

Work Programme 2017



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Work Programme

2017

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I. FOREWORD



Soon the Single Resolution Board (SRB) will celebrate its second anniversary. A lot has been achieved, but a lot remains to be done. Together with the National Resolution Authorities (NRAs) in the Banking Union and with other authorities in the EU and beyond we will build on the progress made so far to make banks resolvable in the interest of a sound financial system in the Euro area. This will be an ongoing task continuing beyond 2017.

The Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) form the two core pillars of the Banking Union. An efficient and effective cooperation within the SRM and between the SSM and the SRM is indispensable for the proper functioning of

the Banking Union. This also holds true for the cooperation with the European Commission, the Council of the EU, and for our accountability towards the European Parliament. Considering the presence of Euro area banks in other Member States and outside the Union, as well as non-Euro area banks within the Banking Union, a close international cooperation is of the essence, too. To achieve this the SRB is actively engaging with these authorities, including pursuing bilateral Memoranda of Understanding with authorities of non-participating Member States and of the relevant third countries.

Since January 1, 2016 the SRB is responsible for deciding on a resolution scheme for a bank under its remit, if need be. Our aim is to ensure the consistent and proportionate handling of all future resolution cases in the Banking Union with minimum impact on the real economy, the financial system, and public finances of participating Member States. But handling potential resolution cases is only one of the activities of the SRB.

The SRB is a forward-looking organisation focused on resolution planning, identifying and overcoming obstacles to resolvability and, not least, setting appropriate Minimum Requirements for own funds and Eligible Liabilities (MREL). This is key to ensure banks are resolvable. My fellow full-time Board Members and I have stated many times that achieving resolvability is a multi-year project. During the last quarter of 2016 we, together with the NRAs, are finalising the first round of Resolution Plans under our responsibility, building on the good work done by NRAs.

Based on this year's work on resolution planning, the main objectives for 2017 will be (i) the launching of an internal benchmarking exercise of Resolution Plans in order to enhance coherence; (ii) the development at entity level of MREL for all major banking groups in the SRB's remit addressing the quality and location of MREL within groups; (iii) detailed work on the preferred resolution strategy (including how to operationalise it), the preferred tools, the identification of the critical functions and the identification of the material impediments to resolvability; (iv) and, last but not least, providing input and expertise to the discussion on the implementation of the Total Loss-Absorbing Capacity (TLAC) standard into EU legislation.

In addition to work on Resolution Plans, i.e. implementing the existing legislation, there is still significant scope for harmonization of national laws to help improve resolution readiness. In the field of insolvency law, clarifying the creditor hierarchy to enable a smoother application of the bail-in tool should be a key priority over the coming year. In addition, we are calling for further work towards a credible, effective and efficient European Deposit Insurance Scheme and an effective and efficient insolvency regime for banks in Member States, which are needed to complement the resolution regime. The SRB is also participating in the European and international work to develop a resolution framework for Central Counterparties (CCP) as soon as possible since the largest banking groups under the SRB's remit are also significant clearing members.

Regarding the Single Resolution Fund (SRF), in 2017 we will further improve the contribution collection mechanism, will implement the investment policy and continue to work on funding options. The SRB stands ready to start working on the common backstop, when Member States deem that appropriate. Here we will also build on the foundation laid in 2016.

In 2017, to achieve its priorities and to fulfil its role, the SRB must continue to grow significantly and further strengthen its capabilities and resources as an organisation in an effective and efficient way.

2016 has been an intense year for the SRB's staff as well as for the staff of the NRAs and I thank all of them for their dedication. 2017 will be no less challenging. The SRB stays committed to its mandate to ensure the orderly resolution of failing banks with minimum impact on the real economy, the financial system, and public finances.

Elke König

Chair of the Single Resolution Board

II. ABBREVIATIONS USED

BCBS	Basel Committee on Banking Supervision	GLRA	Group-level resolution authority
BRRD	Bank Recovery and Resolution Directive	G-SIB	Global systemically important bank
BU	Banking Union	HR	Human resources
CCP	Central counterparty	ICT	Information and communication technology
CMG	Crisis Management Group	IGA	Intergovernmental agreement
CoAg	Cooperation agreement	IPC	Irrevocable payment commitment
COFRA	Cooperation framework	IRT	Internal resolution team
CS	Corporate Secretariat	IT	Information technology
DG COMP	Directorate-General for Competition	iTLAC	Internal total loss-absorbing capacity
DG FISMA	Directorate-General for Financial Stability, Financial Services and Capital Markets Union	JST	Joint supervisory team
DGS	Deposit guarantee scheme	KPI	Key performance indicator
EBA	European Banking Authority	LDT	Liability Data Template
EC	European Commission	LFA	Loan facility agreement
ECB	European Central Bank	LSI	Less significant institution
ECOFIN	Economic and Financial Affairs	MoU	Memorandum of understanding
EDIS	European Deposit Insurance Scheme	MREL	Minimum requirement for own funds and eligible liabilities
EIOPA	European Insurance and Occupational Pensions Authority	MS	Member State
EP	European Parliament	NCA	National competent authority
ERC	European resolution college	NRA	National resolution authority
ESM	European Stability Mechanism	RC	Resolution college
ESMA	European Securities and Markets Authority	SI	Significant institution
ESRB	European Systemic Risk Board	SRB	Single Resolution Board
EU	European Union	SRF	Single Resolution Fund
FINREP	Financial Reporting	SRM	Single Resolution Mechanism
FMI	Financial market infrastructure	SRMR	Single Resolution Mechanism Regulation
FSB	Financial Stability Board	TLAC	Total loss-absorbing capacity
FTE	Full-time equivalent	TRP	Transitional resolution plan

III. INTRODUCTION

(a) The Single Resolution Board's vision

The Single Resolution Board (SRB) is striving 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 Single Resolution Mechanism (SRM) jurisdictions, thus avoiding future bail-outs. The role of the SRB is proactive: rather than waiting for resolution cases to handle, the SRB focuses on resolution planning with a forward-looking mindset to avoid the potential negative impact of a bank failure on the economy and on financial stability. The SRB aims to become a centre of expertise in bank resolution.

(b) The Single Resolution Board's mission

The SRB is the resolution authority within the Banking Union (BU) and, as part of the SRM, is at its centre. It works closely with, in particular, the national resolution authorities (NRAs) of participating Member States, the European Commission (EC), the European Central Bank (ECB) and national competent authorities (NCAs). Its mission is to ensure an orderly resolution of failing banks with minimum impact on the real economy, the financial system and public finances of the participating Member States and beyond.

