

Operational guidance for banks on resolvability self-assessment

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Abbreviations

AT1	Additional Tier 1
BaU	Business as Usual
BRP	Business Reorganisation Plan
BRRD	Bank Recovery and Resolution Directive
BU	Banking Union
CBL	Core Business Line
CBR	Combined Buffer Requirement
CB	Central Bank
CF	Critical Function
CET1	Common Equity Tier 1
CSD	Central Securities Depository
EBA	European Banking Authority
ECB	European Central Bank
EFB	Expectations for Banks
EU	European Union
FMI	Financial Market Infrastructure
FMIR	FMI Report
FOLTF	Failing or Likely to Fail
GL	Guidelines
ICSD	International Central Securities Depository
IRT	Internal Resolution Team
IT	Information Technology
KLE	Key Liquidity Entity
LDR	Liability Data Report
LSI	Less Significant Institutions

MIS	Management Information Systems
MPE	Multiple Point of Entry
MRC	Maximum Reorganisation Capacity
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NRA	National Resolution Authority
OCIR	Operational Continuity in Resolution
PRS	Preferred Resolution Strategy
SAR	Separability Analysis Report
SNP	Senior Non-Preferred
SPE	Single Point of Entry
SRB	Single Resolution Board
SRM	Single Resolution Mechanism
SRMR	Single Resolution Mechanism Regulation
SWD	Solvent Wind-Down
TLAC	Total Loss-Absorbing Capacity
VDR	Virtual Data Room
VRS	Variant Resolution Strategy

1. Introduction

1.1. Background

In March 2020, the Single Resolution Board (SRB) published the Expectations for Banks (EfB¹), outlining the SRB's expectations on the minimum level of capabilities (i.e., resources, data, process and procedures) banks are expected to have in place in order to demonstrate that they are resolvable and are prepared for crisis management. While the expectations are general in nature, their application has been tailored to each bank, taking into account the proportionality principle, and based on a continuous dialogue between each bank and its Internal Resolution Team (IRT). The EfB have been phased-in over the past years allowing banks to gradually build-up their capabilities until the end of 2023. They are in line² with the European Banking Authority (EBA) Guidelines on improving resolvability³.

The SRB's strategy covering a five-year timeframe (Single Resolution Mechanism (SRM) Vision 2028⁴) focuses on crisis readiness, placing resolvability and operationalisation of resolution plans at the core of the SRM's work. There will be increased focus on banks conducting self-assessments and regularly testing their ability to be resolved, in accordance with a multi-annual testing programme⁵. This also means that banks are expected to take an even stronger role in assessing and ensuring they are resolvable.

Consequently, this operational guidance aims at supporting enhanced operationalisation of resolution strategies by providing more detailed instruction on the resolvability assessment process and capabilities relevant for each resolvability dimension, thereby also promoting convergence of practices.

¹ Unless otherwise specified, terms used and defined in the EfB have the same meaning in this document.

² See EBA Guidelines compliance table: <https://www.eba.europa.eu/activities/single-rulebook/regulatory-activities/recovery-resolution-and-dgs/guidelines?version=2022#activity-versions>

³ In line with the EBA/GL/2023/05 (Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing).

⁴ SRM Vision 2028: https://www.srb.europa.eu/system/files/media/document/SRM%20Vision%202028%20strategy_FINAL.pdf

⁵ The testing of the capabilities set in the EfB is not covered by this operational guidance.

1.2. Objectives

The primary objective of this document is to guide banks under the SRB's direct remit⁶ in their resolvability self-assessments.

The self-assessment is a key supporting document to the SRB resolution planning, which has been requested since 2021 in a format agreed between each bank and its IRT⁷. In line with the EBA Guidelines on improving resolvability⁸, the SRB has developed a harmonised resolvability self-assessment report in order to further foster convergence across the Banking Union (BU). With this publication, the SRB aims to provide a set of criteria for banks to assess whether they meet the resolvability capabilities outlined in the EfB, but also to support the multi-annual testing programme that will start from 2026 onwards. The resolvability self-assessment report presented in this guidance consists of two parts, the executive summary and the self-assessment template, the context of which is further detailed below.

⁶ The entities and groups that currently fall under the direct responsibility of the SRB: i) the entities and groups directly supervised by the European Central Bank; and ii) other cross-border groups, hereinafter referred to as “banks”.

⁷ Paragraph 4.2.3. Update on progress (“Resolvability Progress Report”) of the EfB.

⁸ In line with paragraph 129 of the EBA/GL/2023/05 (Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing).

2. Link with resolvability testing and the identification of impediments

As part of the yearly resolution planning process, the SRB is responsible for assessing the extent to which banks are resolvable. To this end, the IRTs carry out a resolvability assessment⁹, based on the legal framework and taking into account the EfB, the bank's self-assessment report as well as their holistic knowledge and the specific characteristics of the bank.

- The IRTs determine the necessary testing that banks need to conduct to validate/confirm the functioning of the declared capability.
- The IRTs assess the extent to which the bank meets every resolvability capability and any impact of "failing to do so" on the chosen resolution strategy/strategies. Depending on the circumstances of the case, the IRT considers the appropriate course of action.

Implementation assessment

As the deadline for building up MREL and the phase-in period for resolvability envisaged in the EfB have passed, the SRB is now shifting towards the comprehensive testing of banks' capabilities to ensure their operational readiness over time. This testing will be conducted against a set of common criteria outlined in a multi-annual work programme covering a period of three years¹⁰, in line with the EBA Guidelines on improving resolvability¹¹. As part of this, the self-assessment report will be a crucial document for the IRTs to calibrate testing efforts on a yearly basis.

The bank's self-assessment report will be the starting point of the yearly resolvability assessment, informing the IRT on how well the bank has implemented the resolvability capabilities. In addition, the bank's self-assessment will guide the calibration of the multi-annual testing programme performed by the IRT. Finally, the self-assessment report, supported by evidence provided by the bank, including outcomes of testing and deep-dives or on-site inspections, will confirm whether the bank's capabilities are in place and are operating

⁹ SRB resolvability assessment approach: <https://www.srb.europa.eu/en/content/srbs-new-heat-map-approach-enhances-resolvability-assessment>

¹⁰ The first multi-annual work programme will cover years 2026 - 2028.

¹¹ In line with the EBA/GL/2023/05 (Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing, 13 June 2023).

effectively. Based on this information, the IRT will assess the extent to which each bank meets the resolvability capabilities and will reflect the results of this assessment in the Heatmap.

Impact assessment

The resolvability assessment also considers the impact of each resolvability capability on the successful execution of the resolution strategy (low, medium, high). This assessment applies proportionality by taking into consideration the business model characteristics of banks as well as their specific resolution strategies and tools. Resolvability capabilities assessed as having medium to high impact for the feasibility of the resolution strategy receive particular attention by the IRT during the resolution planning and the resolvability assessment.

Identification of impediments and of follow-up actions

The combined assessment of the extent to which the capability is met and the impact levels will:

- show, in a consistent way, whether a bank's resolvability capabilities operate effectively in the areas that are the most critical for the successful execution of the resolution strategy;
- help to identify impediments to resolvability and to define follow-up actions, where needed, in a consistent way.

Depending on the circumstances of the case (e.g., significance of the impediments), the SRB may, for instance, ask the bank to address them through appropriate follow-up actions within a short timeframe to be monitored by the IRT, or, if appropriate, initiate a formal procedure for addressing substantive impediments to resolvability, pursuant to Article 10 of the Single Resolution Mechanism Regulation (SRMR).

Where the SRB, after consulting the competent authorities, including the European Central Bank (ECB), determines that there are substantive impediments to the resolvability of the bank, it shall prepare a report addressed to the bank and make a recommendation on any proportionate and targeted measures that, in the SRB Board's view, are necessary or appropriate to remove those impediments.

3. Definitions, scope and processes

3.1. Resolvability self-assessment report

To ensure that banks structure and perform their self-assessment in a consistent way, Annex II of this operational guidance sets out the template for the self-assessment, which has been developed having regard to the EBA Guidelines on improving resolvability¹². The self-assessment template takes the form of a structured questionnaire covering each of the seven resolvability dimensions set out in the EfB. These dimensions are:

- Governance;
- Loss absorption and recapitalisation capacity;
- Liquidity and funding in resolution;
- Operational continuity in resolution (OCIR) and access to Financial Market Infrastructure (FMI) services;
- Information systems and data requirements (MIS);
- Communication; and
- Separability and restructuring.

The self-assessment template breaks down the seven dimensions of the EfB mentioned above in principles, which are further substantiated by a set of capabilities that banks are expected to meet in order to demonstrate resolvability. Capabilities are grouped in three levels, where capabilities between levels 1 and 3 represent core capabilities necessary to support the execution of a bank's resolution strategy. An additional level 4 is envisaged, aiming to introduce more advanced capabilities developed by banks beyond those outlined in the previous levels. Indeed, during the implementation phase of the EfB, some banks have developed capabilities that go beyond those covered by the three levels of the Heatmap. These "advanced" capabilities may help to support the overall resolvability of banks depending on their size, complexity, business model or resolution strategy, without in principle triggering the identification of substantive impediments in case a given capability is not fully met.

¹² Paragraph 124 of EBA/GL/2023/05 (Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing).

Through the assessment of the set of capabilities, the self-assessment report completed by the banks aims to provide a holistic overview of elements listed in paragraphs 8, 124 and 125 of the EBA Guidelines on improving resolvability¹³, notably:

- The bank's understanding of its role in the execution of the resolution strategy;
- How well resolution planning is integrated into the bank's business as usual (BaU) and its interplay with the recovery planning;
- The quality assurance and testing frameworks in place to ensure resolvability capabilities are adequately maintained over time.

When filling in the self-assessment template, the bank is expected to assess to what degree each capability is met and to provide justification (including measures already conducted by the bank to fulfil the capability). A justification is also due in case one or more capabilities do not apply to the bank. For each capability that is still not fully met, the bank is expected to specify the actions it intends to undertake within a corresponding deadline(s). Chapter 4 sets out the methodology to be followed by the bank when completing the self-assessment template.

In line with the EBA Guidelines on improving resolvability¹⁴, the self-assessment template should be accompanied by an executive summary describing the main conclusions of the self-assessment for each of the seven resolvability dimensions mentioned above (Annex I).

3.2. Scope of application

In a similar way to the EfB, this operational guidance applies to banks under the SRB's direct remit that are earmarked for resolution¹⁵. Each resolution entity within the BU as the entity heading the resolution group is requested to carry out the resolvability assessment at the resolution group level.

In addition, for banks under a multiple point of entry (MPE) strategy, the self-assessment should be conducted at the level of each resolution group within the BU. For banks under an MPE strategy with the ultimate parent entity within the BU, in order to ensure there is a single point of contact and holistic view at the level of the

¹³ EBA/GL/2023/05 (Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing).

¹⁴ Paragraph 125 of EBA/GL/2023/05 (Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing).

¹⁵ This operational guidance does not cover banks referred to in Article 2 (1) of Directive 2014/59/EU.

ultimate parent entity, the self-assessment report should be centralised and submitted to the SRB by the ultimate parent entity.

While recognising that this operational guidance primarily focuses on the resolution entity, it is essential to ensure the readiness to support the execution of the group resolution strategy at the level of non-resolution entities, particularly outside of the home jurisdiction. Against this background, while carrying out the self-assessment, a resolution entity should reflect how the resolution group as a whole, including non-resolution entities, meet the EfB. The assessment related to non-resolution entities should therefore also cover all seven resolvability dimensions, to the extent relevant to the execution of the strategy. The relevance of the specific resolvability dimension for non-resolution entities should be defined in agreement with the IRT.

This operational guidance does not cover non-resolution entities where the SRB acts as host resolution authority. In these cases, the SRB will rely on the assessment performed by the home resolution authority and the underlying self-assessment conducted by the bank according to the format of the home resolution authority.

3.3. Reporting requirements

Unless indicated otherwise by the IRT¹⁶, the resolution entity is expected to submit its self-assessment report to the SRB yearly by 31 January at the latest¹⁷. The report should cover the resolution activities carried out during the preceding calendar year and should include:

- the self-assessment report, which comprises the executive summary and the self-assessment template (as set out in Annex I and II). The self-assessment report should be signed by the senior executive responsible for resolution planning;
- any accompanying documents which substantiate the self-assessment (not yet provided to the IRT).

The first self-assessment report under the format established by this guidance should cover the resolution planning activities carried out during the calendar year 1 January 2025 to 31 December 2025 and is expected to be submitted by 31 January 2026 at the latest. Until then, banks are expected to continue reporting their self-assessment in the format agreed with the IRTs, as per previous iterations.

¹⁶ On a case-by-case basis, the IRT may request an interim self-assessment report, when relevant to progress in resolution planning and to improve the resolvability of the bank throughout the respective resolution planning cycle. In such case, any feedback received from the IRT on an interim self-assessment report, should be considered by the bank in its annual self-assessment.

¹⁷ If this date is not a business day, the information shall be provided on the subsequent business day.

3.4. Resolvability assessment process and resolution planning cycle

The self-assessment aims to increase banks' direct involvement into the resolution planning process and to provide the resolution authorities with an additional perspective, being also a valuable source of information for the purpose of assessing the extent to which banks are resolvable. As such, the self-assessment report completed by the bank will feed into the IRT's assessment of bank's resolvability and the resolution planning process.

To ensure consistency in the assessment of resolvability across the resolution group, the resolution entity in each resolution group is expected to coordinate the overall process, aligning it with its overarching role in resolution planning within the group. As a result, the resolution entity may request the necessary assessments from non-resolution entities, in particular, cross-border, in order to ensure that the overall resolvability assessment at the level of the resolution group is considered in a holistic manner.

It is expected that the resolution group as a whole, rather than individual banks within the same group, will complete and submit the self-assessment report to the SRB, as outlined in Annex II. Nevertheless, it is acknowledged that the host resolution authority of non-BU subsidiary of the bank under the SRB's direct remit may identify a need to request an individual self-assessment from such subsidiary. In this case, the host resolution authority will set the appropriate reporting format and the results of such self-assessment should be considered by the resolution entity among other analysis requested to non-resolution entities while conducting the self-assessment for the resolution group.

As a first step, the bank sends its completed self-assessment report, including evidence and justifications supporting the assessment and proposed measures to close the remaining gaps. In light of this, the IRT assesses the report (and other relevant information) and identifies: i) shortcomings and/or areas that still need improvement, ii) areas of inconsistencies between the IRT's assessment and the self-assessment completed by the bank. Results of the IRT's assessment are formalised into the SRB's resolvability assessment (Heatmap), and formally communicated to each bank in the summary of the resolution plan.

Considering the findings from the resolvability assessment conducted by the IRT as well as discussions with the bank, the IRT formulates bank-specific priorities and targeted actions to address identified shortcomings for the upcoming calendar year. These priorities and actions are communicated to the bank in the yearly priority letter.

In case the host resolution authority identifies specific measures towards a cross-border non-resolution entity, such measures will be discussed (for example, in resolution colleges) and coordinated with the SRB as the resolution authority responsible for the resolution group.

