

10 years



PUBLIC HEARING

Draft Guidelines For Institutions And Resolution Authorities On
Improving Resolvability

20 April 2021

Agenda

EBA presentation

- Rationale for the guidelines
- Legal basis and objectives of the guidelines
- Overview of key measures
- Timelines and next steps
- Questions for consultations

Questions and comments from participants

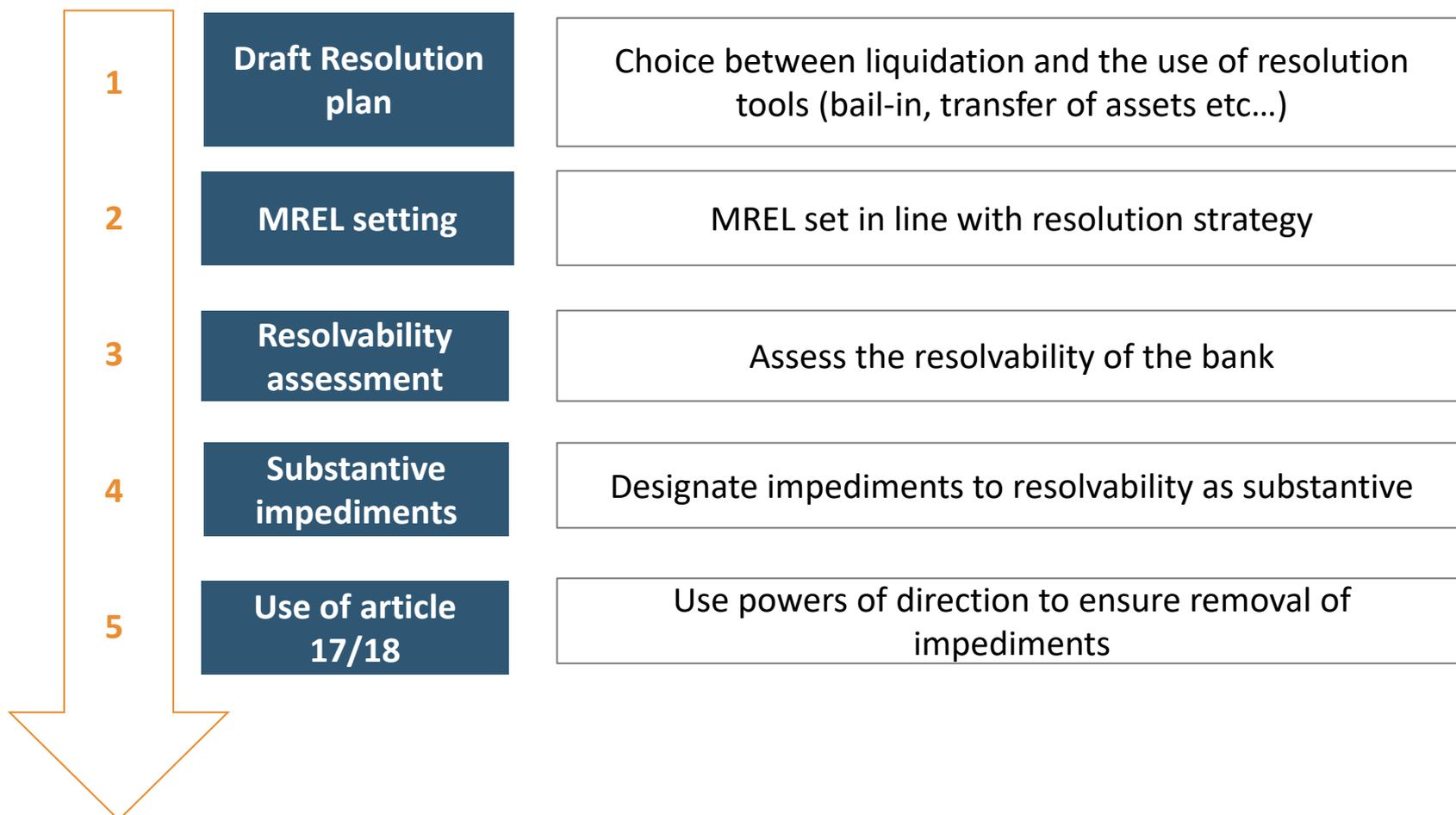
House keeping rules

- To avoid background noise please remain muted, unless you take the floor
- To increase audio quality please turn off video streaming, unless you take the floor
- If you would like to intervene:
 - please indicate that on Webex chat, or
 - write your question / comment in Webex chat
- Whenever intervening please identify yourself by providing:
 - your full name (unless already used on Webex)
 - name of your organisation