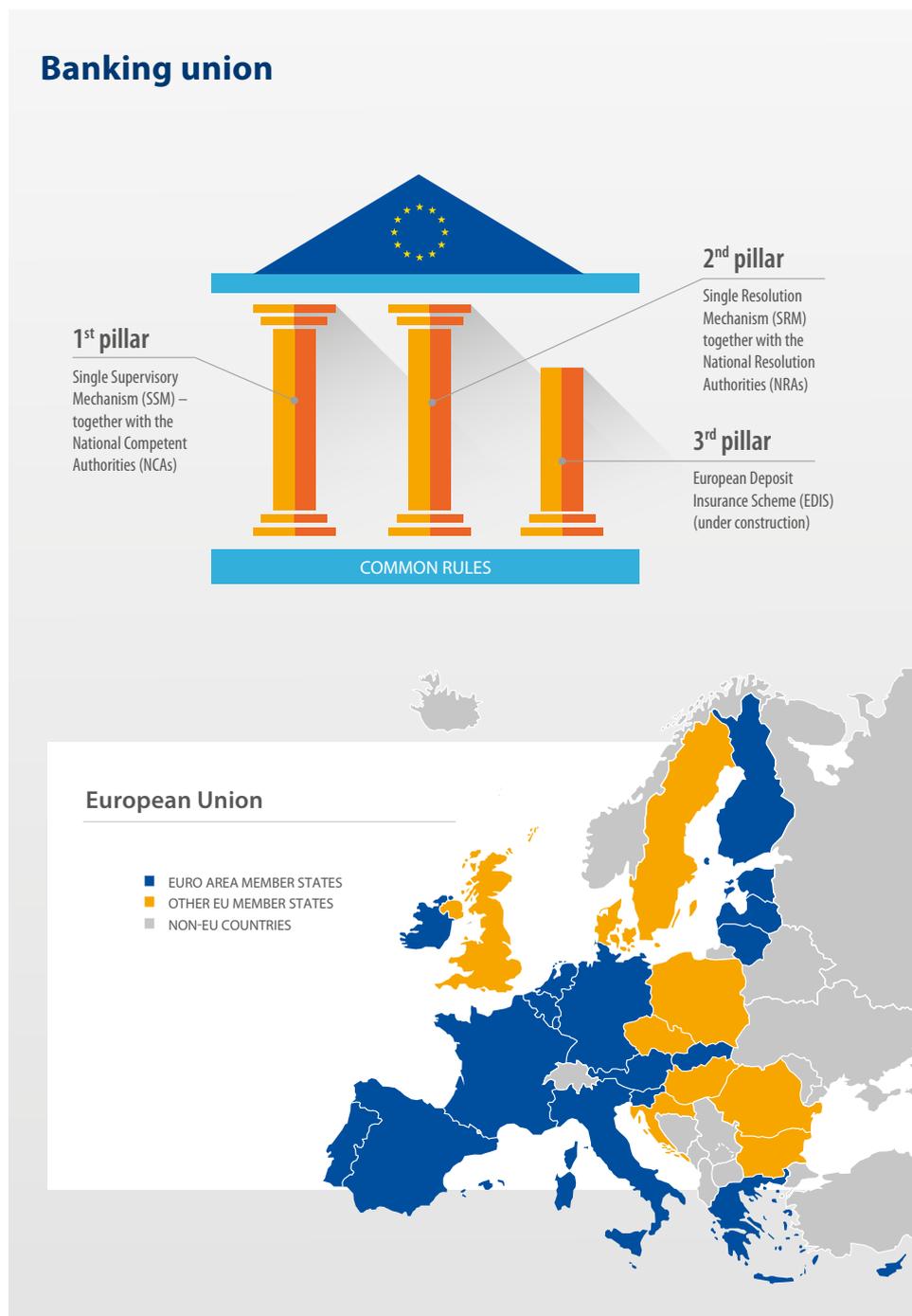
(c) The Single Resolution Board's mandate

To enhance financial stability, the SRB will prepare resolution plans as a forward-looking activity. Should a bank within the SRB's remit be failing or likely to fail and fulfil the criteria for resolution, the SRB will carry out its resolution through a so-called resolution scheme. The SRB is also in charge of the industry-funded Single Resolution Fund (SRF), which was established to provide ancillary financing to ensure the effective application of resolution schemes under certain circumstances. The SRB was established by Regulation (EU) No 806/2014 (the Single Resolution Mechanism Regulation or SRMR), and began operating as an independent EU agency on 1 January 2015. It assumed its full legal mandate for resolution planning and adopting all decisions relating to resolution on 1 January 2016.

(d) The Work Programme 2017

In accordance with Article 50(1)(a) of the SRM Regulation, the Work Programme has to be adopted by the SRB, in its Plenary Session, by 30 November of the preceding year, based on a draft put forward by the Chair of the SRB. The SRB must then submit it for information to the European Parliament (EP), the Council, the EC and the ECB.

The Work Programme 2017 has been subject to consultation with the NRAs and by the EC and the ECB as observers in the Plenary Session. Once formally adopted, it will guide the SRB's activities during 2017 and serve to ensure that work across the SRB is well organised.



IV. EXECUTIVE SUMMARY

(a) The Single Resolution Board's main targets for 2017

In 2017, the priorities are to be ready to adopt resolution schemes for any bank that should be put into resolution and to consolidate the organisation. The SRB will focus on four main operational areas ⁽¹⁾:

- (i) resolution readiness (incl. operationalising the resolution tools)
- (ii) the Single Resolution Fund
- (iii) policy and cooperation
- (iv) SRB resources in human resources (HR), finance, procurement and information technology (IT).



The BRRD provides a clear framework to address bank failure both for authorities and market participants, and the requirement to develop resolution plans ex ante ensures resolution actions can be executed following adequate preparation. Strengthening resolution readiness will therefore continue to be a key operational area for the SRB in 2017. The SRB will also focus on achieving further progress in completing resolution plans for major banking groups. Transitional resolution plans (TRPs) will be developed for almost all remaining banks under the SRB's direct remit.

In order to promote a level-playing field for resolution plans across the Banking Union, the SRB will also conduct a horizontal benchmarking exercise. The SRB assumed its full powers in 2016. Based on the experience gathered to date, the SRB will update existing internal documentation as well as policies and procedures. This includes the further development of internal documentation regarding the process and procedure for resolution actions as well as updating the Resolution Planning and Crisis Management Manuals.

The credibility of resolution actions is also determined by the SRF and its ability to support resolution actions financially, if need be. The SRF will be another focus area of the SRB in 2017. The main priorities in 2017 related to the SRF will be the improvement of the contribution mechanism, the development and implementation of an investment policy and the continuation of work with respect to funding options. As an ongoing activity, the SRF will ensure a timely and correct collection of SRM contributions.

⁽¹⁾ A brief summary of the main priorities and actions for each operational area is given in Table 1.

Resolution readiness, as well as SRF operations, require a strong resolution framework for the SRB to be an effective authority. In 2017, the SRB will therefore continue to foster cooperation with its main partners: the NRAs, EU institutions and third countries' authorities as well as the relevant international bodies and fora. European resolution colleges (ERCs) for non-EU global systemically important banks (G-SIBs) will be set up and the oversight function of the SRB over less significant institutions (LSIs) will be gradually developed. In addition, the SRB will continue to contribute to all policy and legislative initiatives that could potentially affect its activity. More concretely, the SRB will (i) contribute to the revision of the Bank Recovery and Resolution Directive (BRRD) and SRMR, (ii) support and contribute to the transposition of total loss-absorbing capacity (TLAC) into EU legislation, (iii) provide input in the European Deposit Insurance Scheme (EDIS) discussion and (iv) contribute to the development of a resolution framework for financial market infrastructures (FMIs).

The SRB requires adequate resources to secure the successful execution of the 2017 Work Programme. The fourth operational area therefore focuses on building the capacity of the SRB as an organisation. To achieve its priorities and to ensure the smooth running of its operations, the SRB will continue to grow in 2017. The increase in responsibilities is reflected by an increase in budget (Part I) and staff to approximately a total of EUR 91 million and 350 FTEs, respectively.

Moreover, in 2017, the main strands of the SRB's work will be supported by a new SRB committee structure, which was established in the second half of 2016, aiming to enhance the functioning of the SRM. The new structure includes three committees:

- (i) the Resolution Committee
- (ii) the Fund Committee
- (iii) the Administrative and Budget Committee.

The work of the SRB will also be supported by two networks of senior experts, one in legal matters and one in information and communication technology (ICT).

(b) Outline of the Work Programme 2017

The Work Programme 2017 describes the key activities and targets the SRB will carry out and achieve in 2017. After the introductory chapter and the executive summary, Chapter V presents the activities directly related to ensuring resolution readiness. The sections explain the SRB's activities on (a) resolution planning and (b) resolution action, as well as (c) the necessary tools and policies and regulatory activities that are required to accommodate the implementation of the work streams in detail.

Actions related to strengthening the SRB's Resolution Framework are presented in Chapter VI. The sections detail the responsibilities with respect to cooperation with (a) national authorities and (b) other stakeholders.

Chapter VII addresses communication-related activities, while Chapter VIII focuses on the priorities of the SRF and in particular (a) the contribution mechanism, (b) the investment strategy and (c) access to funding.

The measures to build capacity in HR, finance and IT are outlined in Chapter IX. Chapter X presents the SRB's governance, which includes (a) the upcoming actions by the Corporate Secretariat and (b) compliance measures. The Appeal Panel is described in Chapter XI.