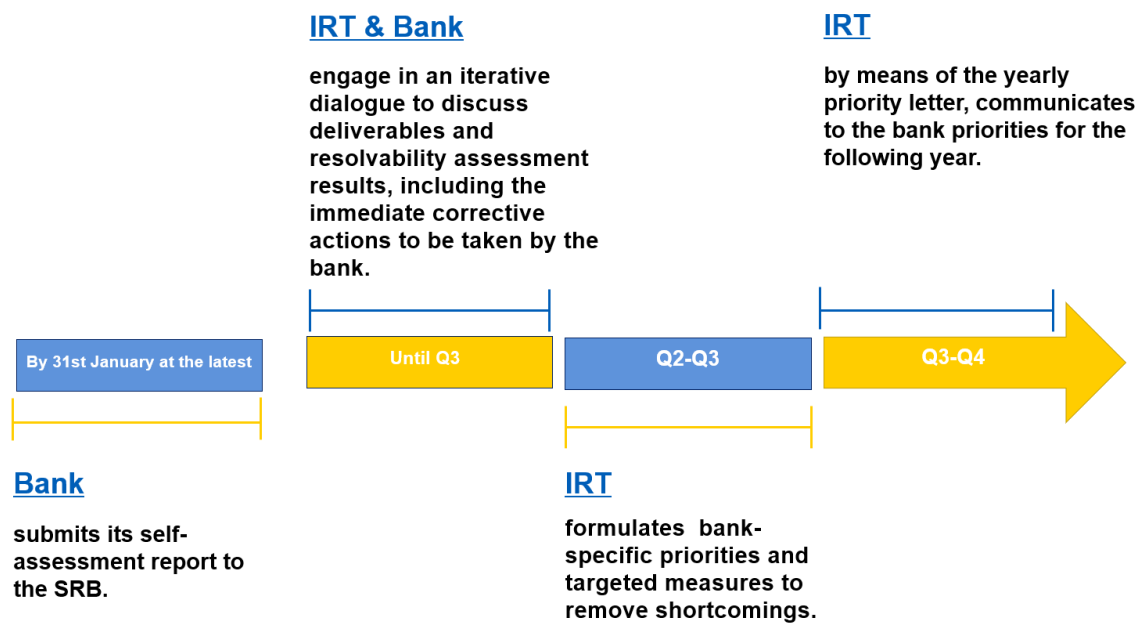
Finally, leveraging on the bank's self-assessment report and the resolvability assessment conducted by the IRT, the IRT either confirms or revises the multi-annual resolvability testing programme for the bank. The

annual testing work programme for each bank is communicated in the yearly priority letter, along with the aforementioned priorities.

As a result of this iterative process, each year, the bank is expected to reflect in its self-assessment areas in which work was conducted in accordance with the common and bank-specific priorities including testing as well as any changes deemed material for the execution of the strategy. Figure 1 below illustrates the simplified timeline of this process.

However, should any significant shortcoming(s) be identified by the IRT while performing the resolvability assessment, the IRT will swiftly liaise with the bank, requesting appropriate follow-up actions to address them within a short timeframe, under the IRT’s monitoring¹⁸.

Figure 1. Simplified resolvability assessment process and timeline



3.5. Proportionality

The EfB take into account proportionality by applying resolvability principles and capabilities to each bank in a tailored manner, allowing for bank-specific characteristics. Proportionality considerations are also taken into account when the IRT assesses a bank’s status in meeting the EfB, having regard to, among others, the

¹⁸ This is without prejudice to the possibility for the SRB to trigger a substantive impediment procedure, in case the relevant conditions are met.

relative impact of the specific principles and capabilities on the feasibility of the resolution strategy and on the effective application of the resolution tool(s).

Therefore, proportionality considerations should also be taken into account when the bank conducts its self-assessment and evaluates the applicability of specific principles or capabilities. As further detailed in Chapter 4, the bank is exempted from assessing principles and capabilities, which were recognised by the bank as not applicable.

3.6. Transitional arrangements

In some specific cases, transitional arrangements may apply¹⁹:

1. **Switch bank:** for a bank whose resolution strategy has changed from liquidation to resolution, the self-assessment report should be submitted as soon as possible and no later than one year after the communication of the change of strategy;
2. **Newly authorised bank:** for a newly authorised bank that is earmarked for resolution, the self-assessment report should be submitted as soon as possible and no later than one year after the communication of the decision adopting the first resolution plan.
3. **Bank changing remit²⁰:** for a bank that has moved from the NRA to the SRB remit after the publication of this guidance, the self-assessment report should be submitted as soon as possible and no later than one year after the change of the remit.

Switch banks and newly authorised banks are expected to work towards resolvability having regard to the principles set out in the EfB. However, the expectations are subject to a gradual phase-in tailored by the IRT. In particular, the banks are expected to build the EfB capabilities in full as soon as possible and no later than three years as from the date of the approval of the resolution plan including the (new) resolution strategy. While the resolvability assessment conducted by both the bank and the IRT should be performed against all principles applicable to the bank, targeted measures to address shortcomings will be formulated by the IRT only with respect to principles for which the phase-in has already started in previous years. The bank's individual priorities for the upcoming year as well as targeted measures to address shortcomings will be reflected in the yearly priority letter communicated to the bank.

¹⁹ Paragraph 33 of EBA/GL/2023/05.

²⁰ This applies only to the cases where the NRA has applied a different template for less significant institution (LSI).

3.7. Requests for information and information sharing

The SRB works proactively on resolution planning to ensure that banks are resolvable to avoid potential negative impacts of their failure on the economy and financial stability. In this context and given the evolving nature of risks that the banks face, the SRB will continue engaging with banks on further operationalisation of resolution strategies and tools, ensuring enough flexibility to respond to any crisis scenario. To this end, the IRT may request information on specific topics as well as additional measures to be taken in addition to what is described in the EfB, when deemed necessary in order to improve the resolvability of the bank.

4. Methodology for banks' resolvability self-assessment template

4.1. Four-point self-assessment grading scale

Unless otherwise specified, the methodology for assessing to what degree the capability is met is based on a four-point grading scale (i.e., compliant, largely compliant, materially non-compliant, non-compliant):

- **Compliant:** The bank should assess itself as compliant when the capability is fully met;
- **Largely compliant:** The bank should assess itself as largely compliant with the capability, whenever shortcomings identified are limited or have a low impact on the practical implementation of the capability;
- **Materially non-compliant:** The bank should assess itself as materially non-compliant with the capability where the practical implementation of the capability is still weak. While this grade acknowledges the bank's initial steps towards meeting the capability, it should still be considered as the closer to the non-compliant grade. Consequently, the gap between "largely compliant" and "materially non-compliant" is wider, with the aim of differentiating in which capabilities substantial work remains to be completed or not;
- **Non-compliant:** The bank should assess itself as non-compliant with the capability, whenever there are substantial implementation issues or the capability is not implemented.

Box 1. Example of four-point self-assessment grading scale

Capability 5.3.2.1: Data for bail-in execution. *The bank demonstrates the ability to provide bail-in data (in line with the SRB instructions, and complemented by the country specific amendments when applicable) covering the information on own funds, other subordinated liabilities, senior non-preferred (SNP) debt, and senior preferred debt securities with a sufficient level of quality (completeness and accuracy) to ensure successful bail-in implementation during the resolution weekend.*

- **Compliant:** The bank demonstrates this capability for own funds items, other subordinated liabilities (not recognised as own funds), SNP liabilities, and senior preferred securities. Data quality (completeness and accuracy) is considered appropriate to ensure successful bail-in implementation during a resolution weekend.
- **Largely compliant:** The bank demonstrates this capability for own funds items, other subordinated liabilities, SNP liabilities and senior preferred securities. Data quality (completeness and accuracy) is considered generally adequate. However, there is still margin for improvement to reach the "Compliant" sub-level.
- **Materially non-compliant:** The bank demonstrates this capability only for own funds instruments and other subordinated liabilities or data quality (completeness and accuracy) is considered inadequate.
- **Non-compliant:** The bank is not able to provide bail-in data for any instruments or liability.

For some capabilities, as outlined in the self-assessment template, the assessment may only warrant a binary response (either the capability is met or not). In this case, the assessment grade is limited to “compliant” or “non-compliant”.

Following the grading scale methodology presented above, the bank is requested to specify *in the column “Assessment”* the degree to which each capability is met. Grading is not an exact science and the self-assessment should not be seen as a checklist. Instead, the bank should apply a qualitative approach in its assessments, considering data gathered and analyses conducted for resolution planning, including where relevant those conducted by non-resolution entities of the respective resolution group. The latter is important in view of the expectation that while carrying the self-assessment, a resolution entity should reflect how the resolution group as a whole, i.e., including non-resolution entities, meets the EfB.

By default, the self-assessment template suggests that all principles and capabilities are applicable to the bank. However, the bank could mark a specific capability as **“Not applicable”** *in the column “Assessment”* having regard to bank-specific characteristics, such as:

- **resolution strategy:** as an example, capabilities related to banks under an MPE strategy should be marked as not applicable for banks with a single point of entry (SPE) strategy (some capabilities in Principles 2.4 & 2.5);
- **resolution tool:** for instance, capabilities related to business re-organisation can be marked as not applicable for banks where the resolution plan does not envisage the implementation of open-bank bail-in under the preferred resolution strategy (PRS) or the variant resolution strategy (VRS) (Principle 7.3);
- **business model of the bank and complexity:** for instance, capabilities related to internal loss transfer and recapitalisation should be marked as not applicable for banks without subsidiaries subject to internal MREL (Principle 2.6). In addition, banks without significant trading activities could mark capabilities related to solvent wind-down (SWD) as not applicable (some capabilities in Dimension 7).

This approach derives from the general nature of the EfB which represents a common approach to be further tailored, where necessary, to each bank by the IRT.

4.2. Reasoning for assigning specific scoring and gap analysis

In the column “Reasoning”, the bank should justify for each capability the grading given or specify why the capability was marked as “Not applicable”. As for the former, the justification should be based on, among others, measures taken by the bank to fulfil the requirement, test(s) performed²¹, other analyses performed/deliverables provided by the bank, feedback from the IRT in previous resolution planning cycle(s) (for example, feedback on the self-assessment or any other deliverables requested for resolution planning purposes, or feedback received after deep-dives or on-site inspections), or internal audit and independent third-party verification results (for example, legal opinion). As for the latter, the justification should be based on the bank’s understanding of its resolution strategy/tool as identified by the resolution authority or any other bank-specific characteristics (as mentioned in sub-chapter 4.1 above). For all capabilities marked as “**Not applicable**” the following columns should be left blank.

Where relevant, to further substantiate the grading given, the bank should detail *in the column “Test(s) performed”*, any tests conducted as part of the multi-annual testing programme, as communicated to the bank through priority letters or initiated independently by the bank or by the resolution authority (i.e., deep-dives and on-site inspections). For the relevant capabilities where testing, deep-dives or on-site inspections were conducted, the column should at least indicate the following elements:

- type: initiated independently by the bank or requested by the resolution authority;
- the method(s) (for example, desktop exercise, walkthrough, fire drill, dry run, management simulation);
- when applicable, the scope, which is defined as the coverage of the total tested universe. For example, % of total assets, % of loss-absorbing capacity, % bail-in data points, % valuation data points, % of contracts etc;
- the presence of the IRT or any other internal/external independent observer;
- the date, and
- the findings.

For the implementation of each capability that is still not fully met, *in the column “Measures to be taken”*, the bank is expected to specify the measures it plans to take in order to ensure that the capability is fully met, together with the timeframe. The information provided in this column should also be reflected in the bank’s future work plan, drafted in coordination with the IRT, and should not be taken into consideration to justify the grading given.

²¹ Test performed to be mentioned only, further details on the test(s) to be provided in the column “*Test(s) performed*”.

Documents provided to support the assessment (either along with the self-assessment for the given year or previously shared with the IRT) should be listed *in the column “Accompanying documents”*. While listing the documents, the bank should specify the name of the document, the version, the submission date, paragraphs/pages.

ANNEX I – The executive summary of the resolvability self-assessment report

Executive summary of the resolvability self-assessment report²²

1. Banking group name

[Group / Point of entry name]

2. Banking group legal entity identifier

[Group / Point of entry legal entity identifier]

3. Summary of the self-assessment and material changes compared to last year assessment

The bank is expected to summarise the results of the resolvability assessment on each of the seven resolvability dimensions:

- **Governance;**
- **Loss absorption and recapitalisation capacity;**
- **Liquidity and funding in resolution;**
- **Operational continuity in resolution and access to financial market infrastructure services;**
- **Information systems and data requirements (MIS);**
- **Communication; and**
- **Separability and restructuring.**

The summary of the assessment per each resolvability dimension should be based on the outcome observed for each principle in the respective resolvability dimension. When describing the main conclusions of the self-assessment, the bank should particularly focus on any identified shortcomings and the proposed remedial actions. This should include any steps taken to address the feedback provided by the IRT regarding the bank's resolvability as well as the material changes compared to last year assessment.

[Max 5-page word document]

The Executive summary of the resolvability self-assessment report should be signed by the senior executive responsible for the resolution planning.

²² Pursuant to paragraph 125 of the EBA/GL/2023/05. Please note that bank's understanding of the resolution strategy and the testing and assurance framework descriptions are assessed in the self-assessment template developed by the SRB (see Annex II).

ANNEX II – Self-assessment template

Dimension 1 - Governance

ID	Principle 1.1 – Active involvement of management body and senior management
Level 1	
1.1.1.1	The bank has appointed a member of the management body responsible for the work on resolution planning and the implementation of the resolvability work programme.
1.1.1.2	The bank has appointed a senior-level executive responsible for managing and coordinating the resolution planning/ resolvability work programme.
1.1.1.3	If applicable, the member of the management body regularly updates the supervisory board of the main aspects related to resolution planning, including the state of resolution planning activities and resolvability of the bank. <i>This capability should be marked as 'N/A' in case the bank does not have a dual board.</i>
Level 2	
1.1.2.1	The bank demonstrates, through its relevant internal documentation (e.g., organisation charts; terms of reference of roles and responsibilities, of committees as well as delegation arrangements) that the responsibilities of the appointed member of the management body and the experienced senior-level executive meet EFB Principle 1.1.
1.1.2.2	The bank has identified the areas and aspects where the management body and senior management involvement is needed to support the operationalisation of the bank's resolution strategy, including preparation of the relevant steps for the implementation of the strategy in the context of resolution planning.
Level 3	
1.1.3.1	The bank demonstrates active involvement and steering of the member of the management body and senior executive in the resolution planning activities in line with the respective responsibilities pursuant to EFB Principle 1.1 (e.g., quality and timeliness of recurrent and ad hoc deliverables, approval of the main deliverables by the appointed member of the management body; sufficient staffing of the team working on resolution-related topics; quality of workshop preparation, etc.).
Level 4	
1.1.4.1	If applicable, the member of the management body and/or the senior level executive effectively participate in the Resolution Steering Committee or similar body supporting the oversight and delivery of resolution planning.

ID	Principle 1.2 – Governance for resolution activities
Level 1	
	The bank:
1.2.1.1	<ul style="list-style-type: none"> a) has established a dedicated resolution team; b) has established clear lines of responsibility, including reporting lines and escalation procedures up to and including board members and approval processes, for both resolution planning and crisis management (e.g., the implementation of the resolution decision, communication with relevant stakeholder groups, etc.), all of which is documented in dedicated policies and procedure documents (including playbooks).
1.2.1.2	The bank communicates any material changes (including business model, structure operational set-up and governance at the level of the parent entity and its subsidiaries) to the resolution authorities in a timely manner.
Level 2	
1.2.2.1	The bank has established the processes for consistent data collection, aggregation and for their timely delivery across the different areas of the bank and group entities (including, Bail-in, MREL, liquidity, FMIs, OCIR, valuation and overall MIS). These processes are formalized in up-to-date documentation describing how MIS capabilities can be relied upon to satisfy the principles 5.1 – 5.3. The documentation describes the source systems used for the production of the data and how the systems operate, the controls in place and the stakeholders involved in the preparation and validation of the data.
1.2.2.2	The bank assesses and reflects the impact of any strategic decisions (e.g., M&A activities, legal entity restructuring, changes to the booking model, use of intra-group guarantees and changes to the information technology (IT) environment) on its resolution planning activities and on its resolvability (e.g., impact on MREL, implementation of the PRS, separability etc.). These impacts are timely communicated to the IRT.
Level 3	
	With regards the dedicated resolution team, the bank:
1.2.3.1	<ul style="list-style-type: none"> a) has in place an annual process to reassess the resource needs for resolution planning (including any arrangement to ensure operational continuity in crisis mode); b) has set up its governance model taking into account different staffing needs in time of resolution planning and a crisis event.
Level 4	
1.2.4.1	If applicable, the bank has established a Resolution Steering Committee, or similar body supporting the oversight and delivery of resolution planning.
ID	Principle 1.3 – Quality assurance and internal audit
Level 1	
1.3.1.1	The bank has established a quality assurance process for resolution-related information and has established arrangements that ensure the completeness and accuracy of data.

