

SRB – BANKING INDUSTRY DIALOGUE MEETING

SRB Resolution Planning

Tuesday, 18 June 2019

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THE NEW RESOLUTION PLANNING CYCLE

SRB's strategic priorities

- All SRB banks are aligned on a unique 12-months “steady-state” resolution planning cycle
- Irrespective of the new time planning, a particular attention will be put on considering resolution planning as an evolving process

For implementing the new planning cycle, the SRB will

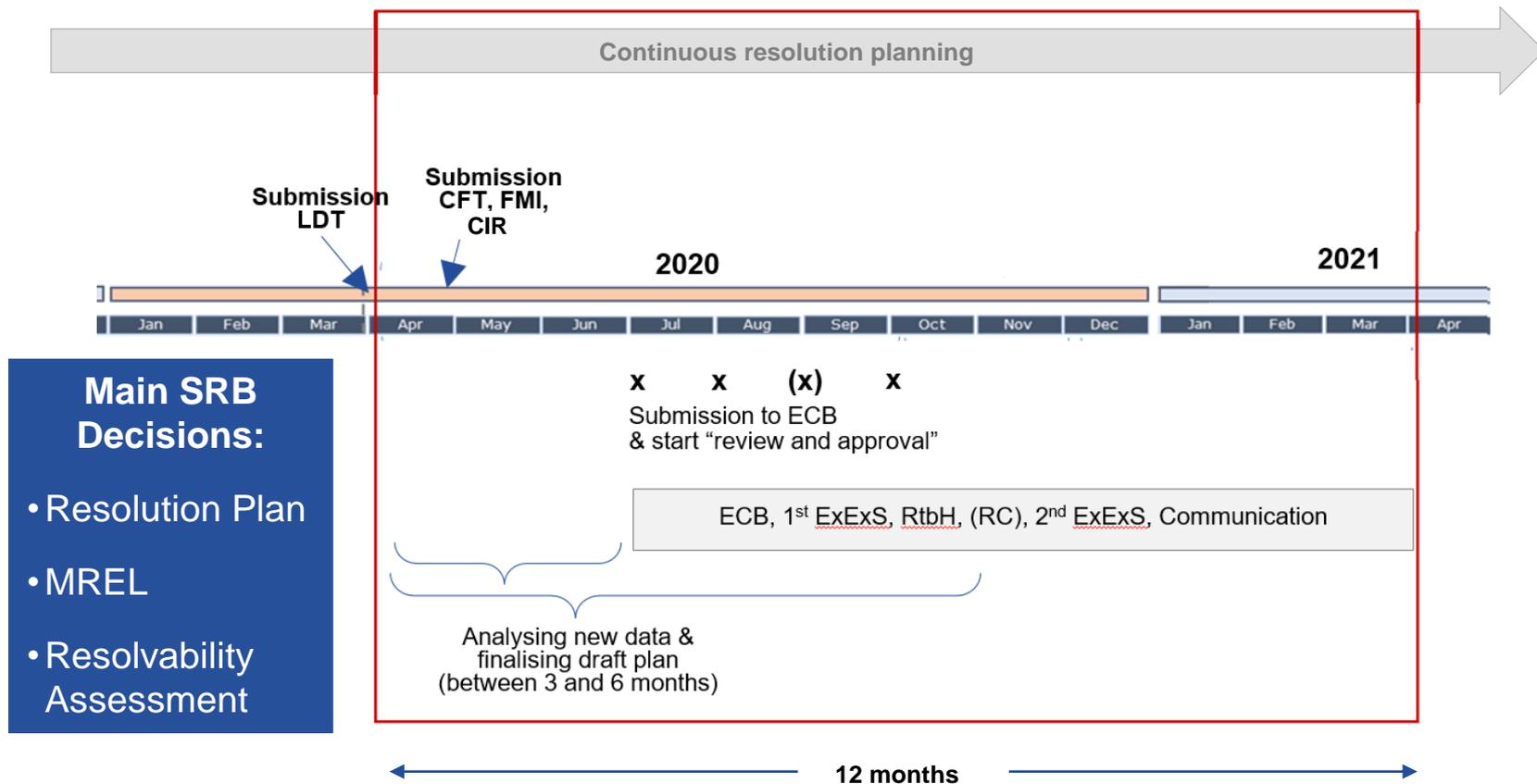
- consider 2019 as a transition period to prepare and implement the steady-state cycle; and
- aim for decisions in 2020 that take into account to the extent possible the new legal framework once it enters into force