The Work Programme 2017 provides an estimate of the staffing levels as well as a distribution of the operational expenditures over the different activates in the Work Programme (Annex I). Progress against the 2017 Work Programme will be monitored regularly by the SRB and the results will be shared with the relevant stakeholders. To this end, a list of key performance indicators (KPIs) for 2017 is enclosed (Annex II). Annex III includes the procurement plan for 2017.

Table 1: The SRB's main objectives for 2017 by operational area

Operational area	New objectives	Recurring objectives
RESOLUTION READINESS	<ul style="list-style-type: none"> • Make further progress in completing resolution plans for major banking groups, including on identifying critical functions, material impediments to resolution and on issues related to liquidity in resolution. • Develop MREL at material entity level within major banking groups and also start to address the quality and location of MREL within banking groups. • Conduct a benchmarking exercise on resolution plans aiming to align quality and depth of existing resolution plans. • Further develop internal documentation on procedural steps to operationalise resolution actions. • Develop an SRM Q&A tool on resolution-related activities within the SRM ICT platform. 	<ul style="list-style-type: none"> • Develop transitional resolution plans for almost all remaining banks under the SRB's remit. • Update the Resolution Planning and Crisis Management Manuals in the light of experience. • Conduct dry-run exercises. • Further enhance teamwork within IRTs and between IRTs and JSTs.
SINGLE RESOLUTION FUND	<ul style="list-style-type: none"> • Develop an IT solution for the SRF contribution mechanism. • Continue technical work on a common backstop. • Develop and implement investment strategy for the SRF. • Further operationalise the role of the SRF in resolution cases. 	<ul style="list-style-type: none"> • Ensure timely contributions to the SRF. • Continue work on funding options. • Management of SRF risks.
POLICY AND COOPERATION	<ul style="list-style-type: none"> • Contribute to the BRRD revision, the EDIS proposal, TLAC implementation and the FMI resolution framework. • Build the SRB oversight function over Less Significant Institutions. • Set up European Resolution Colleges for non-EU G-SIBs. • Continue to facilitate the drafting of national handbooks for the operationalisation of resolution tools and the execution of SRB's decisions. 	<ul style="list-style-type: none"> • Maintain culture of cooperation within the SRM. • Coordinate organisation of training activities on resolution for SRM staff. • Maintain an open and transparent relationship with EU institutions and bodies. • Represent the SRB in international fora and strengthen relations with relevant third countries.
SRB AS AN ORGANISATION	<ul style="list-style-type: none"> • Roll out a learning and development programme. • Set up an SRM ICT platform for resolution activities. • Implement a definitive administrative contribution collection process. 	<ul style="list-style-type: none"> • Reach the targeted level of staffing by the end of 2017. • Maintain a secure and stable IT infrastructure.

IRT - internal resolution team;

JST - joint supervisory team;

MREL - minimum requirement for own funds and eligible liabilities.

V. RESOLUTION READINESS

(a) Resolution planning



The SRB started its resolution planning activities in 2015, the year of its establishment, by requesting NRAs to present transitional resolution plans (TRPs) for the major banks under their remit. These TRPs were a first approach to resolution planning. In 2016, internal resolution teams (IRTs), consisting of SRB and NRA staff and coordinated by senior SRB staff, were set up for all banks under the SRB's remit. These IRTs drafted resolution plans for the major banking groups.

The targets for 2017 follow a similar approach. For 2017, the objective will be to cover almost all banks under the remit of the SRB, either by making further progress in completing resolution plans for major banking groups or through TRPs for almost all remaining banks.

In order to achieve this goal the SRB, in close cooperation with NRAs, will identify the key items that need to be addressed in the short and medium term to deliver full resolution plans for all SRB's banks. The Resolution Committee will develop details with regard to the specific items, including their timing of implementation. The focus will remain on the same major banking groups, for which more in-depth plans will be drafted. Meanwhile, the rest of the SRB banks will see their plans continuously improved, including further development on specific issues (e.g. critical functions, funding in resolution, material impediments to resolution).

The SRB will also further develop its role in the SRM by:

- ▶ taking a larger share of the workload in resolution planning tasks on all banks under the direct remit of the SRB;
- ▶ ensuring the consistency of resolution plans by carrying out horizontal analyses of the draft resolution plans prepared by the IRTs and by applying benchmarking analyses to them (see Section (c) (ii));
- ▶ monitoring and assessing draft resolution decisions taken by NRAs on LSIs under their remit, including both planning and preparation of resolution schemes (see Chapter VI, Section (a) (ii)); this should promote consistency in the way resolution activities for LSIs are conducted within the SRM.

The SRB will also take into consideration and embed into its decision the relevant outputs of the Financial Stability Board (FSB) 2016 work streams in the resolvability assessment process, e.g. internal total loss-absorbing capacity (iTLAC), once they have been transposed into EU legislation, and on operationalising bail-in.

(i) Internal resolution teams

In 2016, the SRB set up IRTs for all the banks under its remit. In 2017, the SRB will enhance the functioning of IRTs in terms of planning the teams' work and foster a harmonised approach in the application of resolution policies and practices across IRTs. The SRB will also promote further cooperation between IRTs and joint supervisory teams (JSTs).

The SRB will review the number and composition of IRTs (bundling) based on the experience of resolution planning in 2016 and on potential changes in the number and structure of institutions under the SRB's remit.

In order to attain this objective, the following actions will be taken in 2017:

- ▶ ensuring the establishment and application of horizontal policies and approaches that will be applied by IRTs in areas such as critical economic functions, access to financial market infrastructures (FMIs), minimum requirements for own funds and eligible liabilities (MREL) and identification of material impediments to resolvability;
- ▶ increasing the SRB's involvement in IRTs compared with 2016, particularly in the drafting of resolution plans;
- ▶ identifying and disseminating good practices.

(ii) Resolution colleges

The SRB has set up resolution colleges ⁽²⁾ (RCs) for all priority banks where it is the home group-level resolution authority (GLRA). The main target for 2017 is to set up RCs for the remaining institutions under the SRB's remit as well as to further improve functioning and joint decision-making within RCs (Article 88 BRRD) and in Crisis Management Groups ⁽³⁾ (CMGs). In addition, the SRB will set up European Resolution Colleges ⁽⁴⁾ (ERCs) in accordance with Article 89 BRRD.

In order to achieve this objective, the following actions will be taken in 2017:

- ▶ involving more third countries as observers, where feasible and appropriate;
- ▶ establishing ERCs for institutions under the SRB's remit, prioritising non-EU G-SIBs.

⁽²⁾ RCs are set up if a bank is headquartered in the BU and maintains a subsidiary elsewhere in the EU or vice versa.

⁽³⁾ CMGs are set up if a bank is a G-SIB.

⁽⁴⁾ ERCs are set up if a bank is headquartered in a third country and maintains two or more subsidiaries or branches that are regarded as significant inside the EU.

(iii) Minimum requirement for own funds and eligible liabilities

In 2016, the SRB started the discussion of the key features of MREL at consolidated level with the major banking groups under the responsibility of the SRB. In this context, the SRB developed a Liability Data Template (LDT, see following Section) and collected data from banks to gain transparency about the banks' liability structure, in particular on MREL eligible liabilities. The SRB will continue to refine its policies on consolidated MREL targets in 2017.

In 2017, the SRB will also develop MREL at entity level within banking groups in the SRB's remit and will also start to address the quality and location of MREL within banking groups. In 2017, the SRB will also work to develop the framework for joint decisions for determining MREL for material subsidiaries incorporated in Member States outside the Banking Union through the Resolution College process.

The SRB will strive to publish a paper on MREL policies in the course of the coming year.

The EC is likely to propose a revision of the BRRD at the end of 2016 in order to introduce the TLAC standard into EU legislation. The co-legislators will work on the EC's proposal during 2017. This is expected to involve changes to the existing MREL regime, which the SRB will take into account in its ongoing MREL process.