1.3.1.2 The bank has established an internal control system made of three lines of defence i.e., 1st level (business line management/operational controls), 2nd level (Compliance and/or Risk functions) and 3rd level (Internal audit) control reports. The bank has adequately incorporated the first and second lines of defence as part of its internal resolution planning procedures.

Level 2

1.3.2.1 The bank demonstrates its internal audit work program covers resolution planning activities.

1.3.2.2 The methodology and staff are adequate to conduct the audit (e.g., the audit function is well-trained on resolution matters).

1.3.2.3 The internal audit findings are reported to the board and to the audit committee.

Level 3

1.3.3.1 The bank ensures that internal audit findings and recommendations are subject to a formal follow-up procedure by appropriate levels of management who report to the board and to the audit committee on their effective implementation.

Level 4

1.3.4.1 The internal audit function reviews and provides a comprehensive opinion on the bank's resolvability self-assessment.

Principle 1.4 – Testing²³ and operationalisation of the strategy

ID *Until the multi-annual testing programme starts to be implemented (i.e., in 2026, and reflected in the self-assessment of 31 January 2027), this principle should be left without assessment, with an exception to the capability 1.4.2.1 which refers to the update of the playbooks.*

Level 1

The bank has approved an internal testing governance framework, clearly outlining:

- 1.4.1.1**
- a) responsibilities and reporting lines and procedures, including the approval of an internal testing framework;
 - b) involvement of the board members, senior management and all internal stakeholders that would operationalise capabilities in case of resolution;
 - c) procedures for the preparation, implementation and follow up of testing exercises.

The internal testing framework is expected to be approved by the board of directors.

²³ In 2025 the SRB will publish its approach to the bank resolvability testing outlining expectations for testing (governance, testing environments, testing methods and deliverables). This will inform the multi-annual testing programme prepared by the SRB that will cover a three-year time period, in line with the EBA/GL/2023/05 (Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing).

The bank has developed an internal resolvability testing plan:

- a) that reflects the multi-annual testing programme as agreed with the resolution authority;
- b) that is approved by the board of directors, and revised each time the multi-annual testing programme as agreed with the resolution authority is revised;
- 1.4.1.2 c) the senior executive responsible for resolution planning and the internal resolution planning function prepare and oversee the implementation of the internal resolvability testing plan, in line with the internal resolvability testing framework.

Internal resolvability testing plan is expected to fully adhere and reproduce the multi-annual testing programme communicated to the banking group by the IRT annually (covering three years period) and it is updated accordingly every year.

Level 2

- 1.4.2.1 The bank updates and maintains the descriptions of operational aspects for execution of the resolution strategy(-ies) in playbooks, considering the outcome of testing exercises. Moreover, individual playbooks have been validated by the bank's senior management.

- 1.4.2.2 The bank demonstrates that the senior executives are effectively involved in the operational aspects to execute the resolution strategy(-ies), in particular, the implementation of the multi-annual testing programme and the identification of corrective action to address identified shortcomings. The senior executive responsible for resolution regularly debriefs the board about the progress on the testing programme.

Level 3

- 1.4.3.1 The bank has performed all internal tests for a given year in accordance with the multi-annual testing programme as agreed with the resolution authority.

- 1.4.3.2 The bank has a MIS and testing environments that allow the bank to perform simulations for the purposes of resolvability testing.

Level 4

- 1.4.4.1 The bank's internal resolvability testing plan (1.4.1.2) includes tests going beyond the multi-annual testing programme set by the resolution authority.

- 1.4.4.2 The internal audit function participates as an observer in the execution of testing exercises and issues an opinion on the compliance of the exercise vis-à-vis the guidance provided by the SRB.
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Dimension 2 - Loss absorption and recapitalisation capacity

Dimension 2.1 - Bail-in

ID	Principle 2.1 – Sufficient level of loss absorption and recapitalisation capacity
Level 1	
2.1.1.1	<p>The Liability Data Report (LDR) of the resolution entity accurately identifies the liabilities that are mandatorily excluded from bail-in under Article 44(2) BRRD / Article 27(3) SRMR.</p> <p><i>This capability should be marked as 'N/A' in case the resolution entity does have within its balance sheet liabilities that would benefit from a mandatory exclusion under Article 27(3) SRMR.</i></p>
2.1.1.2	<p>The bail-in playbook reflects the procedure that the resolution entity would follow to identify mandatory exclusions under Article 44(2) BRRD / Article 27(3) SRMR, and concludes that the bank would be able to perform such assessment.</p> <p><i>This capability should be marked as 'N/A' in case the resolution entity does have within its balance sheet liabilities that would benefit from a mandatory exclusion under Article 27(3) SRMR.</i></p>
2.1.1.3	<p>The resolution entity demonstrates its ability to accurately report in the LDR the relevant creditor hierarchy of all liabilities in scope of the report.</p>
Level 2	
2.1.2.1	<p>In the LDR submission, the resolution entity is able to report the most relevant information about capital instruments, bail-inable subordinated liabilities and senior preferred debt securities.</p>
2.1.2.2	<p>The bail-in playbook identifies categories of liabilities which may meet at least one of the conditions of Article 27(5) SRMR on discretionary exclusions from bail-in.</p>
Level 3	
2.1.3.1	<p>In the LDR submission, in addition to the capabilities set out in 2.1.2.1, the resolution entity is able to report accurately the information about all bail-inable liabilities.</p>
2.1.3.2	<p>The information provided by the resolution entity allows the IRT to identify and quantify in the resolution plan those liabilities that are likely to be excluded discretionarily from bail-in in accordance with Article 27(5) SRMR, providing a detailed legal assessment with references to Delegated Regulation (EU) 2016/860.</p>
Level 4	
2.1.4.1	<p>In those cases where the bail-in playbook identifies a potential exclusion from bail-in on the basis of Article 27(5) SRMR, the bank has developed a plan to address (whenever possible) any operational constraint causing the need for the exclusion (particularly, in relation to exclusions on grounds of impossibility to bail-in under Article 27(5)(a) SRMR or on grounds of avoidance of a destruction in value under Article 27(5)(d) SRMR), or to minimise the risk of exclusion.</p>

ID	Principle 2.2 – Cross-border recognition of resolution actions
Level 1	
2.2.1.1	BRRD Article 55: The bank has identified all contracts/agreements under third country law, creating a liability that may be subject to write down and conversion powers, which require introduction of bail-in recognition clauses and it has presented a plan to introduce such clauses to ensure bail-in ability of these instruments, except where impracticability has been demonstrated.
2.2.1.2	BRRD Article 71a: The bank has identified all financial contracts governed by third-country law which require amendments to include terms by which the parties recognise that the financial contract may be subject to the exercise of powers by the resolution authority to suspend or restrict rights and obligations under Articles 33a, 69, 70, and 71 and recognise that they are bound by the requirements of Article 68.
Level 2	
2.2.2.1	BRRD Article 55: The bank has included the bail-in clause in all the debt securities governed by third-country law, including those not MREL eligible and most of the contracts/agreements under third country law creating a liability that may be subject to write down and conversion powers, which require introduction of bail-in recognition clauses, except where impracticability has been demonstrated.
2.2.2.2	BRRD Article 69-71a: The bank adheres to available market standards (e.g., International Swaps and Derivatives Association Resolution Stay Protocols) to ensure resolution stay recognition for those existing contracts identified in Level 1 that are in scope of such standards.
Level 3	
2.2.3.1	BRRD Article 55: The bank has introduced the bail-in clause in all contracts/agreements under third country law creating a liability that may be subject to write down and conversion powers as identified under Level 1, except where impracticability has been demonstrated.
2.2.3.2	BRRD Article 69-71a: The bank has amended the relevant financial contracts identified in Level 1 in accordance with BRRD Article 71a, i.e., by adhering to available market standards (e.g., International Swaps and Derivatives Association Resolution Stay Protocols) or by other agreements.
Level 4	
2.2.4.1	In case of material amount of MREL eligible liabilities and own funds (>5% MREL capacity) issued under third country law, the bank demonstrates an understanding of how to support the process of obtaining a court ruling on, or shortly after, the date of the resolution decision in relevant jurisdictions where recognition is done through judicial means.
ID	Principle 2.3 – Operationalisation of write-down and conversion
Level 1	
2.3.1.1	Internal execution: The playbook covers Common Equity Tier 1 (CET1) items, as well as Additional Tier 1 (AT1) and Tier 2 instruments. The playbook describes the processes to execute the write down and conversion, including a sequence of steps detailing responsibilities, timelines, manual interventions necessary per type of instrument and potential challenges in the execution of each step.

External execution (Part I): The playbook covers CET1 items, as well as AT1 and Tier 2 instruments and it provides a detailed description of the necessary write down and conversion processes involving external stakeholders, considering:

- 2.3.1.2
- a) the instruments/liabilities admitted for trading on a regulated market or equivalent held through the domestic central securities depository (CSD);
 - b) the instruments/liabilities where the primary CSD of issuance is one of the international central securities depositories (ICSD) (i.e., limited to Eurobonds);
 - c) any other instrument/liability issued in any EU CSD or admitted to trading in any EU regulated market.

2.3.1.3 **External execution (Part II)** of bail-in of instruments under third-country law/regime (only applicable to banks which are issuing in non-EU CSDs or with instruments/liabilities admitted for trading in non-EU trading venues, if not covered under capability 2.3.1.2). The playbook covers CET1 items, as well as AT1 and Tier 2 instruments. The bank provides a detailed description of the processes to execute the bail-in of these instruments/liabilities.

Level 2

2.3.2.1 **Internal execution:** In addition to the capabilities set out in Level 1, the playbook covers also senior non-preferred (SNP), other subordinated liabilities and senior preferred debt securities by integrating process descriptions to execute the write down and conversion and envisaging a sequence of steps detailing responsibilities, timelines, manual steps necessary per type of instrument and potential challenges in the execution of each step.

External execution (Part I): In addition to the capabilities set out in Level 1, the playbook covers SNPs, other subordinated liabilities and senior preferred debt securities and it provides a detailed description of the necessary write down and conversion processes involving external stakeholders, considering:

- 2.3.2.2
- a) the instruments/liabilities admitted for trading on a regulated market or equivalent and/or held through the domestic CSD;
 - b) the instruments/liabilities where the primary CSD of issuance is one of the ICSDs (i.e., limited to Eurobonds);
 - c) any other instrument/liability issued in any EU CSD or admitted to trading in any EU regulated market.

2.3.2.3 **External execution (Part II)** of bail-in of instruments under third-country law/regime (only applicable to banks which are issuing in non-EU venues or with instruments/liabilities admitted for trading in non-EU markets, if not covered under capability 2.3.2.2). In addition to the capabilities set out in Level 1, the playbook covers SNP debt and senior preferred securities for all liabilities (which are also MREL eligible). The bank provides a detailed description of processes to execute the bail-in of these instruments/liabilities.

Level 3

2.3.3.1 **Internal execution:** In addition to the capabilities set out in Level 2, the playbook covers also all material liabilities ranking pari passu with MREL, by integrating process descriptions to execute the write down and conversion and envisaging a sequence of steps detailing responsibilities, timelines, manual steps necessary per type of instrument and potential challenges in the execution of each step.

External execution (Part I): In addition to the capabilities set out in Level 2, the playbook covers all liabilities ranking pari passu with MREL and it provides a detailed description of the necessary write down and conversion processes involving external stakeholders, considering:

- 2.3.3.2
- a) the instruments/liabilities admitted for trading on a regulated market or equivalent and/or held through the domestic CSD;
 - b) the instruments/liabilities where the primary CSD of issuance is one of the ICSDs (i.e., limited to Eurobonds);

c) any other instrument/liability issued in any EU CSD or admitted to trading in any EU regulated market.

2.3.3.3 **External execution (Part II)** of bail-in of instruments under third-country law/regime (only applicable to banks which are issuing in non-EU CSDs or with instruments/liabilities admitted for trading in non-EU markets, if not covered under capability 2.3.3.2). In addition to the capabilities set out in Level 2, the bank is capable to demonstrate the operationalisation of the execution of bail-in of any third-country MREL eligible liabilities. The bank provides a detailed description of processes to execute the bail-in of these instruments/liabilities.

Level 4

2.3.4.1 **Bail-in execution:** The requirements set in Level 3 are met for all liabilities within the scope of bail-in. The playbook covers all requirements of the operational guidance on bail-in playbooks and any additional national guidance from the national resolution authority (NRA) (where applicable).

Dimension 2.2 - Minimum requirement for own funds and eligible liabilities (MREL)

ID **Principles 2.4 & 2.5** – Sufficient level of instruments eligible for the minimum requirement for own funds and eligible liabilities & High quality of eligible instruments

Level 1

2.4.1.1 **External MREL requirements:** For the resolution entity, the bank maintains sufficient level of own funds and eligible liabilities to meet its MREL requirement(s) (including the subordination requirement and external Total Loss-Absorbing Capacity (TLAC) when applicable) set for the resolution entity in the currently binding MREL decision without considering the CBR in addition to the risk-based requirement(s).

2.4.1.2 **Internal MREL requirements:** For an operating bank that is a direct subsidiary of a holding company identified as a resolution entity, a sufficient level of own funds and eligible liabilities is maintained to meet the MREL requirement(s) set in the currently binding MREL decision (including internal TLAC when applicable), without considering the CBR in addition to the risk-based requirement(s).

Level 2

2.4.2.1 **External MREL requirements:** For the resolution entity, the bank maintains sufficient level of own funds and eligible liabilities to meet its MREL requirement(s) (including the subordination requirement and external TLAC when applicable) set for the resolution entity in the currently binding MREL decision and the CBR considered in addition to the risk-based requirement(s).

2.4.2.2 **Internal MREL requirements:** For all non-resolution entities, for which an MREL requirement has been set, a sufficient level of own funds and eligible liabilities is maintained to meet the MREL requirement(s) as set in the currently binding MREL decision (including internal TLAC when applicable) and the CBR considered in addition to the risk-based requirement(s).

2.4.2.3 **The CBR shortfall in addition to the MREL risk-based requirement(s):** Where the bank was in shortfall of the CBR in addition to MREL risk-based requirement(s) during the reporting period (i.e., in a situation of Article 10a (1) SRMR), it managed to close the shortfall within a reasonable time.

This capability should be marked as 'N/A', (i) when capabilities 2.4.2.1 and 2.4.2.2 are deemed as "compliant".

Level 3

- 2.4.3.1 Funding plans:** The bank provides at least once a year or when deemed necessary to address a relevant change in circumstances a credible funding plan to reach the required level of the MREL capacity (for newly authorised or switch banks) or to maintain the required level of the MREL capacity.
-
- 2.4.3.2 Management buffer:** The bank has put in place a management buffer, which it maintains and monitors regularly to ensure that the MREL requirements (both total MREL and the subordination requirements) including the CBR considered in addition to the MREL risk-based requirement(s) are met at all times.
-
- 2.4.3.3 Maturity concentration risk:** The maturity (legal maturity or (first) call date if earlier) of MREL eligible liabilities and own funds (other than CET1) is not concentrated in similar dates, which diminishes the risk of a bank of issuing a larger amount of MREL eligible instruments in a short period of time leading to difficulties in market absorption.
-
- 2.4.3.4 For MPE groups:** In case of MPE groups benefitting from a downward adjustment due to the MPE vs. hypothetical SPE mismatch originating from financial interconnections between resolution groups, the banking group has reduced financial interconnections in accordance with the commitment made to the SRB.