BACKGROUND AND OBJECTIVES

- ▶ Legal requirement to **review** resolution plans **at least annually** and after any material changes
- ▶ **Consistency between data and decision**: Starting from 2020, a twelve-month timeline applicable to all banks, i.e. with and without resolution college (RC), ensures consistent treatment of all institutions and decisions that are based on the previous year-end (i.e. decisions taken within 15 months after the reference date)
- ▶ **Revision of legal framework** (BRRD2/SRMR2 and CRR2) triggers substantial changes to be implemented in conjunction with new timeline of resolution planning
- ▶ SRB's goal to move to a steady-state cycle in 2020 comes along with the communication of individual **minimum expectations** towards banks serving as a basis for the yearly resolvability assessment and identification of impediments

ORGANISATION OF THE CYCLE (1/2)

The new steady-state resolution planning cycle



ORGANISATION OF THE CYCLE (2/2)

- ▶ Deadline for submission of **resolution data templates** is March 2020 (LDR) and April 2020 (all the other templates)
- ▶ Timely delivery of quality data is paramount
- ▶ Resolution planning cycle to be finalised by **end-March 2021** for the majority of banks followed by communication of decisions (RP and MREL) to banks
- ▶ IRTs will work with all banks and all banks are expected to make progress towards achieving resolvability on a continuous basis
- ▶ Clear work programs to be defined for each bank annually and communicated to bank's management

IMPLICATIONS FOR RESOLUTION PLANNING

WHAT DOES IT MEAN FOR BANKS?

Relevant points to be considered:

2020 resolution reporting

Bail-in Playbook

Quality assurance process

Resolution planning as an evolving process

Bank contributions are key

IMPLICATIONS FOR RESOLUTION PLANNING

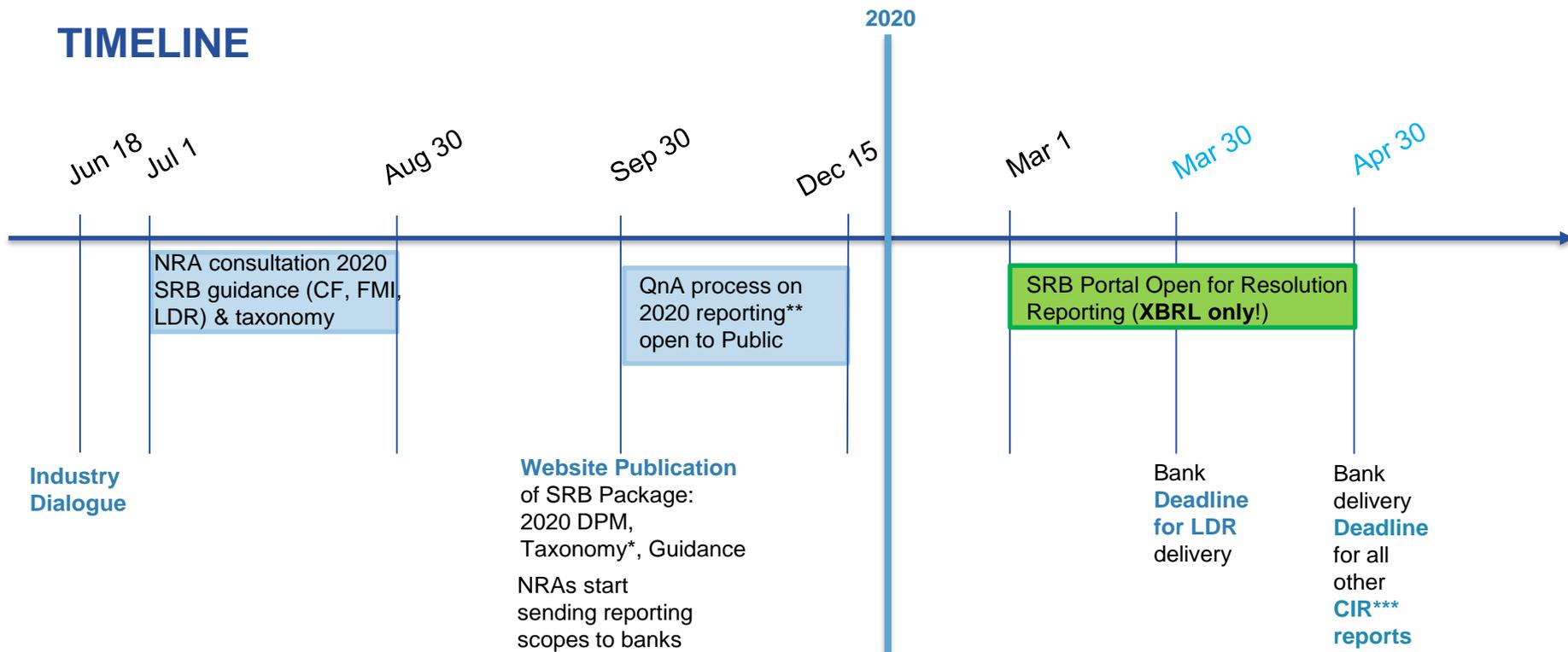
2020 RESOLUTION REPORTING (1/2)