In 2017, the main objectives in this area will be:

- ▶ further refine its policies on consolidated MREL targets;
- ▶ start developing MREL at the level of material entities within SRB banking groups, also addressing the quality and location of the MREL and timeline.

(iv) Data collection

Based on the experience of the data collection exercise performed in 2016, the SRB, in cooperation with the NRAs and the ECB, will seek a harmonised approach in collecting data from the banking sector taking into account existing reporting processes. The LDT includes more than 4 million data points. Data for the LDT are collected by the NRAs and submitted to the SRB.

In 2017, the priorities will be the enhancement of the LDT and other data-gathering based on the draft EBA templates. The SRB will define and plan the development of long-term IT solutions to collect, store and validate the data. In order to increase efficiencies for involved parties the new solutions will be streamlined with existing processes, such as financial reporting (FINREP), where possible. This will increase automatisation, leading to improvements in the collection process, data validation and central data storage arrangements, and will provide clarity on data requirements.

(b) Resolution action

(i) Updating the Crisis Management Manual

The first draft of the Crisis Management Manual was finalised in December 2015. It was further developed in 2016 within the context of the Crisis Management Committee, which was dissolved by the Plenary Session in September 2016.

In 2017, the Crisis Management Manual will be reviewed and updated, as appropriate, within the context of the Resolution Committee.

In order to ensure the swift and effective preparation and implementation of resolution schemes, work will continue in particular on:

- ▶ operationalising the resolution tools provided by the BRRD and SRMR;
- ▶ drawing up and updating the SRB's standard templates and documentation to be used in case of resolution, where necessary;
- ▶ defining the most adequate modalities for ensuring access to liquidity sources by the bank throughout the resolution process.

Given that resolution schemes shall be executed by the NRAs in accordance with the national legal framework applicable in the participating Member States, the SRB will also continue to facilitate the drafting of national handbooks for the operationalisation and execution of the resolution tools, taking into account the different institutional and legal frameworks of the participating Member States. The SRB, together with NRAs, will work towards a smooth process on how for the NRAs to execute the SRB's resolution decisions.

This activity will be carried out by making reference to the Crisis Management Manual and the best practices that will be established following the analysis, discussion and informal benchmarking of these handbooks. Ensuring homogeneity and convergence of highest standards across the different jurisdictions will be key to ensuring orderly resolution.

(ii) Enhancing preparedness

In 2017, the SRB will continue working to enhance its capacity to react promptly and deliver an orderly and timely resolution. For this purpose, the SRB will carry out a project in 2017 with the objective of performing gap analyses, comprising quality assurance of documentation and procedures, identifying challenges and related solutions, implementing and finally testing those solutions in practice.

The project will also help to test the adaptability of project management solutions and capabilities within the SRB and the presence and adequacy of audit trail mechanisms as well as IT tools available. Specific attention will be given to the capacity to communicate effectively internally and externally, as well as to providing appropriate training to the SRB and NRA staff.



There will be significant further development of internal documentation, spelling out the procedural steps to be taken from the moment the financial situation of a bank deteriorates significantly until the implementation of a resolution scheme, taking into account in particular the necessary communication and cooperation with other stakeholders such as the ECB, the EC and the NRAs. The experience gained so far in dry-run exercises will provide useful input in this respect.

(iii) Dry-run exercise

In 2016, the SRB conducted a fully-fledged dry-run exercise that involved high-level participants from the EC, the Council and the SRB around a bank failure simulation. The main goal of the exercise was to test the interactions between the different EU bodies with responsibility for the resolution of a bank under the direct remit of the SRB. Hence, the exercise focused on the procedures and processes governing the interactions between the SRB, the EC's Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) and Directorate-General for Competition (DG COMP) and the Council. In addition, in October 2016 the SRB organised, together with the EC and the ECB, a trilateral dry-run exercise together with the relevant UK and US authorities.

In 2017, the SRB plans to conduct a new round of dry-run exercises, also involving NRAs and EU institutions. The objective is to test the adequacy of the tools and procedures drawn up so far (in particular, with regard to the Crisis Management Manual).

The following activities are considered priorities for 2017 in this area:

- ▶ A dry-run exercise i.e. testing the guidelines and processes, including step-by-step check lists jointly developed by the SRB and NRAs, with key institutional stakeholders.
- ▶ Since the NRAs will also be involved, new issues will be covered compared with the 2016 exercise. Possible considerations include the actual implementation of resolution tools after the resolution weekend.

(c) Tools and policies for resolution and regulatory activity

(i) Updating the Resolution Planning Manual

A draft of the internal Resolution Planning Manual, prepared by the Resolution Planning Committee, was adopted at the beginning of 2016. In addition, a publication, under the title *The Single Resolution Mechanism — introduction to resolution planning*, was presented to the public and relevant stakeholders in September 2016. The Resolution Planning Manual is intended to be a living document, to be updated, as appropriate, with the involvement of the Resolution Committee during the course of 2017 with the following inputs:

- ▶ incorporating feedback received from IRTs on the application of the Resolution Planning Manual to their planning activities;
- ▶ identifying areas for improvement as well as best practices;
- ▶ taking into account agreements reached at international or EU level;
- ▶ incorporating further horizontal issues e.g. on MREL.

(ii) Benchmarking resolution plans

In 2017, the SRB will work to align and deepen the quality of its resolution plans and ensure that they follow the SRB standards (including the Resolution Planning Manual). Horizontal benchmarking will help identify best practices and efficient approaches to be rolled out across all SRB banks.

In order to reach this objective, the following actions will be taken in 2017:

- ▶ developing benchmarking tools, also based on existing best practices from NRAs and the ECB, and testing them on a sample of resolution plans;
- ▶ identifying main areas of resolution planning activities that need further harmonisation;
- ▶ disseminating best practices that have been identified in assessed resolution plans.

(iii) SRM ICT platform

To deal with the information on significant institutions (SIs) under the direct remit of the SRB and on less significant institutions (LSIs) under the direct remit of the NRAs, and to be able to process it while ensuring an efficient decision-making process, the internal IT infrastructure will be further developed, building on the existing secure information system already established by the SRB.

This IT infrastructure, which will be one of the highest priorities, will (i) allow the secure exchange of information with NRAs; (ii) establish a workflow facility to assist internal decision-making; (iii) set up a resilient internal storage and processing facility.

The aim in 2017 is to achieve substantial progress in developing an integrated SRM ICT Platform both for SIs and for LSIs, with the following features:

- ▶ The present secure information system will be further developed to encompass exchanges with NRAs on LSIs in addition to SIs.
- ▶ The SRM ICT Platform will support efficient and secure management of the internal decision-making process from the initiating steps to final adoption by the SRB, for both SIs and LSIs.
- ▶ The documents and data received from the NRAs will be stored in a common secure and resilient database, providing possibilities to select and analyse the data from different angles. The system should be able to store all the documentation received and allow research (filtering, full-text search, etc.).
- ▶ The SRM ICT Platform will also include the consolidation of the existing questions and answers (Q&As) developed within the SRB to ensure full interactivity within the SRM.

(iv) Regulatory activity

During 2017, the SRB will continue its dialogue with the EC and the co-legislators (EP and Council) on all relevant resolution-related issues. This involves identifying any areas for improvement in existing legislation (e.g. in the BRRD and in the SRM Regulation) as well as contributing to the policy process for potential new EU legislation. The SRB will continue to share its expertise with others proactively.

The SRB expects the following regulatory issues to be of particular relevance for its activity in 2017:

- ▶ **BRRD and SRM Regulation**

The SRB will ensure on an ongoing basis the adequate implementation of the BRRD and SRM Regulation across the BU. In 2016, the SRB identified areas for improvement that relate to impracticalities, clerical errors and parts of the BRRD and SRM Regulation that require further clarification. In 2017, the SRB will continue the review of the BRRD and SRMR and will closely liaise with the EC, Council and EP and, where relevant, provide advice and support to address potential shortcomings and areas for improvement in the current legislation.