Level 4

MREL qualitative considerations²⁴:

- 2.4.4.1 Third country issuances:** The bank does not have a significant concentration of MREL eligible liabilities and own funds issued under third country law in jurisdictions without an international agreement as referred to in Article 93(1) of Directive 2014/59/ EU.
-
- 2.4.4.2 Reliance on deposits:** The bank does not rely on non-covered and non-preferred deposits for MREL compliance (including the CBR considered in addition to the MREL risk-based requirement(s)).
For the purpose of this capability, reliance means that the exclusion of the non-covered and non-preferred deposits from the MREL capacity would result in the bank's MREL non-compliance (including the CBR considered in addition to the MREL risk-based requirement(s)).
-
- 2.4.4.3 Retail:** The bank does not have a significant concentration of MREL eligible liabilities and own funds (other than CET1) issued to retail investors and has taken preventive measures (i.e., new issuances are mainly dedicated to institutional investors and/ or with high minimum denomination per unit).
-
- 2.4.4.4 Subordination:** The bank meets MREL (including the CBR considered in addition to the MREL risk-based requirement(s)) with subordinated eligible instruments.
-
- 2.4.4.5 Contagion risk:** The bank does not rely on MREL eligible liabilities subscribed by other banks for MREL compliance (including the CBR considered in addition to the MREL risk-based requirement(s)).
For the purpose of this capability, reliance means that the exclusion of MREL eligible liabilities subscribed by other banks from the MREL capacity would result in the bank's MREL non-compliance (including the CBR considered in addition to the MREL risk-based requirement(s)).

²⁴ Only instruments included as a part of the MREL capacity in the planning phase should be considered.

ID	Principle 2.6 – Effective internal loss transfer and recapitalisation mechanism <i>This principle should be marked as 'N/A' in case the bank does not have non-resolution entities with internal MREL.</i>
Level 1	
2.6.1.1	The bank has not identified any material issues to the internal loss transfer up to internal MREL.
Level 2	
2.6.2.1	The Bail-in Playbook describes the necessary internal processes to execute write down and conversion in line with Article 21 SRMR for all subsidiaries with internal MREL, including entities waived from internal MREL.
Level 3	
2.6.3.1	The bank's organisational and financial structure does not impede internal loss transfer and recapitalisation mechanism, including considerations of existing indirect issuances (i.e., 'daisy-chains').
Level 4	
2.6.4.1	The bank has mapped and described the functioning of existing financial support arrangements to conclude whether, and if so, how these could be used where resolution action is taken, in line with paragraph 46 of the Operational Guidance on Bail-in Playbooks. <i>This capability should be marked as 'N/A', in case financial support arrangements do not exist in the member state of the bank.</i>

Dimension 3 - Liquidity and Funding in resolution

ID	Principle 3.1 – Estimation of liquidity and funding needs in resolution
Level 1	
3.1.1.1	The methodology the bank has developed to estimate liquidity needs in resolution includes: <ul style="list-style-type: none"> a) the identification of the list of entities (key liquidity entities (KLE)); b) key liquidity drivers; c) material currencies in scope.
3.1.1.2	The methodology the bank has developed to estimate liquidity needs in resolution includes the estimation of the point of failing or likely to fail (FOLTF) and provision of the triggers of resolution (liquidity and/or solvency).
3.1.1.3	The methodology the bank has developed to estimate liquidity needs in resolution includes the capability to estimate and forecast the bank's liquidity position in resolution at different phases (run-up, FOLTF and for resolution strategies other than transfer tools, at least 6 months after resolution), in particular taking into account the resolution strategy and based on different scenarios (at minimum a slow-moving and a fast-moving scenario); involving a mix of solvency and liquidity depletion where liquidity indicators are severely deteriorated at the FOLTF determination; and considering recovery options for the resolution strategy.

Level 2

The methodology the bank has developed to estimate liquidity needs in resolution, in addition to the capabilities set out in Level 1, takes into account:

- 3.1.2.1**
- a) counterparties' behaviour resulting in outflows (e.g., FMIs, funding providers, depositors, etc.), in particular assumptions on deposit outflows and on availability of wholesale short-term funding;
 - b) legal, regulatory and operational obstacles to the transferability of liquidity between group entities;
 - c) implications of rating downgrades on the liquidity position (e.g., additional requirements from counterparties, FMI service providers etc.);
 - d) financial obligations related to operational continuity and access to critical FMIs under stress.

- 3.1.2.2**
- The bank has provided a description of the group funding set up in resolution, covering the expected key differences between their Business as Usual (BaU) and the resolution funding set up, including the changes to the links and dependencies (i.e., intragroup funding arrangements) between the KLEs expected to take place in resolution (especially for cross-border groups).

Level 3

In addition to the capabilities set out in Level 2, the capabilities to estimate liquidity needs in resolution further consider:

- 3.1.3.1**
- a) Legal and operational obstacles to pledge available collateral in a timely manner;
 - b) Potential liquidity needs arising from the contractual suspension or termination rights that counterparts may exercise.

- 3.1.3.2**
- The methodologies of the bank allow for the estimation of key intraday liquidity metrics in the different phases of resolution at an aggregated level and at material currency level.

Level 4

- 3.1.4.1**
- The bank can recalibrate existing model parameters and assumptions underpinning the liquidity estimations within the day and reflect in its estimations rapidly changing market conditions.

ID Principle 3.2 – Measurement and reporting of the liquidity situation in resolution

Level 1

- 3.2.1.1**
- The bank has developed capabilities to report a predefined set of data points to measure and report its liquidity situation at resolution group level on short notice in a standardized format, as per the operational guidance.

The bank is able to:

- 3.2.1.2**
- a) forecast and report its net liquidity position (cash inflows and outflows and the counterbalancing capacity) across time periods as specified in the operational guidance;
 - b) report its liquidity sources that are available as specified in the operational guidance.

Level 2

The bank has developed the capabilities set out in 3.2.1.1 at the level of the resolution group and, where relevant:

- 3.2.2.1**
- a) KLEs;
 - b) material currency level, as agreed with the IRT.

- 3.2.2.2** The bank can report the predefined set of data points to measure and report its liquidity situation within a standard timeframe requested by the IRT.

Level 3

- 3.2.3.1** The bank is able to detail the assumptions (e.g., haircuts, rollover rates and run-off rates) applied to forecast the evolution of the liquidity value of the counterbalancing capacity/liabilities as specified in the operational guidance.

Level 4

- 3.2.4.1** The bank is able to report, in a standardized format, updated daily data for all data points reported.

- 3.2.4.2** The bank ensures consistency with the data reported as part of other supervisory or resolution reporting.

ID Principle 3.3 – Identification and mobilization of collateral during and after resolution

Level 1

The bank has developed capabilities to provide information, where applicable: on the sources of funding that can be mobilized in resolution at the level of the resolution group, KLEs and the level of material currencies covering:

- 3.3.1.1**
- a) intragroup funding;
 - b) private markets;
 - c) facilities from third-parties;
 - d) cross-border funding arrangements.

- 3.3.1.2** The bank has provided analysis on legal, operational and regulatory challenges to mobilise assets (central bank eligible and not central bank eligible).

- 3.3.1.3** The bank has provided information on the amount (estimation of their liquidity value post-haircut) availability and location within the group of assets that would be expected to qualify as collateral for central bank ordinary facilities.

Level 2

- 3.3.2.1** The methodology the bank has developed to identify and mobilize assets that can be used as collateral to obtain funding during and, for strategies other than sale of business, after resolution, includes for the resolution group, KLEs and each material currency: information on marketable assets deemed not eligible for central bank (CB) (ordinary monetary operations) available in resolution and an estimation of their liquidity value.

- 3.3.2.2** The methodology the bank has developed to identify and mobilize assets that can be used as collateral to obtain funding during and, for strategies other than sale of business, after resolution, includes for the resolution group, KLEs and each

material currency: an assessment of the bank’s capabilities to generate marketable assets that could become eligible for CB collateral and, if applicable, identification of remedial actions to implement.

3.3.2.3 The methodology the bank has developed to identify and mobilize assets that can be used as collateral to obtain funding during and, for strategies other than sale of business, after resolution, includes for the resolution group, KLEs and each material currency: information on sources of funding that can be mobilized in resolution, including the identification of non-marketable assets deemed not eligible for CB (ordinary monetary policy operations), including relevant information that could facilitate its valuation.

3.3.2.4 The bank has developed capabilities to provide information on the operational steps and the timing necessary to mobilize assets:

- a) that are eligible for central bank ordinary facilities;
- b) that are not eligible for central bank ordinary facilities.

Level 3

3.3.3.1 The methodology the bank has developed to identify and mobilize assets that can be used as collateral to obtain funding during and, for strategy other than sale of business, after resolution, includes, for the resolution group, KLEs and material currencies. For assets that are non-eligible for CB ordinary facilities, the methodology includes information on the possibility to use securitization to obtain funding, for example, through the Single Resolution Fund, by being able to provide relevant information to estimate the asset value.

3.3.3.2 The methodology the bank has developed allows for the identification of assets for which the CB eligibility is unknown. Where assets in this category have been identified, the bank has taken steps to minimize the amount of assets in this category.

3.3.3.3 The bank has addressed legal, operational and regulatory challenges to mobilize its assets.

Level 4

3.3.4.1 The bank has provided information to support the potential use of alternative funding in a resolution scenario (e.g., in the form of guaranteed unsecured bank bonds).

Dimension 4 – Operational continuity in resolution (OCIR) and access to Financial Market Infrastructure (FMI) services

Dimension 4.1 – OCIR

ID **Principles 4.1 & 4.2** – Identification and mapping of interconnectedness for operational continuity & Assessment of operational continuity risk

Level 1

4.1.1.1 The bank has developed its own service taxonomy in order to identify and map critical and essential services, operational assets and staff.

Level 2

4.1.2.1 The bank has identified critical and essential services, operational assets and staff by performing the criticality assessment and classifying them in accordance with its own taxonomy.

If a bank has no critical functions, the capabilities only apply to core business lines mutatis mutandis.

The bank maintains a mapping of critical and essential services to:

- 4.1.2.2**
- a) critical functions;
 - b) core business lines supporting the resolution strategy and any restructuring;
 - c) legal entities (providing and receiving the services);
 - d) third party service suppliers.

4.1.2.3 The bank has identified a preliminary list of risks to operational continuity in resolution.

Level 3

The bank maintains a mapping of critical and essential services to:

- 4.1.3.1**
- a) operational assets;
 - b) staff/ roles which support their provision;
 - c) the related contractual arrangements.

4.1.3.2 The bank has carried out a comprehensive assessment of risks to operational continuity in resolution.

Level 4

4.1.4.1 The bank has assessed also the risks to operational continuity in resolution deriving from digitalisation of activities.

ID **Principle 4.3** – Actions to mitigate risks to operational continuity and measures to improve preparedness for resolution

Level 1

4.3.1.1 **Resolution-resilient contracts:** The bank has assessed its contractual arrangements and has defined a work plan with a concrete timeline to ensure that both EU and third-country contracts are resolution-resilient and well documented.

Level 2

4.3.2.1 **Resolution-resilient contracts:** The bank has in place resolution-resilient contracts for critical and essential services and assets. Where the bank demonstrates that such contracts could not be made resolution-resilient, the bank has alternative mitigating actions in place.

4.3.2.2 **Documentation:** The bank has in place adequately documented contracts for critical and essential services and assets or, in case of intra-entity services and assets, has documented the information to quickly draw up transitional service agreements in resolution.

Level 3

- 4.3.3.1 Financial resilience:** In case of third-party services, the bank has undertaken adequate due diligence of the financial resilience of the third-party provider(s), in line with the approach in the “EBA Guidelines on outsourcing arrangements”.
This capability should be marked as ‘N/A’ in case the bank has no critical and essential third-party service providers.
- 4.3.3.2 Financial resilience:** For critical and essential services provided by an unregulated intra-group provider, the bank ensures that the service provider has liquid resources – at least equal to 20% of its annual fixed overheads – which are segregated from other group assets.
This capability should be marked as ‘N/A’ in case the bank has no critical and essential unregulated intra-group service providers.
- 4.3.3.3 Staffing:** The bank has in place preliminary succession plans for addressing the loss of critical and essential staff in resolution, and preliminary retention plans detailing measures the bank can take at short notice in the run-up to and during resolution to mitigate against resignation of staff in critical and essential roles.
- 4.3.3.4 Arm’s length charging structures:** The bank has cost and pricing structures in place for critical and essential services they receive that are transparent, predictable and set on an arm’s length basis.

Level 4

- 4.3.4.1 Resolution-resilience of contracts:** Where the bank’s strategy is open bank bail-in, for contracts governed by EU law the bank has in place resolution-resilient contracts for critical and essential services and assets that also cover the implementation of the business reorganization plan. Where the bank demonstrates that such contracts could not be made resolution-resilient, the bank has alternative mitigating actions in place.
This capability should be marked as ‘N/A’ in case the bank does not have open bank bail-in as a strategy (PRS/VRS).
- 4.3.4.2 Staffing:** The bank has in place fully-fledged succession plans for addressing the loss of critical and essential staff in resolution, and fully-fledged retention plans detailing measures the bank can take at short notice in the run-up to and during resolution to mitigate against resignation of staff in critical and essential roles.
- 4.3.4.3 Financial resilience:** For critical and essential services provided by an unregulated intra-group provider, the bank ensures that the service provider has liquid resources – equivalent to 50% of its annual fixed overheads – which are segregated from other group assets.
This capability should be marked as ‘N/A’ in case the bank has no critical and essential unregulated intra-group service providers.

Dimension 4.2 – Access to FMI services

ID Principle 4.4 – Identifying, mapping and assessing dependencies on FMI service providers

Level 1

- 4.4.1.1** The bank is able to provide the qualitative information covered by the FMI report (FMIR) to a large extent and it has established processes to maintain the list of FMI service providers complete and up-to-date.

4.4.1.2 The bank has developed an objective approach to determine which FMI service providers are critical/ essential (taking into account the potential impact of discontinued or degraded access on their critical functions (CF) and core business lines (CBL).

Level 2

4.4.2.1 The bank is able to provide, in addition to the information requested under the capability 4.4.1.1, the quantitative information covered by the FMIR to a large extent as well as it can rapidly produce an up-to-date list of FMI service providers at any time/upon request.

4.4.2.2 The objective approach developed in 4.4.1.2 makes use of the key metrics provided in the FMIR.

Level 3

4.4.3.1 The bank can rapidly produce the FMI-related information needed for its own management of risks and FMI relationships ahead of, during and after resolution.

4.4.3.2 If applicable, where the bank acts as an FMI intermediary, the bank's approach assesses the impact of resolution on other financial institutions.

Level 4

4.4.4.1 The process of identifying, mapping and assessing dependencies (financial, operational etc.) is clearly formalized while the relevant bank internal policies / responsibilities have been set and updated.

ID Principle 4.5 – Understanding the requirements for continued access

Level 1

4.5.1.1 The bank demonstrates in its FMI contingency planning methodology that it has a thorough understanding of the FMI rulebooks it has adhered to or the contractual arrangements it has entered into with intermediaries.

4.5.1.2 The bank has also considered the type of actions that FMIs and FMI intermediaries would be likely to take, such as increased margin requirements or reductions in outstanding credit lines, and under which circumstances these actions might be taken and within what timeline (e.g., intraday or within a few days).

Level 2

4.5.2.1 In addition to the capabilities set out in 4.5.1.1 and 4.5.1.2, the bank has assessed the amount and impact of potential heightened requirements (by reference to the relevant operational guidance Annex I points 3.1.3 and 3.2). The bank has also provided the detailed assumptions and methodology it uses to consider and estimate these.

Level 3

4.5.3.1 In addition to the capabilities set out in 4.5.2.1, the bank also identified any additional requirements from third party services or other providers that are necessary for maintaining access to FMIs. The bank has also identified the mitigation actions for all relevant FMIs, as per 4.5.1.2 and 4.5.2.1.

Level 4

- 4.5.4.1** The requirements for continued access, including amount and impact of heightened requirements for all FMIs at the same time, have been factored into the bank internal risk assessment framework and other relevant internal processes of the bank.

ID Principle 4.6 – FMI contingency plan and measures to ensure continuity in access to FMI services

Level 1

FMI contingency plans (Part I): The FMI contingency plan(s) describes, by reference to the relevant operational guidance:

- 4.6.1.1**
- a) (Annex I point 1.1) the governance arrangements supporting resolution planning duties on continuity of access to FMIs;
 - b) (Annex I point 1.2) governance framework for monitoring and managing the risks related to the bank's relationship with FMI service providers;
 - c) (Annex I point 1.3) the extent to which the bank's MIS supports the preparation of the information in the FMIR and the contingency plans;
 - d) (Annex I point 2.1) the list of FMI service providers covered by the contingency plan(s).

