



**REPORT ON THE APPLICATION OF SIMPLIFIED  
OBLIGATIONS AND WAIVERS IN RECOVERY  
AND RESOLUTION PLANNING**

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**EBA**

EUROPEAN  
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# Abbreviations

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|                                |   |
|--------------------------------|---|
| <b>bps</b>                     | basis points  |
| <b>BRRD</b>                    | Bank Recovery and Resolution Directive (Directive 2014/59/EU) |
| <b>CA</b>                      | competent authority   |
| <b>CI</b>                      | credit institution  |
| <b>first reporting period</b>  | period between 1 January 2015 and 30 April 2016               |
| <b>FOLTF</b>                   | failing or likely to fail                                     |
| <b>G-SII</b>                   | global systemically important institution                     |
| <b>HP LSI</b>                  | high-priority less significant institution                    |
| <b>IF</b>                      | investment firm   |
| <b>IPS</b>                     | institutional protection scheme                               |
| <b>ITS</b>                     | implementing technical standards                              |
| <b>LSI</b>                     | less significant institution                                  |
| <b>MREL</b>                    | minimum requirement for own funds and eligible liabilities    |
| <b>MS</b>                      | Member State  |
| <b>O-SII</b>                   | other systemically important institution                      |
| <b>RA</b>                      | resolution authority  |
| <b>RTS</b>                     | regulatory technical standards                                |
| <b>second reporting period</b> | period between 1 May 2016 and 30 April 2017                   |
| <b>SO</b>                      | simplified obligations  |
| <b>SRB</b>                     | Single Resolution Board                                       |
| <b>SSM</b>                     | Single Supervisory Mechanism                                  |

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## Executive summary

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The Bank Recovery and Resolution Directive (BRRD) entered into force in January 2015 and it has the objective of equipping competent and resolution authorities with a common set of tools to deal effectively with unsound or failing institutions. The BRRD is in principle applicable to all credit institutions, certain investment firms and other entities listed in Article 1(1) of the BRRD. It introduces an obligation to prepare and maintain recovery and resolution plans. However, the framework is based on the principle of proportionality and gives competent and resolution authorities the ability to grant simplified obligations and waivers for recovery and resolution planning to institutions under their jurisdiction, provided that the institutions fulfil specific eligibility criteria for simplified obligations or meet particular conditions for waivers specified in Article 4(1) and Article 4(8)-(10) of the BRRD, respectively.

This report presents an overview of how competent and resolution authorities have applied the simplified obligations and principle of proportionality in recovery and resolution planning during the first years following the entry into force of the BRRD. The report has been prepared under Article 4(7) of the BRRD and is based on information reported to the EBA by the competent and resolution authorities in 2016 and 2017 (i.e. the first reporting period covers data from 1 January 2015 to 30 April 2016; the second reporting period covers data from 1 May 2016 to 30 April 2017) as required under the Commission Implementing Regulation (EU) 2016/962 developed on the basis of the EBA's implementing technical standards.

It can be observed that by 30 April 2017 around half of competent and resolution authorities had granted simplified obligations or waivers to institutions under their jurisdiction. In some cases, the authorities have chosen not to exercise their discretion and instead to ensure that all institutions are subject to the full BRRD requirements concerning recovery and resolution planning. In other cases, the decision on whether or not to apply simplified obligations and waivers has been delayed because of the late transposition of the BRRD into national legal frameworks and/or delays in the implementation and execution of formally adopted rules. Moreover, in Member States where authorities decided to grant simplified obligations and/or waivers there were substantial differences between percentages of the total number of credit institutions that remained subject to full-scope BRRD requirements after applying this discretion (ranging from 1% to 91% for recovery planning, and from 1% to 99.6% for resolution planning).

### ***Main conclusions – eligibility assessment***

Where eligibility assessments for simplified obligations have been carried out by competent and resolution authorities, the analysis shows a significant variation in practices across the European Union, indicating that the level of harmonisation introduced in this area by the EBA guidelines further specifying the eligibility criteria for simplified obligations has been limited. The majority of these divergences have been addressed in the final draft of the EBA regulatory technical standards (RTS) on simplified obligations, developed in accordance with Article 4(6) of the BRRD,

which will replace those EBA guidelines and will help to ensure increased harmonisation of eligibility assessments.

### ***Main conclusions – scope of simplifications***

Apart from deciding which institutions can benefit from simplified obligations, authorities should also decide on the scope of simplifications applied to those institutions in comparison with full-scope BRRD requirements for recovery and resolution planning. The BRRD leaves flexibility to competent and resolution authorities in defining the scope of these simplifications and there is no other EU-wide harmonised framework in this area. Based on the information reported to the EBA, there are divergences in the authorities' specification of the reduced scope of requirements for institutions under their jurisdictions. Those divergences could be expected to remain under the current legal framework.

### ***Next steps***

As required under Article 4(7) of the BRRD, the EBA will submit this report on the application of simplified obligations and waivers to the European Parliament, to the Council and to the Commission by 31 December 2017 for further consideration of possible amendments in this field in order to ensure greater convergence of practices.

# Introduction

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Since the financial crisis, significant steps have been taken to address potential spillovers between banks and sovereigns, to enhance the financial resilience of institutions, and to contain and mitigate the impact institutions would have if they enter into financial difficulties. With the entry into force of Directive 2014/59/EU (the Bank Recovery and Resolution Directive – BRRD)<sup>1</sup> in January 2015, a new European framework for recovery and resolution of credit institutions and investment firms has been introduced in the European Union. As a result, recovery planning has been embedded into institutions' governance framework, and recovery planning assessment and resolution plan development have become a part of the standard activities of competent and resolution authorities.

The BRRD framework has a broad scope, as it applies to all credit institutions, certain investment firms and other entities listed in Article 1(1) of the BRRD. Nevertheless, the BRRD is based on the principle of proportionality, which envisages the possibility of applying simplified obligations for recovery and resolution planning or of granting waivers to specific types of institutions. This approach aims to strike the right balance between financial stability, public interests and administrative burdens imposed on both institutions and authorities.

The BRRD allows competent authorities and resolution authorities to apply simplified obligations for recovery and resolution planning provided that an institution meets the eligibility criteria specified in Article 4(1) of the BRRD. In addition, Article 4(8)-(10) of the BRRD introduced the possibility for the authorities to grant waivers from recovery and resolution planning obligations to specific types of institutions.

Under Article 4(5) of the BRRD, the EBA was given the mandate to issue guidelines further specifying the criteria for assessing whether or not an institution is eligible for simplified obligations. These guidelines aimed to promote convergence of practices between competent and resolution authorities across the European Union when assessing institutions against the criteria specified in Article 4(1) of the BRRD. Taking into account, where appropriate, experience acquired in the application of the EBA guidelines, the EBA was also mandated to develop regulatory technical standards on the same topic at a later stage. Furthermore, in line with Article 4(11) of the BRRD, the EBA has developed implementing technical standards which specify uniform formats, templates and definitions for the identification and transmission of information by competent authorities and resolution authorities to the EBA with regard to the application of simplified obligations and waivers. Article 4(7) of the BRRD requires the EBA to issue a report on the application of simplified obligations and waivers, in particular identifying any divergences at national level.

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<sup>1</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190–348).



The EBA has performed an analysis on the basis of information received from competent and resolution authorities further to the mandate set out in Article 4(7) of the BRRD and sets out its findings in this report, which consists of five sections.

- The first section provides an overview of the legal framework for the application of simplified obligations and waivers under the BRRD and explains the approach used in the report and its main objectives.
- The second section focuses on the methodologies and indicators used for the assessment of the eligibility of institutions for simplified obligations.
- The third section provides an overview of the application of simplified obligations and waivers, as well as explaining to what extent the competent and resolution authorities have applied their discretion in this field.
- The fourth section provides an overview of the extent to which competent and resolution authorities decided to reduce the full-scope requirements for recovery and resolution planning, e.g. in terms of the content and detail of recovery and resolution plans, information required from institutions or the frequency of updating the plans.
- The fifth section concludes with the key observations and recommendations for further consideration in order to achieve more convergence across the EU with regard to the application of the principle of proportionality for recovery and resolution planning.

In line with Article 4(7) of the BRRD, the EBA will submit the report to the European Parliament, to the Council and to Commission for further consideration of possible amendments in this area.

# 1. Background and rationale

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## 1.1. Overview

1. The BRRD sets out requirements for institutions to draw up, maintain and submit to competent authorities recovery plans on an annual basis, as well as to provide to resolution authorities information relevant for the development of resolution plans.
2. The information to be included in the recovery plans is set out in Section A of the Annex to the BRRD and is further specified in Commission Delegated Regulation (EU) 2016/1075<sup>2</sup>. Article 10(7) and Article 12(3) of the BRRD specify the information to be included in resolution plans for, respectively, institutions and groups, as further specified in Commission Delegated Regulation (EU) 2016/1075 and developed on the basis of the EBA's draft regulatory technical standards (RTS) on resolution plan requirements. Article 11 and Section B of the Annex to the BRRD list the information that resolution authorities may request for the purposes of drawing up and maintaining resolution plans. The BRRD also requires resolution authorities to carry out resolvability assessments for institutions and groups (Article 10(2), Article 12(4) and Articles 15 and 16 of the BRRD).
3. The requirements regarding recovery planning, resolution planning and resolvability assessment should be applied proportionally, reflecting inter alia the systemic importance of the institution concerned. According to Article 4(1) of the BRRD, competent and resolution authorities may apply simplified obligations with regard to:
  - the content and detail of recovery and resolution plans provided for in Articles 5 to 12 of the BRRD;
  - the date by which the first recovery and resolution plans are to be drawn up and the frequency of updating recovery and resolution plans, which may be lower than that provided for in Article 5(2), Article 7(5), Article 10(6) and Article 13(3) of the BRRD;
  - the contents and details of the information required from institutions as provided for in Article 5(5), Article 11(1) and Article 12(2) and in Sections A and B of the Annex to the BRRD; and
  - the level of detail for the assessment of resolvability provided for in Articles 15 and 16 and Section C of the Annex to the BRRD.

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<sup>2</sup> Commission Delegated Regulation (EU) 2016/1075 of 23 March 2016 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the content of recovery plans, resolution plans and group resolution plans, the minimum criteria that the competent authority is to assess as regards recovery plans and group recovery plans, the conditions for group financial support, the requirements for independent valuers, the contractual recognition of write-down and conversion powers, the procedures and contents of notification requirements and of notice of suspension and the operational functioning of the resolution college (OJ L 184, 8.7.2016, p. 1–71).

4. Competent and resolution authorities should decide on the level of detail regarding these requirements for institutions, having regard to the impact that the failure and subsequent winding up of the institution under normal insolvency proceedings would have on financial markets, on other institutions, on funding conditions or on the wider economy, taking account of the criteria set out in Article 4(1) of the BRRD.
5. These criteria are the nature of the institution's business, its shareholding structure, its legal form, its risk profile, size and legal status, its interconnectedness with other institutions or with the financial system in general, the scope and the complexity of its activities, its membership of an institutional protection scheme (IPS) or other cooperative mutual solidarity systems as referred to in Article 113(7) of Regulation (EU) No 575/2013<sup>3</sup>, and any exercise of investment services or activities as defined in point (2) of Article 4(1) of Directive 2014/65/EU<sup>4</sup>.
6. Furthermore, Article 4(8) - (10) of the BRRD allows competent authorities and, where relevant, resolution authorities to:
  - waive the application of recovery and resolution planning requirements<sup>5</sup> to institutions affiliated to a central body and wholly or partially exempted from prudential requirements in national law<sup>6</sup>; however, in this case, requirements should apply on a consolidated basis to the central body and the institution affiliated to it; or
  - waive the application of recovery planning requirements<sup>7</sup> to institutions which are members of an IPS; however, in this case, the IPS should be required to fulfil requirements of recovery planning in cooperation with each of its waived members.

## 1.2. EBA tasks on simplified obligations

7. Article 4 of the BRRD assigned to the EBA a number of tasks in the area of simplified obligations in recovery and resolution planning. In particular, the EBA has been mandated to issue:
  - by 3 July 2015, in accordance with paragraph 5 of that Article, guidelines to specify the criteria referred to in paragraph 1 of that Article, for assessing, in accordance with that paragraph, the impact of an institution's failure on financial markets, on other institutions and on funding conditions<sup>8</sup>; the guidelines were adopted by the EBA on 16 October 2015 and are applicable since 17 December 2015;

<sup>3</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1)

<sup>4</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

<sup>5</sup> Requirements prescribed in Sections 2 and 3 of Chapter 1 of the BRRD.

<sup>6</sup> As specified in Article 10 of Regulation (EU) No 575/2013.

<sup>7</sup> Requirements prescribed in Section 2 of Chapter 1 of the BRRD.

<sup>8</sup> EBA Guidelines on the application of simplified obligations under Article 4(5) of Directive 2014/59/EU (EBA/GL/2015/16).

- by 3 July 2015, in accordance with paragraph 11, draft implementing technical standards (ITS) in order to specify, subject to the principle of proportionality, uniform formats, templates and definitions for the identification and transmission of information by competent authorities and resolution authorities to the EBA on how these authorities have applied Article 4(1) and (8)-(10) of the BRRD to institutions in their jurisdictions; the ITS were adopted by the EBA on 7 July 2015 and endorsed by the European Commission on 16 June 2016<sup>9</sup>;
- by 3 July 2017, in accordance with paragraph 6, draft regulatory technical standards (RTS) to specify, taking into account, where appropriate, experience acquired in the application of the guidelines referred to above, the criteria referred to in Article 4(1) of the BRRD, for assessing, in accordance with that paragraph, the impact of an institution's failure on financial markets, on other institutions and on funding conditions;
- by 31 December 2017, in accordance with paragraph 7, the EBA shall submit to the European Parliament, the Council and the Commission a report on the implementation of Article 4(1),(8),(9) and (10) of the BRRD; that report shall, in particular, identify any divergences regarding the implementation of those provisions at national level.

### 1.3. Obligation to report data to the EBA and reporting periods

8. In order to enable the EBA to assess how competent and resolution authorities have applied their respective discretions, Commission Implementing Regulation (EU) 2016/962, developed on the basis of the EBA ITS, requires each authority to report to the EBA on all institutions that have been granted simplified obligations under their jurisdictions. In particular, the Regulation sets two reporting periods.
  - The first reporting period commenced on 1 January 2015 and ended on 30 April 2016. The information relating to the first reporting period had to be submitted to the EBA by 6 August 2016.
  - The second reporting period commenced on 1 May 2016 and ended on 30 April 2017. The information relating to the second reporting period had to be submitted to the EBA by 1 June 2017.

### 1.4. Approach

9. When performing the analysis, the EBA has relied on data submitted by the competent and resolution authorities during the first reporting period (i.e. from 1 January 2015 to 30 April 2016) and the second reporting period (i.e. 1 May 2016 to 30 April 2017). In order to

<sup>9</sup> Commission Implementing Regulation (EU) 2016/962 of 16 June 2016 laying down implementing technical standards with regard to the uniform formats, templates and definitions for the identification and transmission of information by competent authorities and resolution authorities to the European Banking Authority according to Directive 2014/59/EU of the European Parliament and of the Council (OJ L 160/35 of 17.06.2016).

ensure consistency and comparability of data, the report does not use data which go beyond these reporting periods.

10. Input received by the EBA from competent and resolution authorities for the second reporting period was more complete than submissions received for the first one. However, even in June 2017 in many Member States a decision on whether or not to apply simplified obligations and waivers had not been taken yet by competent and resolution authorities. The resolution authorities especially had postponed their decisions in this regard, as preparation of resolution plans was still ongoing at that time. Some of these authorities explicitly highlighted that no decisions had been made during the reporting periods but they intended to apply simplified obligations and/or waivers in the future.
11. Where relevant, the analysis is based on the information received from competent and resolution authorities for both reporting periods in order to compare developments in the application of simplified obligations and waivers observed across the EU in the consecutive years after the BRRD's entry into force. However, a detailed analysis of the methodologies used for assessing eligibility for simplified obligations as well as the scope of simplifications granted by authorities has been done solely on the basis of data submitted in the second reporting period. There were two reasons for following this approach: (i) data reported in the second period were more complete; and (ii) those Member States that applied simplified obligations in both reporting periods had not changed their approaches from one submission to the other.
12. Some competent and resolution authorities decided to use the opportunity to submit a joint reporting template on their application of simplified obligations and waivers. The option of joint reporting was given to authorities in Commission Implementing Regulation (EU) 2016/962, in cases where competent and resolution authorities of a Member State use the same methodology for determining whether or not an institution should be subject to simplified obligations. This joint reporting option has been introduced in order to minimise the reporting burden on the authorities. However, the limited usage of this option indicates that in the majority of jurisdictions competent and resolution authorities decided to apply different methodologies for selecting institutions eligible for simplified obligations.
13. In order to reduce the reporting burden, Commission Implementing Regulation (EU) 2016/962 also allowed authorities to report to the EBA the data on the application of simplified obligations on the basis of categories of institutions, instead of submitting a separate set of data for each institution that was granted simplified obligations. This possibility had the following two implications for the data received by the EBA from authorities which decided to report data on a category basis:
  - in many instances a description of the categories constituted a part of the assessment methodologies for assessing eligibility for simplified obligations;
  - quantitative data provided for the categories of institutions in the majority of cases were based on ranges of values or aggregated values, instead of specific numbers for

particular institutions; this limited the EBA's ability to compare values of obligatory indicators across the EU.

14. Individual reporting, with specific values of indicators provided for each credit institution benefiting from simplified obligations, has been submitted by seven competent authorities (DE, EE, IE, LT, LU, NL and PT) and eight resolution authorities (CZ, DE, HR, HU, IE, LT, LV and RO) that reported to the EBA. The remaining authorities decided to make submissions on the basis of categories of institutions and provided only ranges of values for quantitative indicators and one description for each of the qualitative ones.
15. With regard to investment firms, there have been even fewer submissions made on an individual basis, as only five competent authorities (DE, EE, IE, LT and PT) and four resolution authorities (BG, HU, IE and LT) have chosen this approach.

## 2. Methodology and indicators used to assess eligibility for simplified obligations

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### 2.1. Overview

16. Article 4(1) of the BRRD provides a set of criteria that should be used by competent and resolution authorities in determining whether or not simplified obligations may be applied to institutions under their jurisdictions. In particular, the BRRD requires that the following criteria be taken into account when assessing institutions' impact on financial markets, other institutions, funding conditions and the wider economy: size, interconnectedness to other institutions or to the financial system in general, the scope and complexity of activities, risk profile, nature of business, shareholding structure, legal form, legal status, membership of an IPS or other cooperative mutual solidarity systems as referred to in Article 113(7) of Regulation (EU) No 575/2013, and any exercise of investment services or activities as defined in point (2) of Article 4(1) of Directive 2014/65/EU.
17. The EBA guidelines on simplified obligations further specified these criteria and provided obligatory indicators for each criterion that must be used by authorities in conducting their eligibility assessment. Moreover, Annex II to those guidelines provided an exhaustive list of optional indicators that authorities may incorporate into their assessment in addition to the obligatory indicators. The EBA guidelines also clarified that global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs) should not be subject to simplified obligations, as it is clear that the failure and subsequent winding up of such institutions under normal insolvency proceedings would be likely to have a significant negative effect on financial markets, on other institutions, on funding conditions or on the wider economy.
18. Competent and resolution authorities should have regard to all of the criteria in the order specified in the guidelines on simplified obligations. It is possible that, based on the first three criteria ('size', 'interconnectedness', 'complexity'), the institution can already be regarded as ineligible for simplified obligations and in such a situation the authorities may decide on ineligibility without conducting any further analysis based on the remaining criteria. However, in order to grant simplified obligations (i.e. make a positive decision on an institution's eligibility), it is necessary for authorities to assess an institution against all criteria listed in the BRRD, taking into account all obligatory indicators specified in the EBA guidelines on simplified obligations.
19. It should be underlined that the EBA guidelines specified only the obligatory and optional indicators to be used in the eligibility assessment, without providing any specific assessment methodology with weights and thresholds assigned to various indicators. Hence, competent and resolution authorities had flexibility in applying their own assessment methodology, which nevertheless had to be based on the obligatory and

optional indicators provided in the EBA guidelines. Furthermore, the authorities were required to report to the EBA on how they determined whether an institution can benefit from simplified obligations or not. According to Commission Implementing Regulation (EU) 2016/962, the required information on that matter included the following:

- description of the basis for determining that an institution can benefit from simplified obligations (this description must include quantitative information where possible);
  - weighting, if any, assigned to each of the criteria for the purposes of the assessment process;
  - values of obligatory indicators for each of the criteria (quantitative data or narrative description); and
  - information on any optional indicators used, from the list in Annex II to the EBA guidelines on simplified obligations, for each of the criteria.
20. This section of the report provides an overview of methodologies used by competent and resolution authorities to assess eligibility for simplified obligations. It also focuses on the analysis of how competent and resolution authorities have used the eligibility criteria established in the BRRD and how they have applied obligatory and additional indicators in conducting eligibility assessments of institutions.
21. Data reported to the EBA show that there are significant divergences in the eligibility assessment methodologies for simplified obligations applied across the EU. In particular, a variety of approaches have been applied in designing national assessment methodologies, with limited use of obligatory criteria defined in the BRRD and indicators specified in the EBA guidelines on simplified obligations (especially for investment firms). These divergences create an uneven playing field for institutions operating in the EU. Therefore, the EBA draft RTS on simplified obligations, which would replace the existing guidelines issued on the same topic, introduced policy choices increasing convergence among the Member States by applying the best practices developed at national level across the EU over the first few years after the BRRD entry into force. In particular, the draft RTS introduced a specific eligibility assessment methodology with precise indicators, weights and thresholds established for credit institutions. More flexibility was retained only for investment firms because of the lower level of harmonisation between national reporting requirements and ongoing work on designing a new EU prudential framework for investment firms.

## **2.2. Use of criteria and indicators for assessing the eligibility for simplified obligations**

22. The following sub-sections provide an overview of approaches used by competent and resolution authorities when designing their assessment methodologies and applying criteria/indicators for the assessment of an institution's eligibility for simplified obligations in recovery and resolution planning. In particular, the following aspects will be analysed separately for recovery and resolution planning:



- overview of eligibility assessment methodologies;
- weighting of eligibility criteria;
- usage of obligatory indicators; and
- usage of additional indicators.

23. Tables with detailed information dedicated separately to recovery and resolution planning are presented in Annexes 1 and 2 to this report.

## 2.2.1. Recovery planning

### Overview of eligibility assessment methodologies

24. A variety of approaches has been applied by competent authorities to identify institutions eligible for simplified obligations for recovery planning (as presented in Table 21 in Annex 1). Significant differences were observed in both the level of detail of information reported to the EBA and the methodologies applied by competent authorities to credit institutions and investment firms for recovery planning purposes. Nevertheless, it was possible to identify the following common trends in the assessment methodologies for credit institutions:
- a few competent authorities used the indicators and assessment methodology described in the EBA guidelines on O-SIIs identification<sup>10</sup> to assess eligibility for simplified obligations as well;
  - some authorities within the Eurozone explicitly built their assessment methodologies on the Single Supervisory Mechanism (SSM) categorisation framework of less significant institutions (LSIs), indicating that only non-high-priority (HP) LSIs could benefit from simplified obligations;
  - some authorities divided eligibility assessment into stages and/or made a distinction between qualitative and quantitative assessments;
  - the majority of competent authorities assigned the highest importance to the criterion of size, and some authorities treated it as the only or main eligibility criterion; the other most frequently used criteria were scope and complexity of activities and interconnectedness.
25. With regard to investment firms, the majority of competent authorities used the same assessment methodology as for credit institutions or decided to grant simplified obligations to all investment firms within the scope of the BRRD, without applying any assessment methodology. A distinct description of the assessment methodology devoted solely to

<sup>10</sup> EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs) (EBA/GL/2014/10).

investment firms was reported only in those Member States where no simplified obligations for credit institutions have been applied.

### **Weighting of eligibility criteria**

26. Neither the BRRD nor the EBA guidelines on simplified obligations assigned any weighting to eligibility criteria or indicators. However, they did not prevent competent and resolution authorities from applying specific weighting (e.g. for eligibility criteria and/or indicators) if they consider that appropriate for the purposes of the eligibility assessment exercise. In cases when such weighting was applied, Commission Implementing Regulation (EU) 2016/962 required them to report this information to the EBA.
27. Among all competent authorities, only SK assigned precise weights to each criterion (see Table 22 in Annex 1 for further details), while the other four authorities (DE, DK, EE and PT) applied weights to one or more of three key eligibility criteria (i.e. 'size', 'interconnectedness', and 'scope and complexity of activities') and assessed the remaining criteria in a qualitative manner, assigning equal importance to them. It should be noted that all these competent authorities assigned very high weights (ranging from 25% to 100%) to the criterion of 'size', which confirms its predominant role in the assessment process. One competent authority (ES) indicated the importance given to eligibility criteria applied to investment firms only.
28. It can be concluded that the concept of weighting of eligibility criteria for recovery planning was not widely applied across the European Union. However, from the data submitted to the EBA, it can be seen that some competent authorities applied weighting only to some eligibility criteria listed in the BRRD, which indicates that not all of the criteria have been used in the eligibility assessment process. It should also be noted that some authorities indicated that certain BRRD eligibility criteria have been taken into account only in a holistic qualitative assessment or claimed that some of the criteria were inappropriate for the purpose of assessment.

### **Usage of obligatory indicators**

29. For all credit institutions that were subject to simplified obligations for recovery planning, competent authorities were required to report to the EBA data on the obligatory indicators included in the EBA guidelines on simplified obligations and in Commission Implementing Regulation (EU) 2016/962. Table 23 in Annex 1 shows whether or not information on each of the obligatory indicators has been reported to the EBA by competent authorities that submitted templates for recovery planning. It should be noted that some authorities reported values for certain obligatory indicators; however, they explicitly mentioned that these indicators have not been used in their eligibility assessment process. Thus the actual usage of the obligatory indicators in assessment methodologies has been even lower.
30. There have been significant differences in the usage of obligatory indicators from the EBA guidelines on simplified obligations (see Table 23 in Annex 1). The highest utilisation was observed within obligatory indicators for the first three eligibility criteria (i.e. 'size',

‘interconnectedness’, and ‘scope and complexity of activities’). However, even within these criteria, only one mandatory indicator – ‘total assets’ – has been reported by all authorities that submitted data to the EBA (94% of submissions). The other most frequently used indicators (reported in 89% of cases) were ‘interbank liabilities’, ‘interbank assets’, ‘debt securities outstanding’, ‘cross-jurisdictional liabilities’ and ‘cross-jurisdictional claims’. High reporting ratios were also noticed for ‘value of OTC derivatives’ and ‘total deposits’ (78%). The obligatory indicators’ utilisation among the remaining eligibility criteria was significantly lower, with a maximum utilisation of 61%. The lowest reporting frequency of 11% and 0% were observed for qualitative indicators for the eligibility criterion ‘membership of an IPS or other cooperative mutual solidarity system’.

31. For investment firms, the utilisation of obligatory indicators among competent authorities that submitted data for recovery planning was even lower than for credit institutions (see Table 24 in Annex 1). The highest utilisation (69% of submissions) was reported for four obligatory indicators measuring the size of investment firms (i.e. ‘total assets’, ‘total assets/Member State’s GDP’, ‘total liabilities’ and ‘total fees and commission income’). An indicator ‘value of OTC derivatives’ was reported in 56% of cases, whereas the frequency of reporting on the remaining obligatory indicators did not exceed 50%. In contrast to credit institutions, there was a relatively low utilisation (38% or less) of obligatory indicators measuring ‘interconnectedness’. Because investment firms cannot benefit from waivers, there was no need to report on the indicators related to the membership of an IPS or other cooperative mutual solidarity system.