- ▶ Resolution planning for SIs entails a considerable consultation process; challenge to provide decisions within 12/15 months timeframe
 - ▶ The **timing and quality of the first submission** by the bank is key
 - ▶ The bank must be organised in order to **ensure a timely modification and resubmission of any template**
- ▶ The **SRB will monitor the quality of the data collection exercise** and firmly integrate this element in its resolvability assessment
- ▶ Working on resolvability is a continuous process for banks and IRTs

IMPLICATIONS FOR RESOLUTION PLANNING

2020 RESOLUTION REPORTING (2/2)

TIMELINE



*Banks are expected to reflect **both the EBA 2.9 XBRL taxonomy** (available on the EBA website) **and the SRB taxonomy extension** (published on the SRB website) when building their XBRL reporting systems for 2020.

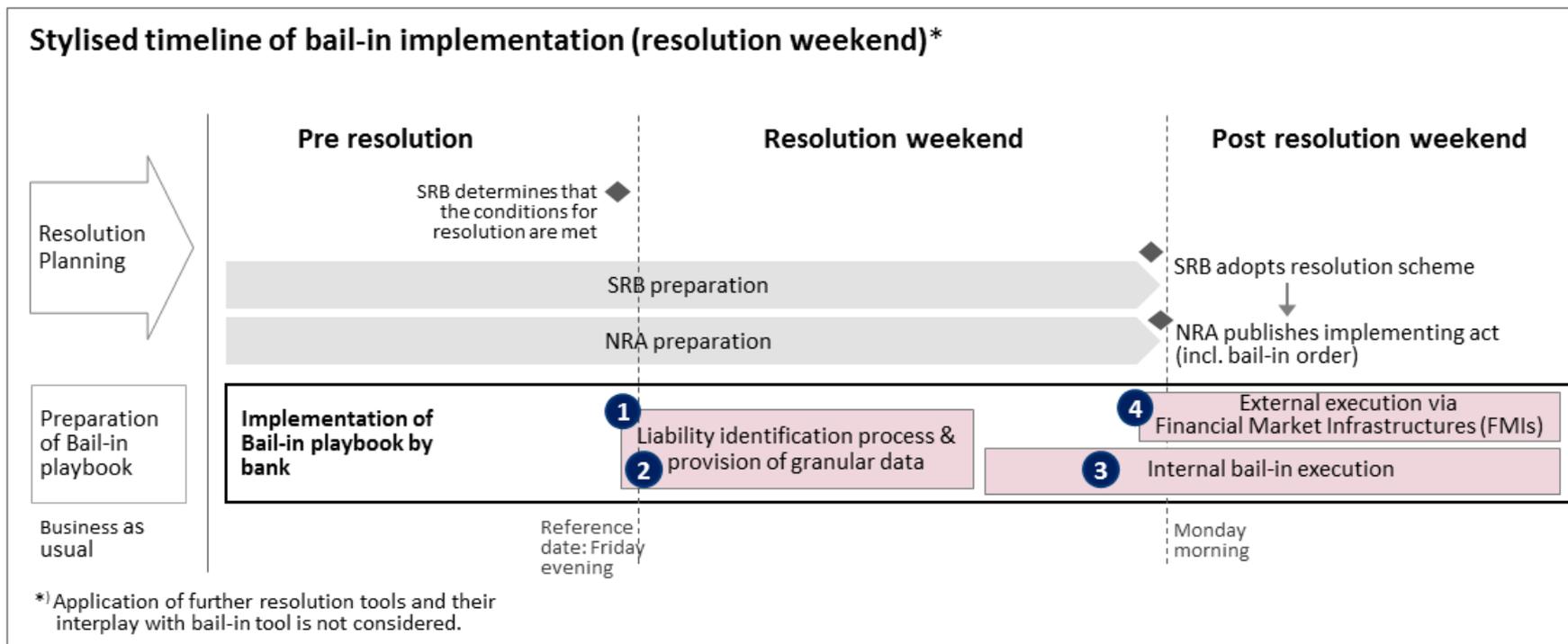
**Q&A organised by SRB will be limited to questions on SRB-originated reports. Questions on other CIR reporting requirements should be raised with the EBA.