Rationale for the guidelines - Resolution planning under BRRD



For all banks and some investment firms

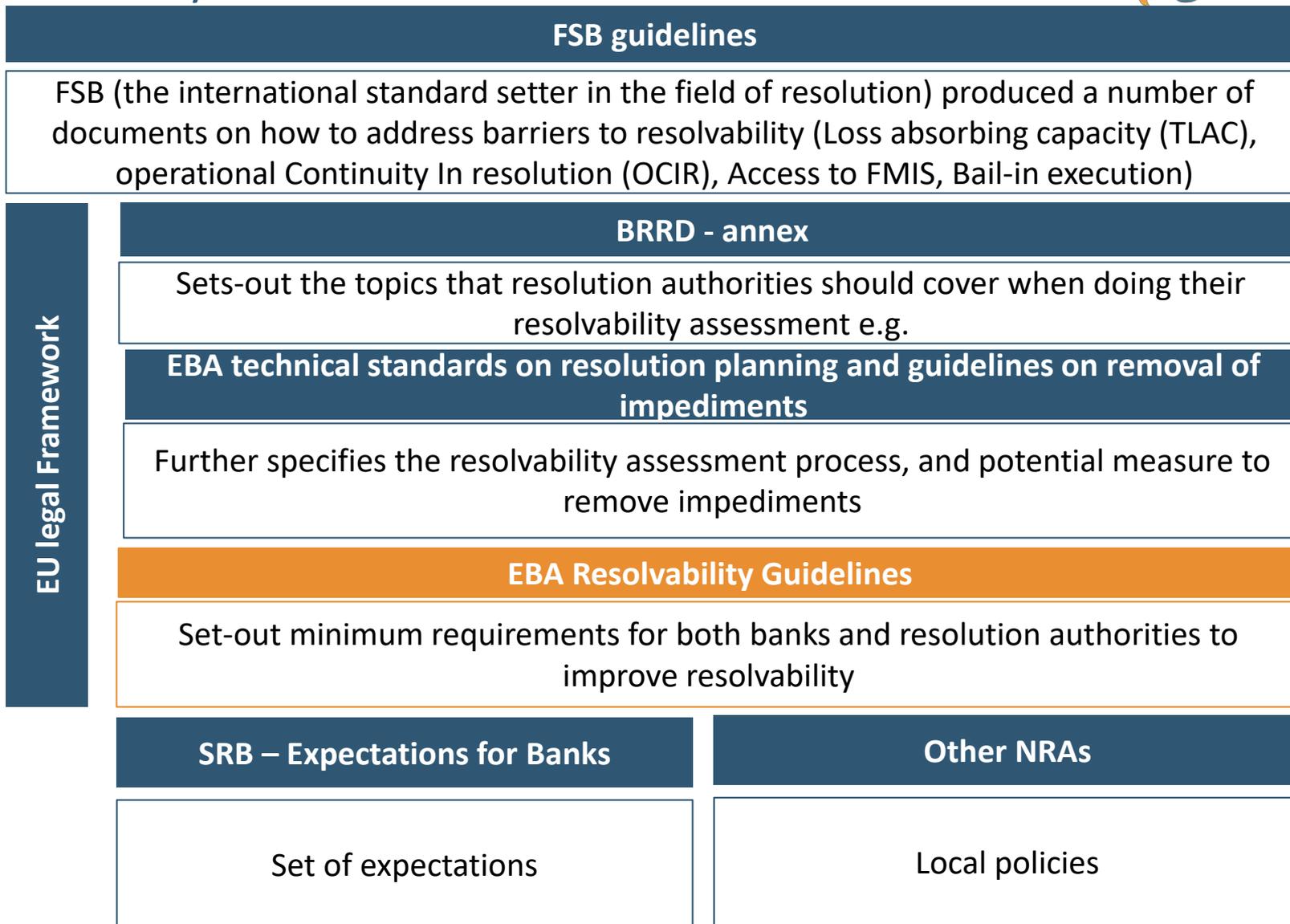


Rationale for the guidelines - Existing texts on resolvability



FSB guidelines	
FSB (the international standard setter in the field of resolution) produced a number of documents on how to address barriers to resolvability (Loss absorbing capacity (TLAC), operational Continuity In resolution (OCIR), Access to FMIS, Bail-in execution)	
EU legal Framework	BRRD - annex
	Sets-out the topics that resolution authorities should cover when doing their resolvability assessment
	EBA technical standards on resolution planning and guidelines on removal of impediments
	Further specifies the resolvability assessment process, and potential measure to remove impediments
SRB – Expectations for Banks	Other NRAs
Set of expectations	Local policies

Rationale for the guidelines - Existing texts on resolvability



Legal basis and objectives of the guidelines

Own initiative guidelines are based on Article 16 of Regulation (EU) 1093/2010, which mandates the Authority to issue guidelines and recommendations addressed to competent authorities or financial institutions with a view to establishing consistent, efficient and effective supervisory practices within the European System of Financial Supervision, and to ensuring the common, uniform and consistent application of Union law.



One EU-wide legal document

1

Implementing international standards

2

Providing a basis for policy work at EU-27 level

3

Ensuring consistency on resolvability in the EU

4

Facilitating college work

5

Providing framework for monitoring progress and identifying gaps

EBA Resolvability Guidelines