- ▶ **Transposition of TLAC agreement into EU legislation**

In 2016, the SRB provided its position to the EC on possible ways to transpose the international agreement on TLAC into EU legislation and define its interplay with the MREL regime. A legislative proposal will be put forward by the EC by the end of 2016. In 2017, the SRB will stand ready to provide further support to the EC during the negotiations on finalising the legislative proposal.

- ▶ **Financial market infrastructure resolution**

While financial infrastructures play an increasingly important role in European markets, a resolution regime for those entities is not yet in place in the EU. The SRB will continue its engagements at the EU and international levels to support legislation in this area. The SRB will further establish and promote its policy stance in the relevant international fora,



(e.g. the FSB) and share its knowledge with EU and international bodies. In 2017, central counterparty (CCP) resolution will be important for the SRB given that many of the banks under the SRB's remit are clearing members of CCPs.

► **Deposit guarantee schemes**

A credible, effective and efficient deposit guarantee scheme (DGS) is needed to complement the resolution regime. The SRB will also contribute to this debate in 2017. In line with the June 2016 Council conclusions, the EC is now taking forward work on the moratorium tool and the creditor hierarchy. The key next steps for the SRB will be (i) providing continued technical support to the Council Presidency as it develops the European Deposit Insurance Scheme (EDIS) proposal and (ii) engaging with the EC in its work on the creditor hierarchy and the moratorium tool.

► **Backstop provisions for the SRF**

The SRB requires adequate financial means at all times to fulfil its legal mandate in the event of a resolution involving access to the SRF. Although *ex ante* contributions and loan facility agreements (LFAs) are already in place, a financial backstop provision covering potential capital shortfalls is currently under debate. The SRB supports the position of the Economic and Financial Affairs (ECOFIN) Council with respect to a common backstop⁽⁹⁾. In 2017, the SRB will stand ready to participate and support regulatory bodies and Member States in finding the best solution regarding this initiative.

⁽⁹⁾ See Outcome of the Council meeting ECOFIN, 17 June 2016.

VI. RESOLUTION FRAMEWORK

(a) Cooperation with national authorities

Cooperation with national authorities is at the heart of the functioning of the SRM. In 2016, in line with Article 31(1) SRMR, a cooperation framework (COFRA) laying down the procedures for cooperation between the SRB and the NRAs was adopted by the Plenary. At the same time, cooperation within the SRM on resolution activities made progress at different levels and in various formats including through the IRTs. In 2017, the SRB will monitor any development that may have a material impact on the COFRA and on existing IRT structures and functioning. In addition, the SRB will develop its oversight function on LSIs in cooperation with NRAs. Finally, the SRB will continue coordinating the organisation of training activities on resolution matters for SRM staff.

(i) Monitoring and updating the COFRA

The COFRA specifies the modalities of cooperation between the SRB and the NRAs in a number of areas including IRTs, resolution colleges, access to information etc. also by providing operational guidance.

In 2017, the SRB will review the COFRA based on internal feedback, as well as experience gathered from the NRAs during 2016 and the Resolution Committee.

In order to achieve this objective, the following actions will be taken in 2017:

- ▶ gathering relevant feedback from the SRB and NRAs stemming from concrete experience with the implementation of the COFRA e.g. with regard to IRTs and RCs;
- ▶ updating, if necessary, the COFRA, while ensuring consistency with possible updates of the Resolution Planning and Crisis Management Manuals.

(ii) Building an LSI oversight function

According to the SRMR, to ensure consistency of resolution activities within the SRM, the SRB is responsible for assessing draft resolution measures relating to LSIs to be adopted by NRAs under their own responsibility and subject to prior notification to the SRB.

Article 7(3) SRMR specifies that NRAs shall inform the SRB of the relevant resolution measures on LSIs (approximately 3 400 institutions) and shall liaise closely with the SRB when taking those measures.

Once assessed, the SRB may express its views, and highlight the elements of the draft decision that do not comply with the SRMR or the SRB's general instructions. Where the draft decision is considered not to comply with the latter, the SRB may issue a warning, and the SRB may decide after consulting the NRA concerned or upon request of the NRA concerned, to exercise directly all of the relevant powers under the SRMR.

The main objective for 2017 will be to achieve consistent assessments of the draft measures received from the NRAs.

The following activities are considered a priority for 2017 in this area:



- ▶ In order to manage a potentially large number of notifications received in a short period of time, the SRB will plan its action in a coordinated manner with the NRAs. For this purpose, twice a year the SRB will invite NRAs to provide a calendar of the expected decisions related to any LSI under their responsibility.
- ▶ In order to ensure high standards and consistent assessments of the NRAs' draft measures, the SRB will start developing ad hoc methodologies and templates to guide the different phases of the SRB assessment, in cooperation with the NRAs.

(iii) Training activities on resolution

Since its inception the SRB has organised six training events on resolution matters, targeting both SRB and NRA staff. The events, lasting one or two days, included both *induction* courses aimed at newcomers and junior staff and *specialised* courses aimed at more senior staff and covering different topics (valuation, accounting and supervisory reporting, etc.). The courses were organised in close collaboration with the NRAs, which also provided speakers, together with the SRB and other EU institutions.

- ▶ In 2017, the SRB plans to continue organising training events in collaboration with the NRAs and the EBA, including one induction course, given that the number of staff at the SRB and NRAs has not yet stabilised, as well as specialised courses on topics (e.g. bail-in) of major relevance for resolution activities.

(iv) Cooperation with NCAs

A MoU with the ECB is already in place to guarantee a smooth functioning and information exchange for significant institutions where the ECB is the competent supervisory authority. Nevertheless, the SRB is also the competent resolution authority for other cross-border groups according to Art 7(2)b. In this respect, if necessary, a MoU with the competent NCAs would have to be established to guarantee a transparent and well-functioning exchange of relevant information and cooperation.

(b) Cooperation with other stakeholders

Cooperation with other relevant stakeholders, such as EU institutions and resolution authorities from non-participating Member States and third countries, and participation in international fora are crucial in meeting the SRB's strategic objectives.

(i) European Union institutions

▶ European Parliament

The SRB will continue cooperating in an open and transparent manner with the EP. The Chair of the SRB will present the Annual Activity Report 2016 to the EP and will attend exchanges of views, and the SRB will respond to EP questions whenever asked to do so.

▶ Council of the EU

The SRB will maintain an open dialogue with the Council and will strengthen its involvement in Council meetings (e.g. ECOFIN, Eurogroup and Economic and Financial Committee) to contribute to effective policy-making.

▶ European Central Bank

Sharing information in a timely manner between the ECB as supervisory authority and the SRB will remain one of the key priorities for the SRB. When invited, the SRB will continue to attend meetings of the Supervisory Board of the ECB to discuss resolution-related items and individual cases that may entail resolution or early intervention actions in the future. The ECB has observer status in the Executive and Plenary Sessions.

▶ European Commission

The SRB will continue to exchange views and liaise closely with the EC, in particular with DG FISMA and DG COMP, at different levels with regard to both policy and procedural issues. The EC has observer status in the Executive and Plenary Sessions.

(ii) Other EU bodies

In 2017, the SRB will continue fostering cooperation and mutual support with the EBA, given its activities in the context of the Single Rulebook. The SRB will in this context also carry out activities necessary to comply with the EBA's reporting requirements. An SRB full-time Board Member currently chairs the EBA Resolution Committee and will attend the EBA Board of Supervisors and the Standing Committee on Regulation and Policy as an observer.

During 2017, the SRB will also strengthen its cooperation with the other EU Supervisory Agencies, namely the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), as well as with the European Systemic Risk Board (ESRB) and the European Stability Mechanism (ESM).

(iii) Non-Banking Union EU authorities

In 2016, the SRB focused its cooperation efforts on the resolution authorities of those participating Member States with which the Banking Union has the most relevant cross-border banking activities.

Article 32(2) SRMR requires the SRB to conclude multilateral memorandums of understanding (MoUs) with the NRAs and NCAs of each non-participating Member State and the ECB. In 2017, the SRB will start negotiations in order to progress with the establishment of these MoUs.