***CIR – Commission Implementing Regulation 2018/1624

IMPLICATIONS FOR RESOLUTION PLANNING

BAIL-IN PLAYBOOK (1/3)

- ▶ Priority for the majority of the banks in 2019
- ▶ Work to be finalised in 2020



IMPLICATIONS FOR RESOLUTION PLANNING

BAIL-IN PLAYBOOK (2/3)

- ▶ **Sound bail-in preparation in normal times:**
 - ▶ Establish bank-internal systems and infrastructure
 - ▶ Define roles and responsibilities of bank, interaction with the resolution authorities and external stakeholders for:
 - » Internal bail-in implementation process
and the closely interrelated
 - » External bail-in implementation via FMIs
 - ▶ Consider national insolvency law and country-specific peculiarities
 - ▶ Bank to provide accurate liability data within a short time frame



Documentation via Bail-in Playbook

IMPLICATIONS FOR RESOLUTION PLANNING

BAIL-IN PLAYBOOK (3/3)

Structure & content of bail-in playbooks

Annex 1 (bail-in playbook) of SRB's 2019 priority letter to banks

All banks

Additional requirements

NRAs to define whether additional data and information are required (including national law/peculiarities) for bail-in implementation

Country level

Implementation (drafting)

Banks to prepare the playbook as part of the resolution planning (base scenario to be provided by IRTs), considering that each bank's systems and processes are different

IRT – bank (...)

IMPLICATIONS FOR RESOLUTION PLANNING

QUALITY ASSURANCE PROCESS

- ▶ The quality assurance process:
 - ▶ Combines **vertical checks** with **horizontal reviews**
 - ▶ Covers both key tasks and deliverables
- ▶ Outcome from quality assurance checks, as well as experiences gained from day-to-day resolution planning activities and crisis cases feed back into the **further development** of SRB's policies and methodologies
- ▶ With this process, the SRB seeks to further enhance **consistency across banks and ensure high standards** for IRTs' resolution planning activities

IMPLICATIONS FOR RESOLUTION PLANNING

INTERACTION BETWEEN BANKS AND IRTs

- ▶ Banks are expected to have in place **proper governance and project management** arrangements to improve resolvability
- ▶ **IRTs will monitor** the implementation of the work programme developed by banks to improve resolvability and to identify potential impediments to the implementation of the PRS
- ▶ If pursuant to an assessment of resolvability the SRB determines that there are substantive impediments to resolvability, it initiates a procedure to remove or address those impediments under Article 10(7)-(9) SRMR

WAY FORWARD

- ▶ SRB data collection exercise: **quality and timely delivery by banks is key**
- ▶ **Bail-in preparation** and development of bail-in playbook is priority in 2019 and 2020
- ▶ Continuous improvements based on a **permanent dialogue** between **banks** and **IRTs**
- ▶ **Steady-state resolution planning** ensures consistency and transparency and provides the basis for the further development of SRB's policies and methodologies

THANK YOU!

For more information, please contact:
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