

The EBA logo consists of the letters 'EBA' in a bold, white, sans-serif font. To the left of the letters is a vertical bar with a blue-to-orange gradient and a wavy pattern. To the right of the letters, the words 'EUROPEAN BANKING AUTHORITY' are written in a smaller, white, sans-serif font, stacked vertically.

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AUTHORITY

EBA Transferability Guidelines

Background and key measures

27 September 2022

Rationale for EBA work on resolvability - Existing texts

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

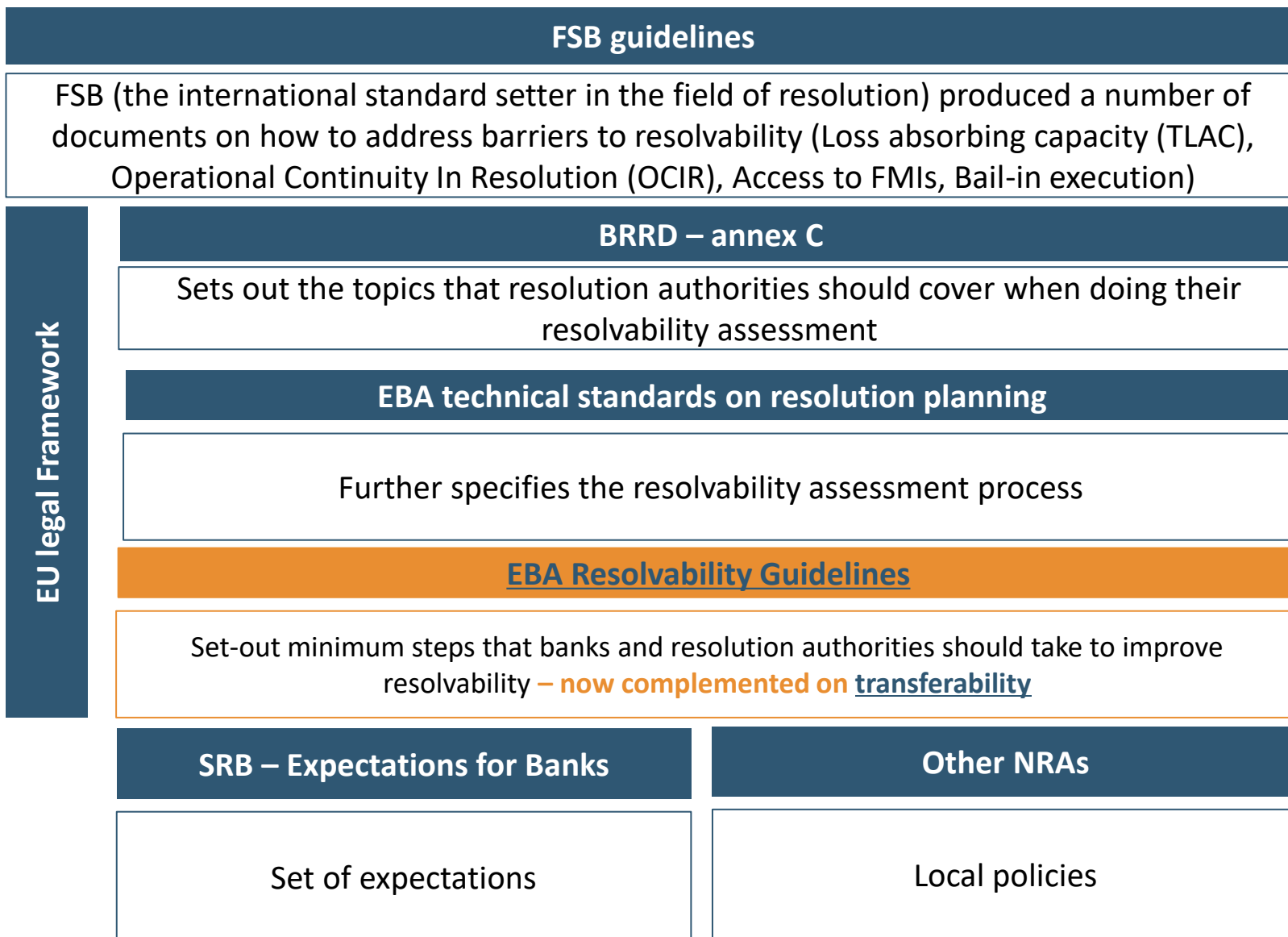
BRRD – annex C

Sets out the topics that resolution authorities should cover when doing their resolvability assessment

EBA technical standards on resolution planning

Further specifies the resolvability assessment process

Single Resolution Board	Other Resolution Authorities	<p style="color: red;">shortcomings</p> <ul style="list-style-type: none"> - Uneven progress on resolvability and emerging divergence in approach; - Lack of legal basis for RA resolvability policies
Set of expectations	Local policies	



Objectives of the EBA resolvability guidelines

- Guidelines aiming at establishing efficient and effective practices within the EU so to ensure the common, uniform and consistent application of Union law.
- Wide support from Resolution Authorities and good reception from the industry in the public consultation