FMI contingency plans (Part II): The FMI contingency plan(s) describes, as per Annex I point 3.1.1 of the relevant operational guidance, identification and mapping of individual FMI service providers as to:

- 4.6.1.2**
- a) the jurisdiction/ law governing the relationship;
 - b) an assessment of whether the contract(s) with the FMI service provider(s) can be considered resolution-resilient or not;
 - c) legal entities in the group which act as intermediaries delivering critical FMI services to other firms within and outside of the group.

FMI contingency plans (Part III): The FMI contingency plan(s) describes, as per Annex I point 3.1.2 of the relevant operational guidance, information on the criteria governing the relationship including:

- 4.6.1.3**
- a) FMI admission criteria/membership requirements (operational, financial, capital and other);
 - b) contractual conditions describing the requirements for maintaining the service, and on suspension and termination clauses;
 - c) potential additional or heightened requirements that may arise ahead of and during resolution (as described in Level 1 of Principle 4.5).

Level 2

FMI contingency plans (Part I): The bank assesses whether the FMI contingency plan(s) contain(s) a description of:

- 4.6.2.1**
- a) infrastructure, processes and operational arrangements (key systems, staff...) to maintain access in resolution;
 - b) the extent to which assumptions and arrangements supporting continuity of access have been reviewed and/or validated by the bank's FMI service providers.

4.6.2.2 FMI contingency plans (Part II): The bank assesses whether the FMI contingency plan(s) contain(s) a description of financial arrangements to maintain access in resolution.

4.6.2.3 FMI contingency plans (Part III): The bank assesses whether the FMI contingency plan(s) contain(s) a description of:

- a) the requirements to support customer portability;
- b) the assessment of the heightened requirements;
- c) the contingency plan(s) fulfil(s) most of the other expectations set by the relevant operational guidance.

4.6.2.4 Resolution-resilient clauses: The bank has made good progress to ensure contracts with FMI and FMI intermediaries in scope of FMI contingency plan(s) have no cancellation/ termination clauses in the event of resolution (including for third country FMIs and FMI intermediaries).

Level 3

4.6.3.1 FMI contingency plans: The contingency FMI plan(s) fulfil(s) all of the expectations set by the operational guidance, as applicable. In particular, contingency plans estimate liquidity needs under stress, including the underlying modelling assumptions and associated collateral requirements.

4.6.3.2 Resolution-resilient clauses: All contracts with third country FMIs and FMI intermediaries and related service providers contain no cancellation/ termination clauses in case of resolution. When this is not the case, the bank has demonstrated that alternative arrangements (substitutability, liquidity resources, access via intermediary ...) have been identified.

4.6.3.3 Customer portability: The bank demonstrates it is able to support customer portability. In particular, the bank has the resources and systems in place to maintain information in this respect, including the list of clients for each omnibus account; client positions, margins and assets received as collateral per individual client; and individual client assets held at the CSD.

4.6.3.4 Substitutability: The bank has demonstrated having identified possible substitutes for the FMI services that they could use, if any, and their respective jurisdictions.

4.6.3.5 Post-resolution actions: The bank has identified the substantive obligations of each contract, in particular, financial and operational obligations, which might be difficult to perform post-resolution, if any.

Level 4

4.6.4.1 Resolution-resilient clauses: Even for contracts that are resolution-resilient, alternative arrangements have been identified.

Coverage of FMI CPs: The bank has provided FMI CPs for other, non-critical or essential FMIs and other relevant stakeholders (e.g., card systems etc.).

Dimension 5 – Information systems and data requirements (MIS)

ID	Principle 5.1 – MIS capabilities to produce information necessary for resolution planning
Level 1	
	The bank is able to report the resolution planning standard forms and templates requested as part of the SRB Resolution Reporting Requirements for the year covered by the assessment in a timely, accurate and complete manner (i.e., in line with the published reporting deadlines, validation rules and guidance).
5.1.1.1	<i>For quarterly requested templates, (e.g., MREL/TLAC report), the assessment should be based on the last four quarters preceding this assessment.</i>
5.1.1.2	MIS for Liquidity: The bank has in place adequate internal frameworks and MIS for the measurement and reporting of liquidity in resolution.
Level 2	
5.1.2.1	MIS for OCIR: The bank has in place MIS supporting their operational continuity arrangements such as the service catalogue and a repository of contracts for critical services.
5.1.2.2	MIS for FMI: The bank demonstrates the adequacy of MIS to timely (i.e., at best, within less than one business day, but no more than two business days) produce accurate and complete information related to critical and essential FMI service providers.
Level 3	
5.1.3.1	MIS for OCIR: The bank has set up MIS supporting their operational continuity arrangements such as (i) a service catalogue for relevant services, operational assets and staff/roles, (ii) a repository of contracts, (iii) an inventory of operational assets and (iv) a database of staff.
5.1.3.2	For banks with significant trading activities preparing the SWD plan: The bank has in place adequate MIS capabilities and can refresh the SWD plan within the timing foreseen in the SWD guidance.
Level 4	
5.1.4.1	In addition to the yearly upgrade of its MIS capabilities to fulfil the reporting requirements set out in 5.1.1.1, the bank regularly upgrades its MIS capabilities with the aim of further increasing the automation of its processes, improving the quality (accuracy and completeness) and timeliness of data output, and to ensure continues compliance with reporting obligations.

ID	Principle 5.2 – MIS capabilities to produce the necessary information for valuation²⁵
Level 1	
5.2.1.1	The bank has in place MIS capabilities to produce information to support a valuation based on the scope defined by the IRT.
5.2.1.2	If applicable, the bank has drawn up a work program proposing how to address the main shortcomings of its MIS for valuation, including a timeline for implementation of remedial actions.
Level 2	
5.2.2.1	The bank has completed the implementation of remedial actions defined in its work program (as referred to above in Level 1 – see 5.2.1.2).
5.2.2.2	The bank has demonstrated that it can generate and extract the SRB Valuation Data Set based on the scope defined by the IRT within 24 hours (including all quality controls).
Level 3	
5.2.3.1	The bank is able to generate, extract and deliver (including all quality controls) the SRB Valuation Data Set within 24 hours.
5.2.3.2	Overall, the bank has in place MIS capabilities to produce information that is as up-to-date and complete, to ensure a fair, prudent and realistic valuation, by being able to run the checks on ‘MIS Valuation Testing 2024 ‘Additional Guidance – Annex 2’.
Level 4	
5.2.4.1	The bank has prepared a Valuation Playbook.
5.2.4.2	The bank set up a data repository in BaU to ensure that valuation data are timely available.

ID	Principle 5.3 – MIS capabilities to produce the information for the implementation of the resolution tools
Level 1	
5.3.1.1	The bank describes its MIS capabilities in its bail-in playbook.
5.3.1.2	Where transfer tools are envisaged (either as PRS or VRS): The bank demonstrates the ability to give easy and swift access to all relevant stakeholders, e.g., through the set-up of a Virtual Data Room (VDR) or equivalent way of access.

²⁵ The content of this principle may be subject to changes pending finalisation of the relevant SRB policy in 2025, as announced in the press release.

Level 2

5.3.2.1 Data for bail-in execution: The bank demonstrates the ability to provide bail-in data (in line with the SRB instructions, and complemented by the country specific amendments when applicable) covering the information on own funds, other subordinated liabilities, SNP debt, and senior preferred debt securities with a sufficient level of quality (completeness and accuracy) to ensure successful bail-in implementation during the resolution weekend.

5.3.2.2 If applicable, data for Write Down and Conversion execution at the level of non-Resolution entities. The group demonstrates the ability to provide WDC data (in line with the SRB instructions, and complemented by the country specific amendments when applicable) covering the all the information requested for non-resolution entities in line with the scope and data quality requirement defined by the SRB guidance.

5.3.2.3 Where transfer tools are envisaged (either as PRS or VRS): The bank demonstrates the ability to produce the information requirements for the material assets, rights, liabilities or shares or other instruments of ownership to be transferred, taking into account safeguards referred to articles 76-80 BRRD and the related Delegated Regulation (EU) 2017-867 to support the effective execution of the transfer tool and the Minimum list of data and documents to be delivered through the chosen solution (e.g., a VDR).

Level 3

5.3.3.1 Data for bail-in execution: The bank demonstrates the ability to provide the bail-in data (in line with the SRB instructions, and complemented by the country specific amendments when applicable) covering all the information related to liabilities that can be subject to bail-in and that rank pari passu with MREL instruments/ liabilities with a sufficient level of quality (completeness and accuracy) to ensure successful bail-in implementation during the resolution weekend.

Where transfer tools are envisaged (either as PRS or VRS):

The bank demonstrates capabilities:

- 5.3.3.2**
- a) to deliver the required information (e.g., through a VDR): i) with all the necessary elements, including the information regarding the transfer perimeters (i.e., the preferred perimeter, alternative ones, structured in different ways, ante/post recovery measures), and ii) to update the required information in case of perimeter shifts;
 - b) to give swift access to all relevant stakeholders at short notice;
 - c) to implement the transfer in the banks' IT systems.

5.3.3.3 Financial contracts: Where applicable, the bank demonstrates the maintenance of detailed records of financial contracts in accordance with Commission Delegated Regulation (EU) 2016/1712.

Level 4

5.3.4.1 Data for bail-in execution: The bank demonstrates the ability to provide the bail-in data (in line with the SRB instructions, and complemented by the country specific amendments when applicable) covering all liabilities that can be subject to bail-in with a sufficient level of quality (completeness and accuracy) to ensure successful bail-in implementation during a resolution weekend.

5.3.4.2 Where transfer tools are envisaged (either as PRS or VRS): The bank has set up a "searchable repository" in resolution planning phase encompassing due diligence materials, equivalent to an in-house VDR, to facilitate the implementation of this requirement in case the actual set up of a VDR becomes necessary.

Dimension 6 – Communication

ID	Principle 6.1 – Communication plan
Level 1	
6.1.1.1	<p>The communication plan identifies the minimum set of critical (internal and external) stakeholder groups that need to be informed in the resolution process, namely:</p> <ul style="list-style-type: none"> a) the management and staff of the institution or group; b) customers; c) media and the general public; d) depositors; e) shareholders/owners and bondholders; f) counterparties (incl. service providers and suppliers), financial market infrastructures, and other affected market participants; g) if applicable, any administrative or judicial bodies from whom approval or authorisation critical to implementing the resolution strategy is required; h) if applicable, any advisors required to implement the resolution strategy.
6.1.1.2	<p>With respect to the stakeholders that form part of the minimum set identified per 6.1.1.1, the communication plan:</p> <ul style="list-style-type: none"> a) includes the objective of the communication per critical stakeholder; b) identifies and describes the role and the responsibility of the owner of the communication process, together with a list of key personnel, per critical stakeholder; c) includes contact details of the owner of the communication process and of the key personnel of the institution/group, per critical stakeholder; d) includes the communication channels to be used, per critical stakeholder.
6.1.1.3	The communication plan describes the specific arrangements put in place to prevent and address information leaks.
6.1.1.4	The communication plan includes a comprehensive strategy and corresponding operationalised procedures to manage any potential negative market reaction.
6.1.1.5	<p>The communication plan in resolution is aligned, to the maximum extent possible, with the communication in crisis per the institution's/group's recovery plan.</p> <p>Particular attention to be given on: list of bank's key persons, list of critical stakeholders and communication channels.</p>
Level 2	
6.1.2.1	<p>The communication plan identifies all critical (external and internal) stakeholders for the resolution strategy of the institution/group.</p> <p>The following list of additional (to Level 1) critical stakeholder groups should be covered (if applicable), at a minimum:</p> <ul style="list-style-type: none"> a) covered versus non-covered depositors (i.e., increased granularity);

- b) affected versus non-affected creditors (i.e., increased granularity);
- c) social partners such as trade unions;
- d) funding and trading counterparties, distinguishing between secured and unsecured (i.e., increased granularity);
- e) market participants, as required under applicable national legal disclosure regimes;
- f) institutional clients;
- g) credit rating agencies;
- h) regulatory authorities.

With respect to the critical stakeholders identified, the communication plan:

- a) includes the objective of the communication per critical stakeholder;
- 6.1.2.2** b) identifies and describes the role and the responsibility of the owner of the communication process, together with a list of key personnel, per critical stakeholder;
- c) includes contact details of the owner of the communication process and of the key personnel of the institution/group, per critical stakeholder;
- d) includes the communication channels to be used, per critical stakeholder.

The communication plan describes the information that can be communicated to each critical stakeholder including a chronological timeline of the communication steps ahead of, during and after resolution, also taking into account:

- 6.1.2.3** a) legal restrictions and requirements;
- b) market reactions;
- c) potential threats to financial stability or successful resolution.

- 6.1.2.4** The communication plan describes the infrastructure and resources that are available to effectively communicate with the critical stakeholders, which would be used in case of resolution.

Level 3

The communication plan includes pre-defined key messages during and after resolution, that are accurate, consistent and easily understandable and tailored to:

- 6.1.3.1** a) the resolution strategy (SPE or MPE), including the preferred and variant resolution tools;
- b) each critical stakeholder and their specificities (e.g., requiring different timelines/information to be provided local languages, disclosure requirements and time differences).

The communication plan includes flowcharts and diagrams which clearly visualise:

- 6.1.3.2** a) the governance structure on the communication plan activation and execution;
- b) the interaction between the different actors/critical stakeholders, departments and committees that will be involved before, during and after resolution.

- 6.1.3.3** The communication plan is consistent with the bank's other plans and playbooks, and includes references to these should there be communication sections in those other documents (or vice versa: the other plans / playbooks should refer to the communication plan).

- 6.1.3.4** The bank maps, either in the communication plan or in the relevant plan or playbook, the potential communication and disclosure requirements linked to the application of the tool (both internal and with third parties and relevant authorities) at the level of the resolution entity(-ies) and of the material legal entities that are credit institutions or investment firms.
- 6.1.3.5** The communication plan provides an assessment of potential barriers to communication or coordination, with corresponding credible mitigation actions, where appropriate.
- 6.1.3.6** The communication plan includes process descriptions for the activities/actions embedded in the communication plan (for example, identification of critical stakeholders, development of the key messages per critical stakeholder, identification of barriers to communication and respective mitigation actions etc.) required to complete and update it.

Level 4

- 6.1.4.1** The communication plan includes pre-populated template documents of messages and emails, frequently asked questions and other tools to be used through the resolution process. Pre-populated documents have been approved by the bank's legal department. The structure of the pre-populated messages and emails to critical stakeholders should be that of: a) a general statement, communicating the resolution action(s) expected to be taken in a resolution event, and b) information about the consequences of the resolution for the respective critical stakeholder.
- 6.1.4.2** The communication plan includes process descriptions on how the bank will tailor its communication messaging to the actual crisis leading to a resolution event (in particular, where the speed of the crisis leads to a short-runway to FOLTF, even mid-week failure).

ID Principle 6.2 – Communication governance

Level 1

- 6.2.1.1** The bank has in place governance arrangements (which, as per EFB principle 6.2 comprise the collection of strategies, policies, processes and/or procedures that are in place to ensure that the relevant objective/expectation is met) to ensure that members of staff involved in communication with identified critical stakeholders – including consulting staff and, where applicable, social partners – are aware of their roles, processes and procedures in resolution and have access to appropriate level of information.
- 6.2.1.2** The bank has in place approval processes that cover all actions and decisions foreseen in its communication plan in resolution, including ultimate sign-off to ensure a coordinated execution of the communication plan among different management bodies of the group entities.
- 6.2.1.3** The bank has in place governance arrangements to monitor the execution of its communication plan.
- 6.2.1.4** The bank has in place governance arrangements to ensure that:
- a) confidentiality and disclosure requirements applicable under relevant national law(s) (i.e., where the bank has material legal entities that are credit institutions or investment firms) are fully met and, where relevant, the SRB is informed about the case(s) where disclosure requirements may unduly impact the implementation of the resolution strategy;
 - b) staff involved in resolution maintain confidentiality and exchange information in a secure manner.

