-financial-support-agreements</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0911&amp;rid=7">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0911&amp;rid=7</a>
Triggers for early intervention, triggers for resolution, indicators for recovery plans	9(2)	GL	Indicators for recovery plans	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-recovery-plans-indicators">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-recovery-plans-indicators</a>	-
	32(6)	GL	Conditions for resolution (failing or likely to fail)	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-failing-or-likely-to-fail">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-failing-or-likely-to-fail</a>	-
	27(4)	GL -> RTS	Early intervention measures triggers	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-early-intervention-triggers">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-early-intervention-triggers</a>	-
Support measures	32(4)(d)(iii)	GL	The types of tests, reviews or exercises that may lead to support measures	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-types-of-tests-reviews-or-exercises-that-may-lead-to-support-measures">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-types-of-tests-reviews-or-exercises-that-may-lead-to-support-measures</a>	-
Valuations	36(14) (cf rec 52)	RTS	Independence of valuers	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-independent-valuers">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-independent-valuers</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN</a>
	36(15) (cf rec 52)	RTS	Valuation methodology (valuation 1+2)	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-valuation">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-valuation</a>	-
	74(4)	RTS	Ex post valuation (valuation 3)	-	-
	49(5)	RTS (after consulting European Securities and Market Authority (ESMA))	Valuation of derivatives	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/rtss-defining-methodologies-for-the-valuation-of-derivative-liabilities">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/rtss-defining-methodologies-for-the-valuation-of-derivative-liabilities</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1401&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1401&amp;from=EN</a>

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Implementation of tools	39(4)	GL	Sale of business tool	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-sale-of-business-tool">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-sale-of-business-tool</a>	-
	42(14)	GL	Asset separation tool	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-asset-separation-tool">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-asset-separation-tool</a>	-
	65(5)	GL	Necessary services and facilities	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-necessary-services/-/regulatory-activity/consultation-paper;jsessionid=B149A2CEB1EC0BD13DE38F69E5F6187F">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-necessary-services/-/regulatory-activity/consultation-paper;jsessionid=B149A2CEB1EC0BD13DE38F69E5F6187F</a>	-
Bail-in	47(6)	GL	Treatment of shareholders in bail-in	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-treatment-of-shareholders-in-bail-in">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-treatment-of-shareholders-in-bail-in</a>	-
	50(4)	GL	The rate of conversion of debt to equity in bail-in	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-rate-of-conversion-of-debt-to-equity-in-bail-in">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-the-rate-of-conversion-of-debt-to-equity-in-bail-in</a>	-
	48(6)	GL	Treatment of liabilities in bail-in	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-treatment-of-liabilities-in-bail-in">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-treatment-of-liabilities-in-bail-in</a>	-
	52(12)	RTS	Min elements & reports on business reorganisation plan	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-business-reorganisation-plans">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-business-reorganisation-plans</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1400&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1400&amp;from=EN</a>
	52(12)	GL ->RTS	Min criteria for approval of reorg. plan	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-business-reorganisation-plans">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-business-reorganisation-plans</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1400&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1400&amp;from=EN</a>
	45(2)	RTS	MREL criteria	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-minimum-requirement-for-own-funds-and-eligible-liabilities-mrel">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-minimum-requirement-for-own-funds-and-eligible-liabilities-mrel</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1450&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1450&amp;from=EN</a>
	55(3)	RTS	Contractual recognition	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-contractual-recognition-of-bail-in">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-contractual-recognition-of-bail-in</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN</a>
	45(17)	ITS	MREL reporting templates	Work in progress	-
Requirements to maintain detailed records of financial contracts	71(8)	RTS	A minimum set of the information on financial contracts that should be contained in the detailed records and the circumstances in which the requirement should be imposed	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-detailed-records-of-financial-contracts">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-detailed-records-of-financial-contracts</a>	<a href="http://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-3356-EN-F1-1.PDF">http://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-3356-EN-F1-1.PDF</a> (Not yet OJ publication)

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Confidentiality	84(7)	GL	How information should be provided in summary or collective form	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-how-information-should-be-provided-under-the-brdd">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-how-information-should-be-provided-under-the-brdd</a>	-
Resolution Colleges	88(7)	RTS	Operational functioning of Resolution Colleges	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-colleges">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-resolution-colleges</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1075&amp;from=EN</a>
Notifications	82(3)	RTS	Decision of the resolution authority	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-notifications-and-notice-of-suspension">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/regulatory-technical-standards-on-notifications-and-notice-of-suspension</a>	-
DGS	13(3) DGSD	GL	On methods for calculating contributions to DGS	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-methods-for-calculating-contributions-to-deposit-guarantee-schemes-dgss">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-methods-for-calculating-contributions-to-deposit-guarantee-schemes-dgss</a>	-
	10(3) DGSD	GL	Payment commitments to DGS	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-payment-commitments">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-payment-commitments</a>	-
		GL	DGS Stress tests	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-stress-tests-of-deposit-guarantee-schemes">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-stress-tests-of-deposit-guarantee-schemes</a>	-
		GL	DGS Cooperation agreements	<a href="https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-cooperation-agreements-between-deposit-guarantee-schemes">https://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-cooperation-agreements-between-deposit-guarantee-schemes</a>	-
Commission calls for advice	2(2)	Advice	Critical functions and core business lines	<a href="https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-05+Technical+Advice+on+critical+functions+and+core+business++++.pdf">https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-05+Technical+Advice+on+critical+functions+and+core+business++++.pdf</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0778&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0778&amp;from=EN</a>
	44(11)	Advice	Exclusions from bail-in	<a href="https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-07+Tehcnical+Advice+on+exclusion+from+the+bail-in+tool.pdf">https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-07+Tehcnical+Advice+on+exclusion+from+the+bail-in+tool.pdf</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0860&amp;qid=1469702917229&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0860&amp;qid=1469702917229&amp;from=EN</a>
	76(4)	Advice	Protected arrangements	<a href="https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-15+Opinion+on+protected+arrangements.pdf">https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-15+Opinion+on+protected+arrangements.pdf</a>	-
	104(4)	Advice	Deferral of ex-post contributions	<a href="https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-06+Technical+Advice+on+deferral+of+ex+post+contributions.pdf">https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-06+Technical+Advice+on+deferral+of+ex+post+contributions.pdf</a>	<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0778&amp;qid=1473440799344&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0778&amp;qid=1473440799344&amp;from=EN</a>
	69(5) SRMR	Advice	Initial period of single resolution fund	<a href="https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-11+Technical+Advice+on+Art+69.pdf">https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-11+Technical+Advice+on+Art+69.pdf</a>	<a href="https://ec.europa.eu/transparency/regdoc/rep/3/2015/EN/3-2015-9016-EN-F1-1.PDF">https://ec.europa.eu/transparency/regdoc/rep/3/2015/EN/3-2015-9016-EN-F1-1.PDF</a>
	71(3) SRMR	Advice	Exemption from ex-post contributions	<a href="https://www.eba.europa.eu/-/the-eba-advises-on-resolution-procedures-for-eu-banks">https://www.eba.europa.eu/-/the-eba-advises-on-resolution-procedures-for-eu-banks</a>	(Not yet OJ publication)



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