#### **Usage of additional indicators**

32. Based on data reported to the EBA, it can be seen that eight out of eighteen competent authorities that applied simplified obligations for credit institutions for recovery planning decided to use additional indicators in their eligibility assessment methodology (see Table 25 in Annex 1). Additional indicators were most frequently reported for the criterion of ‘interconnectedness’. Not more than four competent authorities reported on additional indicators used to assess ‘size’, ‘scope and complexity of activities’ and ‘risk profile’, while only one Member State reported on ‘nature of business’. Finally, no additional indicators have been used for the remaining four eligibility criteria (i.e. ‘legal status’, ‘shareholding structure’, ‘legal form’ and ‘membership of an IPS or other cooperative mutual solidarity system’).
33. Some competent authorities used additional indicators, which were not included in Annex II of the EBA guidelines on simplified obligations.
34. Out of sixteen competent authorities that submitted data for recovery planning for investment firms, nine authorities reported on additional indicators in their eligibility assessment methodologies (for details see Table 26 in Annex 1). The majority of additional indicators were submitted for the criteria of ‘size’ and ‘interconnectedness’ because of reporting obligations imposed by Commission Implementing Regulation (EU) 2016/962. It should be underlined that all additional indicators reported for investment firms either

were included in Annex II to the EBA guidelines on simplified obligations or constituted proxies to metrics included in the exhaustive list of optional indicators.

## 2.2.2. Resolution planning

### Overview of eligibility assessment methodologies

35. In resolution planning, only a few authorities provided details of methodologies used when applying criteria/indicators for the assessment of an institution's eligibility for simplified obligations. From those resolution authorities which have provided such information, it can be seen that a variety of approaches were applied to identify institutions eligible for simplified obligations for resolution planning. Nevertheless, the following common trends can be concluded in relation to credit institutions:

- a few resolution authorities used indicators and assessment methodology described in the EBA guidelines on O-SIIs identification;
- a few resolution authorities used criteria and indicators in order to group institutions into categories and then, depending on the category, decided whether or not to apply simplified obligations;
- three resolution authorities stated that they intend to use the methodology defined in the EBA draft RTS on simplified obligations.

36. In relation to investment firms, the following conclusions can be drawn:

- a few authorities applied the same assessment methodology as for credit institutions;
- a distinct description of the assessment methodology devoted solely to investment firms was provided by the Member States where a separate public administrative authority was designated as a resolution authority for investment firms.

37. A more detailed overview of national approaches regarding methodologies for assessing simplified obligations for resolution planning is presented in Table 30 in Annex 2.

### Weighting of eligibility criteria

38. Considering the data reported by the resolution authorities (see Table 31 in Annex 2), it can be seen that specific weighting or scoring of eligibility criteria has been applied by only five resolution authorities (CZ, ES, DE, PT and SK). Only two resolution authorities (CZ and SK) indicated precise weights for each criterion. PT clarified that it intends to apply scoring to all criteria. ES the specified importance of each criterion (i.e. high/low). One resolution authority (DE) indicated that weighting was not applied to all the criteria.

39. It can be concluded that, as was the case for recovery planning, the concept of weighting of eligibility criteria for resolution planning was not widely applied across the European Union.

### Usage of obligatory indicators

40. Resolution authorities from sixteen Member States reported to the EBA regarding the usage of obligatory indicators for credit institutions (see Table 32 in Annex 2). Like for recovery planning, the highest usage of obligatory indicators was observable within the first three eligibility criteria, 'size', 'interconnectedness' and 'scope and complexity of activities', where several indicators were reported in 94% of submissions (in particular the indicators 'total assets', 'interbank liabilities', 'interbank assets' and 'value of OTC derivatives') or 81-88% of cases ('cross-jurisdictional liabilities', 'cross-jurisdictional claims' and 'total deposits'). On the other hand, the least frequently used criterion (with utilisation of obligatory indicators not exceeding 40%) was 'membership of an (IPS) or other cooperative mutual solidarity system as referred to in Article 113(7) of Regulation (EU) No 575/2013', because it was not relevant for all the Member States, as not all of them have established such structures in their jurisdictions.
41. With regard to the investment firms that were eligible for simplified obligations, resolution authorities from eleven Member States submitted data to the EBA with information on obligatory indicators (for details, please see Table 33 in Annex 2). The most frequently used obligatory indicators were 'total assets' and 'total liabilities' measuring the 'size' of investment firms, and they were reported in 91% and 82% of submissions, respectively. In contrast to credit institutions, the usage of one obligatory indicator within the eligibility criterion 'legal form' was very high as information on the type of incorporation (e.g. private limited company or limited liability company) was reported to the EBA in 72% of submissions for investment firms. The third most frequently used criterion was 'scope and complexity of activities', where the obligatory indicator 'value of OTC derivatives' was reported in 64% of cases, and two other indicators, 'cross-jurisdictional liabilities' and 'cross-jurisdictional claims', were reported in 55% of cases. There was no need to report on the indicators related to the criterion 'membership of an IPS or other cooperative mutual solidarity system', as it is not applicable to investment firms.

### Usage of additional indicators

42. Based on data reported to the EBA, it can be seen that twelve resolution authorities decided to apply additional indicators in their methodology for assessing eligibility for simplified obligations for credit institutions (see Table 34 in Annex 2). The majority of those resolution authorities applied additional indicators for the criterion 'interconnectedness', because of mandatory reporting obligations imposed by Commission Implementing Regulation (EU) 2016/962. The second criterion for which most resolution authorities decided to apply additional indicators was 'scope and complexity of activities'. It is worth noting that a few resolution authorities have applied their own additional indicators, which were not provided in the EBA guidelines on simplified obligations.
43. With regard to investment firms, eight resolution authorities reported on additional indicators in the context of their methodologies for assessing eligibility for simplified obligations assessment (see Table 35 in Annex 2). Information on the additional metrics were submitted mostly for the criteria 'size' and 'interconnectedness', again because of

reporting obligations imposed by the Commission. Moreover, a few resolution authorities applied their own additional indicators, which were not provided in the exhaustive list included in the EBA guidelines on simplified obligations.

## 3. Overview of the application of simplified obligations and waivers by competent and resolution authorities

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### 3.1. Overview

45. This section provides an overview of how competent and resolution authorities have applied simplified obligations and waivers, according to data reported to the EBA in two reporting periods. The first sub-section starts from a general analysis explaining to what extent the authorities have applied this BRRD discretion in their jurisdictions. It is followed by a more detailed separate analysis dedicated to the application of simplified obligations and waivers. The second sub-section compares data received both for recovery and for resolution planning, as well as for credit institutions and investment firms, with the aim of presenting a complete picture of practices adopted by the relevant authorities across the European Union.
46. As presented later, during both reporting periods the application of simplified obligations for credit institutions was higher for recovery planning than for resolution planning. Moreover, during both reporting periods only a few authorities decided to grant waivers from recovery and/or resolution planning requirements. Another observation is that in the second reporting period more competent and resolution authorities granted simplified obligations than during the first period. This can be explained by the fact that during the second reporting period the BRRD had already been incorporated into national law in all the Member States. It is also worth mentioning that quite a few authorities highlighted that they intend to apply simplified obligations or waivers in the future, but final decisions have not been made yet. This was particularly relevant to resolution authorities, as quite a few of them were still at the planning stage. Furthermore, some authorities highlighted that they are waiting until the new EBA RTS on simplified obligations enter into force, in order to make eligibility decisions in line with the new framework. Therefore, it is expected that the number of authorities granting simplified obligations and/or waivers could increase in the future.

### 3.2. Application of simplified obligations and waivers

47. The conditions for applying simplified obligations and waivers are distinct from each other, and decisions on whether or not to grant them are not interdependent. More specifically, in order to benefit from simplified obligations a credit institution or investment firm needs to meet eligibility criteria listed in Article 4(1) of the BRRD, whereas only credit institutions that fulfil another set of conditions specified in Article 4(8)-(10) of the BRRD can benefit from waivers.

48. Therefore, in each Member State four possible scenarios could take place for credit institutions on the basis of decisions made by relevant authorities:
- both simplified obligations and waivers applied;
  - only simplified obligations applied;
  - only waivers applied; or
  - neither simplified obligations nor waivers applied.
49. Because conditions for granting waivers are based on the type of credit institutions (i.e. being either an IPS member or a credit institution affiliated to the central body and wholly or partially exempted from prudential requirements in national law), it is possible that in some Member States an option to grant waivers might not be available to competent and resolution authorities, because none of the credit institutions in their jurisdictions operated under these structures when their eligibility was assessed. This characteristic might explain to some extent why waivers have been applied in fewer Member States than simplified obligations.
50. According to the BRRD, investment firms cannot be subject to waivers from recovery/resolution planning, so only the following two scenarios could be identified:
- simplified obligations applied; or
  - no simplified obligations applied.
51. While analysing the application of simplified obligations to investment firms, compared with credit institutions, it is also necessary to keep in mind that the BRRD applies only to specific types of investment firms (i.e. the ones that are subject to an initial capital requirement of EUR 730 000), so it is possible that in some Member States there are no investment firms within the scope of the BRRD. Consequently, the question of applying simplified obligations to investment firms is not applicable in such jurisdictions.
52. Because there are different decision making authorities within a given Member State (i.e. competent authority for recovery planning and resolution authority for resolution planning), and these decisions affect different entities (i.e. credit institutions and investment firms), the analysis in this section is presented separately for (i) recovery planning and resolution planning and (ii) credit institutions and investment firms.

### **3.2.1. Recovery planning**

#### **Credit institutions**

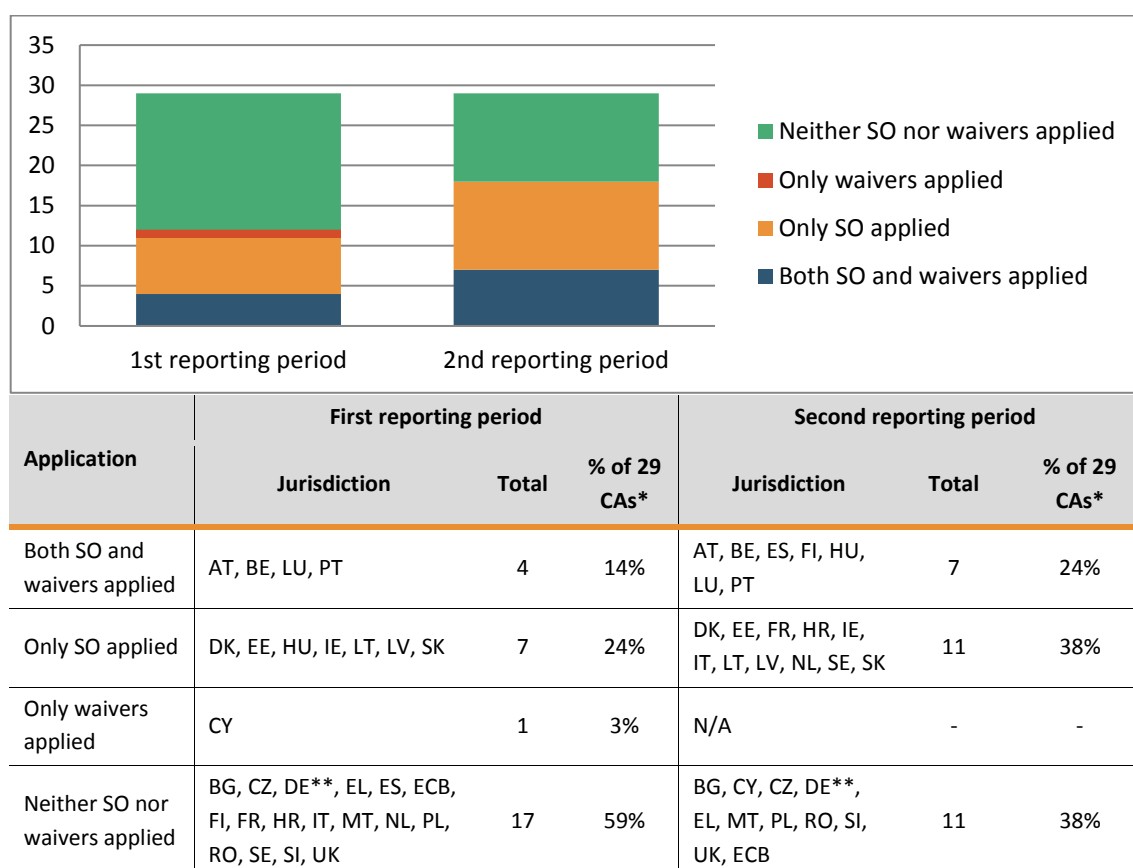
##### **Overview of the application of simplified obligations and waivers**

53. Table 1 presents an overview of how many competent authorities applied simplified obligations and/or waivers for credit institutions for the purpose of recovery planning, separately for two reporting periods. This data allows conclusions to be drawn on the usage



of this discretion across the EU and possible trends that can be observed within the first few years after the BRRD's entry into force.

**Table 1. Overview of the application of simplified obligations and waivers for recovery planning for credit institutions**



\* Competent authorities from 28 Member States and the ECB. Additionally, in 2016 the EBA received a notification from IS that neither simplified obligations nor waivers had been applied in the first reporting period, whereas in 2017 the EBA received notifications from IS and LI that neither simplified obligations nor waivers had been applied in the second reporting period.

\*\* In DE the competent authority performed the eligibility assessment in both reporting periods. However, no recovery plans where simplified obligations or waivers apply were requested during the reporting period because legal requirements had not been finalised. An ordinance containing the legal requirements for simplified obligations has been published for consultation and DE has started requesting recovery plans under simplified obligations.

54. During the first reporting period, competent authorities in the majority of Member States (namely 59%) granted neither simplified obligations nor waivers to credit institutions under their jurisdictions. This was caused mostly by delays in national implementation of the BRRD framework. By August 2016, in only four jurisdictions (AT, BE, LU and PT) had competent authorities decided to apply both simplified obligations and waivers to credit institutions. In seven other Member States (DK, EE, HU, IE, LT, LV and SK), credit institutions could benefit from simplified obligations for recovery planning; however, no institutions were subject to waivers in these jurisdictions (this may have been because there were no institutions eligible for waivers in certain jurisdiction). On the other hand, the competent

authority in CY allowed only specific credit institutions to benefit from waivers and did not grant any simplified obligations.

55. During the second reporting period, there were significantly fewer jurisdictions (38%) where competent authorities did not use their discretion to grant simplified obligations and waivers for recovery planning (BG, CY, CZ, DE, EL, MT, PL, RO, SI, UK and ECB). Consequently, there was also an increase in the number of competent authorities that decided to apply both simplified obligations and waivers (seven Member States including three additional ones – ES, FI and HU – compared with the first reporting period). The number of competent authorities that decided to apply only simplified obligations to credit institutions for recovery planning increased as well (to eleven Member States, which means four additional ones – FR, IT, NL and SE – compared with the previous submission).
56. During the second reporting period, there were no jurisdictions where only waivers for recovery planning were granted, because of a merger of the Cypriot credit institutions affiliated to a central body that used to be wholly or partially exempted from prudential requirements and subject to waivers during the first reporting period.

#### Application of simplified obligations and proportion of institutions subject to simplified obligations

57. Information on how many credit institutions were granted simplified obligations by competent authorities for recovery planning is presented in Table 2. In order to increase clarity, the table includes information from only the Member States where simplified obligations have been applied at least in one reporting period.

**Table 2. Application of simplified obligations for recovery planning for credit institutions<sup>11</sup>**

| MS  | First reporting period |                                 |                        |   | Second reporting period |                                 |                        |   |
|-----|------------------------|---------------------------------|------------------------|---|-------------------------|---------------------------------|------------------------|---|
|     | Total number of CIs    | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) | Total number of CIs     | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) |
| AT  | 526                    | 167                             | 32%                    | 211 821                                       | 528                     | 163                             | 31%                    | 136 960                                       |
| BE  | 36                     | 13                              | 36%                    | 14 496  | 30                      | 13                              | 43%                    | 16 113  |
| DE* | 1 656                  | 149                             | 9%                     | 360 601                                       | 1 600                   | 136                             | 9%                     | 341 860                                       |
| DK  | 79                     | 74                              | 94%                    | 63  | 78                      | 55                              | 71%                    | 17 025  |
| EE  | 9                      | 6                               | 67%                    | 2 020   | 9                       | 6                               | 67%                    | 2 122   |
| ES  | -                      | -                               | -                      | -   | 134                     | 13                              | 10%                    | 15 165  |
| FI  | -                      | -                               | -                      | -   | 245                     | 1                               | 0.4%                   | 755   |
| FR  | -                      | -                               | -                      | -   | 374                     | 84                              | 22%                    | 102 641                                       |
| HU  | 117                    | 15                              | 13%                    | 4 573   | 88                      | 13                              | 15%                    | 6 830   |

<sup>11</sup> Please note that these numbers should be interpreted in the context of the structure of the financial sector in each Member State. For instance, Member States with a large number of credit institutions may show a high ratio of credit institutions to which simplified obligations have been granted. However, this ratio could be lower when relative proportion is measured on the basis of balance sheet total. For example, in AT 31% of all credit institutions have been granted simplified obligations, but when the proportion is measured on the basis of balance sheet total it is around 18%.

| MS | First reporting period |                                 |                        |   | Second reporting period |                                 |                        |   |
|----|------------------------|---------------------------------|------------------------|---|-------------------------|---------------------------------|------------------------|---|
|    | Total number of CIs    | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) | Total number of CIs     | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) |
| HR | -                      | -                               | -                      | -   | 31                      | 17                              | 55%                    | 3 590   |
| IE | 24                     | 12                              | 50%                    | 115 468                                       | 25                      | 8                               | 32%                    | 31 361  |
| IT | -                      | -                               | -                      | -   | 488                     | 452                             | 93%                    | 426 448                                       |
| LT | 7                      | 2                               | 29%                    | 372   | 7                       | 1                               | 14%                    | 266   |
| LU | 143                    | 24                              | 17%                    | 18 015  | 142                     | 28                              | 20%                    | 21 973  |
| LV | 16                     | 8                               | 50%                    | 3 240   | 16                      | 9                               | 56%                    | 3 100   |
| NL | -                      | -                               | -                      | -   | 38                      | 1                               | 3%                     | 138   |
| PT | 129                    | 20                              | 16%                    | 5 966   | 123                     | 22                              | 18%                    | 7 741   |
| SE | -                      | -                               | -                      | -   | 125                     | 99                              | 79%                    | 83 258  |
| SK | 13                     | 5                               | 38%                    | 7 229   | 13                      | 5                               | 38%                    | 7 821   |

Min 9%  
Max 94%

Min 0.4%  
Max 93%

\* In DE the competent authority performed the eligibility assessment in both reporting periods; however, no simplified recovery plans have been requested because relevant legislation has not been finalised yet.

58. In the first reporting period, twelve competent authorities reported data on simplified obligations for recovery planning for credit institutions. Among these Member States, there were substantial differences between percentages of total credit institutions that were eligible for simplified obligations, ranging from 9% to 17% in DE, HU, PT and LU, and up to 94% in DK.
59. In the second reporting period, eighteen competent authorities submitted data about credit institutions in their jurisdictions eligible for simplified recovery plans. The differences in the extent to which institutions could benefit from reduced requirements remained significant, ranging from 0.4% of credit institutions in FI to 93% in IT.
60. In the majority of Member States where simplified obligations were applied in both reporting periods, the percentage of credit institutions subject to simplified obligations was relatively stable; however, a significant decrease could be observed in DK (-21%), IE (-18%) and LT (-15%).

#### Application of waivers

61. Table 3 presents detailed information on how many credit institutions were subject to waivers for recovery planning in those Member States which decided to grant them in at least one of the reporting periods.

**Table 3. Application of waivers for recovery planning for credit institutions<sup>12</sup>**

| MS  | First reporting period |                                      |                        |  | Second reporting period |                                      |                        |  |  |
|-----|------------------------|--------------------------------------|------------------------|--|-------------------------|--------------------------------------|------------------------|--|--|
|     | Total number of CIs    | Number of CIs to which waivers apply | % of all CIs in the MS | Assets of CIs to which waivers apply (EUR million) | Total number of CIs     | Number of CIs to which waivers apply | % of all CIs in the MS | Assets of CIs to which waivers apply (EUR million) | Number of CIs ineligible for waivers <sup>13</sup> |
| AT  | 526                    | 351                                  | 67%                    | 71 655   | 528                     | 351                                  | 66%                    | 74 922   | 12   |
| BE  | 36                     | 1                                    | 3%                     | -  | 30                      | 1                                    | 3%                     | -  | -  |
| CY  | 56                     | 18                                   | 13%                    | 12 994   | -                       | -                                    | -                      | -  | -  |
| DE* | 1 656                  | 1 468                                | 89%                    | 1 928 092  | 1 600                   | 1 419                                | 89%                    | 1 793 460  | 9  |
| ES  | -                      | -                                    | -                      | -  | 134                     | 5                                    | 4%                     | 653  | -  |
| FI  | -                      | -                                    | -                      | -  | 245                     | 3                                    | 1%                     | -  | -  |
| HU  | -                      | -                                    | -                      | -  | 88                      | 58                                   | 66%                    | -  | -  |
| LU  | 143                    | 1                                    | 1%                     | 6 722  | 142                     | 1                                    | 1%                     | 7 278  | -  |
| PT  | 129                    | 82                                   | 64%                    | 11 821   | 123                     | 82                                   | 67%                    | 13 813   | 14   |
|     |                        |                                      | Min 1%<br>Max 89%      |  |                         |                                      | Min 1%<br>Max 89%      |  |  |

\* In DE the competent authority performed the eligibility assessment in both reporting periods. However, no waivers for recovery plans have been formally granted because relevant legislation has not been finalised yet.

62. In the first reporting period, waivers were applied in only five Member States (AT, BE, CY, LU and PT). The proportion of all credit institutions that benefited from waivers in particular jurisdictions was either very low (1-13% in LU, FI, BE and CY) or approaching two-thirds of all credit institutions (64-67% in PT and AT). The highest level of eligibility for waivers was identified in DE, where 89% of credit institutions fulfilled conditions for being waived from recovery planning obligations (even though formal waivers were not granted yet).
63. In the second reporting period, waivers from recovery planning were granted in six Member States (AT, BE, ES, HU, LU and PT). Again, the utilisation of waivers was either marginal (1-4% in BE, ES and LU), or applied to a majority of credit institutions operating in a given Member State (53-67% in AT, HU and PT). The highest level of eligibility for waivers was identified in DE, where 89% of credit institutions fulfilled conditions for being waived from recovery planning obligations (even though formal waivers were not granted there before the end of the second reporting period).
64. Competent authorities were also obliged to report the names or LSI numbers of institutions that cannot be subject to waivers from recovery planning on the basis of Article 4(10) of the

<sup>12</sup> Please note that these numbers should be interpreted in the context of the structure of the financial sector in each Member State. For instance, Member States with a large number of credit institutions may show a high ratio of credit institutions to which waivers have been applied. However, this ratio could be lower when relative proportion is measured on the basis of balance sheet total. For example, in AT 66% of all credit institutions benefit from waivers, but when the proportion is measured on the basis of balance sheet total it is around 10%.

<sup>13</sup> Institutions that cannot be subject to waivers from recovery planning on the basis of Article 4(10) of the BRRD (i.e. institutions subject to direct supervision by the ECB or constituting a significant share in the financial system of a Member State).

BRRD. Among the Member States where waivers have been applied, the EBA received information about such credit institutions from AT, DE and PT (as indicated in the last column of Table 3). After comparing the list of credit institutions subject to waivers with the list of entities not eligible, it could be concluded that the BRRD rules on that aspect have been followed in all these three jurisdictions.

65. In terms of the basis for granting waivers, in both reporting periods most Member States applied them to institutions affiliated to a central body and wholly or partially exempted from prudential requirements in national law (four out of five competent authorities in the first reporting period and five out of eight authorities in the second reporting period). Table 4 presents further details in this regard.

**Table 4. Basis for applying waivers for recovery planning**

| Basis for granting waivers  | First reporting period |       |     | Second reporting period |       |     |
|---|------------------------|-------|-----|-------------------------|-------|-----|
|   | MS                     | Total | %   | MS                      | Total | %   |
| Institutions affiliated to a central body and wholly or partially exempted from prudential requirements in national law | BE, CY, LU, PT         | 4     | 80% | BE, ES, FI, LU, PT      | 5     | 62% |
| Institutions which are members of an IPS  | AT                     | 1     | 20% | AT, DE, HU              | 3     | 38% |

#### Joint effect of the application of simplified obligations and waivers

66. It is very useful to combine data on the application of simplified obligations and waivers in various Member States (as described in the previous sub-sections) and compare what percentages of institutions, in terms of their number, were:
- completely exempted from recovery planning obligations (waivers);
  - subject to simplified obligations for recovery planning; or
  - required to submit full recovery plans (it should be noted that in some Member States this sub-category represents the maximum percentage of credit institutions that can be subject to full-scope recovery planning obligations, because it may also include credit institutions covered by a group recovery plan and therefore not required to submit an individual plan).
67. This information gives a more complete picture of the effects of applying simplified obligations and waivers across the EU, based on information reported to the EBA by June 2017.

**Table 5. Proportion of credit institutions subject to waivers, simplified obligations and full obligations for recovery planning<sup>14</sup>**

| MS  | First reporting period |                                |                           |                                 | Second reporting period |                                |                           |                                 |
|-----|------------------------|--------------------------------|---------------------------|---------------------------------|-------------------------|--------------------------------|---------------------------|---------------------------------|
|     | Total number of CIs    | Waivers applied (% of all CIs) | SO applied (% of all CIs) | Full obligations (% of all CIs) | Total number of CIs     | Waivers applied (% of all CIs) | SO applied (% of all CIs) | Full obligations (% of all CIs) |
| AT  | 526                    | 67%                            | 32%                       | 1%                              | 528                     | 66%                            | 31%                       | 3%                              |
| BE  | 36                     | 3%                             | 36%                       | 61%                             | 30                      | 3%                             | 43%                       | 54%                             |
| CY  | 56                     | 13%                            | -                         | 87%                             | -                       | -                              | -                         | -                               |
| DE* | 1 656                  | 89%                            | 9%                        | 2%                              | 1 600                   | 89%                            | 9%                        | 2%                              |
| DK  | 79                     | -                              | 94%                       | 6%                              | 78                      | -                              | 71%                       | 29%                             |
| EE  | 9                      | -                              | 67%                       | 33%                             | 9                       | -                              | 67%                       | 33%                             |
| ES  | -                      | -                              | -                         | -                               | 134                     | 4%                             | 10%                       | 86%                             |
| FI* | -                      | -                              | -                         | -                               | 245                     | -                              | -                         | -                               |
| FR  | -                      | -                              | -                         | -                               | 375                     | -                              | 22%                       | 78%                             |
| HU  | 117                    | -                              | 13%                       | 87%                             | 88                      | 66%                            | 15%                       | 19%                             |
| HR  | -                      | -                              | -                         | -                               | 31                      | -                              | 55%                       | 45%                             |
| IE  | 24                     | -                              | 50%                       | 50%                             | 25                      | -                              | 32%                       | 68%                             |
| IT  | -                      | -                              | -                         | -                               | 488                     | -                              | 93%                       | 7%                              |
| LT  | 7                      | -                              | 29%                       | 71%                             | 7                       | -                              | 14%                       | 86%                             |
| LU  | 143                    | 1%                             | 17%                       | 72%                             | 142                     | 1%                             | 20%                       | 79%                             |
| LV  | 16                     | -                              | 50%                       | 50%                             | 16                      | -                              | 56%                       | 44%                             |
| PT  | 129                    | 64%                            | 16%                       | 20%                             | 123                     | 67%                            | 18%                       | 15%                             |
| SE  | -                      | -                              | -                         | -                               | 125                     | -                              | 79%                       | 21%                             |
| SK  | 13                     | -                              | 38%                       | 62%                             | 13                      | -                              | 38%                       | 62%                             |

Min 1%  
Max 91%

Min 2%  
Max 86%

\* The eligibility assessment has been performed, but no formal decisions have been made.

68. In the first reporting period, in three Member States (DE, AT and DK) only 1%, 5% and 6% of credit institutions, respectively, were subject to full recovery planning obligations. In DE and AT, this was mostly caused by granting waivers to 89% and 67% of credit institutions, respectively, whereas in DK it was driven solely by the application of simplified obligations. However, based on additional data reported by competent authorities the total assets of credit institutions that remained under full-scope obligations in AT, DE and DK remained considerably higher, representing 62%, 70% and 83% of these national banking sectors, respectively.