Level 2

- 6.2.2.1** The bank has in place governance arrangements to promptly mobilise infrastructure (including a 24-hour call centre) and resources to effectively communicate with the identified stakeholders.
- 6.2.2.2** The bank has in place governance arrangements to promptly adjust the communication plan and related documents (e.g., FAQ), to the specificities of the applicable resolution action per critical stakeholder. These strategy and procedures should include preparedness and awareness of need for alignment with resolution of authorities.

Level 3

- 6.2.3.1** Where relevant, the bank has in place governance arrangements which allow for a consistent, efficient and effective execution of the communication plan in different jurisdictions, taking into account, inter alia, local language, disclosure requirements and time differences.
- 6.2.3.2** The bank has in place governance arrangements to monitor media and social media (particularly with regard to misinformation) ahead, during and after resolution and to implement communication strategies to mitigate any communication risks.
- 6.2.3.3** The bank has in place governance arrangements, which allow for the dissemination of reliable information under urgent circumstances (i.e., extremely short timeframes, such as a mid-week failure).

Dimension 7 – Separability and restructuring

ID Principle 7.1 – Structure, complexity and interdependencies

Level 1

- The bank has conducted an analysis on sources of structure complexity, covering the characteristics of its trading book, including:
- 7.1.1.1**
- a) size, complexity and funding of its trading book;
 - b) practices related to how trading or hedging operations are marketed, booked (their location within the group), funded and risk-managed.
- This capability is relevant in case the bank performs trading and hedging activities which are material enough to impact resolvability. Otherwise, it should be marked as 'N/A'.*
- The bank has conducted an analysis on sources of structure complexity, covering the complexity of the product lines, including:
- 7.1.1.2**
- a) complex products, including business lines, structured in a way that impairs the use of resolution tools, or can circumvent their application;
 - b) products whose complexity may impede adequate valuation;
 - c) activities which could impede the separability of the bank.
- 7.1.1.3** The bank has conducted an analysis on sources of structure complexity, covering the internal and external interlinkages and contagion risks, including:

- a) activities in special purpose entities;
- b) the use of intra-group guarantees or back-to-back booking transactions (if any) and whether contagion risk is increased;
- c) intra-group funding arrangements and their impact on the implementation of the resolution strategy;
- d) analysis of how a disruption and/or a discontinuation of the banking activities could affect third parties (also through non-banking activities).

The bank has conducted an analysis on sources of structure complexity, covering the complexity relating to third country activities, including:

7.1.1.4

- a) activities in 3rd countries with insufficient resolution regime;
- b) products governed by 3rd country law.

This capability is relevant in case the bank deals with third country activities or instruments ruled by third country law. Otherwise, it should be marked as 'N/A'.

7.1.1.5

For cooperatives: The bank has performed an analysis of the source of complexity driven by the inverted-pyramid structure of the group.

This capability should be marked as 'N/A' in case the bank is not characterized by the inverted-pyramid structure.

7.1.1.6

In case requested by the IRT following the assessment under the points above, the bank has designed a plan to reduce sources of identified undue complexity, with timelines for implementation of remedial actions.

This capability should be marked as 'N/A' in case the bank was not requested by the IRT to design the above-mentioned plan.

Level 2

7.1.2.1

In case requested by the IRT, the bank has implemented the most important measures in line with the approved work plan (as referred to above in Level 1 – see 7.1.1.6).

The "work plan" refers the one mentioned in Level 1 (as per 7.1.1.6). This will apply in the case of the bank who was requested by the IRT to prepare such a plan. If not, the capability should be marked as "N/A".

7.1.2.2

The bank has performed an internal assessment of interconnections between legal entities, and is capable of timely updating and communicating the outcome of this assessment to the IRT.

7.1.2.3

In particular where the strategy is an MPE or when it envisages a partial transfer tool, the bank demonstrates the necessary alignment in the legal and corporate structures of the group with CFs and CBLs to implement the resolution strategy.

7.1.2.4

If applicable, the bank has assessed the separability of entities (or sub-groups) belonging to a banking group with an MPE strategy.

This capability is applicable in case the bank is under an MPE strategy and complements the expectation above. Otherwise, this capability should be marked as 'N/A'.

7.1.2.5

For cooperatives: The bank has a clear and approved work plan on how to address issues deriving from the inverted-pyramid structure.

This capability should be marked as 'N/A' in case the bank is not characterized by the inverted-pyramid structure.

Level 3	
7.1.3.1	The bank has adopted arrangements to ensure independence and resilience of non-banking operations. <i>This capability is relevant in case the bank performs non-banking activities. Otherwise, it should be marked as 'N/A'.</i>
7.1.3.2	The bank has identified and documented the cost/value drivers of business line to be used to: <ul style="list-style-type: none"> a) evaluate in resolution the viability of banks post-resolution or viability of the bridge institution to give continuous access to critical functions; b) draft a credible BRP for banks and be in a position to assess them for authorities; c) raise market interest and maximise pricing as much as possible.
7.1.3.3	For cooperatives: The bank has addressed issues deriving from the inverted-pyramid structure. <i>This capability should be marked as 'N/A' in case the bank is not characterized by the inverted-pyramid structure.</i>
Level 4	
7.1.4.1	Non-performing exposures, if any, can be handled by a dedicated entity or unit, adequately staffed and having all the necessary information at hand <u>(subject to compatibility with supervisory requirements)</u> .
7.1.4.2	The bank is capable to carve out assets, rights and/or liabilities and place them under specialised legal entities such as special purpose vehicles.
7.1.4.3	The bank has performed an internal assessment of interconnections between business lines and is capable of timely updating and communicating the outcome of this assessment to the IRT.
7.1.4.4	If applicable, the bank performed a legal assessment of the effect that the application of resolution action(s) in the domestic jurisdiction may have on its activities in foreign jurisdictions.
7.1.4.5	Where the resolution strategy envisages a break up or restructuring of the group, including the use of a (partial) transfer tool, the bank has implemented measures to arrive at operationally independent MLEs to support the effective execution of the resolution strategy.

ID	Principle 7.2 – Separability analyses for transfer tools
Level 1	
7.2.1.1	Separability analysis report (SAR) (Part I): The bank has completed the following elements of the SAR covering: <ul style="list-style-type: none"> a) a description of the perimeter(s) considered for transfer (shares, instruments of ownership, assets, liabilities), having regard to continuity of CFs and CBLs, also considering relevant recovery options if applicable; b) an assessment of the financial, operational, legal and business interconnections of the identified perimeter(s) - in its SAR, the bank has performed an assessment of the potential obstacles (operational, financial, legal, business, others) to the transferability/separability of the transfer perimeter(s) identified and has proposed mitigating actions.

SAR (Part II): In addition to elements set out in 7.2.1.1, the bank has completed the following elements of the SAR covering:

- 7.2.1.2**
- a) an assessment of market interest considering potential buyers in line with section 2.1.3 of the Operational Guidance for Banks on Separability for Transfer Tools. For each portfolio envisaged for transfer (when applicable), the SAR demonstrates that market interest is driven by: i) the quality of the business model (also informed by Supervisory Review and Evaluation Process, Element 1 Business model aspects, as relevant); ii) the customer base; iii) the distribution channels.
 - b) an assessment of market capacity considering potential buyers including an assessment of the legal requirements relating to the performance of the activities included in the transfer perimeters identified in its SAR (e.g., need for licenses or authorisation).

If applicable, the bank has delivered a description of operational efforts and of the expected time necessary for the delivery of the information and of the relevant assessments requested in Level 2.

- 7.2.1.3**
- This capability is relevant in case the IRT has agreed upon a staggered approach for the delivery on all the Level 2 expectations. Otherwise, it should be marked as 'N/A'.*

Level 2

SAR (Part I): In addition to the elements set out in Level 1, the SAR includes:

- 7.2.2.1**
- a) a detailed description of the perimeter(s) considered for transfer (shares/instruments of ownership, assets, rights, liabilities) and an assessment of the consequences for liability holders (in accordance with the SRB operational guidance on separability for transfer tools);
 - b) a description, when relevant (i.e., when the transfer perimeter includes clearing, payment and settlement activities), of where the perimeter of clearing, payment and settlement activities are located;
 - c) a description of the IT systems and licenses, staff and critical and essential services that are necessary to support the transfer perimeter.

SAR (Part II): The SAR includes also an assessment of:

- 7.2.2.2**
- a) whether the bank has a process for transitioning the (critical and essential) services provided under service level agreements to third parties in the event of the separation of CFs and CBLs (if required);
 - b) continuity of the management information systems of the bank in case of separation;
 - c) the impact of separation on relevant contracts (i.e., joint-ventures, relevant external providers, FMIs, etc.);
 - d) a tax and legal matters.

Transfer playbook (Part I): The bank has completed the elements of a transfer playbook covering:

- 7.2.2.3**
- a) governance: the responsible organisational unit(s) or committee(s), identity and position of senior management responsible for overseeing execution of the separability option, the tasks to be conducted;
 - b) timeline for implementation;
 - c) steps and timeline to implement credible/feasible mitigation strategies for barriers and potential impediments (non-material issues) to execution as identified in the bank's SAR, its analysis of interconnections and other separability aspects, as well as preparatory measures when relevant.

- 7.2.2.4**
- Transfer playbook (Part II):** The bank has completed the elements of a transfer playbook covering communication with internal, external and regulatory stakeholders (or part of the bank's communication plan in principle 6.1). Amongst others, the bank has investigated the requirements relating to:

- a) disclosures;
- b) licensing;
- c) authorisation;
- d) notification.

Level 3

SAR (Part I): The bank has submitted the SAR including, in addition to the elements set out in Levels 1 and 2:

- a) an assessment before and after implementation of recovery options;
- b) an assessment of whether assets and liabilities which are not related to critical or essential services, but earmarked for a possible transfer perimeter, can be transferred;
- c) employees and pensions legal assessment;
- d) a historical financial analysis of the proposed transfer perimeters as part of a draft business plan with relevant costs as per section 2.1.2.3 of the Operational Guidance for Banks on Separability for Transfer Tools;

7.2.3.1

- e) granular, separation-specific data allowing compliance with BRRD legal safeguards and application of discretionary powers set out in Delegated Regulation - 2017/867;
- f) a list of most suitable potential buyers, assessing their suitability based on:
 - i) their financial strength and hence capacity to absorb the “transfer perimeter” given their available capital (solvency capacity) for a transaction based on current capital requirements, as well as market access to raise new capital based on recent issuance, using publicly available information;
 - ii) business related indications of appetite for such transactions such as recent M&A activities;
 - iii) strategic fit: understand whether the proposed transfer complements the activity of the potential bidder in terms of the geographic footprint and types of business activity.

7.2.3.2

SAR (Part II): The bank has submitted the SAR including, in addition to the elements set out in Levels 1 and 2, an assessment of credible (with no material obstacles) alternative transfer perimeter(s) including asset carve-outs.

Transfer playbook (Part I): The bank has submitted a complete transfer playbook including, in addition to the elements set out Level 2:

- a) quality assurance processes;
- b) considerations about alternative transfer perimeters;
- c) the operational arrangements to ensure the application of transfer powers on third country ruled instruments (if applicable);
- d) the descriptions and steps to implement preparatory measures prior to the transfer, the steps to ensure continuity between the first and last transfer (when relevant) or between the transfer and the liquidation of the remaining entity (transitional period);
- e) the data production processes and a preliminary list of elements to be communicated to authorities, bidders and third parties.

7.2.3.3

Transfer playbook (Part II): The bank has submitted a complete transfer playbook including, in addition to the elements set out Level 2:

7.2.3.4

- a) the identification of risks for each step and risk-mitigants;

- b) the identification of steps that could be shortened or skipped in case there is a need to accelerate the process;
- c) the steps to produce new financials and potentially a post-resolution balance sheet when relevant (when there is a remaining entity, at the very least).

Level 4

7.2.4.1 SAR: The bank's SAR is granular enough as to identify perimeter units that would offer full flexibility for the application of resolution tools.

7.2.4.2 Transfer playbook: The transfer playbook is able to foresee back-transfers and their underlying processes.

ID Principle 7.3.1 – Business reorganisation plan (BRP) after open bank bail-in

Level 1

Governance for producing, approving and submitting a BRP: The bank has developed and included in the BRP Analysis Report a process for producing a BRP covering the following elements (ordered from more elementary to more advanced):

- 7.3.1.1.1**
 - a) the responsible units or committees;
 - b) the timeline;
 - c) the outputs that are to be produced;
 - d) the tasks to be conducted (incl. but not limited to, reporting lines and validation steps by the management body);
 - e) the flow of information between internal and external stakeholders (i.e., authorities, external advisors).

Core bank perimeter: The bank has submitted a strategic analysis and definition of the “Core Bank” (i.e., the minimum set of activities and business lines that are likely to be performed and safeguarded in the new entity following the use of open bank bail-in tool and at the end of the reorganisation period).

The following features of the Core Bank should be described:

- 7.3.1.1.2**
 - a) business Lines, critical functions and strategic markets;
 - b) number and location of subsidiaries and branches;
 - c) service delivery model;
 - d) legal form (mostly relevant for i) cooperatives or ii) (partially) state owned banks).

Identification of Business Reorganisation measures: The bank has listed all credible options for each of business lines, subsidiaries and assets / liabilities that could potentially be:

- 7.3.1.1.3**
 - a) immediately discontinued;
 - b) sold;
 - c) orderly wound-down; or
 - d) reorganised post-resolution.

7.3.1.1.4 On the basis of the options listed in the recovery plan, the bank has identified and assessed reorganisation measures that would either facilitate the establishment of the core bank or enhance the viability thereof. Notably, the bank assessed the need to identify alternative business reorganisation measures that could help to restore long-term viability post resolution, including cost-cutting measures.

Level 2

7.3.1.2.1 **Assessment of recovery options (Part I):** The bank has conducted an individual assessment of all recovery options (under the assumptions that no recovery options have been implemented ahead of resolution) that could potentially lead to reaching the core bank perimeter or that would enhance viability of the bank in a restructuring context post open bank bail-in, including the assessment of the impact of the reorganisation measure on CFs.

7.3.1.2.2 **Assessment of recovery options (Part II):** In addition to the capabilities set out in 7.3.1.2.1, the assessment includes description of the overall impact of the selected options in terms of profitability, solvency and liquidity.

7.3.1.2.3 **Assessment of recovery options (Part III):** In addition to the capabilities set out in 7.3.1.2.1 and 7.3.1.2.2, the assessment includes the estimated timeline for the set up and the swift implementation of the option, as well as the time for expected benefits.

7.3.1.2.4 **Assessment of recovery options (Part IV):** In addition to the capabilities set out in 7.3.1.2.1, 7.3.1.2.2 and 7.3.1.2.3, the description of the bank's readiness to execute each option detailing:

- a) operational steps, list of internal stakeholders involved, technical requirements;
- b) the existence or not of potential obstacles and subsequent mitigation measures.

7.3.1.2.5 **Assessment of (potential) complementary reorganisation measures (Part I):** The bank has conducted an individual assessment of all complementary reorganisation measures that could lead to reaching the core bank perimeter or that would enhance viability of the bank in a restructuring context post open bank bail-in, of which cost-cutting measures, including the assessment of the impact of the reorganisation measure on CFs.

This capability should be marked as 'N/A' in case the bank concluded that there is no need of complementary reorganisation measures, please see capability 7.3.1.1.4.

7.3.1.2.6 **Assessment of (potential) complementary reorganisation measures (Part II):** In addition to the capabilities set out in 7.3.1.2.5, the assessment includes the description of the overall impact of the complementary reorganisation measure in terms of profitability, solvency and liquidity.

This capability should be marked as 'N/A' in case the bank concluded that there is no need of complementary reorganisation measures, please see capability 7.3.1.1.4.

7.3.1.2.7 **Assessment of (potential) complementary reorganisation measures (Part III):** In addition to the capabilities set out in 7.3.1.2.5 and 7.3.1.2.6, the assessment includes the estimated timeline for the set up and the swift implementation of the complementary reorganisation measure, as well as the time for expected benefits.

This capability should be marked as 'N/A' in case the bank concluded that there is no need of complementary reorganisation measures, please see capability 7.3.1.1.4.