Topics covered in the guidelines

Resolvability assessments	impediments	Types of requirements
Structure and operations	Operational Continuity	Mapping of contracts, resolution robust contractual clauses
	Access to FMIS	Contingency plans, coordination at authority level
Financial Resources	Loss absorbing capacity	N/A – Covered by BRRD2
	Resolution funding and liquidity	Capabilities to (i) estimate funding needs in resolution and (ii) mobilise resources.
Information	Management information Systems	Data needs defined in EBA ITS 2018/02 and in other sections but focus on demonstrating the capabilities e.g. fire drills
	Information Systems for valuation	

EBA Resolvability Guidelines



Topics covered in the guidelines

Resolvability assessments	impediments	Types of requirements
Cross-border issues	Cross border recognition	Covered in BRRD and EBA RTS 55 and 71
	Cross border coordination	Largely covered by RTS on resolution colleges, introduced resolvability monitoring template
Resolution Implementation	Bail-in execution	Develop and disclose bail-in mechanics
	Restructuring	Demonstrate capabilities to produce Business Reorganisation Plan shortly after bail-in, demonstrate how any significant operational restructuring needs will be implemented
	Governance	Set-out how governance will be ensure in resolution and over restructuring
	Communication	Internal and external communication plans
Firm specific Issues	e.g. legal issues	N/A – bank by bank

EBA Resolvability Guidelines



Scope of application

The guidelines do not apply to liquidation banks

Some requirements are directed to resolution authorities

The guidelines apply in full to resolution banks with some requirements that are resolution tool specific (e.g. bail-in mechanics)

