

SRB – BANKING INDUSTRY DIALOGUE MEETING

Resolution Planning Cycle 2021:
Current state of play and RPC Booklet

Presenter: **Boštjan JAZBEC**

Monday, 14 June 2021



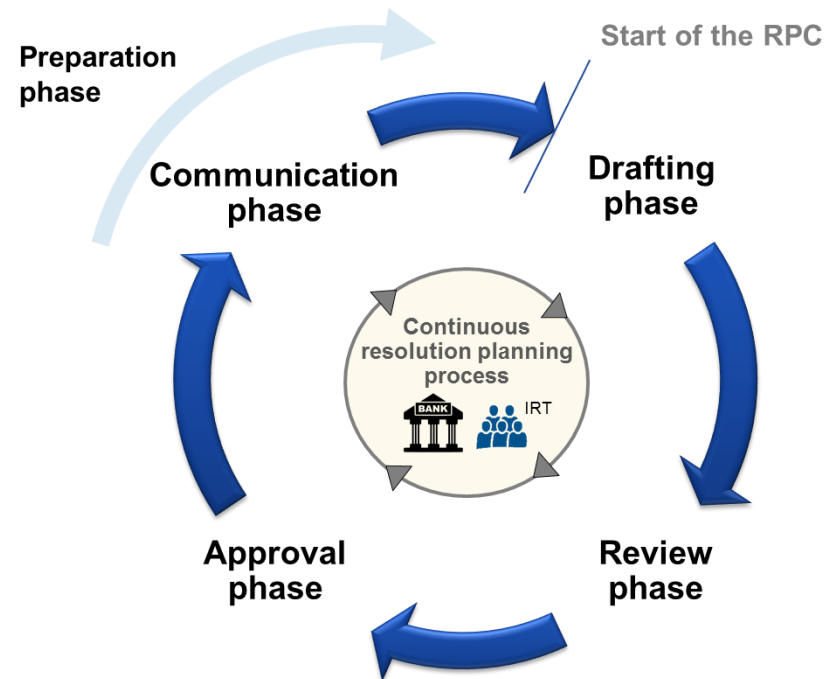
AGENDA



1. Resolution Planning Cycle 2021:
State of play
2. RPC Booklet 2021
3. Concluding remarks

1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

- After successfully implementing the **12-month Resolution Planning Cycle (RPC)** for the first time in 2020, the 2021 RPC was formally launched as planned on **1 April 2021**
- The RPC:
 - **Aligns all SRB banks** on the same 12-month cycle,
 - Supports the implementation of the **Banking Package** and the legal requirement to **review** resolution plans **at least annually**, and
 - Is **aligned** with the SRB's **external stakeholders'** processes



1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

GENERAL OBJECTIVES

During the 2021 RPC, the SRB together with NRAs will:

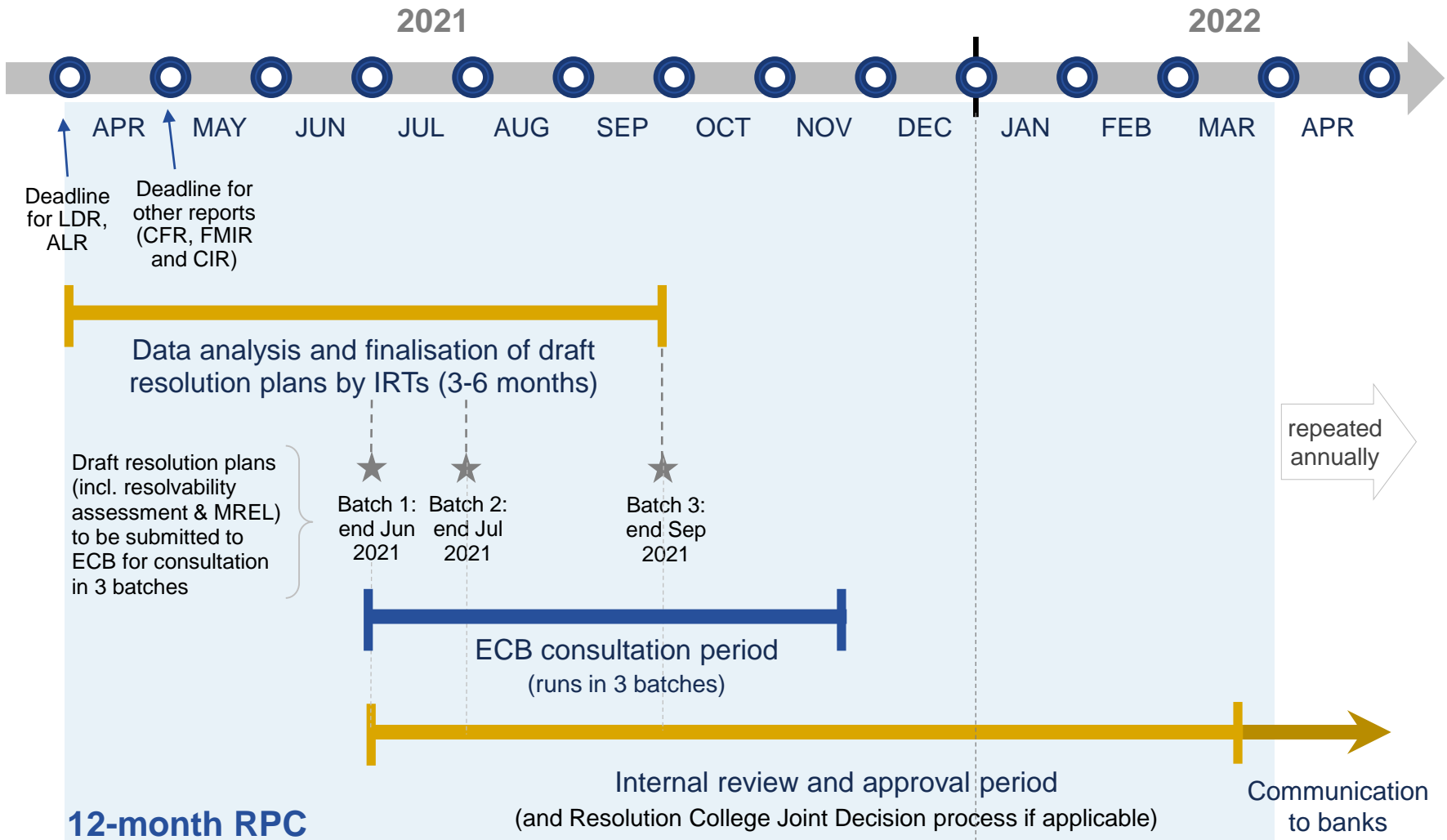
- Update and enhance resolution plans for 104 banking groups under the SRB's remit*,
- Set binding external and internal MREL for the banks in its remit and their subsidiaries, and
- Prepare the resolvability assessment for the relevant SRB banks.

| | | SRM |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------|
| Number of banks | | 121 ¹ |
| thereof | Banks with Resolution College (RC) | 17 |
| | Banks without RC | 84 |
| | Banks with European Resolution College | 12 |
| | Host cases ² | 8 |
| <p>In addition, the SRB has established 7 Crisis Management Groups for G-SIBs located in the EU Banking Union.</p> <p>¹) Over time, the numbers on the different categories might be subject to changes e.g. derived from banks' potential restructurings.</p> <p>²) SRB will contribute to the drafting of resolution plans for which it is not the GLRA (so-called 'host cases'). There are eight subsidiaries of four banking groups classified as host cases.</p> | | |

*) The number of resolution plans and banks under SRB's remit is different because (i) resolution plans aggregate the banks under the direct remit of SRB which are subsidiaries of another banking group under the direct remit of SRB, and (ii) plans under simplified obligations

1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

TIMETABLE



* LDR: Liability Data Report; ALR: Additional Liability Report ; CFR: Critical Functions Report; FMIR: Financial Market Infrastructure Report; CIR: Reports covered in the Commission Implementing Regulation 2018/1624 ; MREL: Minimum Requirements for Own Funds and Eligible Liabilities; IRT Internal Resolution Team; ECB: European Central Bank

1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

SRB DATA COLLECTION EXERCISE 2021

- The deadlines for banks to **submit the reporting requirements** for the 2021 RPC were on 31 March 2021 for the LDR and on 30 April 2021 for the other reports.
- SRB recognizes the efforts made by the banking industry in **providing data** for resolution planning, and almost all SRB banks have submitted the key data for the 2021 RPC in due course
- This enables the SRB to **remain on track with the 2021 RPC** and set the MREL targets in the 2021 RPC in line with the recently adopted MREL Policy

1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

SRB WORK PRIORITIES IN THE 2021 RPC

During 2021 RPC, the SRB will continue working on the **resolution planning activities** and monitoring **resolvability progress** of banks involving interactions with both the NRAs and the banks.

| Common priorities in the 2021 RPC | | |
|----------------------------------------|-------------------------------------------------------------------------------|-------------------------------|
| LIQUIDITY AND FUNDING IN RESOLUTION | MANAGEMENT INFORMATION SYSTEMS (MIS) CAPABILITIES FOR VALUATION DATA | BAIL-IN OPERATIONALISATION |

The work priorities have been communicated to the banks' CEOs through the **2021 priority letters** sent in Q4/2020 along with the bank-specific working priorities.