(iv) Non-European Union authorities

In 2016, the SRB signed two bilateral MoUs with the USA and Switzerland as well as bank-specific cooperation agreements (CoAgs) with some third-country resolution authorities for all the euro area G-SIBs with a presence outside the EU. This was the result of a complex process, especially given the necessity to conduct, in accordance with the relevant BRRD and SRMR provisions, a confidentiality equivalence assessment.

In order to improve resolvability and to foster best practices on a broader scale, the SRB will continue its engagements with institutions that are not part of the EU in 2017.

The following activities are considered priorities for 2017 in this area:

- ▶ **Strengthening international relations with third-country authorities**

The SRB will strengthen its cooperation with third-country members of the G20. In this context, the SRB will continue to attend the relevant EU Financial Dialogues with third-country authorities.

- ▶ **Developing new agreements (MoUs and CoAgs) with third-country resolution authorities**

The SRB will identify, on the basis of the cross-border structures of the banks under its direct remit, the need to set up new additional bilateral MoUs with third-country resolution authorities. In addition, the SRB will assess the need to extend the third-country composition of the agreed CoAgs for the euro area G-SIBs.



(v) International fora and bodies

The interconnectedness of markets requires cooperation, policy and guidance on a global scale. The FSB and other intergovernmental organisations play an important role in promoting convergence and in providing advice in the domain of resolution.

The following activities are considered priorities for 2017 in this area:

- ▶ **Continuing to contribute effectively to the FSB's work to promote effective (cross-border) resolvability of global financial institutions**

The SRB is an active participant in the Resolution Steering Group (ReSG –currently chaired by the SRB Chair and attended by an SRB full-time Board Member) and in its main substructures dealing with bank and CCP resolution. In addition, the SRB participates in the Joint Study Group on CCP Interdependencies. In 2017 the SRB will continue to aim to contribute effectively to the ReSG's work to further operationalise key elements of the bank resolution framework (internal TLAC, access to FMIs and bail-in execution) and to develop an effective resolution regime for CCPs.

- ▶ **Advising intergovernmental organisations and bodies about the European resolution framework**

The SRB will, if requested, advise the World Bank, the International Monetary Fund and the United Nations with regard to accession countries and other governments interested in the EU resolution framework.

VII. COMMUNICATION

The SRB is committed to delivering informed, reliable and transparent public relations services based on best practice and a real understanding of the issues that affect the SRB and its stakeholders.

In 2017, communication work streams will strengthen the SRB with appropriate communication tools and resources for its activities in times of stability, as well as in times of crisis.

The SRB will also focus on reaching out to various stakeholders to enhance its visibility throughout the EU and beyond.

The following activities in this area are considered priorities for 2017:

▶ **External communication**

The SRB will proactively communicate its messages and engage with relevant stakeholders on its activities and policies to promote sound planning and decision-making about resolution both in times of stability and crisis situations. The SRB will communicate more directly with the general public about its mission and the benefits of resolution. This will be achieved through traditional media and communications as well as digital channels such as social media and the SRB website. To inform stakeholders of the SRB's activities, SRB speakers will attend conferences and the agency will issue press releases and host press conferences as appropriate, issue insights, factsheets, Q&As, event calendars and other publications.

▶ **Internal communication**

Planned initiatives include press monitoring, to be developed through the launch of a procurement exercise resulting in extensive multilingual daily press reviews and media analysis, and improved digital communications through, for example, the development of a more effective SRB intranet.



VIII. SINGLE RESOLUTION FUND

The SRF (the Fund) will be built up over an eight-year transitional period, starting in 2016. The total target size of the SRF by the end of the transitional period will be at least 1% of the amount of covered deposits of all credit institutions authorised in Member States belonging to the Banking Union.

(a) SRF contributions mechanism

The *ex ante* contributions to the SRF originate from all credit institutions within the scope of the SRM and are calculated and collected on a solo basis. The contribution amount reflects two characteristics of a credit institution: its size and its risk profile.

The calculation of the risk profile comprises several risk indicators. Many small institutions may benefit from a simplified method of calculation.

The SRB will continue working through the new Fund Committee to enhance, together with the NRAs, practical cooperation in collecting contributions from institutions.

The main objective for 2017 is to collect the contributions to the SRF from all institutions falling within its scope, in accordance with their size and risk profile, by 30 June 2017.

To this end, the SRB will undertake the following activities in 2017:

- ▶ **Determining the annual target level for contributions to the SRF in 2017**

The SRB will determine the 2017 target level for the SRF at the beginning of 2017 based on the amount of covered deposits of credit institutions in 2016.

- ▶ **Implementing the initial phase of the ‘contribution collection system’ (CCS) IT project**

This project will facilitate the collection of the necessary data and the calculation of the 2017 *ex ante* contribution. Each institution will have to provide its CCS-validated data by 31 January 2017.

- ▶ **Calculating the individual 2017 *ex ante* contributions and notifying the NRAs of them**

Working groups under the Fund Committee will be created, in collaboration with the NRAs, in order to improve communication and transparency.

▶ **Providing the contractual documentation that will govern the irrevocable payment commitments (IPCs) and their collateral for 2017 and the years thereafter**

The objective is to consider, together with the NRAs, whether in terms of efficiency the 2016 IPC contract can be re-used in 2017 or whether there is a need to develop a master contract for the entire transitional period.

▶ **Collecting the contributions and allocating them to the national compartments**

According to the intergovernmental agreement (IGA) on the transfer and mutualisation of contributions to the SRF, during the transitional period contributions raised at national level shall be transferred to the Fund in such a manner that they are allocated to compartments corresponding to each contracting party (Member States).

▶ **Performing the *ex post* audit on the data collection**

In accordance with Article 36 SRMR, on-site inspections may be performed in order to verify and improve the quality of data reported by the institutions for the calculation of *ex ante* contributions.

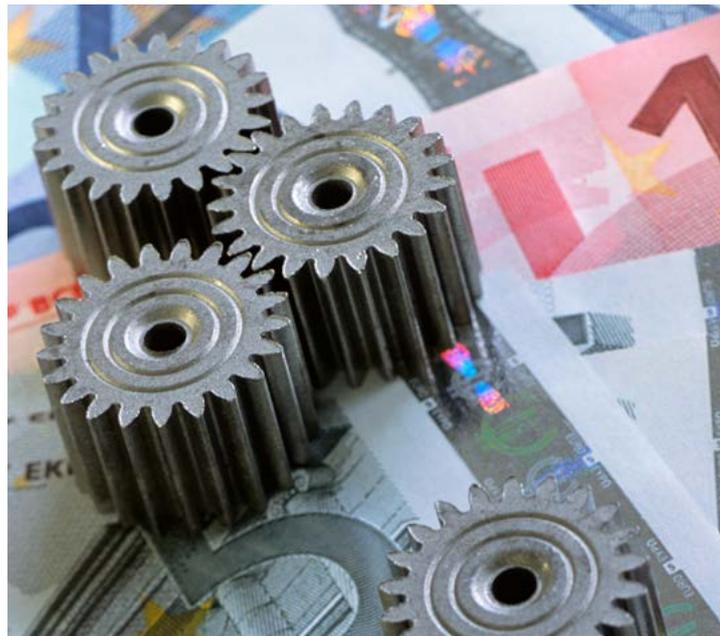
(b) SRF investments

It is expected that the amounts held in the SRF will amount to EUR 17 billion following the 2017 *ex ante* contributions. The main objective for 2017 is to put the developed investment policy into practice. In 2016, the SRB developed and adopted an investment policy consisting of an investment strategy, investment plan, governance framework and risk management framework.

Furthermore, the SRB will continue working on the development of the infrastructure to manage the growing size of the investment portfolio, including the necessary IT systems.

Key actions in this area in 2017 will include the following:

- ▶ further developing the investment policy of the SRB (e.g. developing comprehensive portfolio and risk management tools), potentially adding new asset categories and performing the first review of the investment strategy;
- ▶ implementing the first investment strategy, based on an investment plan;
- ▶ further developing the necessary infrastructure to manage the growing size of the investment portfolio of the SRB.