<sup>14</sup> Please note that these numbers should be interpreted in the context of the structure of the financial sector in each Member State. For instance, Member States with a large number of credit institutions may show a high ratio of credit institutions to which simplified obligations and/or waivers have been applied. However, this ratio could be lower when relative proportion is measured on the basis of balance sheet total. For example, in AT almost 97% of all credit institutions benefit from simplified obligations or waivers, but when the proportion is measured on the basis of balance sheet total it is around 28% (SO plus waivers). Thus 3% of all credit institutions or about 72% of total assets in AT have to obey full obligations for recovery planning.

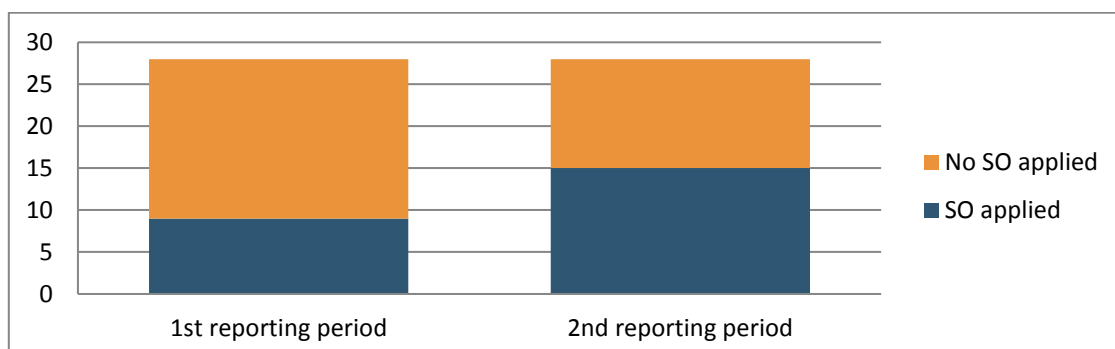
69. In the second reporting period, the lowest percentages of institutions subject to full recovery planning were observed in DE, AT and IT, at 2%, 3% and 7% of their total numbers of credit institutions, respectively. Nevertheless, the relative proportion of total assets of credit institutions subject to full-scope obligations in DE and IT remained significantly higher, at 72% and 89% of the total assets of their respective banking sectors.
70. It is worth noting that out of the four Member States (AT, DE, DK and IT) that in either of the two reporting periods reduced the level of full obligations for recovery planning to a level of 7% or lower, three countries (AT, DE and IT) had the highest numbers of credit institutions in the EU, amounting to 528, 1 600 and 488 credit institutions during the second reporting period, respectively. This might explain the relatively low percentages of institutions subject to full obligations in these three jurisdictions. Another, important characteristic shared by AT and DE was that significantly more credit institutions have been subject to waivers in these jurisdictions than to simplified obligations.
71. Among the Member States that applied simplified obligations and/or waivers in both reporting periods, the following observations can be made:
- in five Member States there was an increase in the application of full obligations for recovery planning (AT, DK, IE, LT and LU);
  - in four countries there was a decrease in the application of full obligations for recovery planning (i.e. more extensive use of simplified obligations/waivers) (BE, HU, LV and PT);
  - in two jurisdictions the application of full obligations remained exactly the same (EE and SK).

## Investment firms

### Overview of the application of simplified obligations

72. Table 6 presents an overview of how competent authorities applied simplified obligations for investment firms for recovery planning, separately for two reporting periods.

**Table 6. Overview of the application of simplified obligations for recovery planning for investment firms**



| Application   | First reporting period  |       |              | Second reporting period                                    |       |              |
|---------------|---|-------|--------------|--|-------|--------------|
|               | Jurisdiction  | Total | % of 28 CAs* | Jurisdiction   | Total | % of 28 CAs* |
| SO applied    | DK, EE, ES, HR, HU, IE, LT, PT, UK  | 9     | 32           | DK, EE, ES, FI, FR, HR, HU, IE, IT, LT, NL, PL, PT, SE, UK | 15    | 54           |
| No SO applied | AT, BE, BG, CZ, CY, DE*, EL, FI, FR, IT, LU, LV, MT, NL, PL, RO, SE, SI, SK | 19    | 68           | AT, BE, BG, CZ, CY, DE*, EL, LU, LV, MT, RO, SI, SK        | 13    | 46           |

\* In DE the competent authority performed the eligibility assessment in both reporting periods. However, no recovery plans where simplified obligations or waivers apply were requested during the reporting period because legal requirements had not been finalised. An ordinance containing the legal requirements for simplified obligations has been published for consultation (final version expected before the end of 2017) and we have started requesting recovery plans under simplified obligations.

73. During the first reporting period, simplified obligations for recovery planning for investment firms were applied in 32% Member States (DK, EE, ES, HR, HU, IE, LT, PT and UK). On the other hand, in the vast majority of jurisdictions (68%), competent authorities did not grant any simplified obligations for investment firms.
74. The application of simplified obligations for recovery planning of investment firms increased in the second reporting period as 54% of competent authorities decided to grant them (with six additional countries compared with the previous reporting period: FI, FR, IT, NL, PL and SE). Consequently, the proportion of Member States where investment firms were not subject to simplified obligations decreased to 46%.

### Application of simplified obligations

75. More detailed information on how competent authorities applied simplified obligations to investment firms for recovery planning purposes is presented in Table 7.

**Table 7. Application of simplified obligations for recovery planning for investment firms**

| MS | First reporting period |                                 |                                 |   | Second reporting period |                                 |                                 |   |
|----|------------------------|---------------------------------|---------------------------------|---|-------------------------|---------------------------------|---------------------------------|---|
|    | Total number of IFs    | Number of IFs within BRRD scope | Number of IFs to which SO apply | Assets of IFs to which SO apply (EUR million) | Total number of IFs     | Number of IFs within BRRD scope | Number of IFs to which SO apply | Assets of IFs to which SO apply (EUR million) |
| DE | -                      | -                               | -                               | -   | 71                      | 32                              | 32                              | 392   |
| DK | 41                     | 9                               | 9                               | 248   | 41                      | 9                               | 9                               | 250   |
| EE | 3                      | 3                               | 3                               | 46  | 3                       | 3                               | 3                               | 50  |
| ES | 40                     | -                               | 30                              | 6 331   | 40                      | -                               | 7                               | 1 040   |
| FI | -                      | -                               | -                               | -   | -                       | 11                              | 10                              | 134   |
| FR | -                      | -                               | -                               | -   | 76                      | -                               | 26                              | 35 321  |
| HR | 8                      | -                               | 2                               | 9   | 8                       | -                               | 2                               | 7   |
| HU | 19                     | -                               | 16                              | 212   | 13                      | 13                              | 13                              | 277   |
| IE | 91                     | 13                              | 13                              | 11 722  | 91                      | 11                              | 11                              | 12 300  |



| MS | First reporting period |                                 |                                 |   | Second reporting period |                                 |                                 |   |
|----|------------------------|---------------------------------|---------------------------------|---|-------------------------|---------------------------------|---------------------------------|---|
|    | Total number of IFs    | Number of IFs within BRRD scope | Number of IFs to which SO apply | Assets of IFs to which SO apply (EUR million) | Total number of IFs     | Number of IFs within BRRD scope | Number of IFs to which SO apply | Assets of IFs to which SO apply (EUR million) |
| IT | -                      | -                               | -                               | -   | 76                      | 16                              | 16                              | 1 497   |
| LT | 6                      | 1                               | 1                               | 3   | 6                       | 1                               | 1                               | 3.5   |
| NL | -                      | -                               | -                               | -   | 5                       | 5                               | 5                               | 29  |
| PL | -                      | -                               | -                               | -   | -                       | 19                              | 8                               | 260   |
| PT | 13                     | 2                               | 2                               | 113   | 13                      | 2                               | 2                               | 120   |
| SE | -                      | -                               | -                               | -   | 107                     | -                               | 54                              | 709   |
| UK | -                      | 184                             | 137                             | 14 393  | 2 684                   | 197                             | 130                             | 21 499  |

76. As indicated in Table 7, during the first reporting period competent authorities in five of the nine jurisdictions where simplified obligations were applied to investment firms (DK, EE, IE, LT and PT) decided to grant them to all investment firms within the BRRD's scope, whereas during the second reporting period the same practice (i.e. 100% application of simplified obligations) was implemented in nine out of sixteen countries (DE, DK, EE, HU, IE, IT, LT, NL and PT).
77. In the nine jurisdictions where competent authorities applied simplified obligations for investment firms in both reporting periods, their number either stayed at the same level (DK, EE, HR and LT) or dropped (ES, IE, HU and UK), which was related to a decrease in the number of investment firms in given jurisdictions.

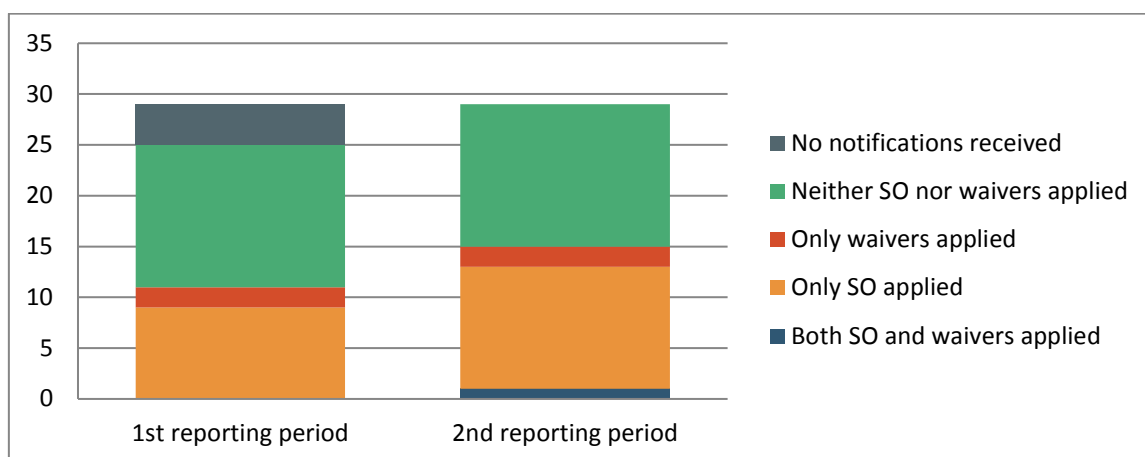
## 3.2.2. Resolution planning

### Credit institutions

#### Overview of the application of simplified obligations and waivers

78. Table 8 presents an overview of how resolution authorities applied simplified obligations and waivers to credit institutions for the purpose of resolution planning. It is important to highlight that four resolution authorities (BG, CY, MT and SI) reported that they have not applied simplified obligations and/or waivers. While twelve resolution authorities (BE, DK, EE, EL, FI, FR, LU, IT, NL, PT, SE and the SRB) reported that they have not applied simplified obligations and/or waivers during the reporting periods, however, intend to apply them in future.

**Table 8. Overview of the application of simplified obligations and waivers for resolution planning for credit institutions**



| Application                    | First reporting period   |       |              | Second reporting period                                 |       |              |
|--------------------------------|--|-------|--------------|---|-------|--------------|
|                                | Jurisdiction   | Total | % of 29 RAs* | Jurisdiction  | Total | % of 29 RAs* |
| Both SO and waivers applied    | -  | -     | -            | RO  | 1     | 3%           |
| Only SO applied                | AT, CZ, DE, HR, HU, IE, LV, LT, SK                                     | 9     | 31%          | AT, CZ, DE, ES, HR, HU, IE, LV, LT, PL, SK, UK          | 12    | 41%          |
| Only waivers applied           | CY, LU   | 2     | 7%           | FI, LU <sup>15</sup>                                    | 2     | 7%           |
| Neither SO nor waivers applied | BG, DK, EL, ES, FI, FR, IT, MT, NL, PL <sup>16</sup> , SE, SI, UK, SRB | 14    | 48%          | BE, BG, CY, DK, EE, EL, FR, MT, NL, IT, PT, SE, SI, SRB | 14    | 48%          |
| No notification received       | BE, EE, PT, RO   | 4     | 14%          | -   | -     | -            |

<sup>15</sup> LU intends to apply simplified obligations in future; however, no decisions were made during the reporting periods.

<sup>16</sup> PL's resolution authority had not been designated yet.

\* Resolution authorities (RAs) from 28 Member States including the Single Resolution Board (SRB). In addition, the EBA received a notification from IS that neither simplified obligations nor waivers had been applied.

79. During the first reporting period, 48% of the resolution authorities did not grant any simplified obligations or waivers to credit institutions. However, it should be taken into account that there were delays with the transposition of the BRRD and relevant legal acts into the national law; therefore, in quite a few Member States the relevant framework was not ready for application or it was ready for application but decisions had not been made yet. By August 2016, there were no jurisdictions where both simplified obligations and waivers to credit institutions were applied. In nine jurisdictions only simplified obligations were applied and in two other Member States (CY and LU) only waivers were applied. There were four Member States which did not report to the EBA.
80. During the second reporting period, 48% of resolution authorities did not use their discretion or make formal decisions to grant simplified obligations and waivers for resolution planning. Only one resolution authority (RO) decided to apply both simplified obligations and waivers. There were two jurisdictions (FI and LU) where only waivers for resolution planning were granted.

#### Application of simplified obligations

81. More detailed information on how resolution authorities applied simplified obligations to credit institutions for resolution planning is presented in Table 9 and is followed by the data analysis.

**Table 9. Application of simplified obligations for resolution planning for credit institutions<sup>17</sup>**

| MS   | First reporting period |                                 |                        |   | Second reporting period |                                 |                        |   |
|------|------------------------|---------------------------------|------------------------|---|-------------------------|---------------------------------|------------------------|---|
|      | Total number of CIs    | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) | Total number of CIs     | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) |
| AT   | 526                    | 494                             | 94%                    | 105 052                                       | 528                     | 501                             | 95%                    | 108 712                                       |
| CZ   | 34                     | 13                              | 38%                    | 6 667   | 33                      | 12                              | 36%                    | 6 115   |
| DE   | 1 656                  | 1 620                           | 98%                    | 2 425 231                                     | 1 501*                  | 1 488*                          | 99%                    | 2 321 311                                     |
| ES   | -                      | -                               | -                      | -   | 134                     | 12                              | 9%                     | 11 124  |
| HR   | 33                     | 1                               | 3%                     | 238   | 31                      | 7                               | 23%                    | 906   |
| HU   | 28                     | 15                              | 54%                    | 4 484   | 25                      | 13                              | 52%                    | 6 830   |
| IE   | 27                     | 11                              | 41%                    | 95 300  | 25                      | 9                               | 36%                    | 52 500  |
| IT** | -                      | -                               | -                      | -   | 488                     | 452                             | 93%                    | 426 448                                       |
| LT   | 7                      | 2                               | 29%                    | 376   | 7                       | 1                               | 14%                    | 266   |
| LV   | 16                     | 6                               | 38%                    | 2 600   | 16                      | 11                              | 69%                    | 7 500   |

<sup>17</sup> Please note that these numbers should be interpreted in the context of the structure of the financial sector in each Member State. For instance, Member States with a large number of credit institutions may show a high ratio of credit institutions to which simplified obligations have been granted. However, this ratio could be lower when relative proportion is measured on the basis of balance sheet total. For example, in AT 95% of all credit institutions were granted simplified obligations, but when the proportion is measured on the basis of balance sheet total it is around 15%.

| MS    | First reporting period |                                 |                        |   | Second reporting period |                                 |                        |   |
|-------|------------------------|---------------------------------|------------------------|---|-------------------------|---------------------------------|------------------------|---|
|       | Total number of CIs    | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) | Total number of CIs     | Number of CIs to which SO apply | % of all CIs in the MS | Assets of CIs to which SO apply (EUR million) |
| PL*** | -                      | -                               | -                      | -   | 594                     | 230                             | 39%                    | 4 040   |
| RO    | -                      | -                               | -                      | -   | 29                      | 7                               | 24%                    | 2 757   |
| SK    | 13                     | 5                               | 38%                    | -   | 13                      | 5                               | 38%                    | 7 821   |
| UK    | -                      | -                               | -                      | -   | 170                     | 151                             | 89%                    | 31 328  |
|       |                        |                                 | Min 3%<br>Max 98%      |   |                         |                                 | Min 9%<br>Max 99%      |   |

\* DE clarified that data represent the situation during the second reporting period; however, the total number of credit institutions for resolution planning is different from the total number of credit institutions for recovery planning, as DE's competent and resolution authorities used different reference dates.

\*\* IT provided data which represent a preliminary estimation subject to possible changes, as no formal decisions were made during the reporting periods.

\*\*\* PL clarified that the number of credit institutions to which simplified obligations apply will be higher when the statutory deadline for adopting resolution plans for domestic credit institutions expires.

82. In the first reporting period, resolution authorities from nine Member States (AT, CZ, DE, HR, HU, IE, LV, LT and SK) decided to grant simplified obligations for resolution planning for credit institutions. Among these countries, there were substantial differences between percentages of credit institutions that were subject to simplified obligations, ranging from 3% in HR to 98% in DE.
83. In the second reporting period, thirteen resolution authorities decided to allow simplified resolution plans. The differences in the extent to which institutions could benefit from reduced requirements remained significant, ranging from 9% in ES to 99% in DE.
84. In a majority of Member States where simplified obligations were applied in both reporting periods, the percentage of credit institutions subject to simplified obligations in each period was relatively stable. However, some decrease can be observed in DE (-11%), HU (-2%), IE (-5%) and LT (-15%).

### Application of waivers

85. When it comes to the basis for granting waivers, it should be mentioned that, in contrast to recovery planning, under Article 4(8)(b) of the BRRD resolution authorities are not given the discretion to waive resolution planning requirements for institutions which are members of an IPS what can explain lower application of waivers in resolution planning.
86. During the first reporting period, two resolution authorities (CY and LU) granted waivers for resolution planning. This number slightly increased during the second reporting period, with waivers being granted by three resolution authorities (LU, FI and RO).
87. Table 10 presents more details about the application of waivers for resolution planning for credit institutions in both reporting periods. For clarity, the table shows only information reported by resolution authorities which decided to grant waivers at least in one of the reporting periods.

**Table 10. Application of waivers for resolution planning for credit institutions**

| MS | First reporting period |                                      |                        |  | Second reporting period |                                      |                        |  |
|----|------------------------|--------------------------------------|------------------------|--|-------------------------|--------------------------------------|------------------------|--|
|    | Total number of CIs    | Number of CIs to which waivers apply | % of all CIs in the MS | Assets of CIs to which waivers apply (EUR million) | Total number of CIs     | Number of CIs to which waivers apply | % of all CIs in the MS | Assets of CIs to which waivers apply (EUR million) |
| CY | 56                     | 1 <sup>18</sup>                      | 2%                     | -  | -                       | -                                    | -                      | -  |
| FI | -                      | -                                    | -                      | -  | 245                     | 1 <sup>19</sup>                      | 0.4%                   | 8 500  |
| LU | 143                    | 1                                    | 1%                     | 6 721  | 142                     | 1                                    | 1%                     | 7 278  |
| RO | -                      | -                                    | -                      | -  | 29                      | 1 <sup>20</sup>                      | 3%                     | 164  |
|    |                        |                                      | Min 1%<br>Max 2%       |  |                         |                                      | Min 0.4%<br>Max 3%     |  |

88. In the first reporting period, waivers were applied only by two resolution authorities (CY and LU) and the percentage of all credit institutions in that Member State that benefited from them was very low (1-2%). In the second reporting period, three resolution authorities granted waivers (FI, LU and RO) and the application of waivers was also marginal (between 0.4% in FI and 3% in RO).

#### Joint effect of the application of simplified obligations and waivers

89. This sub-section combines data on the application of simplified obligations and waivers in various Member States (as described in the previous sub-sections) and compares what percentages of institutions, in terms of their number, were:

- completely exempted from resolution planning obligations (waivers);
- subject only to simplified obligations for resolution planning; or
- required to submit full resolution plans.

**Table 11. Proportion of credit institutions subject to waivers, simplified obligations and full obligations for resolution planning<sup>21</sup>**

| MS | First reporting period |                                |                           |                                 | Second reporting period |                                |                           |                                 |
|----|------------------------|--------------------------------|---------------------------|---------------------------------|-------------------------|--------------------------------|---------------------------|---------------------------------|
|    | Total number of CIs    | Waivers applied (% of all CIs) | SO applied (% of all CIs) | Full obligations (% of all CIs) | Total number of CIs     | Waivers applied (% of all CIs) | SO applied (% of all CIs) | Full obligations (% of all CIs) |
| AT | 526                    | -                              | 94%                       | 6%                              | 528                     | -                              | 95%                       | 5%                              |

<sup>18</sup> There were 18 cooperatives affiliated to one central body.

<sup>19</sup> There were 25 members associated to one central body.

<sup>20</sup> There were 41 cooperatives affiliated to one central body.

<sup>21</sup> Please note that these numbers should be interpreted in the context of the structure of the financial sector in each Member State. For instance, Member States with a large number of credit institutions may show a high ratio of credit institutions to which simplified obligations and/or waivers have been applied. However, this ratio could be lower when relative proportion is measured on the basis of balance sheet total. For example, in AT 95% of all credit institutions were granted simplified obligations, but when the proportion is measured on the basis of balance sheet total it is around 15%.

| MS    | First reporting period |                                |                           |                                 | Second reporting period |                                |                           |                                 |
|-------|------------------------|--------------------------------|---------------------------|---------------------------------|-------------------------|--------------------------------|---------------------------|---------------------------------|
|       | Total number of CIs    | Waivers applied (% of all CIs) | SO applied (% of all CIs) | Full obligations (% of all CIs) | Total number of CIs     | Waivers applied (% of all CIs) | SO applied (% of all CIs) | Full obligations (% of all CIs) |
| CY    | 56                     | 2%                             | -                         | 98%                             | -                       | -                              | -                         | -                               |
| CZ    | 34                     | -                              | 38%                       | 62%                             | 33                      | -                              | 36%                       | 64%                             |
| DE    | 1 656                  | -                              | 98%                       | 2%                              | 1 501*                  | -                              | 99%                       | 1%                              |
| ES    | -                      | -                              | -                         | -                               | 134                     | -                              | 9%                        | 91%                             |
| FI    | -                      | -                              | -                         | -                               | 245                     | 0.4%                           | -                         | 99.6%                           |
| HR    | 33                     | -                              | 3%                        | 97%                             | 31                      | -                              | 23%                       | 77%                             |
| HU    | 28                     | -                              | 54%                       | 46%                             | 25                      | -                              | 52%                       | 48%                             |
| IE    | 27                     | -                              | 41%                       | 59%                             | 25                      | -                              | 36%                       | 64%                             |
| IT**  | -                      | -                              | -                         | -                               | 488                     | -                              | 93%                       | 7%                              |
| LT    | 7                      | -                              | 29%                       | 71%                             | 7                       | -                              | 14%                       | 86%                             |
| LU*** | 143                    | 1%                             | -                         | 99%                             | 142                     | 1%                             | -                         | 99%                             |
| LV    | 16                     | -                              | 38%                       | 62%                             | 16                      | -                              | 69%                       | 31%                             |
| PL    | -                      | -                              | -                         | -                               | 594                     | -                              | 39%                       | 61%                             |
| RO    | -                      | -                              | -                         | -                               | 29                      | 3%                             | 24%                       | 73%                             |
| SK    | 13                     | -                              | 38%                       | 62%                             | 13                      | -                              | 38%                       | 62%                             |

Min 2%  
Max 98%

Min 1%  
Max 99.6%

\* DE clarified that data represent the situation during the second reporting period; however, the total number of credit institutions for resolution planning is different from the total number of credit institutions for recovery planning, as DE competent and resolution authorities used different reference dates.

\*\* IT provided data which represent a preliminary estimation subject to possible changes, as no formal decisions were made during the reporting periods.

\*\*\* LU clarified that the number of credit institutions subject to full obligations will be significantly lower once the decisions on the application of simplified obligations are adopted.

90. In the first reporting period, in two Member States (AT and DE) only 6% and 2% of credit institutions, respectively, were subject to full resolution planning obligations. This was driven solely by the application of simplified obligations. However, based on additional data reported to the EBA, total assets of credit institutions remaining under full-scope BRRD obligations remained at significantly higher levels: 87% and 68% of total assets in the banking sectors of AT and DE, respectively.

91. In the second reporting period, the lowest percentages of institutions (which were usually not members of an IPS) subject to full obligations for resolution planning remained in AT (only 5%) and DE (only 1%), while in other Member States the percentage remained much higher and varied from 48% in HU to 99% in LU. It is important to mention that six resolution authorities (DK, FR, LU, NL, PT and SRB) reported that they intended to apply simplified obligations in the future; however, no decisions had been made during the reporting periods.

92. It is worth noting that resolution authorities from the two Member States (AT and DE) where the application of full obligations was lowest had the highest numbers of credit institutions,

528 and 1 501, respectively. This might explain the relatively low percentages of institutions subject to full obligations in these two jurisdictions.

93. Among the Member States that applied simplified obligations and/or waivers in both reporting periods, the following observations could be made in trends analysis:

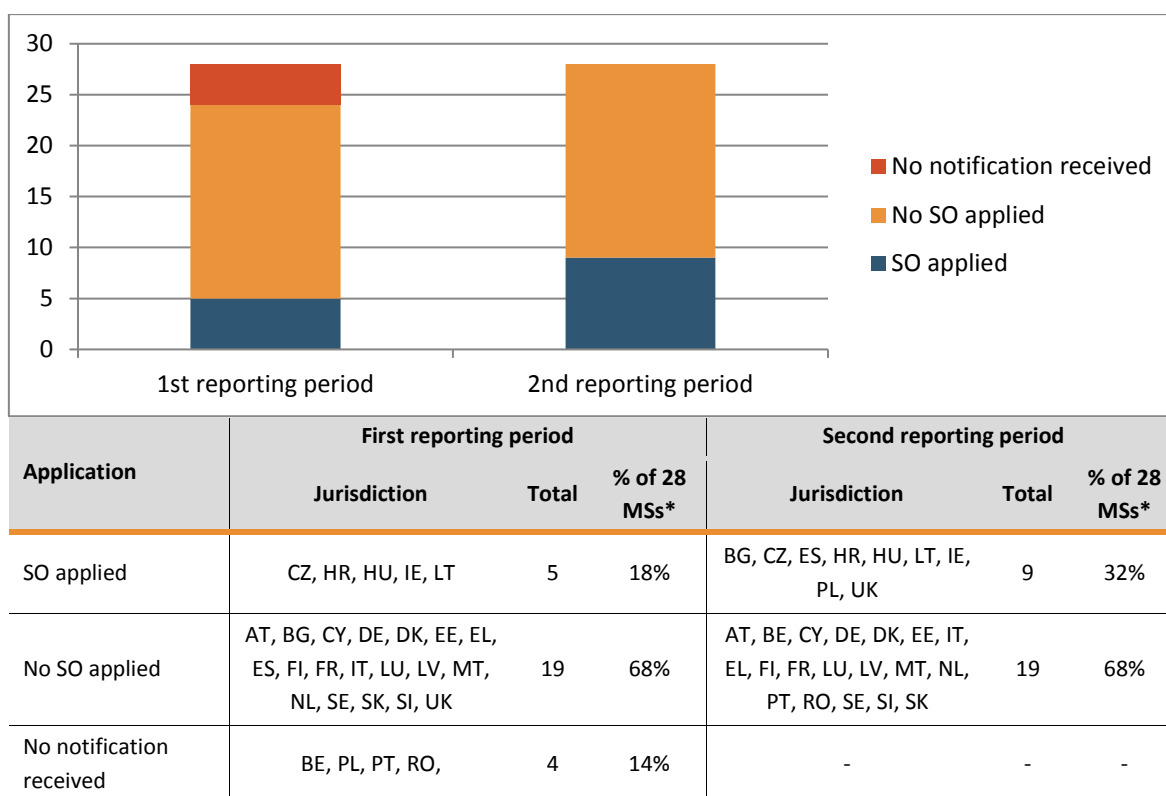
- the application of full obligations for resolution planning increased in two Member States – IE (by 5%) and LT (by 15%);
- in four Member States there was a decrease in the application of full obligations for resolution planning – DE (by 1%), AT (by 1%), HR (by 20%) and LV (by 31%);
- in one country the application of full obligations remained exactly the same (SK).

### Investment firms

#### Overview of the application of simplified obligations

94. Table 12 presents an overview of the application of simplified obligations for investment firms during both reporting periods.