As first deadline set by the SRB Expectations for Bank, institutions are expected to prepare **full bail-in playbooks** by the end of 2021.

Resolution planning and improvements on resolvability are **continuous processes** for the SRB and they involve regular and frequent interactions with both the NRAs and the banks respectively.

1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

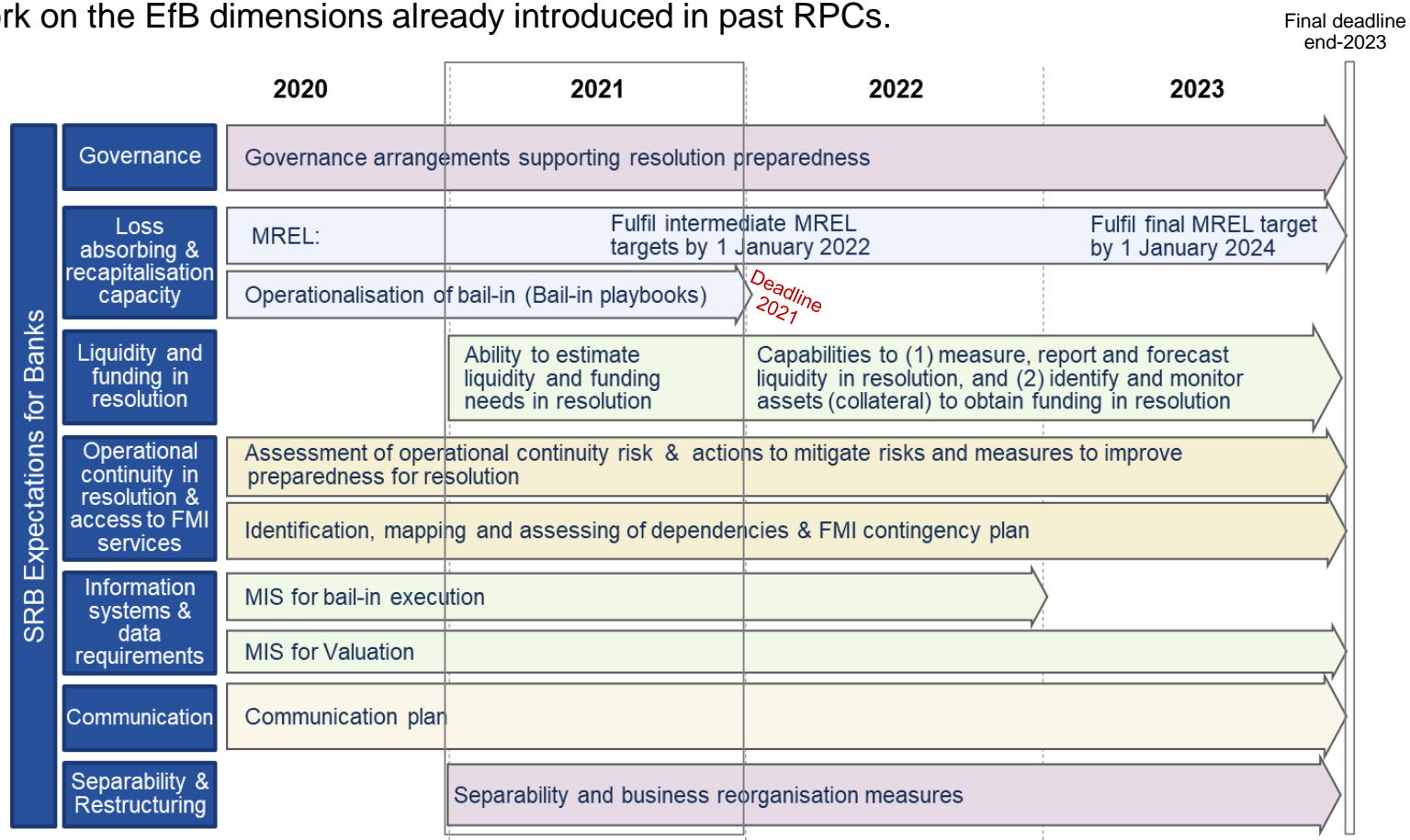
SELECTED KEY ELEMENTS RELEVANT TO BANKS

- **MREL:** On 26 May 2021, the SRB published the final ‘Minimum Requirements for Own Funds and Eligible Liabilities (MREL) Policy under the Banking Package’
- **Bail-in operationalisation:** On 30 March 2021, the SRB issued a guidance document on bail-in for international debt securities; general guidance on bail-in playbooks and data was published in August 2020
- **Liquidity and funding in resolution:** On 30 April 2021, the SRB published the guidance on liquidity and funding in resolution
- **MIS capabilities for valuation data:** In December 2020, the SRB published three documents concerning valuation data
- **RPC Booklet:** On 21 April 2021, the SRB published the RPC Booklet, which provides an overview of the main features in the 2021 RPC

1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

IMPLEMENTATION OF THE EXPECTATIONS FOR BANKS

- As set out in the [Multi-annual Work Programme 2021-2023 \(MAP\)](#), the 2021 RPC will continue the phase-in of the [Expectations for Banks \(EfBs\)](#) to support the banks building up their capabilities in terms of resolvability. Despite the common priorities changing each year, the banks have to continue the work on the EfB dimensions already introduced in past RPCs.



1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

RELEVANT DEVELOPMENTS ON SRB SIDE

2021 SRB MREL POLICY

MREL is one of the key tools in resolvability, ensuring that banks maintain a minimum amount of equity and debt to support an effective resolution.

The policy has been revised in 2021.

OPERATIONALISATION OF SRB RESOLVABILITY ASSESSMENT POLICY

The new SRB resolvability assessment policy intends to increase visibility on banks' resolvability progress and facilitates benchmarking banks' progress based on a dedicated tool, designed as a "heatmap".

MONITORING OF THE MULTI-ANNUAL WORK PROGRAMME AND RESOLVABILITY WORK PROGRAMME

The banks have been formally requested to provide a resolvability work programme 2021 and beyond, along with the resolvability progress report by January 2021.

PREPARATION OF THE SUBSTANTIVE IMPEDIMENTS PROCEDURE

Where progress on resolvability is considered insufficient, the SRB will open procedures for removal of impediments to resolvability.