7.3.1.2.8 **Assessment of (potential) complementary reorganisation measures (Part IV):** In addition to the capabilities set out in 7.3.1.2.5, 7.3.1.2.6 and 7.3.1.2.7, the assessment includes description of the bank's readiness to execute each complementary reorganisation measure detailing:

- a) operational steps, list of internal stakeholders involved, technical requirements;
- b) the potential obstacles and mitigation additional reorganisation measure.

This capability should be marked as 'N/A' in case the bank concluded that there is no need of complementary reorganisation measures, please see capability 7.3.1.1.4.

Level 3

7.3.1.3.1 Maximum Reorganisation Capacity (MRC) (Part I): In addition to the capabilities set out in Level 2, the bank has performed its analysis on the MRC and assessed the compatibility/redundancy of identified measures (through e.g., a matrix).

7.3.1.3.2 MRC (Part II): In addition to the capabilities set out in Level 2, the bank has performed its analysis on the MRC and suggested the optimal combination of the selected options.

7.3.1.3.3 MRC (Part III): In addition to the capabilities set out in Level 2, the bank has performed its analysis on the MRC and indicated the likely order/roadmap for the execution of the options in their optimal combination.

7.3.1.3.4 The bank has analysed the annual effect of the final list of options on a selected number of key financial metrics related in particular to P&L, capital and liquidity (e.g., Return on Equity, Cost to Income, Risk-Weighted Assets, CET1, Total Capital Ratio, Liquidity coverage ratio).

7.3.1.3.5 The bank has demonstrated its viability at the end of the reorganisation period (with a maximum duration of 5 years). Viability being defined as the bank generating:

- a) the return on equity above [8%-10%]²⁶;
- b) the cost to income below [50%-60%]²⁷; and
- c) compliance with regulatory requirements (e.g., CET1, Total Capital Ratio, Liquidity coverage ratio).

Level 4

7.3.1.4.1 Sensitivity analysis for cost cutting measures: The bank has provided a quantitative sensitivity analysis (i.e., the incremental effect in Return on Equity / Cost to Income) in order to identify the Maximum capacity in terms of the relevant viability metrics (e.g., cost cutting measures).

For instance, has the bank calculated the incremental effect of the application of the reorganisation measures on a larger scope of branches and/or staffs.

7.3.1.4.2 MRC: The bank presents its MRC as the sum of the effect of the measures to restore long term viability and the measures considered in the sensibility analysis to get the maximum positive effect in Return on Equity and Cost to Income metrics at the end of the reorganisation period.

²⁶ As per the exchange with the EU Commission on the restructuring commitments applied for past State Aid cases. The thresholds may be adapted upward or downward for the purposes of drafting an actual BRP considering the existing market conditions as well as the size, business model, national specificities and/or other concrete features of the bank. Any deviation would need to be discussed and justified in agreement with the IRT.

²⁷ Idem.

ID	Principle 7.3.2 – Solvent Wind-Down (SWD) of trading books (for banks with significant trading activities only)
Level 1	
7.3.2.1.1	The bank has provided the SWD plan that includes a detailed description of trading desks or relevant segmentation of activities, and corresponding books and counterparty type.
Level 2	
	The bank has provided the SWD plan that:
7.3.2.2.1	<ul style="list-style-type: none"> a) details credible exit options at granular level; b) includes assumptions that are in line with the scenario provided in the guidance²⁸ (passive vs active period etc.); c) includes a detailed and credible description of the rump portfolio.
Level 3	
7.3.2.3.1	The description of the trading activities includes a detailed description of external & internal interdependencies.
	The SWD plan includes:
7.3.2.3.2	<ul style="list-style-type: none"> a) a detailed forecast of key financial metrics (capital, market, counterparty credit and operational risk-weighted assets, liquidity etc.); b) a description of how the rump portfolio and trading business would be managed post-execution; c) a detailed and comprehensive playbook (clear procedures/escalation protocols and decision-making processes, systems and infrastructure).
7.3.2.3.3	<p>If the bank shows significant trading activities (transfer strategy): The SWD plan and playbook can effectively support the transfer and/ or wind-down of the trading assets;</p> <p>If the bank shows significant trading activities (OBBI, BRP): The BRP must reflect the SWD of trading activities in line with the corresponding SWD plan and playbook.</p>
Level 4	
7.3.2.4.1	The SWD plan includes mitigation options to address the external and internal interdependency risks.
7.3.2.4.2	The bank demonstrates that the execution of the SWD plan would lead to a credible and substantial reduction of risk-weighted assets (market, counterparty credit and operational) and leverage exposure associated with trading activities.

²⁸ Solvent wind-down of trading books, Guidance for Banks, 2021.

Glossary²⁹

Asset Separation Tool	As defined in the Article 3 (32) SRMR.
Arrangement	Any agreement, contract, policy, procedure, guideline or practice governing the provision of a service.
Back-to-Back Booking Transaction	A pair of legally separate transactions, but with the same terms of trade and involving three parties. One party is the intermediary, as the buyer in one transaction and the seller in the second transaction. This allows institutions to book the transaction in a different place to the original business.
Bail-in	As defined in Article 3 (33) SRMR.
Bail-in Playbook	An operational document owned by the bank. It supports the execution of the write-down and conversion of capital instruments and eligible liabilities in accordance with Article 21 SRMR and the execution of the bail-in tool in resolution. The bail-in playbook is expected to address all internal and external actions that must be undertaken by or on behalf of the banks to effectively apply the bail-in tool.
Banking Union	The Banking Union was established at the Euro Area Summit of 29 June 2012, as a reaction to the financial crisis in 2008. Its rationale is to establish a 'Europeanised bank safety net'. The Banking Union consists of the Single Resolution Mechanism, the Single Supervisory Mechanism and the Single Deposit Guarantee Scheme. Today, the Banking Union consists of two pillars: a Single Supervisory Mechanism and a Single Resolution Mechanism. Both contribute to financial stability and a level-playing field for banks in the Eurozone.
Bank Recovery Plan	In accordance with Articles 5 and 6 of the BRRD, Union parent undertakings and institutions (which are not part of a group subject to consolidated supervision pursuant to Articles 111 and 112 of Directive 2013/36/EU) should draw up and maintain recovery plans providing for measures to be taken to restore their financial position following a significant deterioration. The content of recovery plans is regulated in the Commission Delegated (EU) 2016/1075, enacting the EBA final draft Regulatory Technical Standards on the content of recovery plans. Along with strategic information on the institutions' structure and governance, plans should include a minimum set of recovery plan indicators and a range of scenarios to test recovery options. Recovery plan indicators aim at identifying the points at which the escalation process in the bank should be activated and, where needed, any appropriate actions referred to in the recovery options taken. The EBA has recently proposed a revised list of recovery plan indicators (the EBA Guidelines on recovery plan indicators) which now includes a new MREL indicator.
Bridge Institution	As defined in Article 3 (31) SRMR.
Business Lines	A structured set of activities, processes and operations that is developed by the institution for third parties to achieve the organisation's goals ³⁰ .
Business Reorganisation Measure	Either a recovery option or a complementary measure that, when implemented, would contribute to reaching the core bank perimeter or to enhancing the viability of the institution in

²⁹ Various sources, including online resources.

³⁰ Commission Delegated Regulation (EU) 2016/778 of 2 February 2016 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to the circumstances and conditions under which the payment of extraordinary ex-post contributions may be partially or entirely deferred, and on the criteria for the determination of the activities, services and operations with regard to critical functions, and for the determination of the business lines and associated services with regard to core business lines, OJ L131, 20.5.2016, 41.

	a reorganisation context post an open bank bail-in, while preserving compliance with the prudential requirements of the bank.
Business Reorganisation Plan	The restructuring post bail-in should be achieved through the implementation of a business reorganisation plan. Where applicable, such plans should be compatible with the restructuring plan that the entity is required to submit to the Commission under the Union State aid framework. In particular, in addition to measures aiming at restoring the long-term viability of the entity, the plan should include measures limiting the aid to the minimum burden sharing, and measures limiting distortions of competition in accordance with Article 27 (16) SRMR and Article 52 (12), (13) BRRD.
Business Reorganisation Plan Analysis Report	With the draft of a Business Reorganisation Plan, the bank shows that it is capable of ensuring its financial soundness and long-term viability. The analysis of such capabilities is demonstrated by the bank in a so-called Business Reorganisation Plan Analysis Report. The bank is required to establish proper governance arrangements and provide an analysis of the main components of the Business Reorganisation Plan.
Central Securities Depository	An entity that: 1) enables securities transactions to be processed and settled by book entry; 2) provides custodial services (e.g., the administration of corporate actions and redemptions); and 3) plays an active role in ensuring the integrity of securities issues ³¹ .
Clearing	The process of transmitting, reconciling and, in some cases, confirming transfer orders prior to settlement, potentially including the netting of orders and the establishment of final positions for settlement. Sometimes this term is also used (imprecisely) to cover settlement. For the clearing of futures and options, this term also refers to the daily balancing of profits and losses and the daily calculation of collateral requirements ³² .
Collateral in Resolution	An item of value that a lender can claim from a borrower if they fail to repay a loan according to the agreed terms.
Combined Buffer Requirement	Total CET1 capital required to meet the requirements for the capital conservation buffer extended by the following, as applicable: (a) an institution-specific countercyclical capital buffer; (b) a G-SII buffer; (c) an O-SII buffer; (d) a systemic risk buffer ³³ .
Complementary Reorganisation Measures	Reorganisation action not identified in the recovery plan to either reach the core bank perimeter or demonstrate viability within the five-year timeframe.
Contractual Arrangement	Contract for service provision, master service agreement and service level agreement with other group legal entities, software licence agreement, property lease.
Core Bank Perimeter	The minimum set of activities and business lines that are likely to be performed and safeguarded in the new entity following the use of the open bank bail-in tool and at the end of the reorganisation period.
Core Business Lines	Business lines and associated services that represent material sources of revenue, profit or franchise value for an institution, or for a group of which an institution is a part ³⁴ .
Critical Functions	Activities, services or operations the discontinuance of which is likely in one or more Member States, to lead to the disruption of services that are essential to the real economy or to disrupt financial stability due to the size, market share, external and internal interconnectedness,

³¹ Glossary of terms related to payment, clearing and settlement systems, the ECB December 2009.

³² Ibid.

³³ Article 128(6) Directive 2013/36/EU.

³⁴ Article 2 (1), (36) BRRD.

	complexity or cross-border activities of an institution or group, with particular regard to the substitutability of those activities, services or operations ³⁵ .
Critical Functions Report	An SRB reporting requirement for banks to provide information on their self-assessment of critical functions: https://www.srb.europa.eu/en/content/reporting .
Critical Services	Services that are necessary for one or more critical functions, that are performed for group business units or entities and whose discontinuity would seriously impede or prevent the performance of those critical functions ³⁶ .
Critical FMI Services	Clearing, payment, securities settlement or custody activities, functions or services, provided by an FMI or by an FMI intermediary, the discontinuation of which could lead to the collapse of (or present a serious impediment to the performance of) one or more of the firm's critical functions ³⁷ .
Cross-Border Group	A group having group entities established in more than one Member State ³⁸ .
Digital Operational Resilience Act	The Digital Operational Resilience Act is established by the European Commission and serves to consolidate and upgrade information and communications technology risk requirements throughout the financial sector. This act aims to ensure that all participants in the financial system have the necessary safeguards in place to relieve cyber-attacks and other risks. The legislation requires firms to ensure that they can withstand all types of information and communications technology-related disruptions and threats.
Dual Board	Corporate governance structure where the management body is completely separate from the supervisory board. In a dual board structure (supervisory board and management board), the supervisory board has no management power; it has only a supervisory function and an ex-post control function ³⁹ .
Eurobonds	International securities issued outside the country in whose currency their value is stated. Eurobonds are usually identifiable by an international securities identification number starting by 'XS' rather than the standard 2-digit country code used for securities issued via a local CSD. In contrast to Euro medium-term note, for example, which can also be issued outside the country in whose currency its value is stated, Eurobonds are issued all at once and not under a programme.
Essential Services	Services associated with core business lines, whose continuity is necessary for the effective implementation of the resolution strategy and any consequent restructuring ⁴⁰ .
Essential FMI Services	Payment, clearing, settlement or custody services, provided by an FMI or by an intermediary, which are necessary for the continuity of one or several core business lines.
EU Contract	A contract to which the law and jurisdiction of an EU Member State applies.
Financial Market Infrastructures	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. Access to FMI services builds one of the seven dimensions of resolvability.

³⁵Article 2 (1), (35) BRRD. The SRB's approach to Critical Functions can be found under <https://www.srb.europa.eu/en/content/critical-functions>

³⁶ Recital 8 and Article 6 Commission Delegated Regulation (EU) 2016/778/EU.

³⁷ Financial Stability Board Guidance on Continuity of Access to Financial Market Infrastructures (FMIs) for a Firm in Resolution (July 2017).

³⁸ Article 2 (27) BRRD.

³⁹ Response to consultation on revised EBA Guidelines on internal governance.

⁴⁰ Article 7 Delegated Regulation (EU) 2016/778/EU.

FMI Intermediaries	FMI service providers other than FMIs. More often than not, these will be other institutions offering payment, clearing and settlement services, including by way of facilitating indirect access to an FMI.
FMI Report	An SRB reporting requirement for banks to provide information on participation in or membership of FMIs and use of FMI intermediaries for payment, clearing, settlement and custody services: https://www.srb.europa.eu/en/content/reporting
Group Entities	Each legal entity that is part of the group.
Indirect Holding	In accordance with the Article 1 (114) of the Capital Requirements Regulation.
Institution	A credit institution or an investment firm ⁴¹ .
International Central Securities Depository	A central securities depository which was originally set up to settle Eurobond trades and is now active in the settlement of internationally traded securities from various domestic markets, typically across currency areas.
Intra-Group Provider	In relation to a serviced entity: 1) a legal entity within the same group that provides relevant services to it; or 2) the entity itself if services are provided inhouse by one of its divisions/business units.
Internal Resolution Team	A team that is responsible for preparing resolution plans for banks under the SRB's remit. The Internal Resolution Team consist of experts from the SRB as well as relevant NRAs.
Inverted-Pyramid Structure	While in a standard ownership model subsidiaries are fully (or partially) owned and consolidated by the parent entity in a "parent-subsidiary" relationship, where control is exercised by shareholdings, under the "inverted pyramid structure" typical of the cooperative banks, the network entities hold a stake in the central institution, therefore they are owners of the central institution.
Key Liquidity Entity	In principle, for an entity or organisational form to be classified as a key liquidity entity, at least one of the three situations below should be expected in resolution: 1) the entity/organisational form is expected to provide liquidity to other resolution group entities in order for them to perform their activities; 2) the entity/organisational form is expected to depend on liquidity received from other resolution group entities to perform its activities; or 3) the entity/organisational form performs liquidity management functions for one or more entities of the resolution group.
Key Messages	The main points to be included in the communication to achieve the defined objective.
Liquidity Coverage Ratio	A short-term liquidity requirement which aims to ensure that credit institutions hold sufficient high-quality liquid assets to withstand an acute stress scenario lasting 30 days. It has been implemented in Europe via the Commission Delegated Regulation (EU) 2015/61. The liquidity coverage ratio is calculated in accordance with the following formula: liquidity buffer ÷ net liquidity outflows over a 30 calendar-day stress period = liquidity coverage ratio %. Credit institutions must maintain a liquidity coverage ratio of at least 100% ⁴² .
Liquidity	Refers to the efficiency or ease with which an asset or security can be converted into ready cash without affecting its market price. The most liquid asset of all is cash itself.
Material Legal Entities	A subset of group entities. The parent institution must always be included. Material group entities are the most significant entities within the group, whether that be due to the provision of critical funds or through generating a significant portion of the institution's revenue.
Management Body	An institution's body or bodies, which are appointed in accordance with national law, which are empowered to set the institution's strategy, objectives and overall direction, and which oversee and monitor management decision-making, and include the persons who effectively direct the

⁴¹ Article 2 (1), (23) BRRD.