(c) SRF funding

During 2017, the SRB will continue to evaluate different options for additional funding for the SRF. This may include both private and public sources. In 2016, the SRB ensured the signing of almost all of the Loan Facility Agreements (LFAs), amounting to EUR 55 billion in total. Furthermore, the SRB will work on options for the use of the SRF in resolution cases.

If a resolution case requires resolution funding, the SRB will develop the infrastructure to execute funding instruments, including the necessary IT systems.

Key actions covering the SRF funding options in 2017 will include the following:

- ▶ evaluating the limitations and operational requirements of the different funding options for the SRF;
- ▶ operationalising and, if necessary, using the LFAs;
- ▶ performing a specific additional review on the amounts committed via the LFAs (currently EUR 55 billion in total);
- ▶ continuing technical work on a common backstop, at the request of the Member States;
- ▶ continuing work on options for the use of the SRF in resolution cases (e.g. liquidity in resolution);
- ▶ in the event of a resolution case requiring resolution funding, developing the necessary infrastructure to execute funding instruments;
- ▶ evaluating the need and requirements to obtain a rating for the SRF

IX. THE SRB AS AN ORGANISATION

The SRB aims to be a modern, competent and professional organisation with effective and efficient processes, and to have a support organisation that works together with the rest of the agency to achieve its mandate.

(a) HR

The objective of the SRB's HR function is to enable the organisation to achieve its goals, through the optimisation of recruitment, proper allocation and administration of resources, and developing and motivating staff. In order to attain those objectives, the HR function aims to ensure that the staffing of the SRB is in line with its requirements, that staff members are engaged and satisfied with the working conditions and career development possibilities at the SRB, and that the HR processes are fully compliant with the Staff Regulations and HR Implementing Rules.

Recruitment will continue to be a key element in 2017, as the SRB will continue to grow, while staff turnover and internal mobility are expected to increase as the organisation matures.

HR will roll out the learning and development programme for 2017, offering training and coaching opportunities to help employees fully develop their potential and encourage them to give their best to the organisation. In order to develop and retain valuable staff, the SRB will stimulate job rotation and develop career opportunities, within the constraints of the relatively small size of the organisation.

In 2017, the SRB will adopt HR policies on (i) prevention of harassment in the workplace and (ii) middle management and function of advisers. In line with the increased maturity of the organisation, more time and effort will be dedicated to the appraisal of the performance evaluation of employees. In addition, the SRB will carry out its first reclassification exercise in 2017 for the promotion of staff.

In order to optimise the working relationship between employees and employer, HR will actively engage with the new SRB Staff Committee, which will be elected and established in the final months of 2016. In 2017, HR will also launch the first SRB Staff Engagement Survey to assess overall satisfaction with working at the SRB. The design of the Survey will involve the Staff Committee, where possible.

The key objectives in the area of HR for 2017 can be summarised as follows:

- ▶ recruiting suitable candidates up to the required headcount;
- ▶ rolling out a learning and development programme;

- ▶ completing the full HR policy framework;
- ▶ engaging actively with the newly created SRB Staff Committee;
- ▶ conducting an SRB staff engagement survey.

(b) Finance

The Finance function of the SRB aims to safeguard the financial interests of the SRB. This means providing service and advice to ensure the efficient planning and implementation of the budget, including a multi-annual perspective, ensuring the true and fair presentation of the SRB's financial condition and performance via the annual accounts, and finally providing support for procurement and supplier management.

Sound financial management will continue to be ensured through prudent management of income, tight control of expenditure and strict adherence to the Financial Regulation. Two major financial administration projects are planned in 2017: (i) the development and roll-out of the new administrative contributions collection mechanism and (ii) the development and adoption of the Rules of Application (the detailed rules for the application of the SRB's Financial Regulation).

The accounting team will continue to ensure regulatory compliance and the consistent application of accounting rules, while minimising the risks associated with the amounts held by the SRB and with the complexity of its operations. Major projects for 2017 are the validation of the SRB's financial and accounting systems; ensuring the collection of administrative and SRF contributions; and the formalisation of procedures and guidance for non-accounting project managers.

The SRB will ensure the timely procurement of goods and services, within the applicable legal framework. The indicative procurement plan for 2017 is presented in Annex III. Besides the execution of the procurement plan, the SRB will focus on contract management, digitising its procedures (e-tendering), streamlining processes and updating templates.

The key objectives in the Finance function for 2017 can be summarised as follows:

- ▶ presenting the SRB's financial position and performance in the annual accounts, and providing support for procurement and supplier management;
- ▶ developing and rolling out the new administrative contributions collection mechanism;
- ▶ developing and adopting the Rules of Application;
- ▶ validating the SRB's financial and accounting systems;
- ▶ ensuring the collection of the receivables of the administrative and Fund contributions;
- ▶ formalising procedures and guidance for non-accounting project managers;
- ▶ procuring goods and services in accordance with the indicative procurement plan for 2017;
- ▶ developing further contract management procedures.



(c) IT

In 2016, the IT team was confronted with an exceptionally high turnover of staff. Despite this challenge, significant progress was achieved in the delivery of the SRB's own data centre and the provision of the SRB's own applications: two projects that contributed to building independent capacity.

At present the resources of the IT team are allocated to the stabilisation of the SRB's IT architecture and the creation of an appropriate ICT strategy, a suitable ICT governance system (including a steering committee and an ICT user group) and the supporting policies and procedures.

In 2017, the SRB IT team will reach a size that will allow it to focus on the day-to-day management of the SRB's IT infrastructure and the development of new applications. An IT work plan will be drafted in line with the needs of the organisation.

Important projects that are already ongoing, or under preparation, include the development of a secure communication and collaboration platform for the SRM and contribution collection tools for both the Fund and the administrative contributions.

In 2017, renewed attention will be given to the development of a resilient SRM ICT infrastructure for resolution activities ⁽⁶⁾. An SRM-wide ICT network will be established, and collaboration projects will be launched.

The key objectives in the IT function for 2017 can be summarised as follows:

- ▶ reaching an adequate and stable staffing level to manage and further develop the SRB's IT infrastructure;
- ▶ implementing an IT portfolio management mechanism, including a stable IT work plan;
- ▶ realising the first new IT development projects, in line with the work plan;
- ▶ finalising the IT security framework, including a complete set of information security policies, an awareness campaign and a business continuity plan including full back-up capabilities.

⁽⁶⁾ More details on the SRM ICT Platform are included in Chapter V Section (c) (iii).

X. GOVERNANCE

(a) Corporate Secretariat

The SRB Corporate Secretariat (CS) is responsible for the timely preparation, coordination and follow-up of the SRB Executive and Plenary Sessions. In accordance with Articles 50 and 54 SRMR, the SRB holds Executive and Plenary Sessions. The Plenary Session meets approximately four times a year, and more frequently if required^(?), the Executive Session roughly once a month.

The main strategic objective of the CS is to ensure effectiveness and efficiency in the preparation, coordination and follow-up of the SRB Executive and Plenary Sessions, thereby supporting the SRB decision-making process.

The following activities are considered priorities for 2017 in this area:

- ▶ **Establishing and successfully implementing a *Corporate secretariat manual***

The Manual describes the general operating rules, guidelines and procedures for the CS and serves as a practical guide. It will be developed in cooperation with the Legal Network and it will ensure consistency and completeness in preparation, coordination and follow-up and thereby contribute to effectiveness and efficiency.

- ▶ **Completing and maintaining an updated SRB Corporate Record, including at least, but not limited to, all decisions by different decision-making bodies and the timely set up and distribution of agendas and minutes of the sessions**

A corporate record is the basis for (external) accountability and transparency. Furthermore, it provides clear and durable evidence of the (background of) decisions taken by the decision-making bodies of the SRB.

(b) Compliance

Bearing in mind its mission and the nature of its activities as the resolution authority within the Banking Union, the SRB is expected to maintain a high level of integrity and compliance. The Compliance Team within the SRB is the organisational function that helps ensure that the SRB is compliant with relevant requirements and SRB internal rules and procedures.