**Table 12. Overview of the application simplified obligations for resolution planning for investment firms**



95. During the first reporting period only 18% of resolution authorities applied simplified obligations for investment firms – meaning that in the majority of Member States (68%) simplified obligations were not granted.

96. During the second reporting period, the number of resolution authorities which reported the application of simplified obligations for investment firms increased to nine, whereas resolution authorities from nineteen Member States reported that they had not applied simplified obligations.
97. It should be highlighted that three Member state (AT, EE and LV) clarified that there are no investment firms in their jurisdictions falling within the scope of the BRRD. Resolution authorities from six Member States (DK, FI, FR, LU, IT and PT) reported that they intend to apply simplified obligations for investment firms in future; however, no decisions were made during the reporting periods.

### Application of simplified obligations

98. More detailed information on how competent authorities applied simplified obligations to investment firms for recovery planning purposes is presented in Table 13.

**Table 13. Application of simplified obligations for resolution planning for investment firms**

| MS  | First reporting period |                                 |                                 |   | Second reporting period |                                 |                                 |   |
|-----|------------------------|---------------------------------|---------------------------------|---|-------------------------|---------------------------------|---------------------------------|---|
|     | Total number of IFs    | Number of IFs within BRRD scope | Number of IFs to which SO apply | Assets of IFs to which SO apply (EUR million) | Total number of IFs     | Number of IFs within BRRD scope | Number of IFs to which SO apply | Assets of IFs to which SO apply (EUR million) |
| BG  | -                      | -                               | -                               | -   | 19                      | -                               | 9                               | 16  |
| CZ  | 19                     | 12                              | 9                               | 699   | 19                      | 12                              | 9                               | 501   |
| HR  | 8                      | 8                               | 2                               | 13  | 8                       | 8                               | 2                               | 7   |
| HU  | 16                     | 16                              | 16                              | 212   | 13                      | 13                              | 13                              | 277   |
| IE  | 91                     | 13                              | 13                              | 11 722  | 91                      | 11                              | 11                              | 13 100  |
| LT  | 6                      | 1                               | 1                               | 3.3   | 6                       | 1                               | 1                               | 3.5   |
| ES  | -                      | -                               | -                               | -   | 40                      | -                               | 7                               | 1 040   |
| IT* | -                      | -                               | -                               | -   | 76                      | 16                              | 16                              | 1 496   |
| PL  | -                      | -                               | -                               | -   | 18                      | 18                              | 4**                             | 48.1  |
| UK  | -                      | -                               | -                               | -   | 2 684                   | 200                             | 130                             | 99 604  |

\* IT provided data which represent a preliminary estimation subject to possible changes, as no formal decisions were made during the reporting periods.

\*\* PL indicated that it intends to apply simplified obligations to the remaining investment firms and decisions should be made by October 2017.

99. During the first reporting period, resolution authorities in three Member States (HU, IE and LT) decided to apply simplified obligations to all investment firms falling within the scope of the BRRD. During the second reporting period, in addition to those three resolution authorities, IT and PL reported that they intended to use the same approach.



### 3.3. Comparison of the application of simplified obligations and waivers for recovery and resolution purposes

100. This sub-sub-section presents a comparative analysis of the application of simplified obligations and waivers across the EU for both recovery and resolution purposes in two reporting periods. This comparison is based on Tables 14 and 15. The former deals with simplified obligations (for credit institutions and investment firms) and the latter with waivers (for credit institutions only as waivers cannot be applied to investment firms). Both tables indicate whether or not simplified obligations and waivers have been applied in a given Member State (Yes/No).

#### Application of simplified obligations

**Table 14. Comparison of the application of simplified obligations for recovery and resolution planning**

| MS  | First reporting period           |                                    |                                  |                                    | Second reporting period          |                                    |                                  |                                    |
|-----|----------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
|     | Credit institutions              |                                    | Investment firms                 |                                    | Credit institutions              |                                    | Investment firms                 |                                    |
|     | SO granted for recovery planning | SO granted for resolution planning | SO granted for recovery planning | SO granted for resolution planning | SO granted for recovery planning | SO granted for resolution planning | SO granted for recovery planning | SO granted for resolution planning |
| AT  | Yes                              | Yes                                | No                               | No                                 | Yes                              | Yes                                | No                               | No***                              |
| BE  | Yes                              | No                                 | No                               | No                                 | Yes                              | No**                               | No                               | No**                               |
| BG  | No                               | No                                 | No                               | No                                 | No                               | No                                 | No                               | No                                 |
| CY  | No                               | No                                 | No                               | No                                 | No                               | No                                 | No                               | No                                 |
| CZ  | No                               | Yes                                | No                               | Yes                                | No                               | Yes                                | No                               | Yes                                |
| DE* | No                               | Yes                                | No                               | No                                 | No                               | Yes                                | No                               | No                                 |
| DK  | Yes                              | No                                 | Yes                              | No                                 | Yes                              | No**                               | Yes                              | No**                               |
| EE  | Yes                              | No                                 | Yes                              | No                                 | Yes                              | No                                 | Yes                              | No***                              |
| EL  | No                               | No                                 | No                               | No                                 | No                               | No**                               | No                               | No**                               |
| ES  | No                               | No                                 | Yes                              | No                                 | Yes                              | Yes                                | Yes                              | Yes                                |
| FI  | No                               | No                                 | No                               | No                                 | Yes                              | No**                               | Yes                              | No**                               |
| FR  | No                               | No                                 | No                               | No                                 | Yes                              | No**                               | Yes                              | No**                               |
| HR  | No                               | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                |
| HU  | Yes                              | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                |
| IE  | Yes                              | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                |
| IT  | No                               | No                                 | No                               | No                                 | Yes                              | No**                               | Yes                              | No**                               |
| LT  | Yes                              | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                | Yes                              | Yes                                |
| LU  | Yes                              | No                                 | No                               | No                                 | Yes                              | No**                               | No                               | No**                               |
| LV  | Yes                              | Yes                                | No                               | No                                 | Yes                              | Yes                                | No                               | No***                              |
| MT  | No                               | No                                 | No                               | No                                 | No                               | No                                 | No                               | No                                 |
| NL  | No                               | No                                 | No                               | No                                 | Yes                              | No**                               | Yes                              | No**                               |
| PL  | No                               | No                                 | No                               | No                                 | No                               | Yes                                | Yes                              | Yes                                |
| PT  | Yes                              | Yes                                | Yes                              | No                                 | Yes                              | No**                               | Yes                              | No**                               |
| RO  | No                               | No                                 | No                               | No                                 | No                               | Yes                                | No                               | No                                 |

|      | First reporting period |     |     |     | Second reporting period |      |     |     |
|------|------------------------|-----|-----|-----|-------------------------|------|-----|-----|
| SE   | No                     | No  | No  | No  | Yes                     | No   | Yes | No  |
| SI   | No                     | No  | No  | No  | No                      | No   | No  | No  |
| SK   | Yes                    | Yes | No  | No  | Yes                     | Yes  | No  | No  |
| UK   | No                     | No  | Yes | No  | No                      | Yes  | Yes | Yes |
| ECB  | No                     | N/A | N/A | N/A | No                      | N/A  | N/A | N/A |
| SRB  | N/A                    | No  | N/A | N/A | N/A                     | No** | N/A | N/A |
| % SO | 38%                    | 34% | 31% | 17% | 62%                     | 45%  | 52% | 28% |

\* DE's competent authority has not made a formal decision on the application of simplified obligations; however, it reported the results of eligibility assessments.

\*\* These authorities reported that they intended to apply simplified obligations in future; however, no formal decisions were made during the reporting periods.

\*\*\* These authorities reported that there are no investment firms falling within the scope of the BRRD.

101. In the first reporting period, the application of simplified obligations for recovery planning for credit institutions (38% of the Member States) was slightly higher than for resolution planning (31%). The same trend could be observed for investment firms; however, the difference between recovery planning and resolution planning was significantly bigger, with 31% of authorities applying simplified obligations for recovery and 17% for resolution planning.
102. Also in the second reporting period, simplified obligations for credit institutions were applied more for recovery planning (59% of competent authorities) than for resolution planning (45% of resolution authorities). A similar observation was made about investment firms, where the difference was more significant – the number of competent authorities applying simplified obligations was almost twice as high as that of resolution authorities (52% versus 28%). However, it should be also taken into account that resolution authorities are continuing to develop resolution plans and quite a few authorities already highlighted that they intend to apply simplified obligations in future, but no formal decisions have been made during the reporting periods; therefore, these divergences may be less significant in the future.
103. As presented in Table 15, even within the same Member State different decisions on eligibility for simplified obligations have been taken by competent and resolution authorities responsible for credit institutions and for investment firms. More specifically, in the first reporting period in only three jurisdictions (HU, IE and LT) were simplified obligations applied for recovery and resolution planning both for credit institutions and investment firms. In the second reporting period, the same practice was implemented in six countries (ES, HR, HU, IT, IE and LT). The divergent approaches within the same jurisdiction can be explained by the fact that in some jurisdictions (i) different authorities are in charge of supervising credit institutions and investment firms and/or (ii) none of the investment firms fall within the scope of the BRRD because they are not subject to the requirement of EUR 730 000 initial capital.
104. Based on the comparison of data included in Tables 5 and 11 it might be concluded that for credit institutions exactly the same results of eligibility assessment for simplified obligations/waivers by competent and resolution authorities were recorded in only two

Member States (IT and LT). On the other hand, divergent approaches were applied to recovery and resolution planning in nine other jurisdictions (AT, DE, ES, HR, HU, IE, LU, LV and SK).

105. Different observations could be made for investment firms upon comparing data included in Tables 7 and 13 of this report. In particular, the results of eligibility assessment for simplified obligations were the same for recovery and resolution planning in all Member States (ES, HR, HU, IE, LT and the UK) apart from PL.

### Application of waivers

106. During both reporting periods, only a few authorities decided to grant waivers from recovery and/or resolution planning requirements as presented in Table 15.

**Table 15. Comparison of the application of waivers for recovery and resolution planning**

| MS | First reporting period               |  | Second reporting period              |  |
|----|--------------------------------------|--|--------------------------------------|--|
|    | Waiver granted for recovery planning | Waiver granted for resolution planning | Waiver granted for recovery planning | Waiver granted for resolution planning |
| AT | Yes                                  | No                                     | Yes                                  | No                                     |
| BE | Yes                                  | No                                     | Yes                                  | No                                     |
| BG | No                                   | No                                     | No                                   | No                                     |
| CY | Yes                                  | Yes                                    | No                                   | No                                     |
| CZ | No                                   | No                                     | No                                   | No                                     |
| DE | No                                   | No                                     | No                                   | No                                     |
| DK | No                                   | No                                     | No                                   | No                                     |
| EE | No                                   | No                                     | No                                   | No                                     |
| EL | No                                   | No                                     | No                                   | No                                     |
| ES | No                                   | No                                     | Yes                                  | No                                     |
| FI | No                                   | No                                     | Yes                                  | Yes                                    |
| FR | No                                   | No                                     | No                                   | No                                     |
| HR | No                                   | No                                     | No                                   | No                                     |
| HU | No                                   | No                                     | Yes                                  | No                                     |
| IE | No                                   | No                                     | No                                   | No                                     |
| IT | No                                   | No                                     | No                                   | No                                     |
| LT | No                                   | No                                     | No                                   | No                                     |
| LU | Yes                                  | Yes                                    | Yes                                  | Yes                                    |
| LV | No                                   | No                                     | No                                   | No                                     |
| MT | No                                   | No                                     | No                                   | No                                     |
| NL | No                                   | No                                     | No                                   | No                                     |
| PL | No                                   | No                                     | No                                   | No                                     |
| PT | Yes                                  | No                                     | Yes                                  | No                                     |
| RO | No                                   | No                                     | No                                   | Yes                                    |
| SE | No                                   | No                                     | No                                   | No                                     |
| SK | No                                   | No                                     | No                                   | No                                     |
| SI | No                                   | No                                     | No                                   | No                                     |

|     | First reporting period |     | Second reporting period |     |
|-----|------------------------|-----|-------------------------|-----|
| UK  | No                     | No  | No                      | No  |
| ECB | N/A                    | N/A | N/A                     | N/A |
| SRB | N/A                    | N/A | N/A                     | No  |
| %   | 17%                    | 7%  | 24%                     | 10% |

107. In the first reporting period, five competent authorities (AT, BE, CY, LU and PT) granted waivers for recovery planning and only two resolution authorities (CY and LU) for resolution planning purposes. These numbers slightly increased during the second reporting period, with seven competent authorities applying waivers for recovery planning (AT, BE, DE, ES, HU, LU and PT) and three resolution authorities doing so (FI, LU and RO).
108. In general, the concept of applying waivers for recovery and resolution planning has not been widely spread across the European Union. This could be caused by the fact that the BRRD provides very specific conditions for credit institutions that need to be fulfilled in order to grant them. In particular, in order to be eligible for waivers from recovery planning, credit institutions need to be members of an IPS or be affiliated to a central body and wholly or partially exempted from prudential requirements in national law in accordance with Article 10 of Regulation (EU) No 575/2013. The possibility of applying waivers in resolution planning is restricted even further, since waivers are not available for IPS members.

## 4. Scope of simplified obligations for recovery and resolution planning

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### 4.1. Overview

109. In order to compare the impact of applying simplified obligations for recovery and resolution planning across the EU, it is necessary to complement the analysis of the results of eligibility assessment (i.e. how many institutions can benefit from simplified treatment in various Member States) with information on the actual scope of simplifications applied across jurisdictions (i.e. reduced obligations in comparison with the full-scope BRRD requirements for recovery and resolution planning). Only a combination of these two aspects can give a complete picture of the scope and extent of granting simplified obligations in various Member States and check the degree of convergence across the European Union.

110. As already indicated in Section 2, competent and resolution authorities have discretion to apply simplified obligations in relation to:

- the date by which the first recovery and resolution plans are to be drawn up and the frequency of updating recovery and resolution plans;
- the content and detail of recovery and resolution plans;
- the content and detail of the information required from institutions; and
- the level of detail for the assessment of resolvability.

111. Therefore, this section provides an overview of the scope of simplified obligations applied by competent and resolution authorities, respectively, for recovery and resolution planning. In particular, the first sub-section provides an overview with regard to the date of the first plan and frequency of updating recovery and resolution plans. The second sub-section focuses on the simplification of content and detail of recovery and resolutions plans. The third sub-section provides an overview of approaches used for reduced content and detail of the information required from institutions. Finally, the fourth sub-section gives a general overview of approaches used by resolution authorities with regard to simplification of resolvability assessment requirements.

112. As can be seen from the analysis performed, the dates by which the first simplified recovery and resolution plans had to be drawn up varied significantly across the Member States. Those competent and resolution authorities that granted simplified obligations with regard to frequency of updating the recovery and resolution plans usually requested that the plan be updated every 2 years. With regard to the content and detail of recovery and resolution plans, there were differences observed in the scope of simplifications applied by authorities, as the BRRD gave them full flexibility in this respect. As a result, in some Member States the simplified requirements had only minor differences from the full BRRD obligations, whereas in other Member States institutions were exempted from applying a substantial part of the relevant BRRD provisions.

113. Based on data reported by competent authorities, it can be seen that there are no separate rules established in any Member State which would limit the scope of information that competent authorities may request from institutions under the BRRD in addition to submission of recovery plans. From the data reported by resolution authorities, it can be seen that some of them intend to apply the principle of proportionality with regard to the level of detail requested from institutions. Other resolution authorities mentioned that for simplified resolution plans they will rely on data already collected by them, or explicitly listed which points from Section B of the Annex to the BRRD they do not intend to apply. With regard to simplification of the requirement for resolvability assessment, even less information was provided by the resolution authorities, so no major conclusions can be drawn at this stage. Some resolution authorities highlighted that they did not intend to simplify resolvability assessment requirements for institutions falling under the simplified obligations.

## 4.2. Date of the first plan and frequency of updating the plan

114. The BRRD does not set a fixed date by which the first resolution or recovery plan should be drawn up by institutions or resolution authorities, respectively. With regard to the frequency of updating, Articles 5(2) and 10(6) of the BRRD establish a general rule that plans should be updated at least annually or after a material change to the legal or organisational structure of the institution, its business or its financial situation. Where competent or resolution authorities decide to apply simplified obligations for a credit institution or investment firm, they can change the frequency of updating its recovery and/or resolution plan.

### 4.2.1. Recovery planning

#### Credit institutions

115. Table 16 presents deadlines established by competent authorities for preparing the first recovery plans for credit institutions that were assessed as eligible for simplified obligations. The table also includes the required frequency of updating these simplified recovery plans.

**Table 16. First date for preparing simplified recovery plans for credit institutions and frequency of updating them**

| MS  | First date of simplified recovery plan                     | Update frequency  |
|-----|--|---|
| AT* | September 2015 (Cat 2 and Cat 3)<br>November 2015 (Cat 1)  | Annual (Cat 2 and Cat 3)<br>Every 2 years (Cat 1)                             |
| BE* | December 2015  | Annual  |
| DE  | Within 12 months after request                             | Every 2 years**   |
| DK* | January 2016   | Annual** (Cat 1 and Cat 2)<br>When institution's circumstances change (Cat 3) |
| EE* | April 2016 (3 CIs); June 2016 (2 CIs);<br>July 2016 (1 CI) | Annual  |

| MS  | First date of simplified recovery plan                                 | Update frequency  |
|-----|--|---|
| ES  | September 2016   | Every 3 years**   |
| FI  | April 2017   | Every 2 years   |
| FR  | March 2017, June 2017, September 2017,<br>December 2017                | Annual  |
| HR  | December 2014  | Annual  |
| HU* | December 2014  | Annual**  |
| IE* | July 2015 (5 CIs)<br>August 2015 (2 CIs)                               | Annual  |
| IT  | June 2017  | Every 2 years**   |
| LT* | March 2016   | Annual  |
| LU* | October 2015; May 2017 (2 CIs)   | Every 2 years**   |
| LV* | June 2016  | Every 2 years**   |
| NL  | Q3/Q4 2016   | Annual  |
| PT* | December 2015 (8 CIs); November 2016<br>(6 CIs); November 2017 (6 CIs) | Annual (11 CIs – Cat M)<br>Every 2 years (10 CIs – Cat L) |
| SE  | January 2017; October 2017 (the largest 4 CIs)                         | Annual**  |
| SK* | March 2016   | Every 2 years**   |

\* Competent authorities that decided on the application of simplified obligations already in the first reporting period.

\*\* Or more frequently if substantial changes in institution's circumstances take place.

116. The dates by which the first recovery plans had to be drawn up varied significantly across the EU, from December 2014 (in HR and HU) to November 2017 (for six credit institutions in PT). It appears that in some cases there was a strong link between deadlines for preparing the first simplified recovery plans, on one hand, and delays in incorporating the BRRD into national law and the moment when authorities conducted the eligibility assessment for simplified obligations, on the other hand. In general, the majority of deadlines established by competent authorities in the first reporting period fell within 2016, while the majority of the deadlines set up by authorities in the second reporting period were in 2017. Another observation is that seven Member States (AT, EE, FR, IE, LU, PT and SE) decided to apply different deadlines for various institutions/categories of institutions benefiting from simplified obligations within the same jurisdiction.
117. With regard to the required frequency of updating recovery plans, eight competent authorities (BE, EE, HR, HU, IE, LT, NL and SE) have not granted more favourable conditions to any institutions under their jurisdiction and have required them to apply the normal 1-year frequency specified in Article 5(2) of the BRRD. Two authorities (AT and PT) continued to apply the BRRD deadline to some of their credit institutions/categories of institutions benefiting from simplified obligations, but at the same time allowed other credit institutions to update their recovery plans every 2 years. The biennial update of recovery plans for all institutions benefiting from simplified obligations was introduced in four other jurisdictions (DE, LU, LV and SK). Only one competent authority (ES) decided to reduce the frequency further and allowed credit institutions subject to simplified obligations to update their recovery plans once every 3 years. It should also be mentioned that, for one category of

credit institutions subject to simplified obligations, DK's authority has not applied any predefined frequency for updating the plan, and instead required that the revised recovery plan should be submitted when institution's circumstances change. Furthermore, when establishing a frequency of updating simplified recovery plans, some competent authorities, in line with Article 5(2) of the BRRD, also underlined that institutions must update their plans more frequently of substantial changes in the institution's circumstances occur.

## Investment firms

**Table 17. First date for preparing simplified recovery plans for investment firms and frequency of updating these simplified plans**

| MS  | First date of simplified recovery plan               | Update frequency                        |
|-----|--|---|
| DE  | Not established yet                                  | Every 2 years**                         |
| DK* | January 2016   | When institution's circumstances change |
| EE* | May 2016 (1 IF); June 2016 (2 IFs)                   | Annual                                  |
| ES* | June 2016  | Every 2 years                           |
| FR  | March 2017, June 2017, September 2017, December 2017 | Annual                                  |
| HR* | September 2015                                       | Annual                                  |
| HU* | 2014   | Annual**                                |
| IE* | March 2016   | Annual                                  |
| IT  | June 2017  | Every 2 years**                         |
| LT* | March 2016   | Annual                                  |
| NL  | Q3/Q4 2016   | Annual                                  |
| PL  | April 2017   | Annual                                  |
| PT  | November 2016  | Every 2 years                           |
| SE  | January 2017   | Annual**                                |
| UK* | September 2015, December 2015, March 2016, June 2016 | Every 2 years**                         |

\* Competent authorities that decided on the application of simplified obligations already in the first reporting period.

\*\* Or more frequently if substantial changes in institution's circumstances.

### 4.2.2. Resolution planning

118. Tables 18 and 19 present data submitted by resolution authorities for preparing the first resolution plan for credit institutions and investment firms, respectively. The tables also provide an overview of the required frequency of updating simplified resolution plans.



**Table 18. The first date for preparing simplified resolution plans for credit institutions and frequency of updating these simplified plans**

| MS | First date of simplified resolution plan  | Update frequency   |
|----|---|--|
| AT | Cat 3 – started preparation in 2016   | At least every 2 years (Cat 1)<br>Annual (Cat 2)<br>Annual (Cat 3) |
| CZ | February 2017 (for 1 CI); December 2017 (for 3 CIs); by the end of 2017 (credit unions)                                     | Every 2 years  |
| DE | Simplification level 2 – the first 12 plans under preparation<br>Simplification level 1 – no date set                       | Every 2 years  |
| ES | February 2016   | Every 2 years  |
| FI | By the end of 2017  | Twice a year   |
| HR | No information provided   | Annual   |
| HU | There is only one approved resolution plan available. There are many simplified resolution plans in progress                | Annual   |
| IE | 2016 (for LSIs)   | Annual   |
| IT | By 2017 (the first plans)   | No information provided  |
| LT | Preparation of resolution plans ongoing   | Not decided yet  |
| LU | No resolution plans prepared yet  | No information provided  |
| LV | June 2017   | Annual   |
| PL | October 2017  | Every 2 years (however, no formal decision taken yet)              |
| PT | Preparation of resolution plans ongoing   | Annual (Type 1)<br>Every 2 years (Type 2)                          |
| RO | The deadline was extended from 6 to 12 months compared with the deadline established by the national law (end of June 2016) | Not decided yet  |
| SK | December 2016   | Every 2 years (or within 30 days after any change)                 |
| UK | September 2016  | Annual   |

**Table 19. The first date for preparing simplified resolution plans for investment firms and frequency of updating these simplified plans**

| MS | First date of simplified resolution plan            | Update frequency                 |
|----|---|----------------------------------|
| BG | June 2018   | Every 2 years                    |
| CZ | December 2017                                       | Every 2 years                    |
| ES | The first resolution plan approved by December 2016 | Annual                           |
| FI | June 2018   | Every 2 years                    |
| HR | No information proved                               | When a significant change occurs |
| HU | Preparation ongoing                                 | Annual                           |

| MS | First date of simplified resolution plan   | Update frequency                                      |
|----|--|---|
| IE | March 2016                                 | Annual  |
| IT | No information provided                    | No information provided                               |
| LT | Preparation ongoing                        | Not decided yet                                       |
| LU | No resolution plans have been prepared yet | No information provided                               |
| PL | October 2017                               | Every 2 years (however, no formal decision taken yet) |
| PT | Preparation ongoing                        | Annual (Type 1)<br>Every 2 years (Type 2)             |
| UK | September 2016                             | Annual  |

119. The dates by which the first resolution plan had to be drawn up varied significantly across the Member States: from February 2016 to no deadlines, or just indicating that the preparation of resolution plan is ongoing. Comparing it with the first reporting period, it should be highlighted that quite a few authorities reported that the deadline has been either extended or changed. A few resolution authorities (AT, CZ, DE and IT) have decided to apply different deadlines for various institutions or categories of institutions which benefit from the application of simplified obligations, or to focus firstly on drafting resolution plans for significant institutions and later for less significant institutions. Only two resolution authorities (IE and UK) identified that the first resolution plans have been prepared for investment firms. In general, it should be highlighted that, even though the BRRD entered into force on 1 January 2015, in a majority of Member States the preparation of resolution plans was still ongoing.

120. With regard to frequency of updating resolution plans, the majority of resolution authorities identified that the resolution plan will be updated either every 2 years (DE, CZ, PL and SK) or annually (HR, HU, IE, LV and UK). A few resolution authorities (AT and PT) set a frequency depending on the category to which the institution is assigned. Furthermore, quite a few resolution authorities also highlighted that, in line with Article 10(6) of the BRRD, resolution plans must be updated when there is a significant change in the business model, structure or performance of the institution. Four resolution authorities (ES, IT, LT and LU) did not provide information about frequency of update of resolution plans for credit institutions, and three resolution authorities (IT, LT and LU) did not provide it for investment firms.

### 4.3. Contents and details of recovery and resolution plans

121. According to Article 4(1)(a) of the BRRD, if the relevant authority decides to apply simplified obligations, the contents and details of recovery and resolution plans provided for in Articles 5 to 12 can be simplified. This also applies to Commission Delegated Regulation (EU) 2016/1075, which further specifies the content of recovery and resolution plans. The BRRD left Member States with full flexibility in this area and it only required the authorities to report to the EBA on the way how they used this discretion.

122. Considering information received, it can be concluded that a variety of approaches have been applied by competent and resolution authorities to how they determined reduced content and/or lower levels of detail for recovery and resolution plans for institutions benefiting from simplified obligations.

### 4.3.1. Recovery planning

123. Significant divergences could be observed across the EU not only with regard to minimum content of simplified recovery plans but also with regard to the following modalities related to the determination of the scope of simplifications:

- defining one set of simplifications or multiple sets applicable to various institutions/categories of institutions;
- describing simplified obligations in an explicit way or giving flexibility to credit institutions in applying the principle of proportionality/lower level of detail.

124. Both of these modalities will be presented below, as they have an impact on the final effect on the application of simplified obligations in a given jurisdiction and at the same time influence the possibility of comparing data reported by competent authorities to the EBA.

125. With regard to one jurisdiction applying a number of sets of simplified obligations for recovery planning, it was possible to distinguish three main practices across the EU:

- one set of simplified obligations applicable to all eligible institutions in a particular jurisdiction;
- different sets of simplified obligations provided for various categories of institutions in a given jurisdiction;
- individually tailored sets of simplified obligations applicable to each particular institution eligible for simplifications.

126. The analysis of data received by the EBA confirms that, in 78% of cases where simplified obligations have been applied to recovery planning for credit institutions, only one set of simplified obligations was established for all eligible institutions. Only in 17% of cases were there different sets of simplifications determined for various categories of credit institutions. Finally, in one jurisdiction the competent authority designed a tailor-made scope of reduced content of the recovery plan for each institution eligible for simplified obligations. For investment firms, the situation was similar, as one set of simplifications was applied in 66% of cases, there were different sets in 14% and only one competent authority individually tailored sets of simplifications. For further details on this matter regarding credit institutions and investment firms, please refer to Table 27 in Annex 1.

127. Another practice which emerged from the analysis of data submissions is related to the way in which competent authorities specified the reduced level of requirements for recovery planning applicable to credit institutions subject to simplified obligations. In summary, the following practices have been observed across the EU:

- specifying reduced requirements for recovery planning in an explicit way by outlining all rules that are applicable to credit institutions benefiting from simplified obligations (for instance by creating a user-friendly guide for institutions subject to simplified obligations);
- listing exclusions from requirements applicable to full-scope recovery plans;
- giving flexibility to institutions in applying the principle of proportionality and determining a lower level of detail that should be applied in simplified recovery plans;
- a mixed approach: simultaneously listing exclusions from full-scope requirements and specifying some elements that need to be considered in each simplified recovery plan, or applying different approaches to various categories of institutions within the same jurisdiction.