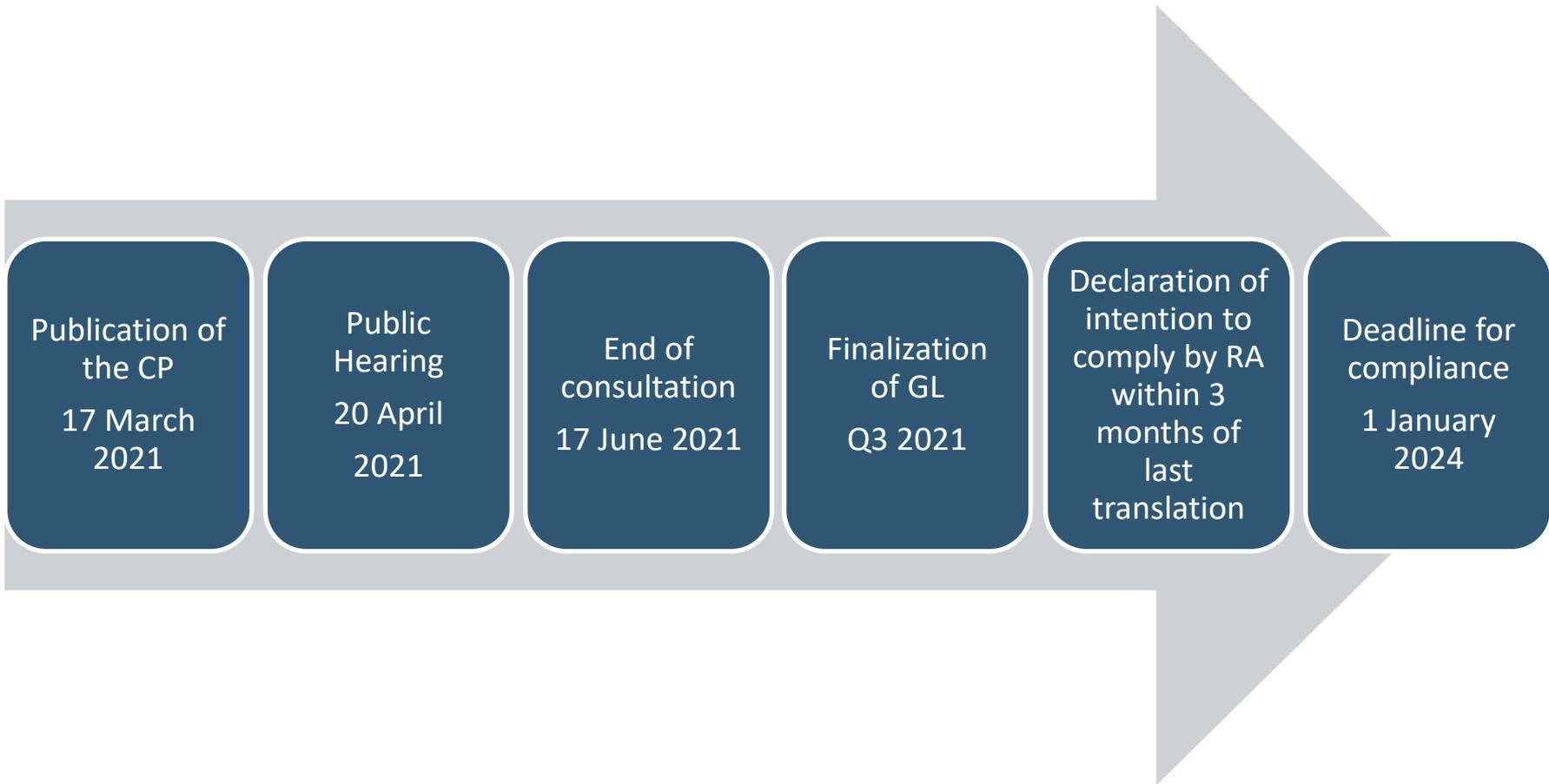
Discretion as to the full application of the guidelines left to resolution authority for simplified obligation banks

Deadline for compliance

1 January 2024, in line with MREL under BRRD2

Within 3 years following adoption of first resolution plan with a strategy other than liquidation

Timeline and next steps



EBA Resolvability Guidelines



Resolvability immediate work-plan

The EBA guidelines are expected to be complemented over the next 2 years, for now the following topics are expected:

1. Resolvability for transfer firms
2. Framework for resolvability testing
3. Uniform specifications (not necessarily template) for disclosure requirement introduced in the guidelines (e.g. disclosure of bail-in mechanics)

Questions and comments from participants

Questions for consultations:



Question 1: Do you have any comments on the scope of application of these guidelines?

Question 2: Do you have any comments with the proposed requirements to improve resolvability with regard to operational continuity in resolution?

Question 3: Do you have any comments on the proposed requirements to improve resolvability with regard to access to FMI in case of resolution?

Question 4: Do you have any comments on the proposed requirements to improve resolvability with regard to management information systems and information system testing?

Question 5: Do you have any comments on the proposed requirements to improve resolvability with regard to funding and liquidity in resolution?

Question 6: Do you have any comments on the proposed requirements to improve resolution implementation?

Question 7: Do you have suggestions of areas of resolvability, which would need to be further specified?

Thank you

Q&A

10 years



EUROPEAN BANKING AUTHORITY

Tour Europlaza, 20 avenue André Prothin, CS 30154
92927 Paris La Défense CEDEX, FRANCE

Tel: +33 1 86 52 70 00

E-mail: info@eba.europa.eu

<https://eba.europa.eu/>