The main objective in 2017 is to maintain a robust and up-to-date overview of the compliance risks the SRB is exposed to, and to have in place sufficient (precautionary) mitigating measures for these risks.

^(?) In 2016 the Plenary Session will have met 6 times in person in addition to conference calls and written procedures.

The following activities are considered priorities for 2017 in this area:

▶ **Ensuring that all SRB staff members are aware of relevant requirements and internal rules and procedures**

Developing a compliance awareness training programme for SRB staff members is key to preventing (accidental) compliance breaches. A robust compliance programme can mitigate risks and reduce the likelihood of a major compliance issue. To this end, it is also planned that the SRB Data Protection Policy will be implemented further.

▶ **Conducting a semi-annual compliance risk assessment**

Conducting a regular compliance risk assessment, and informing the Plenary Session, will ensure that the Compliance Team understands the full spectrum of compliance risks for the SRB. The identification of key priorities and the allocation of resources will be based on this risk assessment.

XI. APPEAL PANEL

The SRB Appeal Panel is an independent body staffed with five members and two alternates and supported by the SRB's Appeal Panel Secretariat. The SRB Appeal Panel is established to decide on appeals submitted against selected decisions of the SRB (Article 85 SRMR).

The main objective in 2017 is to achieve effectiveness and efficiency in the decision-making process of the SRB Appeal Panel.

The following activities are considered priorities for 2017 in this area:

- ▶ **Ensuring effective and efficient case management**

Having dealt with its first cases already in 2016, the SRB Appeal Panel will be in a position to build on the expertise and experience gained. This will enable processes to be further refined.

- ▶ **Enhancing practical support for the SRB Appeal Panel**

Concrete actions to support the work done by the Appeal Panel will include enhanced IT support and support for secretarial and logistical tasks.



XII. ANNEXES

Annex I — Allocation of resources to activities for 2017 ⁽⁸⁾

HUMAN RESOURCES

Activities/actions	Administrators/assistants	Seconded National Experts	Total
V. Resolution readiness	181	15	196
VI. Resolution framework	43	4	47
VII. Communication	5	1	6
VIII. Single Resolution Fund	41	3	44
IX. The SRB as an organisation	67	1	68
X. Governance	12.5	1	13.5
XI. Appeal Panel	0.5	0	0,5
Total	350	25	375

FINANCIAL RESOURCES (EUR)

Activities/actions	Consultancy	Meetings and events — board/committees/stakeholders	Translations and publications	Missions	ICT *	Other contracts	Miscellaneous	Total
V. Resolution readiness	10 000 000	50 000		1 060 500	6 480 000			17 590 500
VI. Resolution framework				64 500				64 500
VII. Communication	250 000	200 000	1 060 000	13 000	235 000	850 000	45 000	2 653 000
VIII. Single Resolution Fund	1 750 000			63 000	1 025 000	10 325 000		13 163 000
IX. The SRB as an organisation				43 000				43 000
X. Governance	3 000 000	40 000		236 000				3 276 000
XI. Appeal Panel		105 000				1 400 000		1 505 000
Total	15 000 000	395 000	1 060 000	1 480 000	7 740 000	12 575 000	45 000	38 295 000

* Of which EUR 5 040 000 for ICT consultancy.

⁽⁸⁾ The total amount represents the operational expenditures of the budget (Title 3), which require a financing decision.

Annex II — List of key performance indicators for 2017

The SRB has defined a list of KPIs for 2017. The SRB's Annual Report for 2017 will measure performance against these indicators.

Number	The SRB's KPIs for 2017	Target
RESOLUTION-RELATED ACTIVITIES		
1	For banks with 2016 resolution plans, progress in bringing resolution plans to the next level	100 %
2	Develop TRPs for the remaining banking groups in the remit of the SRB	95 % of SRB's banks
3	Develop and refine MREL targets for major banking groups in the remit of the SRB	Yes
4	Develop MREL for material entities within all major banking groups in the remit of the SRB and identification of quality and location	Yes
5	Develop benchmarking tools and test them on a sample of resolution plans	Yes
6	Conduct dry-run exercises	2
7	Number of training events held by the SRB with NRAs	3
8	Launch SRM ICT Platform for resolution activities	Yes
SINGLE RESOLUTION FUND		
9	Indicate to the NRAs the amounts for all 2017 <i>ex ante</i> contributions for the SRF by 1 May 2017	100 %
10	Investment strategy fully implemented	Q3 2017
11	Establish an IT system for the collection of data for the <i>ex ante</i> contributions	Q2 2017
POLICY AND COOPERATION		
12	Effectively contribute to the relevant EU and international regulatory activity	Yes
13	Set up ERCs for non-EU G-SIBs (Article 89 BRRD)	100 %
14	Number of industry dialogues held by the SRB	2
THE SRB AS AN ORGANISATION		
15	Staff turnover (Number of departures within a year/ Average number of employees during the year)	<10 %
16	Number of comments and/or qualified/adverse opinions from the Court of Auditors	0
17	Carry-over rate (of committed funds) of operational budget	<30 %
18	Each request for legal advice will have an initial response within two weeks	80 %

Annex III — Indicative procurement plan 2017*

Nr.	Work Programme Activity	Subject	Contract Type	Duration of Contract (in years)	Estimative multi-annual value (EUR)	Estimative value for 2017 (EUR)	Indicative quarter for launching the procedure
1	V	Consulting and advisory services regarding strategic and operational aspects of resolution schemes and head hunting for bank managers in crisis situations	Framework Contract	4 yrs	12 500 000.00	-	Q1 - 2017
2	V	Consulting and advisory services related to removal of impediments and other horizontal issues	Framework Contract	4 yrs	6 000 000.00	-	Q3 - 2017
3	V	Call for expression of Interest for expert advice	AMI	4 yrs	2 500 000.00	-	Q3 - 2017
4a	V	Services for MREL, LDT Project	The SRB is investigating the possibility to cover these service under European Commission Framework Contracts	n/a	650 000.00	575 000.00	Q1 - 2017
4b	V	Services SRM-ICT Resolution System	Framework contract	4 yrs	12 000 000.00	3 080 000.00	Q1 - 2017
5	VII	External venues for hosting SRB meetings	Framework Contract	4 yrs	200 000.00	50 000.00	Q1 - 2017
6	VII	Graphic Designer Services	Framework Contract	4 yrs	400 000.00	100 000.00	Q1 - Q2 2017
7	VII	Public Relations Services	Framework Contract	4 yrs	1 000 000.00	250 000.00	Q1 - 2017
8	X	Legal services	Service Contract(s)	n/a	3 000 000.00	3 000 000.00	Q1 - Q4 2017
9	VIII	Outsourcing funding and treasury operations	Service Contract	2 yrs	6 000 000.00	3 000 000.00	Q1 - 2017
10	VIII	Services for rating	Service Contract	n/a	6 000 000.00	1 500 000.00	Q4 - 2017
11	VIII	Custody services	Framework Contract	4 yrs	8 800 000.00	1 300 000.00	Q2 - 2017
12	VIII	Investment/Consultancy investment governance framework	Service Contract	n/a	250 000.00	250 000.00	Q1 - 2017
13	VIII	Administrative Contribution Collection Project - invoicing module	Service Contract	n/a	50 000.00	50 000.00	Q1 - 2017
14	VIII	Development of legal documentation for SRF	Service Contract	n/a	2 000 000.00	-	Q1 - Q4 2017
15	VIII	Consultancy for data checks and calculations	Service Contract	2 yrs	2 000 000.00	1 000 000.00	Q1 - 2017
Grand total					63 350 000.00	14 155 000.00	

* The Procurement Plan includes operational procurements with an estimated value higher than EUR 15 000, which are not covered by Framework Contracts as per Article 80 & Article 81 of the SRB Financial Regulation. The plan does not include procedures falling under Article 81.1 & Article 81.2 of the SRB Financial Regulation.

SINGLE RESOLUTION BOARD

Treurenberg 22, 1049 Brussels

<https://srb.europa.eu>



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