128. The majority of competent authorities (61%) that applied simplified obligations for recovery planning for credit institutions only listed exclusions from requirements applicable to full-scope recovery plans. The second most popular approach, applied in 17% of jurisdictions, was to explicitly specify all the rules binding on simplified recovery plans (omitting the requirements which are not applicable). Some 11% of competent authorities decided to implement a mix of these two approaches. Finally, in 11% of jurisdictions, competent authorities only provided that credit institutions shall apply the principle of proportionality to their recovery plans, without specifying any reduced requirements. As for credit institutions, for investment firms the most popular approach (applied by 40% of competent authorities) was also to list all requirements that are not applicable to simplified plans. The other two approaches (i.e. explicit specification of requirements applicable to simplified recovery plans and leaving full flexibility to investment firms in applying the principle of proportionality) were applied by around 20% of jurisdictions. Two competent authorities have not provided explicit information related to investment firms in this regard. For further details on that matter, please refer to Table 28 in Annex 1. The key aspect of the application of simplified obligations for recovery planning lies in the determination of which requirements from full-scope recovery plans do not need to be fulfilled by institutions assessed as eligible for simplified treatment. In order to facilitate the comparison of practices implemented across the EU, the key sections of recovery plan were distinguished in order to:

- examine how frequently competent authorities decided to apply reduced requirements in each of these sections; and
- conduct a more detailed analysis of the simplifications granted by competent authorities in each of these sections.

129. Table 20 presents an overview of how many competent authorities introduced reduced obligations to the main sections of a recovery plan, among the Member States that submitted data to the EBA. As some authorities applied different scopes of simplifications to various categories of institutions or to particular institutions, the table indicates cases

where any exclusion has been applied to at least one institution or category of institutions in that jurisdiction.

**Table 20. Simplifications applied to specific sections of a recovery plan**

| Main sections of a recovery plan                       | MSs introducing reduced obligations with regard to specific sections of a recovery plan |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | No of CAs |    |
|--|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----------|----|
|  | AT  | BE | DE | DK | EE | ES | FR | HR | HU | IE | IT | LT | LU | LV | PT | NL | SE |           | SK |
| Governance   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 3  |
| Indicators   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 9  |
| Description of entities <sup>22</sup>                  |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 5  |
| Recovery options                                       |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 7  |
| Scenarios  |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 13 |
| Communication plan                                     |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 4  |
| Preparatory measures                                   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 2  |
| Explicit reference to the principle of proportionality |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           | 11 |

130. As presented in the table, scenarios were most frequently subject to simplified obligations, with thirteen Member States applying reduced requirements to this section of a recovery plan (usually by reducing the number of recovery scenarios and/or waiving a requirement to describe the detailed quantitative impact of scenarios). The second most frequently simplified part of the recovery plan was the section devoted to indicators, where nine authorities decided to reduce the number of recovery indicators for institutions subject to simplified obligations, without a need for these institutions to justify why certain indicators or whole categories of indicators are not relevant to them. Another observation is that many competent authorities, in addition to indicating the specific parts of recovery plans subject to reduced obligations, also instructed institutions to apply the principle of proportionality.
131. Table 29 in Annex 1 presents more details and specific examples of the reduced scope of requirements for various sections of a recovery plan applied by competent authorities. This overview demonstrates divergences in the scope of simplified recovery planning requirements applied across the EU. It also illustrates the different approaches followed by authorities in specifying reduced requirements for simplified recovery, ranging from very prescriptive instructions to the very general indication that institutions should apply the principle of proportionality.

<sup>22</sup> Description of entities also includes the following elements: critical functions, core business lines, interconnectedness, and mapping of entities to critical functions and core business lines.

### 4.3.2. Resolution planning

132. Articles 10(7) and 12(3) of the BRRD set out the minimum content of a resolution plan. Furthermore, Commission Delegated Regulation (EU) 2016/1075<sup>23</sup> specifies nine elements which should be included in the resolution plan: (i) a summary; (ii) a description of the resolution strategy considered in the plan; (iii) a description of the information, and the arrangements for the provision of this information, necessary in order to implement the resolution strategy effectively; (iv) a description of arrangements to ensure operational continuity of access to critical functions during resolution; (v) a description of the financing requirements and financing sources necessary for the implementation of the resolution strategy set out in the plan; (vi) a communication plan; (vii) the conclusions of the assessment of resolvability; (viii) explicit reference to the principle of proportionality; and (ix) the opinion expressed by the institution or group in relation to the resolution plan.
133. According to the existing legal framework, resolution authorities are free to decide on simplified contents and details of resolution plans. Compared with recovery planning, even greater divergence of approaches can be observed across the Member States with regard to contents and details of resolution plans to which simplified obligations apply. Unfortunately, because of limitations in the data received, it was not possible to draw conclusions on how often specific sections of a resolution plan were simplified, as was done for the recovery planning section. Nevertheless, the following common trends can be identified:
- Types of simplification vary across the Member States, with some resolution authorities having a standardised approach applicable to all institutions or categories of them eligible for simplified obligations, while others decide on a case-by-case basis.
  - A few resolution authorities within the Banking Union mentioned that they intend to apply the SRB 2016 policy paper, but subject to possible changes.
  - One resolution authority explicitly identified elements of a resolution plan to which simplification will be applied (i.e. resolution strategy description, arrangements for information sharing, arrangements for operational continuity), while a few other resolution authorities explicitly identified elements which will be included in simplified resolution plans.
  - Furthermore, the level of detail provided by resolution authorities varied greatly as well, from providing details of methodology to be applied, to just a general statement that requirements will be reduced applying the principle of proportionality without specifying any further details.
134. An overview of different approaches applied by resolution authorities to simplified obligations for the content and detail of a resolution plan is provided in Table 36 in Annex 2.

<sup>23</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016R1075>

#### 4.4. Contents and details of the information from institutions

135. Article 4(1)(a) of the BRRD provides that competent and resolution authorities may also decide to apply simplified obligations by setting reduced requirements for the contents and details of the information required from institutions according to:
- Article 5(5) and Section A of the Annex of the BRRD (information for recovery planning);
  - Article 11(1), Article 12(2) and Section B of the Annex of the BRRD (information for resolution planning).
136. Based on data reported by competent authorities, it can be seen that there are no separate rules established in any Member State which would limit ex ante the scope of information that competent authorities may request from institutions, pursuant to Article 5(5) of the BRRD and Section A of the Annex of the BRRD (i.e. information additional to the ongoing submission of recovery plans).
137. Considering information received from the resolution authorities about the application of simplified obligations to the content and detail of information required to be provided by institutions, it can be seen that different approaches were applied (see Table 37 in Annex 2). Nevertheless, some observations could be made across the Member States:
- The majority of resolution authorities provided high-level general information, just mentioning that the decision with regard to content and detail of information will be made on a case-by-case basis or that the principle of proportionality will be applied. This can be explained by the fact that a number of resolution authorities are still developing resolution approaches, and the relevant methodologies have not been formed yet.
  - A few resolution authorities highlighted that simplified resolution plans will be prepared on the basis of information already available to the resolution authority.
  - One resolution authority explicitly mentioned that it will rely on the SRB policy in this field.
  - A few authorities were more specific and explicitly listed which points from Section B of the Annex of the BRRD they intend or do not intend to apply. This is without prejudice to the option for the resolution authority to request additional information at any time.
138. It can be concluded that, even though some common trends can be identified, there is a great divergence of practices across the Member States with regard to the content and detail of information in simplified resolution plans.

#### 4.5. Resolvability assessment

139. When preparing simplified resolution plans, resolution authorities may decide, pursuant to Article 4(1)(d) of the BRRD, to apply simplified obligations with regard to the level of detail

for the assessment of resolvability provided for in Articles 15 and 16, and Section C of the Annex to the BRRD.

140. Compared with the information reported on the content and detail of resolution plans and the content and detail of information required from institutions for resolution planning, even fewer authorities (AT, CZ, DE, ES, IE, LT, LV, PL, SK and UK) provided information with respect to the level of detail for the assessment of resolvability of institutions falling within the scope of simplified obligations. Furthermore, it should be highlighted that usually it was just a general statement that criteria provided in Section C of the BRRD will be considered (subject to the proportionality principle). One resolution authority specified that it will use a dashboard with a number of criteria based on the EBA guidelines on simplified obligations that will indicate which institutions are beyond policy thresholds and whether or not more detailed assessment is needed. One resolution authority which has applied simplified obligations for resolution planning has explicitly highlighted that it does not intend to apply simplified obligations to resolvability assessment.
141. Limited data reporting on this aspect can be potentially explained by the fact that resolution authorities are less advanced in the field of resolvability assessment and are still developing their practices.
142. An overview of approaches applied by resolution authorities with regard to resolvability assessment is provided in Table 37 in Annex 2.



## 5. Conclusions

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143. After comparing data from both reporting periods, a significant increase in the application of simplified obligations and waivers can be identified in the second reporting period. However, in June 2017 (at the second reporting date) many competent and resolution authorities still indicated that they had not yet decided whether or not to grant simplified obligations. In some cases, this could be explained by the fact that authorities did not intend to apply simplified obligations or waivers, and preferred to apply full-scope requirements to all institutions under their jurisdictions. In other cases, this could be the result of delays in the transposition of the BRRD into national legal framework or was caused by authorities lagging in the implementation and/or execution of the national requirements for recovery or resolution planning. Hence, it seems reasonable to expect that the application of simplified obligations and waivers will increase in the future.
144. Moreover, based on data analysis it can be concluded that significant divergences in national practices in the area of eligibility assessment are evident across the European Union, despite the existing EBA guidelines further specifying the eligibility criteria for granting simplified obligations. In particular, an array of assessment methodologies has been designed and introduced by competent and resolution authorities in different Member States. These approaches range from using precise scoring systems based on all eligibility criteria and obligatory indicators set out in the EBA guidelines on simplified obligations, to performing an assessment which relied solely on the judgement of the competent or resolution authority without applying any formalised assessment methodology. Only a minority of authorities decided to apply weights to eligibility criteria and obligatory indicators. Furthermore, some competent authorities decided to automatically grant simplified obligations to all investment firms within the BRRD's scope without conducting any detailed eligibility assessment.
145. Most of the divergences in the conduct of eligibility assessments have already been addressed in the EBA draft RTS on simplified obligations (to the extent possible and considering the legal mandate which was given to the EBA). In particular, the draft RTS proposed the following solutions in order to increase the convergence of practices and ensure a level playing field:
- introducing a common two-stage eligibility assessment methodology which is based on a reduced number of quantitative indicators (compared with the existing guidelines) and some qualitative considerations that must be applied while assessing all institutions across the EU;
  - designing a specific methodology for conducting a quantitative assessment of credit institutions with precise indicators, weights and threshold ranges, where relevant, aligning with the identification of other systemically important institutions;

- retaining flexibility only for the quantitative assessment of investment firms, which was required because the level of harmonisation in national reporting requirements was lower and work on reviewing the EU prudential framework for investment firms was ongoing.
146. There were also significant differences in the extent to which competent and resolution authorities applied simplified obligations and waivers in various Member States. In general, competent authorities granted more simplified obligations and waivers for recovery planning than resolution authorities for resolution planning purposes. As mentioned above, this could be the result of delays in the transposition of the BRRD into national legal framework and/or execution of the national requirements for resolution planning. This trend was present for both credit institutions and investment firms.
147. Furthermore, the concept of applying waivers for recovery and resolution planning has not been widely spread across the European Union. This trend could be caused by the fact that the BRRD provides very precise conditions for credit institutions that need to be fulfilled in order to grant them waivers. In particular, in order to be eligible for waivers from recovery planning, credit institutions need to be members of an IPS or be affiliated to a central body and wholly or partially exempted from prudential requirements in national law in accordance with Article 10 of Regulation (EU) No 575/2013. A possibility of the application of waivers in resolution planning is restricted even further, as they can be granted only to credit institutions affiliated to a central body and cannot be applied to credit institutions which are members of an IPS.
148. Practices also differed significantly across the European Union with regard to the proportion of institutions that were subject to simplified obligations or waivers from recovery and resolution planning. To some extent, these differences can be explained by the number of institutions operating in particular Member States and the different levels of concentration of national banking sectors. These factors appeared to have influenced the assessment of the relative importance of institutions and determined the potential impact of their failure.
149. There were differences observed in the scope of simplifications applied by the authorities, as the BRRD gives full flexibility in this respect to the competent and resolution authorities. As a result, in some Member States the simplified requirements were very similar to the full BRRD obligations, whereas in other Member States institutions were exempted from applying a substantial part of the relevant BRRD provisions for recovery and resolution planning.
150. The implementation of the draft RTS on simplified obligations is expected to increase harmonisation in the eligibility assessment processes. It does not, however, address the application of the scope of simplifications, which remains at the discretion of the competent and resolution authorities based on the BRRD framework.

151. Finally, taking into account the fact that by June 2017 many competent and resolution authorities still had not made any decision to apply simplified obligations and waivers, further developments in this regard could be expected in the next few years. The entry into force of the draft RTS on simplified obligations should also be a catalyst, with more authorities applying simplified obligations or changing their current eligibility assessment methodologies in order to align them with the new RTS. Hence, it is important to continue monitoring the application of simplified obligations and waivers for recovery and resolution planning.

## Annex 1 – Recovery planning

**Table 21. Overview of methodologies applied by competent authorities for assessing eligibility for simplified obligations**

| MS | Summary of eligibility assessment methodology   |
|----|---|
| AT | <p><u>Credit institutions</u>: Less significant institutions (LSIs) were classified into three categories that could be subject to simplified obligations. These categories were defined with regard to (i) total assets (thresholds EUR 350 million, EUR 5 billion); (ii) foreign business exceeding 30% of the balance sheet totals on either the assets or liabilities side; (iii) interbank business exceeding 50% of the balance sheet totals on either the assets or liabilities side. For the category of the smallest institutions, the ‘Total assets’ indicator constituted a determining factor. Other indicators were considered and could lead to institutions’ reclassification.</p> <p><u>Investment firms</u>: No simplified obligations have been applied.</p>  |
| BE | <p><u>Credit institutions</u>: it was reported that all of the mandatory quantitative indicators in the EBA methodology were computed, and the mandatory qualitative indicators were also examined.</p> <p><u>Investment firms</u>: No simplified obligations have been applied.</p>  |
| BG | <p><u>Credit institutions and investment firms</u>: No simplified obligations have been applied.</p>  |
| CY | <p><u>Credit institutions and investment firms</u>: No simplified obligations have been applied.</p>  |
| CZ | <p><u>Credit institutions and investment firms</u>: No simplified obligations have been applied.</p>  |
| DE | <p><u>Credit institutions and investment firms</u>: A two-step approach was used, which comprised (i) quantitative assessment (scoring model based on the EBA methodology for O-SIIs identification) and (ii) qualitative assessment. Within the scoring model, criteria and indicators were equally weighted. There were four criteria: the first three were the same as in the EBA guidelines on simplified obligations (but excluding the total liabilities indicator), whereas the fourth criterion – substitutability/financial institution infrastructure – was aligned with the O-SIIs guidelines. Institutions with an overall score below a given threshold – i.e. 20 basis points (bps) in a scoring methodology – were undergoing a further assessment using qualitative analysis based on additional criteria prescribed in the German law implementing the BRRD, taking into account the EBA guidelines on simplified obligations.</p> |
| DK | <p><u>Credit institutions</u>: The assessment methodology was based primarily on the size of institutions. Their interconnectedness and their scope and complexity were assessed only in a qualitative way. The SREP scores were disregarded in the assessment methodology. In addition, the competent authority retained the power to make the institutions apply the full obligations based on a qualitative assessment performed upon receiving each recovery plan. When determining whether or not full obligations apply, at least all of the mandatory indicators would be considered.</p> <p><u>Investment firms</u>: Simplified obligations were applied to all investment firms. These considerations were based on their relatively simple business and the fact that they did not constitute a systemic risk. In Denmark, all investment firms are expected to be liquidated under the established insolvency system.</p>                |
| EE | <p><u>Credit institutions and investment firms</u>: There has been no specific methodology developed for weighting criteria used in eligibility assessment. Subjectively the following approximate weights could be identified: size, 50%; interconnectedness, 30%; all other considerations, 20%. The simplified obligations terms are</p>   |

| MS | Summary of eligibility assessment methodology   |
|----|---|
|    | assessed based on expert judgement.   |
| EL | <u>Credit institutions and investment firms</u> : No simplified obligations have been applied.  |
| ES | <p><u>Credit institutions</u>: No specific information on the assessment methodology has been provided. Nevertheless, with regard to some indicators, the submission specified that 'This indicator has been taken into account to perform the analysis. However, specific threshold and weighting have not been assigned. Therefore, an ad hoc analysis has been carried out according to indicators pointed out in EBA guidelines on simplified obligations'.</p> <p><u>Investment firms</u>: According to the characteristics of the Spanish investment firms, none of them would fall into the category determined as 'F' or '4' used in SREP. For that reason, all of them could be subject to simplified obligations.</p>   |
| FI | <u>Credit institutions and investment firms</u> : Simplified obligations have been applied to all but one investment firm because they are small and their business model is relatively simple. The credit institution subject to simplified obligations is small and operates like an investment firm.   |
| FR | <u>Credit institutions and investment firms</u> : In line with the SSM's LSIs categorisation framework, the HP LSIs were not eligible for simplified obligations. With respect to the LSIs and investment firms within the scope of the BRRD, the ACPR has decided not to define ex ante criteria and thresholds to define institutions, or categories of them, eligible for simplified obligations. The staggered timeline for drafting the first simplified recovery plans was established depending on (i) the priority level under the SSM's LSI categorisation framework and the resolution authority; (ii) for LSIs and investment firms, the type of licence, the covered deposits outstanding and the existence of Pillar 2 requirements if any; (iii) the shareholding. For entities owned by non-EU institutions, it was decided to ask the home supervisor whether or not a recovery plan at the group level has been drawn up and, if so, if and how the French entity has been included in that plan prior to requiring the French entity's recovery plan, which, in any event, will have to be drawn up by the end of 2017 at the latest. |
| HR | <p><u>Credit institutions</u>: Significant credit institutions for the purposes of recovery planning, i.e. entities with an average amount of assets at the end of the previous three business years exceeding EUR 1 billion, were excluded from simplified obligations. All O-SIIs (Category 1) institutions were defined as significant institutions. All other institutions (Categories 2, 3 and 4) were assessed for eligibility based on the O-SIIs indicators. However, in order to assess whether or not the institution is eligible for simplified obligations, every analyst should, in line with the SREP manual, take into account other criteria set out in Article 4(1) of the BRRD. In addition, the Croatian National Bank could issue a decision requiring a non-significant credit institution to apply extended or full-scope requirements for recovery planning.</p> <p><u>Investment firms</u>: No specific information on the assessment methodology has been provided.</p>  |
| HU | <u>Credit institutions and investment firms</u> : A threshold was defined for each mandatory and optional indicator from the EBA guidelines on simplified obligations. If a credit institution or investment firm exceeds the defined threshold in connection with any indicator, the institution cannot fall under simplified obligations, and it gets a 'negative' status. Some indicators were not appropriate for showing clear 'negative' or 'simplified obligations' status.  |
| IE | <u>Credit institutions and investment firms</u> : Simplified obligations are applied to less significant credit institutions and in-scope investment firms on the basis of an assessment completed on the mandatory indicators and a number of optional indicators, including but not limited to balance sheet size, the level of external interconnectedness, the presence or absence of critical functions and the level of covered deposits.   |

| MS | Summary of eligibility assessment methodology   |
|----|---|
| IT | <p><u>Credit institutions</u>: All non-HP LSIs identified in accordance with the ECB Regulation and board decision on the 'List of high-priority Less Significant Institutions for 2017'. The ECB methodology for the prioritisation of the supervisory activity on LSIs takes into account the first four eligibility criteria listed in the EBA guidelines on simplified obligations (i.e. size, interconnectedness, scope and complexity of activities, and risk profile).</p> <p><u>Investment firms</u>: All investment firms within the scope of the BRRD were granted simplified obligations.</p>  |
| LT | <p><u>Credit institutions and investment firms</u>: Criteria were assigned different weightings, with size and interconnectedness being the most important ones, followed by scope and complexity of activities, and risk profile, which were of medium importance. The remainder of criteria had low importance.</p>   |
| LU | <p><u>Credit institutions</u>: No specific information on the assessment methodology process has been provided.</p> <p><u>Investment firms</u>: No simplified obligations have been applied.</p>  |
| LV | <p><u>Credit institutions</u>: The methodology included references to non-HP LSIs applied within the SSM. The methodology envisaged that HP LSIs were excluded from SO; only SREP scores 1, 2 or 3 could benefit from simplifications; and only institutions not providing critical functions could benefit from simplified obligations. No weights were assigned to particular criteria and all were treated equally and had to be met simultaneously. Optional indicators were subject to additional qualitative analysis and expert judgement.</p> <p><u>Investment firms</u>: No simplified obligations have been applied.</p>  |
| MT | <p><u>Credit institutions and investment firms</u>: No simplified obligations have been applied.</p>  |
| NL | <p><u>Credit institutions</u>: No specific information on the assessment methodology has been provided.</p> <p><u>Investment firms</u>: All investment firms within the scope of the BRRD could benefit from SO.</p>  |
| PL | <p><u>Credit institutions</u>: No simplified obligations have been applied.</p> <p><u>Investment firms</u>: All investment firms were allowed to submit simplified recovery plans on the basis of a decision granted by the Polish Financial Supervision Authority, adopted on the basis of analysis of a submitted application and the overall situation of the given entity. Taking into account, <i>inter alia</i>, the fact that no Polish investment firms qualify as SREP Category 1 institutions, the entities do not supply critical functions and they are not identified as posing a serious and foreseeable threat to the stability of the financial market in the event of their default.</p>   |
| PT | <p><u>Credit institutions and investment firms</u>: The simplified obligations eligibility methodology was based on three separate stages. Stage 1 was based on quantitative indicators (based on the mandatory indicators of size, interconnectedness, and scope and complexity). All institutions within the scope of the BRRD were ranked and received a score from 1 to 10 for each indicator used. Institutions that scored between 7 and 10 were classified as high risk (H), institutions that scored between 4 and 7 were classified as medium risk (M) and institutions that scored lower than 4 were classified as low risk (L). Stage 2 used the qualitative indicators (within the categories of risk profile, legal status, nature of the business, shareholding structure and legal form). For each category, institutions were classified as H, M or L, according to the supervisory judgement embedded in formulas that used as an input the indicators within each category. Stage 3 combined the outputs of stages 1 and 2 with the supervisory judgement that challenged the automated scores of the methodology. The combination of stage 1 and stage 2 results was done by considering that stage 2 output could only increase the classification that the institution had in stage 1. Based on the final categorisation as H, M or L (based on all three stages), the last two types of institutions could benefit from SO.</p> |
| RO | <p><u>Credit institutions and investment firms</u>: No simplified obligations have been applied.</p>  |

| MS | Summary of eligibility assessment methodology   |
|----|---|
| SE | <u>Credit institutions and investment firms</u> : The assessment methodology used for O-SII identification was applied. There are no investment firms under full obligations for recovery planning.   |
| SI | <u>Credit institutions and investment firms</u> : No simplified obligations have been applied.  |
| SK | <p><u>Credit institutions</u>: The assessment methodology was based on a number of mandatory and optional indicators provided in the EBA guidelines on simplified obligations, and precise weights assigned to various eligibility criteria (ranging from 1% to 50%) and indicators (ranging from 1% to 10%). Of the criteria, the most important one was size (50% weight). Some of the indicators were subject to specified thresholds, with the rest being subject to expert judgement. Institutions were ineligible for simplified obligations when (i) they were classified as O-SIIs (by default) and (ii) following the simplified obligations eligibility assessment if the total weight of indicators was 50% or above.</p> <p><u>Investment firms</u>: No simplified obligations have been applied.</p> |
| UK | <p><u>Credit institutions</u>: No simplified obligations have been applied.</p> <p><u>Investment firms</u>: Simplified obligations were granted to investment firms that (i) do not meet the Prudential Sourcebook for Investment Firms (IFPRU) significance thresholds (developed initially for the purposes of determining significance according to CRD IV – specified in IFPRU 1.2); (ii) have not been assigned a prudential classification of SREP Category 1 or Category 2; and (iii) do not exhibit high levels of interconnectedness.</p>  |

**Table 22. Weighting of criteria applied by competent authorities in simplified obligations eligibility assessment**

| MS | 1. Size | 2. Interconnectedness | 3. Scope and complexity of activities | 4. Risk profile | 5. Legal status | 6. Nature of business | 7. Shareholding structure | 8. Legal form | 9. Membership of an IPS or other cooperative mutual solidarity system | Additional comments   |
|----|---------|-----------------------|---------------------------------------|-----------------|-----------------|-----------------------|---------------------------|---------------|---|---|
| DK | 100%    | N/A                   | N/A                                   | N/A             | N/A             | N/A                   | N/A                       | N/A           | N/A   | Only for CIs. No weights allocated for the remaining criteria assessed qualitatively. |
| DE | 25%     | 25%                   | 25%                                   | N/A             | N/A             | N/A                   | N/A                       | N/A           | N/A   | Only for CIs.   |
| EE | 50%     | 30%                   | N/A                                   | N/A             | N/A             | N/A                   | N/A                       | N/A           | N/A   | For CIs and IFs. 20% allocated to all remaining criteria                              |
| ES | High    | Low                   | Low                                   | High            | Low             | Low                   | High                      | Low           | Low   | For IFs only.   |
| PT | 42.5%   | 25%                   | 32.5%                                 | N/A             | N/A             | N/A                   | N/A                       | N/A           | N/A   | For CIs and IFs. Weighting applied only in stage 1 (quantitative assessment).         |
| SK | 50%     | 10%                   | 10%                                   | 10%             | 5%              | 10%                   | 3%                        | 1%            | 1%  | For CIs only. No weighting applied for IFs.   |

**Table 23. Data on obligatory indicators reported by competent authorities for credit institutions**

Colour code:  indicator's value reported;  no information on the indicator provided.

Abbreviations used in the table: R, indicator reported but not used in the assessment; P, proxy used; Q, indicator used only in a qualitative assessment; N, applied simplified obligations without providing information on indicators.

| No        | Eligibility criteria / indicators  | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | Usage (%) |    |
|-----------|--|--|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----------|----|
|           |  | AT   | BE | DE | DK | EE | ES | FR | HR | HU | IE | IT | LT | LU | LV | NL | PT |           | SE |
| <b>1.</b> | <b>Size</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 1.1       | Total assets   |  |    | R  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 1.2       | Total assets/Member State's GDP  |  |    | R  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 1.3       | Total liabilities  |  |    | R  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| <b>2.</b> | <b>Interconnectedness</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 2.1       | Interbank liabilities  |  |    |    | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 2.2       | Interbank assets   |  |    |    | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 2.3       | Debt securities outstanding  |  |    |    | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| <b>3.</b> | <b>Scope and complexity of activities</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 3.1       | Value of OTC derivatives (notional)  |  |    | P  | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 3.2       | Cross-jurisdictional liabilities   |  |    | P  | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 3.3       | Cross-jurisdictional claims  |  |    | P  | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 3.4       | Total deposits   |  |    | P  | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 3.5       | Total covered deposits   |  |    |    | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| <b>4.</b> | <b>Risk profile</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 4.1       | SREP risk assessment   |  |    | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| <b>5.</b> | <b>Legal status</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 5.1       | Regulatory permissions and authorisations, in particular for the use of advanced models for the calculation of own funds requirements  |  |    | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>6.</b> | <b>Nature of business</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 6.1       | SREP score assigned to business model and strategy   |  |    | Q  | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| 6.2       | The institution's position in the jurisdictions in which it operates in terms of the critical functions and core business lines offered in each jurisdiction and the market share of the institution |  |    | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
| <b>7.</b> | <b>Shareholding structure</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 7.1       | Degree of concentration of shareholders  |  |    | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>8.</b> | <b>Legal form</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 8.1       | Structure of the institution: is the institution part of a group and, if so, does the group have a complex, highly interconnected structure?   |  |    | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |



| No        | Eligibility criteria / indicators   | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | Usage (%) |    |    |  |     |
|-----------|---|--|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----------|----|----|--|-----|
|           |   | AT   | BE | DE | DK | EE | ES | FR | HR | HU | IE | IT | LT | LU | LV | NL | PT |           | SE | SK |  |     |
| 8.2       | The type of incorporation of the institution (e.g. private limited company, limited liability company or other type of company defined in national law) |  |    | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |    |  | 44% |
|           | Additional indicators used  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |    |  | 0%  |
| <b>9.</b> | <b>Membership of an IPS or other cooperative mutual solidarity system</b>   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |    |  |     |
| 9.1       | Function of the institution in the system as participant or central institution or as a provider of critical functions to the system                    |  |    | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |    |  | 11% |
| 9.2       | Relative size of the guarantee fund versus the institution's total funds  |  |    |    |    |    |    | N  |    |    |    |    |    |    |    |    |    |           |    |    |  | 0%  |
|           | Additional indicators used  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |    |  | 0%  |

**Table 24. Data on obligatory indicators reported by competent authorities for investment firms**

Colour code:  indicator's value reported;  no information on the indicator provided.