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

Scope of application / Proportionality

Liquidation banks out of scope
 Level of implementation left to the discretion of authorities for simplified obligation banks

Deadline for compliance

Compliance with the guidelines by 1 January 2024, in line with MREL under BRRD2

EBA Transferability Guidelines

Increase preparedness for executing a transfer

A complement to the EBA resolvability guidelines

**Scope of application /
Proportionality**

Objectives

(i) Have authorities (with the support of institutions) set out a methodology to define the transfer perimeter to be implemented by institutions and (ii) ensure institutions and authorities have the capabilities to support the execution of the transfer

Leveraging on

The guidelines are based on international policies and standards e.g. EC AMC blueprint and ESRB reports. They leverage on existing EBA guidelines, mainly, EBA resolvability guidelines, but also EBA Guidelines on asset separation tool and EBA guidelines on diagnostic exercise.

Liquidation banks out of scope
Level of implementation left to the discretion of authorities for simplified obligation banks and when the transfer strategy is only variant

Deadline for compliance

Compliance with the guidelines by 1 January 2024, in line with the EBA resolvability guidelines and MREL under BRRD2

EBA Transferability Guidelines

Agile Perimeter Design

Ownership	Key measures	Rationale
<p>Resolution Authorities</p>	<p>Consider splitting the perimeter into different units in order to:</p> <ul style="list-style-type: none"> • prepare for different scenarios, • cater for a combination of transfer tools, • allow different successive transfers and • combinations under the same resolution tool or to multiple recipients 	<p>Critical for the RA to be agile and acknowledge that the perimeter that will be effectively transferred will depend on the circumstances.</p>
<p>Institutions</p>	<ul style="list-style-type: none"> Analyse marketability and market capacity Suggest improvement to perimeter Anticipate perimeter shifts Highlight potential barriers Identify legal and financial interconnections (separability) Assist RAs in dealing with x-border aspects 	<p>Maximise the input from the institution</p> <p>Leverage the institution’s intimate knowledge of its operations and markets</p>

EBA Transferability Guidelines

Agile capabilities – for smooth execution

Ownership	Key measures	Rationale
Resolution authority	<ul style="list-style-type: none"> <li data-bbox="363 452 1078 518">Establish list of criteria for potential acquirers <li data-bbox="363 525 1078 611">Develop a sales process (with and w/o marketing process) <ul style="list-style-type: none"> <li data-bbox="407 618 1078 684">Timelines, governance, roles <li data-bbox="407 691 1078 762">Documentation (term sheet, NDAs, templates for bidders etc...) <li data-bbox="407 769 1078 836">Communication channels 	<p>Ensure the resolution authority has identified and anticipated the steps it will have to take to implement the transfer</p>
Institutions	<ul style="list-style-type: none"> <li data-bbox="363 863 1078 922">Transfer playbook demonstrating capability of: <ul style="list-style-type: none"> <li data-bbox="407 929 1078 995">Balance sheet adjustment <li data-bbox="407 1002 1078 1068">Legal review <li data-bbox="407 1075 1078 1140">Transfer perimeter implementation <li data-bbox="407 1148 1078 1213">Tax implications identification <li data-bbox="407 1220 1078 1286">Service continuity <li data-bbox="407 1293 1078 1360">Business plan 	<p>Ensure the institution understand its role and has the capabilities to effectively support the execution of the transfer</p>

EBA Transferability Guidelines

Agile capabilities – MIS to easily update and adapt

Ownership	Key measures	Rationale
<p>Institutions</p>	<p>MIS to:</p> <ul style="list-style-type: none"> Identify the core perimeter Assess interconnections Set up virtual data rooms Produce/update business plan Support operational continuity Make potential adjustments to the transferred perimeter 	<p>Ensure the institution has the capabilities to rapidly update and adapt to the effective perimeter of the transfer</p>

Timeline and next steps

3 month consultation
Ended 15 April 2022
Public Hearing held
17 March

EBA response
to industry
comments

Final report
Published
26 September
2022

Deadline for
compliance
1 January
2024

Further EBA work on resolvability

1. Complementary EBA policy work underway (2022 EBA work programme):
 - i. Framework for resolvability testing
 - ii. Specifications for publication of bail-in exchange mechanics by resolution authorities - Guidelines to be published by year-end
 - iii. Resolution strategy transparency
2. The EBA's has set its first European Resolution Examination Programme (EREP, published on 12 November 2021) asking RAs to focus on:
 - i. how MREL shortfalls are being addressed;
 - ii. the development of management information systems for valuation in resolution;
 - iii. preparation for managing liquidity needs in resolution.

The logo for the European Banking Authority (EBA) is located in the top left corner. It consists of the letters 'EBA' in a bold, white, sans-serif font, set against a dark blue background with a subtle grid pattern. To the right of the letters, the words 'EUROPEAN BANKING AUTHORITY' are written in a smaller, white, sans-serif font, stacked vertically.

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