⁴² The ECB Glossary.

	business of the institution” ⁴³ . See also Single rulebook Q&A clarifying that “the definition of the senior management does not exclude that a member of the management body would belong to the senior management and vice-versa ⁴⁴ .
Management Information Systems	Computer-based systems and procedures to gather process and present information supporting the activities of a company. Management Information System are one of SRB’s Expectations for Banks aspects. They refer to the back-office systems of an entity. Well-managed MIS ensure the delivery of timely, up-to-date and accurate information for the relevant valuations of an entity performed during resolution, and its communication framework and cooperation with authorities.
Maximum Reorganisation Capacity	The maximum effect that can be derived from the implementation of a set of compatible reorganisation measures in terms of return on equity and cost to income metrics, in order to ensure the bank’s long-term viability at the end of the reorganisation period.
Minimum Requirement for Own Funds and Eligible Liabilities	The minimum amount of equity and unsecured debt a bank must set aside based on the amount of risk it takes, and which would be used to bail the bank in if it is to be resolved. MREL is set to help: 1) carry out an effective resolution; 2) recapitalise a bank; 3) absorb losses. MREL serves to prevent a bank’s resolution from depending on public financial support. It helps to ensure a bank maintains sufficient own funds and eligible liabilities at all times to implement the resolution strategy. In the Banking Union, the SRB sets MREL for SIs.
Multiple Point of Entry Resolution Strategy	An approach in resolution planning in which resolution powers are applied by two or more resolution authorities to different parts of the group. Under an MPE approach, parts of the group could be separated in resolution and losses are absorbed by the relevant subsidiaries.
Non-Resolution Entity	An entity in respect of which the resolution plan provides no resolution action but which is classified as part of a Banking Union resolution group, or as a subsidiary (in the meaning of Article 4(1) no. 16 of the Capital Requirements Regulation) of a parent undertaking established in a third country.
Open Bank Bail-in	In accordance with Article 27 (1) (a) SRMR.
Operational Asset	Non-financial assets that are required to perform services, such as real estate, intellectual property including trademarks, patents and software, hardware, IT systems and applications, and data warehouses. Operational assets are critical/essential/otherwise relevant where access to them is required in order to perform a critical/essential/other relevant service.
Operational Continuity in Resolution	The ability to effectively implement, from an operational point of view, the resolution strategy and, consequently, to stabilise and restructure the bank.
Pari Passu	The situation where two or more assets, securities, creditors, or obligations are treated equally and managed without preference.
Portability	The transfer of client positions and assets at central counterparties, following the default of a clearing member, to another clearing member designated by the client, upon the client’s request and without the need for the consent of the defaulting clearing member ⁴⁵ . By extension, the capability to transfer client positions and assets at central counterparties or central securities depositories upon a resolution event.
Preferred Resolution Strategy	As defined in Article 2 (3) of Delegated Regulation (EU) 2016/1075.
Pre-Populated Template Documents	Actual drafts of the message/communication that will be disseminated, after any adjustments are based to cater for the actual circumstances in the particular resolution scenario.

⁴³ Article 3 (7) Directive 2013/36/EU.

⁴⁴ Single Rulebook Q&A.

⁴⁵ Article 39, 48 the European Market Infrastructures Regulation.

Recovery Option	Action considered in the recovery plan to maintain or restore financial soundness in a situation of financial stress.
Regulated Market	As defined in Article 4 (21) of Directive 2014/65/EU.
Relevant contract/contractual arrangement	A contract or contractual arrangement governing the provision of relevant services or operational assets.
Relevant Services	Services which underpin: 1) the bank's critical functions to the economy (critical services) and 2) core business lines (essential services) for which continuity is necessary for the effective implementation of the resolution strategy. These categories may overlap. This applies analogously to operational assets and staff.
Relevant Staff	Employees of the parent or any group legal entity covering relevant roles.
Reorganisation Period	The time span starting from the so-called resolution week end and ending at the moment the bank is considered viable, within a maximum duration of five years.
Resolution Colleges	For banks headquartered in the Banking Union and with one or more subsidiaries or significant branches in one or EU countries outside the Banking Union, 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 country outside the Banking Union is the so-called Group-Level Resolution Authority. 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 Entity	An entity established in the Union, which has been identified by the resolution authority as an entity in respect of which the resolution plan provides for resolution action.
Resolution Group	A resolution entity and its subsidiaries that are not: 1) resolution entities themselves, or 2) subsidiaries of other resolution entities, or 3) entities established in a third country that are not included in the resolution group in accordance with the resolution plan and their subsidiaries ⁴⁶ .
Resolution Planning Cycle	An annual process based on four phases leading to the approval of the updated resolution plan for each SRB bank. It includes the preferred resolution strategy, minimum requirements for own funds and eligible liabilities and resolvability assessment. Resolution planning cycle implements the requirements for the resolution planning of banks under direct remit of the SRB laid down in the SRMR and BRRD
Resolution Reporting Requirements	In accordance with Article 11 (1) BRRD and Section B of the BRRD Annex, as well as Article 8 (4) SRMR, the SRB collects information for drawing up and implementing resolution plans for banks under its remit. The SRB resolution reporting requirements (LDR, CFR and FMIR) cover the minimum information required by European Commission Implementing Regulation (EU) 2018/1624 of 23 October 2018 as well as further details required for each area. https://www.srb.europa.eu/en/content/reporting
Resolution-Resilient Features	Resolution-resilient features include the following: 1) non-termination, suspension or modification. Service providers may not terminate, suspend or amend terms and conditions of service provision on the grounds of resolution/restructuring, provided that the substantive obligations under the contract continue to be performed; 2) transferability of the service provision. Services can be transferred or assigned to a new recipient by the service recipient or the resolution authority because of resolution/restructuring; 3) support in transfer or termination. In the case of transfer of service provision because of resolution/restructuring, the current provider should ensure the orderly transition of service provision to a new provider or to a new recipient, provided that the substantive obligations under the contract continue to be performed. Where required, including in the case of termination during resolution/restructuring, the provider

⁴⁶ Article 2 (1) (83b) (a) BRRD, Article 23 (1) (24b) (a) SRMR.

	<p>should ensure continuity of service provision on the same terms and conditions for a reasonable period, e.g., 24 months; 4) continued service provision to a divested group entity. Services can continue to be provided by the current intra-group provider to entities divested from the group as part of resolution/restructuring. Service provision should continue for a reasonable period following the divestment of the group entity, e.g., 24 months, provided that the substantive obligations under the contract continue to be fulfilled.</p>
Resolution Weekend	<p>The second activity of the crisis management phase, which is subdivided into three phases, namely 1) the preparation for resolution; 2) the “resolution weekend” and the implementation of the resolution scheme; and 3) the closing of the resolution. The “resolution weekend” starts with the determination that an entity is failing or is likely to fail. While this phase refers to a weekend, this phase could start any time and covers all processes needed for the adoption of the scheme. The decision to adopt a resolution scheme must be implemented by the competent NRA. The weekend ends the next business day when relevant markets open. Depending on the tool(s) used, the possible business restructuring phase only starts thereafter.</p>
Resolution Tools	<p>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 which resolution tools are to be applied to the bank and, if necessary, whether the Single Resolution Fund 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: 1) the sale of business tool; 2) the bridge institution tool; 3) the asset separation tool; and 4) the bail-in tool. The relevant NRAs take the necessary steps to implement the resolution scheme.</p>
Retention Plan	<p>A plan setting out how the bank would be able to retain staff in key roles during resolution.</p>
Sale of Business	<p>As defined in Article 3 (1) (30) SRMR.</p>
Senior-Level Executive	<p>Those natural persons who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution⁴⁷. See also EBA Q&A clarifying that “the definition of the senior management does not exclude that a member of the management body would belong to the senior management and vice-versa”⁴⁸.</p>
Separability	<p>A bank’s ability to implement a transfer of i) legal entities, ii) business lines, or iii) portfolios of assets and liabilities at short notice to a third party. Separability allows the SRB to execute, together with the national resolution authorities, a market transaction within a reasonable amount of time, in order to ensure the resolution objectives through the bank’s transfer, in due course, to a private owner or through an orderly wind-down.</p>
Separability Analysis Report	<p>An analytical document intended for the resolution authority and for potential investors. It should describe and assess all relevant aspects (financial, legal, operational, business) of the transaction proposed, including a self-assessment of its information capabilities and a high-level business plan for the proposed transfer perimeter in order to easily populate a Virtual Data Room for due diligence purposes. This separability analysis will underpin the SRB’s own analysis and conclusion on resolvability and any subsequent steps or follow-up.</p>
Single Point of Entry	<p>An approach in resolution planning which implies the application of resolution powers at the parent level by a single resolution authority. Under an SPE approach, the bank is resolved as a group and the parent absorbs group losses. The SPE strategy is more suitable for centrally structured and operational banks. Under an SPE approach, only the resolution entity, i.e., the parent company, will be the direct target of resolution powers, and operational subsidiaries are preserved and would not themselves be subject to resolution.</p>

⁴⁷ Article 3 (9) Directive 2013/36/EU.

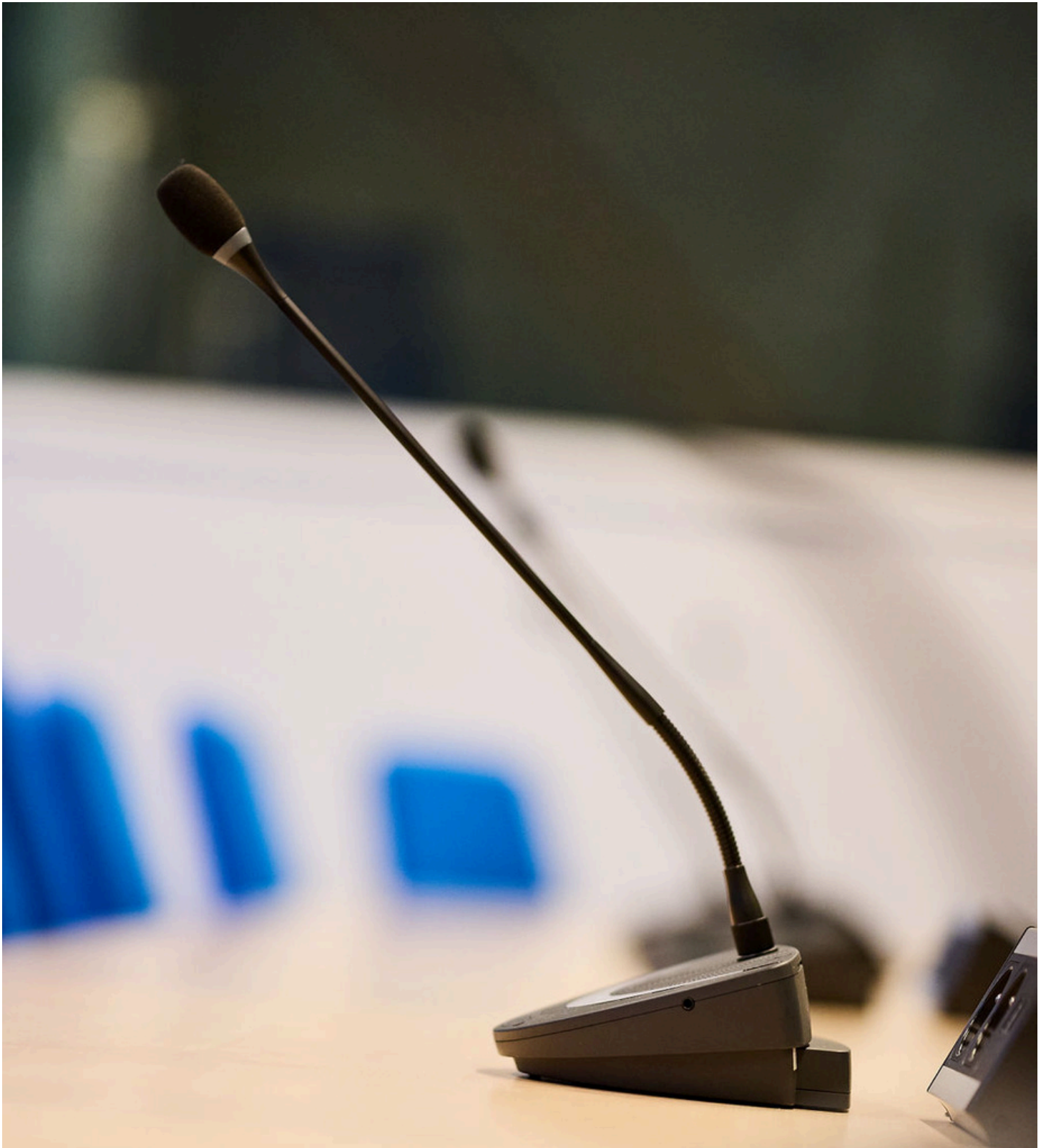
⁴⁸ Single Rulebook Q&A.

Significant Institution	In accordance with Article 6 (4) or Article 6 (5)(b) of Regulation (EU) No 1024/2013.
Solvent Wind-Down	For certain banks, the size and complexity of their trading books could impede the credible and feasible implementation of their resolution strategies. Solvent wind-down is an approach that can be used for exiting trading activities in an orderly manner and avoiding posing risks to financial stability. The lack of a credible solvent wind-down plan could jeopardise the credibility and feasibility of the resolution strategy of any bank with material trading books.
Substantive Impediment Procedure	The procedure as defined in Article 10 SRMR.
Succession Plan	A plan setting out how to have other employees with the right skills, information and expertise ready to take on key job roles left vacant, for example if the incumbent staff member were to leave or be removed in resolution.
Supervisory Board	Management body in its supervisory function' means the management body acting in its role of overseeing and monitoring management decision-making ⁴⁹ .
Third Country	A non-EU country.
Third-Country contract	A contract that is not an EU contract.
Total Loss Absorbing Capacity	An international standard, finalised by the Financial Stability Board in November 2015, intended to ensure that global systemically important banks have enough equity and bail-in debt to pass losses to investors and minimise the risk of a government bailout.
Transfer Playbook	Operational document listing the processes needed, organisational units involved and concrete operational steps required in order i) to identify the transfer perimeter, ii) to produce the documents required in the VDR, as well as iii) to effectively implement the resolution transaction, both in the bank's IT systems and in legal terms. The bank should base the transfer playbook on the proposed transfer perimeter with its identified interconnections (included, removed, mitigated), identified barriers and potential impediments as well as lessons learnt, as per the separability analysis report. The transfer playbook should be aligned and updated together with the separability analysis report.
Transitional Service Agreement	An agreement that determines the scope (and other aspects) of services one company should provide to another when there is a change of ownership.
Unregulated Intra-Group Provider	Dedicated intra-group service companies which provide services to another entity within their group, and are not operating institution entities subject to prudential regulation regarding capital/liquidity on an individual basis, including where prudential requirements are waived.
Valuation 1	The valuation required under Article 20 (5)(a) SRMR to assess whether the conditions for resolution, or for write-down or conversion of capital instruments, are met.
Valuation 2	The valuation that informs the decision on the appropriate resolution action to be taken and, depending on that action, the decisions on the extent of the cancellation or dilution of instruments of ownership; the extent of the write-down or conversion of relevant capital instruments and eligible liabilities; the assets, rights, liabilities or instruments of ownership to be transferred; and the value of any consideration to be paid. It further ensures that any losses on the assets of the entity are fully recognised. Valuation 2 should include an estimate of the treatment that each class of shareholder and creditor would have been expected to receive if an entity were wound up under normal insolvency proceedings.
Valuation 3	The valuation that aims at determining whether or not shareholders and creditors would have received better treatment if the institution under resolution had been wound up under normal insolvency proceedings. In other words, Valuation 3 aims at assessing any possible breach of the No creditor worse off principle.

⁴⁹ Article 3 (8) Directive 2013/36/EU.

Variant Resolution Strategy	Variants of the resolution strategy are necessary to address scenarios or circumstances where the resolution strategy cannot be feasibly and credibly implemented ⁵⁰ .
Virtual Data Room	A virtual data room is generally intended to be an online facility where documents and information to perform due diligence are uploaded.

⁵⁰ Article 25 (4) Commission Delegated Regulation (EU) 2016/1075.



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