Abbreviations used in the table: P, proxy used; Q, indicator used only in a qualitative assessment; N, applied simplified obligations without providing information on indicators.

| No        | Eligibility criteria / indicators   | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | Usage (%) |  |  |  |     |
|-----------|---|--|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----------|--|--|--|-----|
|           |   | DE   | DK | EE | ES | FR | HR | HU | IE | IT | LT | NL | PL | PT | SE | SK | UK |           |  |  |  |     |
| <b>1.</b> | <b>Size</b>   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  |     |
| 1.1       | Total assets  |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 69% |
| 1.2       | Total assets/Member State's GDP   |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 69% |
| 1.3       | Total liabilities   |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 69% |
| 1.6       | Total fees and commission income  |  | P  |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 69% |
|           | Additional indicators used  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 56% |
| <b>2.</b> | <b>Interconnectedness</b>   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  |     |
| 2.1       | Interbank liabilities   |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 38% |
| 2.2       | Interbank assets  |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 38% |
| 2.3       | Debt securities outstanding   |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 38% |
|           | Additional indicators used  |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 50% |
| <b>3.</b> | <b>Scope and complexity of activities</b>   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  |     |
| 3.1       | Value of OTC derivatives (notional)   |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 56% |
| 3.2       | Cross-jurisdictional liabilities  |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 44% |
| 3.3       | Cross-jurisdictional claims   |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 44% |
| 3.4       | Total deposits  |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 38% |
| 3.5       | Total covered deposits  |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 50% |
|           | Additional indicators used  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 13% |
| <b>4.</b> | <b>Risk profile</b>   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  |     |
| 4.1       | SREP risk assessment  |  | Q  |    |    | N  |    |    |    | P  |    |    |    |    |    |    |    |           |  |  |  | 50% |
|           | Additional indicators used  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 19% |
| <b>5.</b> | <b>Legal status</b>   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  |     |
| 5.1       | Regulatory permissions and authorisations, in particular for the use of advanced models for the calculation of own funds requirements |  | Q  |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 50% |
|           | Additional indicators used  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |  |  |  | 0%  |

| No        | Eligibility criteria / indicators  | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | Usage (%) |
|-----------|--|--|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----------|
|           |  | DE   | DK | EE | ES | FR | HR | HU | IE | IT | LT | NL | PL | PT | SE | SK | UK |           |
| <b>6.</b> | <b>Nature of business</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 6.1       | SREP score assigned to business model and strategy   | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |
| 6.2       | The institution's position in the jurisdictions in which it operates in terms of the critical functions and core business lines offered in each jurisdiction and the market share of the institution | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| <b>7.</b> | <b>Shareholding structure</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 7.1       | Degree of concentration of shareholders  | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| <b>8.</b> | <b>Legal form</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 8.1       | Structure of the institution: is the institution part of a group and, if so, does the group have a complex, highly interconnected structure  | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |
| 8.2       | The type of incorporation of the institution (e.g. private limited company, limited liability company or other type of company defined in national law)  | Q  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |
|           | Additional indicators used   |  |    |    |    | N  |    |    |    |    |    |    |    |    |    |    |    |           |

**Table 25. Additional indicators reported by competent authorities for credit institutions eligible for simplified obligations for recovery planning**

| No        | Criterion/additional indicators used  | MS                         | List of optional indicators (EBA GL) |
|-----------|---|----------------------------|--------------------------------------|
| <b>1.</b> | <b>Size</b>   |                            |                                      |
|           | Total assets and off-balance-sheet items (contingent liabilities)             | DE                         | No                                   |
|           | Total RWA   | HU                         | Yes                                  |
|           | Total client assets   | NL                         | Yes                                  |
|           | Fees and commission income  | NL, SK                     | Yes                                  |
| <b>2.</b> | <b>Interconnectedness</b>   |                            |                                      |
|           | Number of foreign subsidiaries and branches                                   | DE, DK, EE, IE, IT, LT, SK | Yes                                  |
|           | Clearing, payment and settlement services provided to institutions and others | DK, HU, IT                 | Yes                                  |
|           | Liabilities to insurances and other financial institutions                    | DE                         | No                                   |
|           | Insurances and other financial institutions claims                            | DE                         | No                                   |
|           | Number of domestic subsidiaries and branches                                  | HU                         | Yes                                  |
| <b>3.</b> | <b>Scope and complexity of activities</b>                                     |                            |                                      |
|           | Number of indirect participants connected via TARGET2                         | DE                         | No                                   |
|           | Value of domestic payment transactions processed for non-banks                | DE                         | Yes                                  |
|           | Number of domestic payment transactions processed for non-banks               | DE                         | Yes                                  |
|           | Number of retail customers/number of clients                                  | HU, SK                     | Yes                                  |
|           | Private sector loans to domestic recipients                                   | DE, HU                     | Yes                                  |
|           | Mortgage loans to domestic recipients   | HU                         | Yes                                  |
|           | Retail loans to domestic recipients   | HU                         | Yes                                  |
| <b>4.</b> | <b>Risk profile</b>   |                            |                                      |
|           | SREP rate (expressed in %)  | HU                         | No                                   |

| No        | Criterion/additional indicators used  | MS | List of optional indicators (EBA GL) |
|-----------|---|----|--------------------------------------|
|           | RAS/SREP  | SK | No                                   |
|           | CET1 ratio  | SK | No                                   |
|           | RoE   | SK | No                                   |
|           | RWA/EAD   | SK | No                                   |
|           | LCR   | SK | No                                   |
|           | Critical functions analysis   | IE | Yes                                  |
| <b>5.</b> | <b>Legal status</b>   |    |                                      |
|           | N/A   | -  | -                                    |
| <b>6.</b> | <b>Nature of business</b>   |    |                                      |
|           | The overall institution's business model  | IE | No                                   |
| <b>7.</b> | <b>Shareholding structure</b>   |    |                                      |
|           | N/A   | -  | -                                    |
| <b>8.</b> | <b>Legal form</b>   |    |                                      |
|           | N/A   | -  | -                                    |
| <b>9.</b> | <b>Membership of an IPS or other cooperative mutual solidarity system as referred to in Article 113(7) of Regulation (EU) No 575/2013</b> |    |                                      |
|           | N/A   | -  | -                                    |

**Table 26. Additional indicators reported by competent authorities for investment firms eligible for simplified obligations for recovery planning**

| No        | Criterion/additional indicators used  | MS                         | List of optional indicators (EBA GL) |
|-----------|---|----------------------------|--------------------------------------|
| <b>1.</b> | <b>Size</b>   |                            |                                      |
|           | Total client money  | EE, ES, HR, IE, IT, NL, PL | Yes                                  |
|           | Total client assets   | EE, ES, HR, IE, IT, NL, PL | Yes                                  |
|           | Claims to clients   | DE                         | Yes (proxy)                          |
|           | Liabilities to clients  | DE                         | Yes (proxy)                          |
|           | Total RWA   | HU                         | Yes                                  |
|           | Assets under management   | IE                         | Yes (proxy)                          |
| <b>2.</b> | <b>Interconnectedness</b>   |                            |                                      |
|           | Number of foreign subsidiaries and branches   | EE, HR, IT, PL             | Yes                                  |
|           | Clearing, payment and settlement services provided to institutions and others   | ES, HU, IT                 | Yes                                  |
|           | Number of domestic subsidiaries and branches  | HU                         | Yes                                  |
|           | Membership of exchanges/trading venues  | IE                         | Yes                                  |
| <b>3.</b> | <b>Scope and complexity of activities</b>   |                            |                                      |
|           | Number of retail customers  | HU                         | Yes                                  |
|           | Private sector loans to domestic recipients   | HU                         | Yes                                  |
|           | Mortgage loans to domestic recipients   | HU                         | Yes                                  |
|           | Retail loans to domestic recipients   | HU                         | Yes                                  |
|           | Critical functions and core business lines in each relevant jurisdiction, including the provision of services to other institutions | IE                         | Yes                                  |
| <b>4.</b> | <b>Risk profile</b>   |                            |                                      |
|           | Risk profile indicator determined in accordance with national law   | HR                         | No                                   |
| <b>5.</b> | <b>Legal status</b>   |                            |                                      |
|           | N/A   | -                          | -                                    |
| <b>6.</b> | <b>Nature of business</b>   |                            |                                      |
|           | N/A   | -                          | -                                    |

| No        | Criterion/additional indicators used | MS | List of optional indicators (EBA GL) |
|-----------|--------------------------------------|----|--------------------------------------|
| <b>7.</b> | <b>Shareholding structure</b>        |    |                                      |
|           | N/A                                  | -  | -                                    |
| <b>8.</b> | <b>Legal form</b>                    |    |                                      |
|           | N/A                                  | -  | -                                    |

**Table 27. One versus multiple sets of simplified obligations for recovery planning**

| Type of institution | Sets of simplified obligations  | MS   | Total | %   |
|---------------------|---|--|-------|-----|
| Credit institutions | One set of simplified obligations   | BE, DE, ES, HR, IE, IT, HU, LT, LU, LV, NL, PT, SK | 13    | 72% |
|                     | Different sets of simplified obligations for various categories of institutions | AT, DK, FR, SE                                     | 4     | 23% |
|                     | Individually tailored sets of simplified obligations                            | EE   | 1     | 6%  |
| Investment firms    | One set of simplified obligations   | DK, ES, HR, HU, IE, IT, LT, NL, PL, PT             | 10    | 66% |
|                     | Different sets of simplified obligations for various categories of institutions | FR, UK   | 2     | 13% |
|                     | Individually tailored sets of simplified obligations                            | EE   | 1     | 7%  |
|                     | No information reported   | DE, SE   | 2     | 13% |

**Table 28. Different ways of specifying simplified obligations for recovery planning**

| Type of institution | Way of specifying simplified obligations  | MS  | Total | %   |
|---------------------|---|---|-------|-----|
| Credit institutions | Explicitly specifying a reduced scope of obligations                            | BE, LT, LU                                | 3     | 17% |
|                     | Listing exclusions from full-scope recovery plans                               | AT, DE, EE, ES, FR HR, IE, IT, LV, PT, SK | 11    | 61% |
|                     | Giving flexibility to institutions in applying the principle of proportionality | HU, NL                                    | 2     | 11% |
|                     | Applying a mixed approach   | DK, SE                                    | 2     | 11% |
| Investment firms    | Explicitly specifying a reduced scope of obligations                            | DK, LT, PL, UK                            | 4     | 27% |
|                     | Listing exclusions from full obligations  | EE, ES, FR, HR, IT, PT                    | 6     | 40% |
|                     | Giving flexibility to institutions in applying the principle of proportionality | HU, IE, NL                                | 3     | 20% |
|                     | No information provided   | DE, SE                                    | 2     | 13% |

**Table 29. Overview of reduced requirements with regard to content of a recovery plan**

| Recovery plan sections | Reduced requirements for recovery plan content   |
|------------------------|--|
| Governance             | (BE) Instead of an extensive governance section, requiring banks to explain in detail the procedure for approval and update of the plan, only a general description of the approval process is required.   |
|                        | (LU) It is sufficient to provide a summary of policies and procedures for approval of the plan (taking into account existing documentation), and activation of the plan (internal escalation procedures, monitoring of indicators reflecting main vulnerabilities, weakness, and threats).   |
|                        | (PT) The requirements of Article 5(5) of the BRRD (management information systems, including a description of arrangements in place to ensure that the information necessary to implement the recovery options is available for decision-making in stressed conditions in a reliable and timely way) were partly waived.   |
| Indicators             | (AT) For two categories of institutions, a recovery plan has to contain only the following recovery indicators: Common Equity Tier 1 capital ratio, Tier 1 capital ratio, total capital ratio, liquidity coverage ratio, return on total assets or return on equity, and growth rate of non-performing loans. For another category of institutions, it should also include one additional indicator in each of the categories liquidity, profitability and asset quality.        |
|                        | (DE) No obligation to include market-based indicators and macroeconomic indicators; Institutions should include at least one indicator from each of the categories capital, liquidity, profitability and asset quality. Institutions should consider indicators from the minimum list of recovery plan indicators. However, institutions could use other indicators as well; Indicators shall be recalibrated at least every 2 years instead of every year (and when necessary). |
|                        | (DK) It is sufficient for the institution to use indicators relating to capital, liquidity, profitability and asset quality. Market-based and macroeconomic indicators are optional.   |
|                        | (ES) The plan should include at least one indicator per category (capital, liquidity, profitability and asset quality). Moreover, two additional indicators regarding market and macroeconomic environment may be included unless the institution demonstrates that these categories are not relevant in the light of their legal structure, risk profile, size and complexity. Qualitative indicators will not be mandatory unless the institution deems it necessary.          |
|                        | (IT) A minimum of one recovery indicator for each risk profile.  |
|                        | (LU) Only the following indicators are obligatory to use: capital, Common Equity Tier 1; liquidity, liquidity coverage ratio; profitability, one forward-looking indicator; asset quality, net non-performing loans/equity.  |
|                        | (LV) It is permitted to include fewer profitability and asset quality indicators (but at least one of these two categories); market-based indicators and macroeconomic indicators are also optional.   |
|                        | (PT) It is not required to provide a description of market, macroeconomics and qualitative indicators.   |
| Description of         | (BE) There is no requirement to have a complete mapping of material entities and of critical functions   |

| Recovery plan sections | Reduced requirements for recovery plan content  |
|------------------------|---|
| entities <sup>24</sup> | <p>or to have a detailed outline of main exposures.</p> <hr/> <p>(DE) No description of critical functions is required; no description of the process and metrics for identifying critical functions; no mapping of critical functions to legal entities and branches; external interconnectedness. Description of significant exposures and liabilities to main counterparties can be limited to top 10 counterparties.</p> <hr/> <p>(EE) A few institutions were given permission not to reflect in the recovery plan any arrangements for providing intragroup support.</p> <hr/> <p>(EE) A few institutions were exempted from identification of critical functions.</p> <hr/> <p>(PT) Regarding the description of entities covered by the recovery plan, It is not necessary to provide (i) a description of the overall global business; (ii) their business model and business plan, including a list of the main jurisdictions in which they are active, including through a legal entity or a branch; (iii) identification of critical functions; and (iv) the process and metrics for identifying their core business lines and critical functions. Only a description of the risk strategy and a description and mapping of core business lines are required.</p> <p>It is also not required to provide information about (i) operational interconnectedness, which concerns functions that are centralised in one legal entity or branch and are important for the functioning of other legal entities, branches or the group, in particular centralised information technology functions, treasury functions, risk functions or administrative functions; and (ii) significant financial products and services which are provided by the entity or entities covered by the recovery plan to other financial market participants (within a description of external interconnectedness). Regarding significant services which third parties provide to the entity or entities covered by the recovery plan, the only requirement is a cross-reference to PT's Internal Control Report.</p> <hr/> <p>(LU) It is only required to provide (i) description of the institution covered in the plan (overall global business, business model and plan, main jurisdictions (if any), main exposures (top 10 only); (ii) identification of business lines and key vulnerabilities; (iii) financial, legal and operational interconnectedness (internal but identification of significant outsourcing functions (summary version)).</p> <hr/> <p>(SK) Should a bank come to the conclusion that it does not have any critical functions, the bank shall specify this in the simplified resolution plan and give reasons for doing so.</p> |
| Recovery options       | <p>(BE) Instead of undertaking a detailed quantitative analysis of the impacts of recovery options, banks provide only general estimates of the maximum impacts of their recovery options.</p> <hr/> <p>(DE) There is no obligation to include recovery options which have as their primary aim ensuring the viability of critical functions; no assessment of external impact and systemic consequences of recovery options is required.</p> <hr/> <p>(DK) The institution must always describe critical functions and must consider the possibility of a merger with other credit institutions and also make an assessment of recovery options, albeit at a simplified level.</p> <hr/> <p>(DK – one category of the smallest institutions) The institution must provide only a contingency plan for capital acquisition along with a capital indicator, and the institution must consider merger options.</p>  |

<sup>24</sup> Description of entities also includes the following elements: critical functions, core business lines, interconnectedness, and mapping of entities to critical functions and core business lines.

| Recovery plan sections | Reduced requirements for recovery plan content  |
|------------------------|---|
|                        | <p>(EE) One bank was exempted from describing (i) arrangements and measures to ensure that the institution has adequate access to contingency funding sources, including potential liquidity sources, an assessment of available collateral and an assessment of the possibility to transfer liquidity across group entities and business lines, to ensure that it can continue to carry out its operations and meet its obligations as they fall due; (ii) arrangements and measures to restructure business lines; (iii) arrangements and measures necessary to maintain continuous access to financial markets infrastructures.</p> <hr/> <p>(EE) A few institutions did not need to comply with the second sentence of Article 7(4) of the BRRD.</p> <hr/> <p>(HR) Institutions that are eligible to apply simplified obligations may reduce the number of recovery options.</p> <hr/> <p>(LU) It is sufficient to provide (i) impact assessment of recovery options (internal, feasibility and main impediments, expected timeframes, effectiveness) that threaten the main identified vulnerabilities; (ii) assessment of impact on capital/solvency, funding/liquidity, profitability, operations with a simple quantitative assessment.</p> <hr/> <p>(PT) It is not necessary to provide (i) a description of a recovery option that has been considered but not included in the plan; (ii) an assessment of external impact and systemic consequences which sets out the expected impact on critical functions performed by the entity or entities, covered by the recovery plan, and the impact on shareholders, on customers, in particular depositors and retail investors, on counterparties and, where applicable, on the rest of the group; and (iii) the valuation assumptions and all other assumptions including assumptions about the marketability of assets or the behaviour of other financial institutions</p> <hr/> <p>(SE) Recovery plans must include a description of the measures that shall be taken pursuant to the plan to maintain or restore the profitability, asset quality and financial position of the credit institution or securities company, including a schedule for implementing the measures.</p> <hr/> <p>(SK) A bank may simplify a description and analysis of recovery measures so as it provides for sufficient certainty and efficiency of the measures.</p> |
| Scenarios              | <p>(AT) Depending on the category of the institution, a recovery plan has to contain only a systematic scenario; a systemic and an idiosyncratic scenario; or a systemic, an idiosyncratic and a combined system-idiosyncratic scenario.</p> <hr/> <p>(BE) There is no requirement to undertake estimates of the quantitative impacts of recovery plan scenarios. Banks need to identify only the severity of a particular shock that would put them in trouble.</p> <hr/> <p>(BE) There is no requirement to include a minimum number of scenarios. Each bank must have a sufficient number of scenarios to cover its identified key vulnerabilities.</p> <hr/> <p>(DE) Simplified approach to scenarios within the feasibility assessment of recovery options.</p> <hr/> <p>(DK) An institution must consider which stress scenarios are appropriate for that particular institution but need include only two scenarios.</p> <hr/> <p>(EE, ES, IT) Only one scenario is required.</p> <hr/> <p>(HR) Reduce the number of stress scenarios and reduce the requirements under which the persons responsible for the drawing up of the recovery plan should be different from the persons responsible for stress testing of recovery plans.</p>   |

| Recovery plan sections | Reduced requirements for recovery plan content   |
|------------------------|--|
|                        | <p>(IE) Depending on the institution, the minimum number of scenarios should be one, two or three.</p> <hr/> <p>(LU) It is sufficient to describe scenarios and recovery options (link to key vulnerabilities, system-wide event).</p> <hr/> <p>(LV) It is allowed to include fewer scenarios (at least one scenario for a system-wide event is required; all others are optional).</p> <hr/> <p>(PT) An assessment of the effectiveness of recovery options is required only when used in a possible financial stress event.</p> <hr/> <p>(SE) A description of one system-wide and one undertaking-specific scenario, each of which threatens the continuing operation of the credit institution or securities company unless recovery measures are implemented in due time, which specifies how capital, liquidity, risk profile, profitability, operations and reputation are affected in these scenarios, which recovery measures may be taken in each scenario and how the recovery measures can restore the financial position of the credit institution or the securities company.</p> <hr/> <p>(SK) At least one idiosyncratic scenario is required; the bank may also draw up a systemic scenario or a combination of both types of scenarios.</p> |
| Communication plan     | <p>(LU) It is sufficient to highlight when a competent authority is informed.</p> <hr/> <p>(PT) Only a plan for communication and disclosure to the competent authority is required.</p>   |
| Preparatory measures   | <p>(EE) A few institutions were exempted from describing preparatory arrangements to facilitate the sale of assets or business lines in a timeframe appropriate for the restoration of financial soundness.</p> <hr/> <p>(LU) It is sufficient to mention them in the summary.</p>   |



## Annex 2 – Resolution planning

**Table 30. Overview of approaches applied by resolution authorities for assessing eligibility for simplified obligations**

| MS | Summary of eligibility assessment methodology  |
|----|--|
|    | <p><u>Credit institutions:</u> In Austria, a methodology for simplified obligations for resolution plans was developed which groups institutions into three categories.</p> <p>Category 1 ‘standardised’: This category consists of institutions that have a membership in a solidarity system (IPS or other) and that meet the requirements for the payment of a lump sum to the resolution fund. To meet those requirements, the institutions’ total assets are to be lower than EUR 1 billion and the result of the calculation (total assets minus own funds minus covered deposits) shall not amount to more than EUR 300 million. As a result of this approach, ‘standardised’ banks will exclusively be small banks whose business models are very concentrated (granting loans, taking deposits) and show a high degree of homogeneity. For the credit institutions falling into this category, the predominant solution will be insolvency in cases when it is identified that the institution is failing or likely to fail and where no private solution is feasible. Each of the credit institutions within this category is part of some kind of IPS.</p> <p>Category 2 ‘low’: Institutions will be categorised as ‘low’ if they do not exceed any set threshold or if their total assets are below EUR 1 billion and one of the set thresholds for this category is exceeded, provided that they do not meet the requirements to be categorised as ‘standardised’ bank. This category consists of banks where, based on the analysis, a resolution in accordance with the BRRD/SRM Regulation cannot be excluded. However, there are also indications that would justify insolvency (‘grey area’). Thus, a more detailed resolution plan than for the category of ‘standardised’ banks will be required. Some of the credit institutions within this category are part of some kind of IPS.</p> <p>Category 3 ‘medium’: This category includes banks that exceed one of the set thresholds of the category ‘low’ and additionally have total assets of at least EUR 1 billion. As a result, this category consists of large and complex banks. For these credit institutions, the assumption is that in the event of a failing or likely to fail (FOLTF) decision a resolution in accordance with the BRRD/SRM Regulation will take place. Therefore, fully fledged plans are supposed to be drafted for banks within this category. The proportionality classes for recovery and for resolution planning are similar, but not completely identical. As a quantitative and qualitative assessment of the institutions is conducted within resolution planning, the institutions to which simplified obligations have been granted might not be identical to those within recovery planning. Furthermore, while the banks are aware of their proportionality class in recovery planning, the proportionality class for resolution planning is not communicated externally, but merely serves as an internal reference to gauge the workload that will be needed to write resolution plans for the different banks. Within resolution planning, only approximately 11% (categories ‘low’ and ‘standardised’) of all credit institutions (measured by total assets) were granted simplified obligations. Some of the credit institutions in this category are part of some kind of IPS.</p> <p><u>Investment firms:</u> No investment firms fall within the scope of the BRRD.</p> |
| BE | <p><u>Credit institution and investment firms:</u> Belgium does not intend to apply simplified obligations. No specific information on the assessment methodology has been provided.</p>   |
| BG | <p><u>Credit institutions:</u> The resolution authority does not apply simplified obligations for resolution planning. No specific information on the assessment methodology has been provided.</p> <p><u>Investment firms:</u> Equal weighting ratios of 11.11% have been applied for each criterion upon calculation of the common rating. Each indicator has an equal weighting in the determination of the rating within the criterion, except the indicators within the ‘risk profile’ criterion. The ‘risk profile’ criterion has been assigned a weighting of 11.11% but the indicators within the criterion have different weightings: the ‘clients’ assets’ indicator has been given a weighting of 50%, ‘Tier 1 capital’ 10% and ‘total risk exposure’ 40% within the criterion. The ‘clients’ assets’ indicator has been assigned a weighting of 50% in the light of the fact that the value of the clients’ assets held in an investment firm’s account pose a greater risk to the financial system in general, since they may affect the investors’ trust in the market, on one hand, and, on the other, they may</p>   |

## MS

## Summary of eligibility assessment methodology

result in exhaustion of the investors compensation fund's monies. A weighting of 10% has been assigned to the least volatile indicator.

Meanwhile, the total risk exposure calculated in accordance with the requirements of Article 92(3) and (4) of Regulation (EC) 2013/575 indicates the value of the risk-weighted exposures to credit risk, diversification risk, risk related to the trading portfolio of the investment firm, currency, settlement and commodity risk, risk related to the correction of the OTC derivatives estimate, operational risk, and counterparty risk; therefore, this indicator has been assigned a higher weighting.

The 'legal status' criterion has been assigned a weighting of 11.11% but the indicators within the criterion have different weights: the indicator in the 'regulated activities which the institution has permission to carry out' column has 75% weighting and 'whether internal models are used for the calculation of own fund requirements for credit, operational and market risk' has 25% weighting within the criterion. For that reason, additional weighting has been assigned to the investment firms which have permission to carry out more activities, as per the licence issued by the FSC. The indicator assessing the use of advanced calculation models of own fund requirements for credit, operational and market risk has been assigned a weighting of 25% in the light of the fact that currently there is no investment firm that applies such models to calculate own funds requirements, so the higher weighting would make the simplified obligations determination model sensitive to an indicator that has a zero value or equal values for all investment firms.

In order to determine the rating of each investment firm the following assessment model has been applied.

- 1) The value of the indicator per each investment firm is divided by the aggregate sum of the values for the relevant indicator, as aggregated for all investment firms in the Member State ('denominators').
- 2) The resulting percentages are then multiplied by 10 000 to determine the ratings in basis points.
- 3) The rating within each criterion per each investment firm is determined by applying the average arithmetic value of the ratings of the indicators within this criterion.
- 4) The overall rating for each investment firm is determined by using the average arithmetic value of the nine ratings per each category.

CY Credit institution and investment firms: Cyprus does not intend to apply simplified obligations. No specific information on the assessment methodology has been provided.

Credit institutions and investment firms: The Czech Republic has developed a separate methodology which defines areas of potential simplification, general approach and assessment criteria as well as an overview of criteria, indicators and weights and calculation method. The Czech National Bank (CNB SAOR) has opted for basic principles described in GL on the identification of O-SIIs.

CZ As a first step, CNB SAOR calculate the value for each set indicator and for each institution within the scope of the BRRD. As a second step, CNB SAOR calculates the overall score by (i) dividing the indicator value of each individual relevant entity by the aggregate amount of the respective indicator values summed across all institutions in the Czech Republic (for quantitative assessment) or dividing the indicator value of each individual relevant entity by the maximum possible amount of the respective indicator values across all institutions in the Czech Republic (for qualitative assessment); (ii) multiplying the resulting percentages by 10 000 to express the indicator scores in terms of basis points; (iii) calculating the category score for each relevant entity by taking a simple average of the indicator scores in that category (indicators are weighted equally within a category); and (iv) calculating the overall score for each relevant entity by taking a weighted average of its eight category scores. Any institution with an overall score higher than or equal to 1 000 basis points, even if it has not breached the 'no go' criteria, does not qualify for application of simplified obligations.