1. RESOLUTION PLANNING CYCLE 2021 – STATE OF PLAY

BRIEF OUTLOOK

- The preparations for the 2022 RPC have already been started.
- The **priority letters** for 2022 will be sent out by end-Q3/2021, in which the common working priorities and bank-specific priorities will be communicated to the banks.
- The **common priorities** for 2022
 - Liquidity & Funding in resolution (*EfB principles 3.2 and 3.3*),
 - Separability & Reorganisation plans (*EfB principles 7.2 and 7.3*), and
 - Information systems & MIS capabilities (*focused on bail-in and valuation data*).

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2. RPC BOOKLET 2021

NEW SRB PUBLICATION

On 21 April 2021, the SRB published the **RPC Booklet** on the [SRB website](https://www.srb.europa.eu).



The RPC Booklet should be considered as additional information and it will neither impact nor replace the regular exchange between IRTs and banks under the SRB remit.

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| 4 Banks' Resolvability: State of play | 5 Contacts and additional information | 6 Annexes |

2. RPC BOOKLET 2021

NEW SRB PUBLICATION

- The Booklet informs the banking industry and the SRB's external stakeholders about the resolution planning activities and describes the main processes and phases of the current RPC.
- By publishing the RPC Booklet, the SRB aims to further enhance the information provision on resolution planning activities to the industry.
- External stakeholders are encouraged to familiarise themselves with the RPC Booklet and use it as a guide for understanding the phases and key elements of the RPC.

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3. CONCLUDING REMARKS

- Despite of the exceptional year, the new 12-month RPC was successfully implemented in 2020 for the first time.
- SRB persists to monitor the situation of the banks in the current environment.
- The current 2021 RPC will continue the phase-in of the EfBs with the objective to achieve fully resolvable banks by the end of 2023.
- Dedicated guidance has been shared and may be updated if required in order to support banks in becoming compliant with the EfB; looking ahead, the SRB will provide banks with further guidance on evidencing their progress on resolvability.
- The new resolvability assessment policy will increase visibility on banks' resolvability progress and facilitate benchmarking across banks; where progress on resolvability is considered insufficient, the SRB will open procedures for removal of impediments to resolvability.

THANK YOU!

For more information, please contact:
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