DE Credit institutions: The method which is applied in Germany comprises a quantitative and a qualitative assessment. In the quantitative assessment, an indicator-based scoring model is used for the criteria size, interconnectedness, complexity and substitutability/financial market infrastructure. Within the scoring model, the criteria and indicators are weighted equally. Institutions with an overall score of at least 20 bps are classified as institutions for which simplified obligations are not appropriate. For institutions whose overall score is higher than the stipulated threshold, the characteristics of one or more of the underlying indicators, particularly in the categories of size, interconnectedness and complexity, indicate that the failure of the institution and its winding up under insolvency proceedings could have a significant negative effect on

| MS | Summary of eligibility assessment methodology   |
|----|---|
|    | the financial markets, other institutions, funding conditions or the wider economy. Institutions with an overall score below the threshold value are assessed further using a qualitative analysis on the basis of the additional criteria prescribed by section 41 of the SAG (the German law implementing the BRRD) taking into account the EBA guidelines.   |
| DK | <u>Credit institutions and investment firms:</u> Denmark did not make decisions with regard to the application of simplified obligations, either for credit institutions or for investment firms, during the reporting periods. No specific information on the assessment methodology has been provided.  |
| EE | <u>Credit institution and investment firms:</u> No decisions were made during the reporting periods, but some analysis was performed using the indicators provided in the EBA guidelines.   |
| EL | <u>Credit institution and investment firms:</u> No decisions were made during the reporting periods. No specific information on the assessment methodology has been provided.   |
| ES | <u>Credit institutions:</u> No specific information on the assessment methodology has been provided. Nevertheless, with regard to some indicators, it was mentioned that an ad hoc analysis has been carried out using indicators set out in the EBA guidelines.<br><u>Investment firms:</u> Based on the characteristics of the Spanish investment firms, none of them would fall into the category designated 'F' or '4' used in SREP. For that reason, all of them could be subject to simplified obligations.   |
| FI | <u>Credit institutions:</u> In 2016, the Finnish Financial Stability Authority (FFSA) decided to apply to the methodology set out in the EBA guidelines by equally weighing the mandatory indicators. In addition, whether the credit institution had critical functions or whether the amount of covered deposits exceeded the prefunded amount to the extent that the burden of ex post funding on other credit institutions could endanger financial stability, was taken into account. In 2017, the FFSA has revised its approach to account for the draft RTS under consultation. Because the limited number of groups for which the assessment of the appropriateness of simplified obligations is made, the suggested default threshold of 25 bps in the quantitative assessment is not suitable. In 2017, simplified obligations were not applied to a credit institution with an O-SII score of 65-85 bps. In addition to the qualitative circumstances outlined in the draft RTS, the FFSA has also decided to acknowledge the rank in the O-SII score list and the individual O-SII indicators in the assessment until the RTS is finalised.<br><u>Investment firms:</u> The approach outlined in the draft RTS on simplified obligations was applied. |
| FR | <u>Credit institution and investment firms:</u> France did not make decisions regarding the application of simplified obligations, either for credit institutions or for investment firms, for resolution planning during the reporting periods. No specific information on the assessment methodology has been provided.   |
| HR | <u>Credit institution and investment firms:</u> Croatia applies simplified obligations for credit institutions and investment firms. However, no specific information on the assessment methodology has been provided.  |
| HU | <u>Credit institution and investment firms:</u> For each mandatory and optional indicator (in total 30), a threshold defined in HUF million was used. If the credit institution or investment firm exceeded the defined threshold in connection with any indicator, it was decided that the institution could not fall under simplified obligations, and it received a 'negative' status. Therefore, institutions below all the thresholds could fall under simplified obligations.   |
| IE | <u>Credit institution and investment firms:</u> Ireland applies simplified obligations to credit institutions and investment firms. Simplified obligations are applied to less significant credit institutions and in-scope investment firms on the basis of an assessment completed on the mandatory indicators and a number of optional indicators, including but not limited to balance sheet size, the level of external interconnectedness, the presence or absence of critical functions and the level of covered deposits.   |
| IT | <u>Credit institutions:</u> The process of identification of credit institutions to which simplified obligations will be applied is still ongoing and no decisions were made during the reporting periods. Based on a preliminary   |

| MS | Summary of eligibility assessment methodology   |
|----|---|
|    | <p>estimation and on the methodology applied by the competent authority, simplified obligations may be applied to all LSIs and non-high priority LSIs. LSIs category was identified in accordance with Article 6(4) of Council Regulation (EU) No 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (the SSMR). High Priority LSIs were identified in accordance with the SB decision on the 'List of high-priority Less Significant Institutions for 2017', as of 16 November 2016. The methodology for the prioritisation of the supervisory activity on LSIs takes into account the first four criteria listed in the EBA guidelines, namely size, interconnectedness, scope and complexity of activities, and risk profile.</p> <p><u>Investment firms:</u> No decisions were made during the reporting periods; based on a preliminary assessment, simplified obligations may be applied to all investment firms falling within the scope of the BRRD.</p>  |
| LT | <p><u>Credit institution and investment firms:</u> Lithuania applies simplified obligations to credit institutions and investment firms. However, no specific information on the assessment methodology has been provided.</p>  |
| LU | <p><u>Credit institutions:</u> The process of identifying credit institutions to which simplified obligations are applied is still ongoing. Nevertheless, since the Commission for the Supervision of Financial Sector (CSSF) as resolution authority relies on, among other things, the methodology used and the assessment made by the CSSF as competent authority, it is expected that simplified obligations will be applied at least to those credit institutions to which simplified obligations were applied by the competent authority.</p> <p><u>Investment firms:</u> The process of identifying investment firms to which simplified obligations are applied is still ongoing. The CSSF as resolution authority will rely on, among other things, the criteria which it will define as the competent authority for the supervision of investment firms.</p>  |
| LV | <p><u>Credit institutions:</u> Determination of the credit institutions for application of simplified obligations was performed considering each of the criteria listed in Article 4(1) of the BRRD and using the mandatory indicators and the order of them set out in the EBA guidelines. The main considerations for application of simplified obligations were the non-existence of critical functions and the low level of involvement of institutions in the Latvian economy. Despite some of the relatively high values of the indicators analysed, all credit institutions to which the simplified obligations were applied had low significance and exposure to the Latvian economy – the business model of the credit institutions is focused on the servicing of non-resident clients outside the EU.</p> <p><u>Investment firms:</u> In Latvia, there are no investment firms falling within the scope of the BRRD.</p>   |
| MT | <p><u>Credit institution and investment firms:</u> Malta has applied simplified obligations neither for credit institutions nor investment firms. No specific information on the assessment methodology has been provided.</p>  |
| NL | <p><u>Credit institution:</u> No decisions have been made regarding the application of simplified obligations for credit institutions during the reporting periods. With regard to methodology, it was mentioned that the Netherlands intends to apply the scoring model suggested in the EBA draft RTS on simplified obligations, which introduce a scoring model for credit institutions with a threshold of 25 bps. A credit institution which would score more than 25 bps would not be eligible for simplified obligations. Relevant authorities are allowed to alter this threshold, within a range of 0-125 bps.</p> <p>The Netherlands expects to set this threshold at 105 bps, for recovery and for resolution. This means that no LSI will be excluded from simplified obligations by default. Setting threshold X at 105 bps would enable the application of simplified obligations to all LSIs. However, this does not mean that all these LSIs would in the event of failure be resolved through normal insolvency proceedings. For the LSIs for which resolution is expected, simplified obligations might be applied with regard to frequency of update of resolution plans. The resolution plans for those LSIs will be 'full' in that they will address all issues necessary to make the execution of the resolution strategy credible and feasible.</p> <p><u>Investment firms:</u> No decisions were made regarding the application of simplified obligations for investment firms during the reporting periods. No specific information on the assessment methodology has been provided.</p> |

## MS

## Summary of eligibility assessment methodology

Credit institutions: Poland applies simplified obligations for resolution planning for small cooperative banks (maximum level of total assets still under discussion), where all following conditions are met: (i) they do not have significant impact on the local market; (ii) they do not have a well-developed network of branches; (iii) they are members of an IPS; (iv) the amount of liabilities towards public entities (such as local government units) or entities providing public services (hospitals etc.) is under the maximum level.

PL

However, no details were provided on the assessment methodology for commercial banks even though it was mentioned that some of these banks will benefit from the application of simplified obligations.

Investment firms: With regard to investment firms, it was explained that simplified obligations apply to brokerage houses with a small market share that have no business and capital links with other investment firms or banks. A decision is made on the basis of expert assessment.

Credit institutions and investment firms: In Portugal, no decisions were made regarding the simplified obligations during the first or second reporting period, but the methodology to determine the category of institutions eligible for simplified obligations for resolution purposes has been developed and it follows the principles defined in the draft RTS on simplified obligations under Article 4(6) of the BRRD. The assessment is divided into four separate stages.

Stage 1: Entities classified as G-SIIs, O-SIIs or SREP Category 1 institutions are identified. The institutions classified as G-SIIs, O-SIIs or SREP Category 1 institutions shall be regarded as institutions the failure of which would be likely to have a significant negative effect on financial markets, other institutions or funding conditions.

PT

Stage 2: This stage is based on quantitative indicators and weights (based on the mandatory indicators of size, interconnectedness, scope and complexity, nature of business and risk profile) that are listed in the draft RTS on simplified obligations under Article 4(6) of the BRRD, and with which Banco de Portugal complied. A credit institution or investment firm with a total quantitative score equal to or higher than 150 bps shall be regarded as an institution the failure of which would be likely to have a significant negative effect on financial markets, other institutions or funding conditions.

Stage 3: This stage is based on qualitative indicators (within the categories of scope and complexity, legal status, legal form, shareholding structure, the impact of its liquidity on the Deposit Guarantee Scheme and the institution's risk profile) in accordance with the draft RTS on simplified obligations under Article 4(6) of the BRRD. A credit institution or investment firm with a total score equal to or higher than 50 bps shall be regarded as an institution the failure of which would be likely to have a significant negative effect on financial markets, other institutions or funding conditions.

Stage 4: This stage combines the outputs of stages 2 and 3, giving a different weight to each stage's score, 70% and 30%, respectively. A credit institution or investment firm with a total score equal to or higher than 25 or 50 bps, respectively, shall be grouped in simplification Type 1. A credit institution or investment firm with a total score smaller than 25 or 50 bps, respectively, shall be grouped in simplification Type 2.

Credit institutions: The methodology used by the National Bank of Romania as resolution authority in order to assess whether or not Romanian credit institutions (that are not part of a group subject to consolidated supervision pursuant to Articles 111 and 112 of Directive 2013/36/EU) should be subject to simplified obligations as regards the resolution planning is based on the criteria provided for within the EBA guidelines on the application of simplified obligations and takes into consideration the mandatory indicators against which the institutions should be assessed, as established by those guidelines.

RO

The first three criteria (size, interconnectedness, and scope and complexity of activities) are the same as those used to identify the G-SIIs and O-SIIs. In line with point 20 of the EBA/GL/2015/16, the credit institutions designated as O-SIIs following the application of the NBR's internal procedure harmonised with the EBA guidelines on O-SIIs identification are not considered eligible for the application of simplified obligations.

In line with point 21 of EBA/GL/2015/16, according to which 'these guidelines should not be construed as an indication that institutions which have not been designated as G-SIIs or O-SIIs automatically qualify for simplified obligations under Article 4 of the Directive', the assessment continues with the evaluations of those credit institutions which were not designated as O-SIIs, based on the remaining criteria, in a sequential approach (as provided by EBA/GL/2015/16), as follows:

## MS

## Summary of eligibility assessment methodology

*Risk profile* – having regard to the considerations that support the supervisor’s overall SREP score (Table 13 of Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) EBA/GL/2014/13) and that, for the overall score of 4, ‘the risks identified pose a high level of risk to the viability of the institution’, the NBR considers that the credit institutions that were assigned an overall score of 4 after the last SREP assessment are not eligible for the application of simplified obligations. *Legal status* – information regarding the regulated activities which the institution has permission to carry out is included in the licence granted by the NBR and covers the whole list provided by the legislation in force. Moreover, among the credit institutions that are not O-SIIs, those using advanced models for the calculation of own funds requirements for credit, market or operational risk are identified as not being eligible for the application of simplified obligations. ‘Nature of business’ – the eligibility assessment for this criterion is performed by assessing the business model of the credit institution, its viability and the sustainability of its strategy. Having regard to the elements considered by the supervisors as part of the SREP evaluation, the credit institutions that receive a score of 4 for the business model and strategy cannot be eligible for simplified obligations. For the specific case of the Romanian banking sector, the assessment of criteria such as shareholder structure, legal form and membership of an IPS or other cooperative mutual solidarity systems is not relevant. Another part of the NBR’s internal procedure regarding the simplified obligations is related to the establishment of the set of simplified requirements to be applied to each credit institution.

Investment firms: In Romania, there are no investment firms falling within the scope of the BRRD.

SE

Credit institutions: No decisions were made during the reporting periods regarding the application of simplified obligations and waivers. It was noted that Sweden will follow the process defined in the EBA guidelines on simplified obligations. Furthermore, the Swedish FSA has chosen a method that divides institutions into three categories. The division is largely carried out on the basis of the outcome of the O-SII list. The intention of the Debt Office is to divide institutions into two categories: those that have full obligations and those that have simplified obligations. In the same way as the Swedish FSA, the Debt Office plans to use the O-SII list as the basis for its assessment. Of the nine criteria to be applied in the assessment of whether or not an institution is to be granted simplified obligations, the Debt Office judges that five criteria (the institution’s size and legal status, the institution’s degree of interconnectedness with other institutions or with the financial system in general, and the scope and complexity of the institution’s activities) are of particular importance. Since the obligatory indicators in the guidelines for these criteria to a large extent (although not exactly) coincide with the indicators to be considered in the Swedish FSA’s O-SII model, as a first step the Debt Office will categorise the majority of the institutions on the basis of their scores in the O-SII list. Institutions whose scores exceed the Swedish FSA’s threshold and are therefore categorised as O-SIIs will not generally be granted simplified obligations. The Swedish FSA has made the same assessment in the case of recovery plans. In the same way, the Debt Office judges that simplified obligations can apply without any further assessment of the institutions that have an O-SII score of less than a certain value. This means that the criteria and the obligatory indicators in the guidelines that are not considered in the O-SII model are given a minimal weight for institutions with high and low scores, respectively, since these criteria and indicators are not deemed to influence the outcome of the assessment. The second step in the method used by the Debt Office includes institutions whose scores are below the threshold for the O-SII buffer but higher than the limit for applying simplified obligations without any further assessment. For these firms, the Debt Office considers that the O-SII model does not provide a sufficiently decisive picture of the firm’s importance for the financial system, meaning that an in-depth assessment must be made. In this assessment, the criteria which are not included in the O-SII model (i.e. criteria 1–4, 8 and 9) will be taken into account and thus a complete analysis will be made of the institutions concerned. The outcome of the assessment will form the basis for how an institution will be categorised: whether full or simplified obligations will apply. The Debt Office may reconsider a decision on an institution being granted simplified obligations at any time. The intention of the Debt Office is that the categorisation of firms will be reviewed by the method described above at least once a year or, where appropriate, in the event of a substantial change in the firm’s activities, such as after a takeover or merger.

SL

Credit institution and investment firms: Slovenia does not intend to apply simplified obligations. No specific information on the assessment methodology has been provided.

SK

Credit institutions: Slovakia applies simplified obligations on a category basis. The category was determined on the basis of size (total assets less than EUR 3 billion) and business model (predominantly primary deposits financed lending to households and corporates) of each credit institution in the category.

| MS  |  | Summary of eligibility assessment methodology   |
|-----|--|---|
|     |  | <u>Investment firms:</u> In Slovakia, there are no investment firms falling within the scope of the BRRD.   |
| UK  |  | <u>Credit institutions and investment firms:</u> No specific information on the assessment methodology has been provided.   |
| SRB |  | Decisions were not made regarding the application of simplified obligations during the reporting periods, nor were details provided regarding the assessment methodology. |

**Table 31. Weighting of criteria applied by resolution authorities in simplified obligations eligibility assessment**

| MS | 1. Size               | 2. Interconnectedness | 3. Scope and complexity of activities | 4. Risk profile       | 5. Legal status       | 6. Nature of business | 7. Shareholding structure | 8. Legal form         | 9. Membership of an (IPS) or other cooperative mutual solidarity system | Additional comments   |
|----|-----------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|---|---|
| CZ | 30%                   | 25%                   | 30%                                   | 5%                    | 3%                    | 5%                    | 2%                        | 0%                    | 0%  | For the criterion 'membership of an IPS', 0% applied, as there is no IPS in CZ. |
| DE | Scoring applied       | Scoring applied       | Scoring applied                       | N/A                   | N/A                   | N/A                   | N/A                       | N/A                   | N/A   | For details refer to assessment methodology description.                        |
| ES | High                  | Low                   | Low                                   | High                  | Low                   | Low                   | High                      | Low                   | Low   | For IFs only.   |
| PT | Scoring to be applied | Scoring to be applied | Scoring to be applied                 | Scoring to be applied | Scoring to be applied | Scoring to be applied | Scoring to be applied     | Scoring to be applied | Scoring to be applied   | Weighting of criteria applied for each institution separately.                  |
| SK | 50%                   | 10%                   | 10%                                   | 10%                   | 5%                    | 10%                   | 3%                        | 1%                    | 1%  | For CIs only. No weighting applied for IFs.                                     |

**Table 32. Data on obligatory indicators reported by resolution authorities for credit institutions**

Colour code:  indicator's value reported;  no information on the indicator provided.

Abbreviations used in the table: P, proxy used; Q, indicator used only in a qualitative assessment.

| No        | Eligibility criteria / indicators | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    | Usage (%) |
|-----------|-----------------------------------|--|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----------|
|           |                                   | AT   | CZ | DE | ES | HR | HU | IE | IT | LT | LU | LV | PL | PT | RO | SK | UK |           |
| <b>1.</b> | <b>Size</b>                       |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 1.1       | Total assets                      |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 1.2       | Total assets/Member State's GDP   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 1.3       | Total liabilities                 |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
|           | Additional indicators used        |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| <b>2.</b> | <b>Interconnectedness</b>         |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 2.1       | Interbank liabilities             |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 2.2       | Interbank assets                  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
| 2.3       | Debt securities outstanding       |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |
|           | Additional indicators used        |  |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |           |

| No        | Eligibility criteria / indicators  | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    |    |    |    |    | Usage (%) |    |
|-----------|--|--|----|----|----|----|----|----|----|----|----|----|----|----|----|-----------|----|
|           |  | AT   | CZ | DE | ES | HR | HU | IE | IT | LT | LU | LV | PL | PT | RO |           | SK |
| <b>3.</b> | <b>Scope and complexity of activities</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 3.1       | Value of OTC derivatives (notional)  |  |    | P  |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 3.2       | Cross-jurisdictional liabilities   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 3.3       | Cross-jurisdictional claims  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 3.4       | Total deposits   |  |    | P  |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 3.5       | Total covered deposits   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>4.</b> | <b>Risk profile</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 4.1       | SREP risk assessment   |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>5.</b> | <b>Legal status</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 5.1       | Regulatory permissions and authorisations, in particular in relation to the use of advanced models for the calculation of own funds requirements for credit, market and operational risk             |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>6.</b> | <b>Nature of business</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 6.1       | SREP score assigned to business model and strategy   |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 6.2       | The institution's position in the jurisdictions in which it operates in terms of the critical functions and core business lines offered in each jurisdiction and the market share of the institution |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>7.</b> | <b>Shareholding structure</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 7.1       | Degree of concentration of shareholders  |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>8.</b> | <b>Legal form</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 8.1       | Structure of the institution: is the institution part of a group and, if so, does the group have a complex, highly interconnected structure  |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 8.2       | The type of incorporation of the institution (e.g. private limited company, limited liability company or other type of company defined in national law)  |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| <b>9.</b> | <b>Membership of an (IPS) or other cooperative mutual solidarity system</b>  |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 9.1       | Function of the institution in the system as participant or central institution or as a provider of critical functions to the system   |  |    | Q  |    |    |    |    |    |    |    |    |    |    |    |           |    |
| 9.2       | Relative size of the guarantee fund versus the institution's total funds   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |    |    |    |           |    |



**Table 33. Data on obligatory indicators reported by resolution authorities for investment firms**

Colour code:  indicator's value reported;  no information on the indicator provided.

Abbreviations used in the table: P, proxy used; Q, indicator used only in a qualitative assessment; N, no information on indicators reported to the EBA.

| No        | Eligibility criteria / indicators  | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    |    | Usage (%) |     |
|-----------|--|--|----|----|----|----|----|----|----|----|----|----|-----------|-----|
|           |  | BG   | CZ | ES | HR | HU | IE | IT | LT | PL | PT | UK |           |     |
| <b>1.</b> | <b>Size</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 1.1       | Total assets   |  |    |    |    |    |    |    |    |    |    |    |           | 91% |
| 1.2       | Total assets/Member State's GDP  |  |    |    |    |    |    |    |    |    |    |    |           | 64% |
| 1.3       | Total liabilities  |  |    |    |    |    |    |    |    |    |    |    |           | 82% |
| 1.4       | Total fees and commission income   |  |    |    |    |    |    |    |    |    |    |    |           | 64% |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |           | 73% |
| <b>2.</b> | <b>Interconnectedness</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 2.1       | Interbank liabilities  |  |    |    |    |    |    |    |    |    |    |    |           | 46% |
| 2.2       | Interbank assets   |  |    |    |    |    |    |    |    |    |    |    |           | 46% |
| 2.3       | Debt securities outstanding  |  |    |    |    |    |    |    |    |    |    |    |           | 46% |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |           | 82% |
| <b>3.</b> | <b>Scope and complexity of activities</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 3.1       | Value of OTC derivatives (notional)  |  |    |    |    |    |    |    |    |    |    |    |           | 64% |
| 3.2       | Cross-jurisdictional liabilities   |  |    |    |    |    |    |    |    |    |    |    |           | 55% |
| 3.3       | Cross-jurisdictional claims  |  |    |    |    |    |    |    |    |    |    |    |           | 55% |
| 3.4       | Total deposits   |  |    |    |    |    |    |    |    |    |    |    |           | 36% |
| 3.5       | Total covered deposits   |  |    |    |    |    |    |    |    |    |    |    |           | 46% |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |           | 27% |
| <b>4.</b> | <b>Risk profile</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 4.1       | SREP risk assessment   |  |    |    |    |    |    | P  |    |    |    |    |           | 46% |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |           | 36% |
| <b>5.</b> | <b>Legal status</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 5.1       | Regulatory permissions and authorisations, in particular in relation to the use of advanced models for the calculation of own funds requirements for credit, market and operational risk             |  |    |    |    |    |    |    |    |    |    |    |           | 46% |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |           | 18% |
| <b>6.</b> | <b>Nature of business</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 6.1       | SREP score assigned to business model and strategy   |  |    |    |    |    |    |    |    |    |    |    |           | 27% |
| 6.2       | The institution's position in the jurisdictions in which it operates in terms of the critical functions and core business lines offered in each jurisdiction and the market share of the institution |  |    |    |    |    |    |    |    |    | Q  |    |           | 46% |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |           | 27% |
| <b>7.</b> | <b>Shareholding structure</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 7.1       | Degree of concentration of shareholders  |  |    |    |    |    |    |    |    |    |    |    |           | 55% |
|           | Additional indicators used   |  |    |    |    |    |    |    |    |    |    |    |           | 18% |
| <b>8.</b> | <b>Legal form</b>  |  |    |    |    |    |    |    |    |    |    |    |           |     |
| 8.1       | Structure of the institution: is the institution part of a group and, if so, does the group have a complex, highly interconnected structure  |  |    |    |    |    |    |    |    |    |    |    |           | 45% |

| No  | Eligibility criteria / indicators   | Member States that submitted information on simplified obligations |    |    |    |    |    |    |    |    |    | Usage (%) |     |
|-----|---|--|----|----|----|----|----|----|----|----|----|-----------|-----|
|     |   | BG   | CZ | ES | HR | HU | IE | IT | LT | PL | PT |           | UK  |
| 8.2 | The type of incorporation of the institution (e.g. private limited company, limited liability company or other type of company defined in national law) |  |    |    |    |    |    |    |    |    |    |           | 73% |
|     | Additional indicators used  |  |    |    |    |    |    |    |    |    |    |           | 0%  |

**Table 34. Additional indicators reported for credit institutions eligible for simplified obligations for resolution planning**

| No        | Criterion/additional indicators used   | MS                             | List of optional indicators (EBA GL) |
|-----------|--|--------------------------------|--------------------------------------|
| <b>1.</b> | <b>Size</b>  |                                |                                      |
|           | Total RWA  | HU                             | Yes                                  |
|           | Fees and commission income   | CZ                             | Yes                                  |
|           | Total assets and off-balance-sheet items (contingent liabilities)  | DE                             | No                                   |
|           | Ratio of institutions' covered deposits over Portuguese DGS's total resources  | PT                             | No                                   |
| <b>2.</b> | <b>Interconnectedness</b>  |                                |                                      |
|           | Number of foreign subsidiaries and branches  | CZ, HR, HU, IE, IT, LT, LV, SK | Yes                                  |
|           | Clearing, payment and settlement services provided to institutions and others  | CZ, HU, IT, LT, LV, SK         | Yes                                  |
|           | Inter-financial sector liabilities   | DE, IE, PT                     | Yes                                  |
|           | Inter-financial sector assets  | DE, IE, PT                     | Yes                                  |
|           | Value of domestic payment transactions   | DE                             | Yes                                  |
|           | Number of domestic payment transactions  | DE                             | No                                   |
|           | Number of indirect participants connected via TARGET2  | DE                             | No                                   |
| <b>3.</b> | <b>Scope and complexity of activities</b>  |                                |                                      |
|           | The size of guarantee fund relative to the institution's covered deposits  | CZ                             | No                                   |
|           | Private sector loans to domestic recipients  | HU                             | Yes                                  |
|           | Retail loans to domestic recipients  | HU                             | Yes                                  |
|           | Critical functions and core business lines in each relevant jurisdiction, including the provision of services to other institutions  | IE                             | Yes                                  |
|           | Cross-jurisdictional assets (own indicator)  | IE, PT                         | Yes                                  |
|           | Number of retail customers   | PT, UK                         | Yes                                  |
|           | Private sector loans to domestic recipients  | DE                             | Yes                                  |
|           | Size of DGS fund to institution's covered deposits   | FI                             | No                                   |
| <b>4.</b> | <b>Risk profile</b>  |                                |                                      |
|           | SREP rate  | HU                             | No                                   |
|           | The institution's position in the jurisdictions in which it operates in terms of the critical functions and core business lines offered in each jurisdiction and the market share of the institution | IE                             | Yes                                  |
|           | Private sector deposits from depositors in the Union   | PT                             | Yes                                  |
|           | Private sector loans to recipients in the EU   | PT                             | No                                   |
|           | Value of domestic payment transactions   | PT                             | Yes                                  |
|           | SCORE RAS  | PT                             | No                                   |
| <b>5.</b> | <b>Legal status</b>  |                                |                                      |
|           | Credit risk  | PT                             | No                                   |
|           | Market risk  | PT                             | No                                   |
|           | Operational risk   | PT                             | No                                   |
| <b>6.</b> | <b>Nature of business</b>  |                                |                                      |
|           | The institution's overall business model, its viability, and sustainability of   | IE                             | Yes                                  |

| No        | Criterion/additional indicators used  | MS | List of optional indicators (EBA GL) |
|-----------|---|----|--------------------------------------|
|           | the institution's strategy based on the outcomes of the business model analysis performed as part of SREP in accordance with the EBA SREP guidelines. For this purpose, authorities may use the SREP score assigned to business model and strategy  |    |                                      |
|           | Private sector deposits from depositors in the Union  | PT | Yes                                  |
|           | Private sector loans to recipients in the EU  | PT | No                                   |
|           | Value of domestic payment transactions  | PT | Yes                                  |
| <b>7.</b> | <b>Shareholding structure</b>   |    |                                      |
|           | Whether shareholders are concentrated or dispersed, in particular taking account of the number of qualified shareholders and the extent to which the shareholding structure may affect the availability of certain recovery actions for the institution and the resolution tools for the resolution authority | IE | Yes                                  |
|           | Number of shareholders  | PT | No                                   |
| <b>8.</b> | <b>Legal form</b>   |    |                                      |
|           | N/A   |    |                                      |
| <b>9.</b> | <b>Membership of an IPS or other cooperative mutual solidarity system as referred to in Article 113(7) of Regulation (EU) No 575/2013</b>   |    |                                      |
|           | N/A   |    |                                      |

**Table 35. Additional indicators reported for investment firms eligible for simplified obligations for resolution planning**

| No        | Criterion/additional indicators used  | MS                         | List of optional indicators (EBA GL) |
|-----------|---|----------------------------|--------------------------------------|
| <b>1.</b> | <b>Size</b>   |                            |                                      |
|           | Total client money  | ES, HR, IE, IT, LT, UK     | Yes                                  |
|           | Total client assets   | BG, ES, HR, IE, IT, LT, UK | Yes                                  |
|           | Total RWA   | BG, HU                     | Yes                                  |
|           | Total revenues from fees and commissions (own indicator)                      | BG                         | No                                   |
|           | Total client money  | IE                         | Yes                                  |
|           | Total amount of the commercial portfolio (own indicator)                      | BG                         | No                                   |
|           | Assets under management   | IE                         | Yes (proxy)                          |
| <b>2.</b> | <b>Interconnectedness</b>   |                            |                                      |
|           | Number of foreign subsidiaries and branches                                   | BG, CZ, ES, HR, IT, LT     | Yes                                  |
|           | Clearing, payment and settlement services provided to institutions and others | ES, HU                     | Yes                                  |
|           | Number of domestic subsidiaries and branches                                  | BG, HU                     | No                                   |
|           | Capital securities including significant or minority holding (own indicator)  | BG                         | No                                   |
|           | Membership of exchanges/trading   | BG, IE                     | No                                   |
| <b>3.</b> | <b>Scope and complexity of activities</b>                                     |                            |                                      |
|           | Amount of the custodianship portfolio of client (own indicator)               | BG                         | No                                   |
|           | Obligations to subjects in other jurisdictions (own indicator)                | BG                         | No                                   |
|           | Receivables from subjects in other jurisdictions (own indicators)             | BG                         | No                                   |
|           | Membership of financial market infrastructures                                | BG                         | Yes                                  |
|           | Amount of repo agreements (own indicator)                                     | BG                         | No                                   |
|           | Number of retail customers  | BG, HU                     | Yes                                  |
|           | Private sector loans to domestic recipients                                   | BG, HU                     | Yes                                  |
|           | Mortgage loans to domestic recipients   | BG, HU                     | Yes                                  |
|           | Retail loans to domestic recipients   | BG, HU                     | Yes                                  |

| No        | Criterion/additional indicators used   | MS | List of optional indicators (EBA GL) |
|-----------|--|----|--------------------------------------|
|           | Critical functions and core business lines in each relevant jurisdiction, including the provision of services to other institutions  | IE | Yes                                  |
| <b>4.</b> | <b>Risk profile</b>  |    |                                      |
|           | SREP rate  | HU | No                                   |
|           | Total client assets  | BG | Yes                                  |
|           | Tier 1 own funds (own indicator)   | BG | No                                   |
|           | Total risk exposures (own indicator)   | BG | No                                   |
|           | Risk profile is determined in accordance with the provisions of the applicable Ordinance on risk management and capital adequacy of investment firms (Official Gazette 31/14) and Internal procedure for risk assessment of investment firms, credit institutions and UCITS that provides investment services and ancillary services (own indicator)                         | BG | No                                   |
|           | Critical functions and core business lines in each relevant jurisdiction, including the provision of services to other institutions  | IE | Yes                                  |
|           | Private sector deposits from depositors in the Union   | PT | Yes                                  |
|           | Private sector loans to recipients in the EU   | PT | No                                   |
|           | Value of domestic payment transactions   | PT | Yes                                  |
|           | SCORE RAS  | PT | No                                   |
| <b>5.</b> | <b>Legal status</b>  |    |                                      |
|           | Regulated activities for which the institution does not have issued licence (own indicator)  | BG | No                                   |
|           | Whether it issues internal models for calculation of the capital requirements for credit, operations and market risk (own indicator)   | BG | No                                   |
|           | Credit risk  | PT | No                                   |
|           | Market risk  | PT | No                                   |
|           | Operational risk   | PT | No                                   |
| <b>6.</b> | <b>Nature of business</b>  |    |                                      |
|           | Business model and strategy, sustainability of the viability (own indicator)   | BG | No                                   |
|           | Amount of the transactions in Bulgaria concluded through a platform (own indicator)  | BG | No                                   |
|           | Amount of the transactions concluded in the EU and exposures to third countries (own indicator)  | BG | No                                   |
|           | Market share of the institution in the direction of the activity and the jurisdiction (own indicator)  | BG | No                                   |
|           | The institution's overall business model, its viability and sustainability of the institution's strategy based on the outcomes of the business model analysis performed as part of SREP in accordance with the EBA guidelines for common procedures and methodologies for SREP. For this purpose, authorities may use the SREP score assigned to business model and strategy | IE | Yes                                  |
|           | Private sector deposits from depositors in the Union   | PT | Yes                                  |
|           | Private sector loans to recipients in the EU   | PT | No                                   |
|           | Value of domestic payment transactions   | PT | Yes                                  |
| <b>7.</b> | <b>Shareholding structure</b>  |    |                                      |
|           | Level of concentration of the shareholders – number of shareholders with a qualified share holding   | BG | No                                   |
|           | Whether shareholders are concentrated or dispersed, in particular taking account of the number of qualified shareholders and the extent to which the shareholding structure may affect the availability of certain recovery actions for the institution and the resolution tools for the resolution authority  | IE | Yes                                  |
|           | Number of shareholders   | PT | No                                   |
| <b>8.</b> | <b>Legal form</b>  |    |                                      |
|           | N/A  |    |                                      |

**Table 36. Overview of approaches applied by resolution authorities with regard to the content and detail of resolution plans**

| MS | Description of the simplified obligations as regards <u>the content and detail of resolution plans</u>  |
|----|---|
|    | <p><b>Category 1:</b> The plan in this category will be highly standardised and require a minimum amount of information regarding the credit institution. This may include master data as well as standard information and text blocks. The same text and information blocks will be used for institutions with similar structures. It is considered that for resolution authorities it will most likely be feasible and credible to liquidate the credit institutions falling into this category under normal insolvency proceedings (additional credibility feasibility tests to be performed independently from granting simplified obligations).</p>  |
| AT | <p><b>Category 2:</b> It was noted that it is not possible to determine at present whether the institutions within this category will be liquidated under normal insolvency proceedings or resolved by applying the different resolution tools and powers to the institution. This decision might depend on the situation the credit institution faces in case of FOLTF. Thus there will be resolution plans drafted, but less detailed than fully fledged plans (i.e. Categories 3 and 4). Austria also noted that this has not yet been officially agreed and might be subject to change.</p> <p><b>Category 3:</b> The institutions within this category will most likely be resolved by applying the different resolution tools and powers to the institution. Therefore, a fully-fledged resolution plan will probably be drawn up. Please note that this has not yet been officially agreed on and might be subject to change.</p>  |
| BE | No information provided.  |
| BG | No information provided.  |
| CY | No information provided.  |
| CZ | <p>With regard to content (and detail) of resolution plans, the Czech Republic's resolution authority intends to apply simplified obligations to the following elements of the plan:</p> <ul style="list-style-type: none"> <li>• Resolution strategy, description: <ul style="list-style-type: none"> <li>- narrowed to the description of the institution (or group) and a strategic analysis based on regulatory data and publicly available information (short description of the business model, core business lines, etc.);</li> <li>- assessment of credibility and feasibility of liquidation under normal insolvency proceedings, ex ante public interest test, specific assessment of economic/critical functions;</li> </ul> </li> <li>- conclusions (based on aforementioned assessments – no public interest, not a critical provider of a critical function, liquidation feasible and credible, simplified obligations applicable) that liquidation under normal insolvency proceeding is the preferred resolution strategy if the institution fails/is likely to fail.</li> <li>• Arrangements for information sharing: information sharing only pursuant to Article 81(3) of the BRRD.</li> <li>• Arrangements for operational continuity: not part of the resolution plan.</li> <li>• Financing, etc.: narrowed to prescription of LAA part of minimum requirement for own funds and eligible liabilities (MREL) only.</li> </ul>  |
| DE | <p>Germany has identified two classes of simplified plans: simplification level 1 and level 2.</p> <p><b>Simplification level 1:</b> For institutions in simplification level 1, the Federal Agency for Financial Market Stabilisation (FMSA) considers both resolution and normal insolvency potential options if the institution is FOLTF. Therefore, resolution plans of simplification level 1 are similar to fully fledged resolution plans, but with a reasonable amount of proportionality applied. The exact content and detail are highly dependent on the specific institution and the envisaged resolution strategy. The FMSA expects that most, if not all, institutions in simplification level 1 will eventually be classified as either not eligible for simplifications or simplification level 2, as more information about an institution is gathered during the resolution planning process. MREL is set in this case in accordance with the resolution strategy.</p> <p><b>Simplification level 2:</b> For institutions in simplification level 2, the FMSA considers normal insolvency proceedings the preferred resolution strategy. Therefore, plans are much more concise and focused on the rationale for the application of normal insolvency proceedings. These resolution plans start by briefly describing the FMSA's methodology of assessing the application of simplified obligations, and the institution itself with regard to its general information and master data, business model, key financial figures and risk situation. The plans will also include a description of whether or not the winding up under normal insolvency proceedings is credible and feasible, the specifics of MREL for LSIs with insolvency as resolution strategy and what should be considered when opening insolvency proceedings for credit institutions in Germany. Finally, these plans will include a description of the crisis management process, including the interaction between the relevant</p> |

| MS | Description of the simplified obligations as regards <u>the content and detail of resolution plans</u>   |
|----|--|
|    | authorities and the role of any relevant DGS and/or investor compensation scheme.  |
| DK | No information provided.   |
| EE | No information provided.   |
| EL | No information provided.   |
| ES | Spain reported that resolution plans for credit institutions to which simplified obligations will be applied with regard to content and detail will cover requirements laid down in paragraph 1 points (1), (2), (3), (4) (10), (11), (12), (13), (15), (16), (17) and (18) of Annex B to the BRRD.  |
| FI | The FFSA has communicated to the institution that a simplified plan covers the strategic business analysis, assessment of the applicability of normal insolvency proceedings and crisis communication. In addition, descriptions of preparatory measures considered will be included as needed.  |
| FR | No information provided.   |
| HR | Croatia reported that simplified resolution plans will envisage normal insolvency proceedings in the event of FOLTF.   |
| HU | Hungary reported that, for institutions subject to simplified obligations, the content and detail of the resolution plan is less detailed than full obligations.   |
| IE | Ireland reported that, as part of the 2016 resolution planning process, the Central Bank of Ireland (CBI) undertook an assessment of the credibility and feasibility of liquidation under normal insolvency proceedings for less significant institutions. The Central Bank of Ireland examined the composition of the balance sheet, the institution's external and internal interconnectedness and the substitutability of the institution's activities. To determine the feasibility of liquidation under normal insolvency proceedings the CBI assessed the ability of the institution to deliver the required information for the purposes of providing payment to deposit holders on a timely basis under the deposit guarantee scheme. Based on the full analysis of the credibility and feasibility of liquidation under normal insolvency proceedings as summarised above, it was reasonable to conclude that, for each institution listed, resolving through normal insolvency procedures was a credible and feasible option.  |
| IT | Italy noted that, when deciding on the content of a simplified resolution plan, it intends to use the SRB 2016 policy note as a starting point, but no formal decisions have been made yet.  |
| LT | Lithuania reported that for simplified resolution plans the principle of proportionality will be applied.  |
| LU | Luxembourg reported that when deciding on the content of a simplified resolution plan it will follow the 2016 policy note of the SRB.  |
| LV | Latvia reported that when deciding on the content of a simplified resolution plan it will follow the 2016 policy note of the SRB.  |
| MT | No information provided.   |
| NL | No information provided.   |
| PL | <p>Poland reported that simplified resolution plans for small cooperative banks will not include the following information: (i) organisational structure; (ii) business model and explanation of how it is reflected in assets and liabilities structure as well as structure of incomes and financial results; (iii) encumbered assets; (iv) main customers; (v) description of measures to ensure continuity of critical functions in resolution; (vi) measures to remove obstacles to resolvability; (vii) justification for measures mentioned in point vi; (viii) resolution measures to be taken in relation to significant group entities; (ix) analysis of the financial institutions in terms of potential acquirer in P&amp;A transaction; (x) analysis of possibility of providing the Bank Guarantee Fund financial assistance to the acquirer; (xi) resolvability assessment for other group entities; (xii) description of possible options for financing resolution proceedings; (xiii) analysis of possibility of using ordinary liquidity support from the central bank; (xiv) description of possible options to maintain access to payment and settlement system in resolution; (xv) description of backups for systems responsible for functioning of operational activities; (xvi) main contractors and analysis of effects of their bankruptcy or cessation of delivery of services on the entity; (xvii) contracts with providers of crucial services and analysis of 'resolution-proof' clauses; (xviii) description of other contracts and agreements that may influence financial standing and operations of the entity such as intragroup financial support arrangements and SLAs; (xix) description of internal and external interconnections that ensure continuity of operations; (xx) impact assessment of MREL imposed on the entity; (xxi) strategy for communication with stakeholders in crisis situations.</p> <p>Furthermore, the proportionality principle will be applied with regard to the following elements: (i) information on branches network and employment; (ii) shortened description of supervisory measures taken in relation to the entity, including SREP and recovery plan; (iii) structure of claims and created reserves; (iv) structure of liabilities; (v) structure of own funds and compliance with regulatory capital requirements; (vi) analysis of liquidity; (vii) description of capital group; (viii) description of critical functions and main business lines; (ix) description of preferred and alternative resolution strategies; (x) timeline of execution of resolution proceedings; (xi) analysis of meeting resolution objectives by application of different resolution tools; (xii) obstacles for resolution identified within resolvability assessment, including obstacles to meeting MREL; (xiii)</p> |

| MS | Description of the simplified obligations as regards <u>the content and detail of resolution plans</u>  |
|----|---|
|    | classification (significance) of identified obstacles; (xiv) procedures for and principles of valuations carried out for resolution purposes; (xv) procedures to obtain information necessary to execute resolution; (xvi) impact of resolution on rights and obligations of employees; (xvii) strategy for communication with stakeholders in resolution.  |
| PT | <p>Portugal has identified two types of simplified resolution plans: (i) SO Type 1 and (ii) SO Type 2.</p> <p><u>SO Type 1</u>: For institutions falling into this type, a simplified resolution plan will be developed in accordance with Article 10 of the BRRD and will include a short description of each section defined in that article.</p> <p><u>SO Type 2</u>: For institutions falling into this type, a liquidation plan will be developed in order to ensure that liquidation under normal insolvency procedure is possible and credible.</p> <p>This plan should include: (i) a summary of the key elements of the plan; (ii) a brief description of the entity; (iii) a description of the liquidation process under a normal insolvency procedure; (iv) an impact assessment of the liquidation process under a normal insolvency procedure; (v) a plan for communicating with the media and the public; (vi) the minimum requirement for own funds and eligible liabilities required pursuant to Article 45(1) of the BRRD and a deadline to reach that level; (vii) where applicable, the minimum requirement for own funds and contractual bail-in instruments pursuant to Article 45(1) of the BRRD, and a deadline to reach that level, where applicable; (viii) where applicable, any opinion expressed by the institution in relation to the liquidation plan.</p>   |
| RO | <p>Romania reported that simplified resolution plans will have a simplified format and content and will include the following elements: (i) executive summary; (ii) a description of the institution (short general description, geographical presence, market share as regards deposits, number of clients and total assets, products, shareholders structure, internal governance, presence on interbank market, financial standing, SREP general score; (iii) core business lines: identification, reparability assessment, a description of the processes for determining the value and marketability of the core business lines and assets of the institution; (iv) an estimation of the timeframe for executing each material aspect of the plan; (v) resolution strategy; (vi) any legal and operational impediments to liquidation by normal insolvency procedure; (vii) decision process for implementing the resolution strategy; (viii) a description of the arrangements for ensuring that the information required pursuant to Article 11 of the BRRD is up to date and at the disposal of the resolution authority at all times; (ix) communication plan; (x) minimum requirement of own funds and eligible liabilities and the deadline to reach that level; (xi) opinion of the credit institution.</p>   |
| SE | No information provided.  |
| SI | No information provided.  |
| SK | <p>Slovakia reported that simplified resolution plans will have simplified content and will include the following elements:</p> <ol style="list-style-type: none"> <li>1. Management summary (key elements of the resolution plan; material changes; implementation plan)</li> <li>2. Strategic business analyses <ol style="list-style-type: none"> <li>2.1 Group structure <ol style="list-style-type: none"> <li>2.1.1 Legal structure of the group</li> <li>2.1.2 Identification and analysis of material group entities</li> </ol> </li> <li>2.2 Ownership structure <ol style="list-style-type: none"> <li>2.2.1 Owners of parent company</li> <li>2.2.2 Owners of material group entity</li> </ol> </li> <li>2.3 Critical functions <ol style="list-style-type: none"> <li>2.3.1 Identification and analysis of critical functions</li> </ol> </li> <li>2.4 Critical internal and external interdependences <ol style="list-style-type: none"> <li>2.4.1 Internal interdependences <ol style="list-style-type: none"> <li>2.4.1.1 Financial and legal internal interdependences</li> <li>2.4.1.2 Organisational interdependences</li> </ol> </li> <li>2.4.2 External interdependences <ol style="list-style-type: none"> <li>2.4.2.1 Financial and legal external interdependences</li> <li>2.4.2.2 Organisational and legal interdependences</li> </ol> </li> </ol> </li> </ol> </li> <li>3. Preferred resolution strategy <ol style="list-style-type: none"> <li>3.1 Assessment of feasibility and credibility of normal insolvency proceeding <ol style="list-style-type: none"> <li>3.1.1 Credibility of winding up under normal insolvency proceedings</li> <li>3.1.2 Feasibility of winding up under normal insolvency proceeding</li> <li>3.1.3 Conclusion</li> <li>3.1.4 Assessment of feasibility and credibility of normal insolvency proceeding</li> </ol> </li> <li>3.2 Precondition for the implementation of preferred resolution strategy <ol style="list-style-type: none"> <li>3.2.1 Loss-absorbing capacity</li> </ol> </li> </ol> </li> </ol> |

| MS  | Description of the simplified obligations as regards <u>the content and detail of resolution plans</u>  |
|-----|---|
|     | <p>3.2.1.1 Determination of MREL</p> <p>4. Information and communication plan</p> <p>4.1 Governance of information provision</p> <p>4.1.1 Emergency-plans, measures and processes to have access to management information system (MIS) in the event of resolution</p> <p>4.1.2 Coordination between resolution authorities and other relevant authorities of Member States and third countries</p> <p>4.1.2.1 Arrangements for cooperation and communication between authorities</p> <p>4.2 Information and arrangements for the provision of information</p> <p>4.2.1 MIS arrangements for effective implementation of the resolution strategy</p> <p>4.3 Communication framework</p> <p>4.3.1 Description of overall communication strategy</p> <p>4.3.2 List of stakeholders</p> <p>4.3.3 Assessment of communication framework</p> <p>5. Opinion of the institution in relation to resolution plan</p> |
| UK  | The United Kingdom reported that for small firms, where the use of insolvency (Bank Insolvency Procedure for credit institutions or Special Administration Regime for 730k investment firms) is viewed as appropriate, the indicators are reviewed. The conclusions of the review are discussed as a group at an internal resolution committee. A threshold is applied beyond which the firm is flagged for further discussion at the resolution committee about whether or not insolvency is still appropriate.  |
| SRB | No information provided.  |

**Table 37. Overview of approaches applied by resolution authorities with regard to the content and detail of information to be provided for resolution planning**

| MS | Describe the simplified obligations as regards the content and detail of <u>information required to be provided under Article 11(1) and Article 12(2) and in Section B of the Annex of the BRRD</u>   |
|----|---|
| AT | <p><b>Category 1 and Category 2:</b> The resolution authority does not intend to require banks to provide all the information listed in Article 12(2) and in Section B of the Annex of the BRRD. However, on a case-by-case basis, specific institutions may be asked to make available any of the information mentioned in these articles.</p> <p><b>Category 3:</b> The resolution authority might require credit institutions to provide all the information listed in Article 12(2) and in Sections A and B of the Annex of the BRRD.</p> |
| BE | No information provided.  |
| BG | No information provided.  |
| CY | No information provided.  |
| CZ | No additional information mentioned in Section B of the Annex of the BRRD will be required for planning purposes. The plan will be drawn up based on data gathered through the regulatory reporting (primarily based on the CRD and CRR) as well as statistical reporting to the Czech National Bank.   |
| DE | As the content and detail of resolution plans differ between full plans and simplified plans, and furthermore proportionality is applied in general, this approach provides by itself a proportional approach regarding information requirements.   |
| DK | No information provided.  |
| EE | No information provided.  |
| EL | No information provided.  |
| ES | No details were provided with regard to credit institutions. However, it was reported that simplified resolution plans for investment firms will be drawn up on the basis of information available for the CNMV (Spanish resolution authority for investment firms).  |
| FI | For the first resolution plan, and to be able to make the assessment of whether or not simplified obligations are appropriate, the requests for information are not significantly different from the ones implemented for full resolution plans.  |
| FR | No information provided.  |
| HR | No details provided.  |
| HU | Hungary reported that the content and detail of information are less detailed than the full obligations.  |



| MS  | Describe the simplified obligations as regards the content and detail of <u>information required to be provided</u> under Article 11(1) and Article 12(2) and in Section B of the Annex of the BRRD  |
|-----|--|
| IE  | Ireland reported that the content and detail of information to be required from institutions will be proportional to the institution in question and to the application of simplified obligations.   |
| IT  | Italy noted that the content and detail of information to be required from the institution will be considered on a case-by-case basis.   |
| LT  | Lithuania reported that the resolution authority may require any information listed in Annex B for the purposes of drafting a resolution plan. It will be decided on a case-by-case basis whether or not it is necessary to require providing this information subject to proportionality.   |
| LU  | No details were provided.  |
| LV  | Latvia reported that, taking into account that simplified resolution plans are prepared for credit institutions when normal insolvency procedure will be applied, there are no particular information requirements and the information is planned to be required only if deemed necessary.   |
| MT  | No information provided.   |
| NL  | No information provided.   |
| PL  | Poland reported that a separate national delegated act was to be issued with regard to the content and detail of the information required from institutions for the preparation of simplified resolution plans. In line with draft regulation, all banks and investment firms will be obliged to be able to provide the BFG with the information listed in that regulation. The BFG will also be empowered to require any other information necessary to draft a resolution plan. Resolution plans which are currently in the drafting stage are based on surveys distributed to banks and investment firms (as the delegated act is not in force). Less detailed and complex data is requested. |
| PT  | <u>Type 1 simplified obligations</u> : Regarding the content and detail of information required to institutions, Banco de Portugal determined that requirements (2), (4), (13) and (14) of Section B of the Annex of the BRRD were waived for institutions eligible for simplified obligations Type 1.<br><u>Type 2 simplified obligations</u> : Regarding the content and detail of information required to institutions, Banco de Portugal determined that requirements (2), (4), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), (16), (18), (19) and (20) of Section B of the Annex of the BRRD were waived for institutions eligible for simplified obligations Type 1.             |
| RO  | Romania reported that no simplified obligations will be applied with regard to content and detail of the information required from institutions.   |
| SE  | No information provided.   |
| SI  | No information provided.   |
| SK  | Slovakia reported that, for the purposes of simplified resolution plans, the institutions should be able to provide the information specified in Section B of the Annex of the BRRD.   |
| UK  | The United Kingdom reported that the Bank of England will assess institutions as a group, using a dashboard. The dashboard has a number of criteria which are based on the EBA's criteria. The dashboard will flag institutions which are beyond policy thresholds and might not be resolvable under the Bank Insolvency Procedure, whereupon a more detailed assessment will be carried out.  |
| SRB | No information provided.   |

**Table 38. Overview of approaches applied by resolution authorities with regard to the level of detail required for the assessment of resolvability**

| MS | Describe the simplified obligations as regards the level of detail required for the <u>assessment of resolvability</u> provided for in Articles 15 and 16 and Section C of the Annex of the BRRD   |
|----|--|
| AT | <b>Category 1 and Category 2:</b> As banks in this category are rather small and have a focused business model (taking deposits and granting loans), it seems feasible that normal insolvency proceedings could be the predominant solution to resolving an institution in the event of FOLTF. It is planned to conduct a credibility and feasibility test (in accordance with the SRB manual for resolution planning) on a sample basis each year. Please note that this has not yet been officially agreed on and might be subject to change.<br><b>Category 3:</b> It is expected that all banks in this category will be most likely to be resolved. |
| BE | No details were provided.  |
| BG | No details were provided.  |

| MS  | Describe the simplified obligations as regards the level of detail required for the assessment of resolvability provided for in Articles 15 and 16 and Section C of the Annex of the BRRD  |
|-----|--|
| CY  | No details were provided.  |
| CZ  | Given the preferred resolution strategy, which is liquidation under normal insolvency proceedings, the resolvability assessment will be based on (i) feasibility (ability of institution to provide the information necessary for DGS pay-out) and (ii) credibility (potential impact on the functioning of financial markets, financial market infrastructures (FMIs) and other participants in the market as well as the real economy) of liquidation only.  |
| DE  | Germany reported that the FMSA has not yet applied simplified obligations for resolvability assessments.   |
| DK  | No details were provided.  |
| EE  | No details were provided.  |
| EL  | No details were provided.  |
| ES  | No details were provided regarding the level of detail for the assessment of resolvability for credit institutions.<br>For investment firms, the CNMV mentioned that all the information available and relating to the business lines, structure, arrangements, etc. will be assessed for resolvability purposes.  |
| FI  | The focus is on feasibility and credibility of insolvency under normal insolvency proceedings.   |
| FR  | No details were provided.  |
| HR  | No details were provided. It was merely mentioned that the feasibility and credibility of liquidation were assessed and a public interest test was performed.  |
| HU  | No details were provided. It was merely mentioned that the level of detail used in resolvability assessment is less detailed.  |
| IE  | Ireland reported that, as part of the 2016 resolution planning process, the Central Bank of Ireland undertook an assessment of the credibility of liquidation under normal insolvency proceedings. The Central Bank of Ireland examined the composition of the balance sheet, the institution's external and internal interconnectedness and the substitutability of the institution's activities. Based on the full analysis of the credibility and feasibility of liquidation under normal insolvency proceedings as summarised above, it was reasonable to conclude that, for each institution listed, resolving through normal insolvency procedures was a credible and feasible option. |
| IT  | No details were provided.  |
| LT  | Resolvability will be assessed based on the list of criteria set out in Section C of the Annex of the BRRD subject to proportionality.   |
| LU  | No details were provided.  |
| LV  | Latvia reported that the assessment of resolvability is made in accordance with Article 23(1)(a) and Article 24 of Delegated Regulation (EU) 2016/1075.  |
| MT  | No details were provided.  |
| NL  | No details were provided.  |
| PL  | The preferred resolution strategy for all entities to which simplified obligations have been applied is liquidation within standard insolvency proceedings. Therefore, quite naturally, the resolvability assessment focuses on the feasibility and credibility of the liquidation and skips other stages indicated in Article 23(1)(b)-(d) of Delegated Act 2016/1075.  |
| PT  | No details were provided.  |
| RO  | Less detailed information will be required for the assessment of resolvability.  |
| SE  | No details were provided.  |
| SI  | No details were provided.  |
| SK  | Section C enumerates the matters to be considered by the resolution authority when assessing resolvability. For the purposes of simplified resolution plans, the resolution authority shall assess those matters as specified therein.   |
| UK  | The Bank of England will assess these firms as a group, using a dashboard. The dashboard has a number of criteria which are based on the EBA's criteria. The dashboard will flag firms which are beyond policy thresholds and might not be resolvable under the Bank Insolvency Procedure, whereupon a more detailed assessment will be carried out.   |
| SRB | No details were provided.  |



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