



# TECHNICAL MEETING RESOLVABILITY TESTING FOR BANKS

Virtual meeting, 24 April 2025

# Objectives and rules



## OBJECTIVES

- Allow interested parties to ask for clarifications before the closing of the consultation period

The technical meeting **does not replace written responses to the consultation.**

Only the formal views from stakeholders submitted via written response will be considered.

Please note that this event focuses exclusively on the *Operational Guidance on Resolvability Testing for Banks*, and will not cover other topics, such as 2025 common priority tests.

## RULES

- Meeting **will not be recorded**
- Ensure microphones stay muted during the presentation
- To intervene during the Q&A session:

➡ **Raise your hand in WebEx and state your name and organisation;**

➡ **Write your question in the chat ("SRB chat").**

# 1. Resolvability testing - core element of SRM Vision 2028

SRM Vision 2028 calls for an increased focus on the readiness to operationalise resolution strategies and on testing

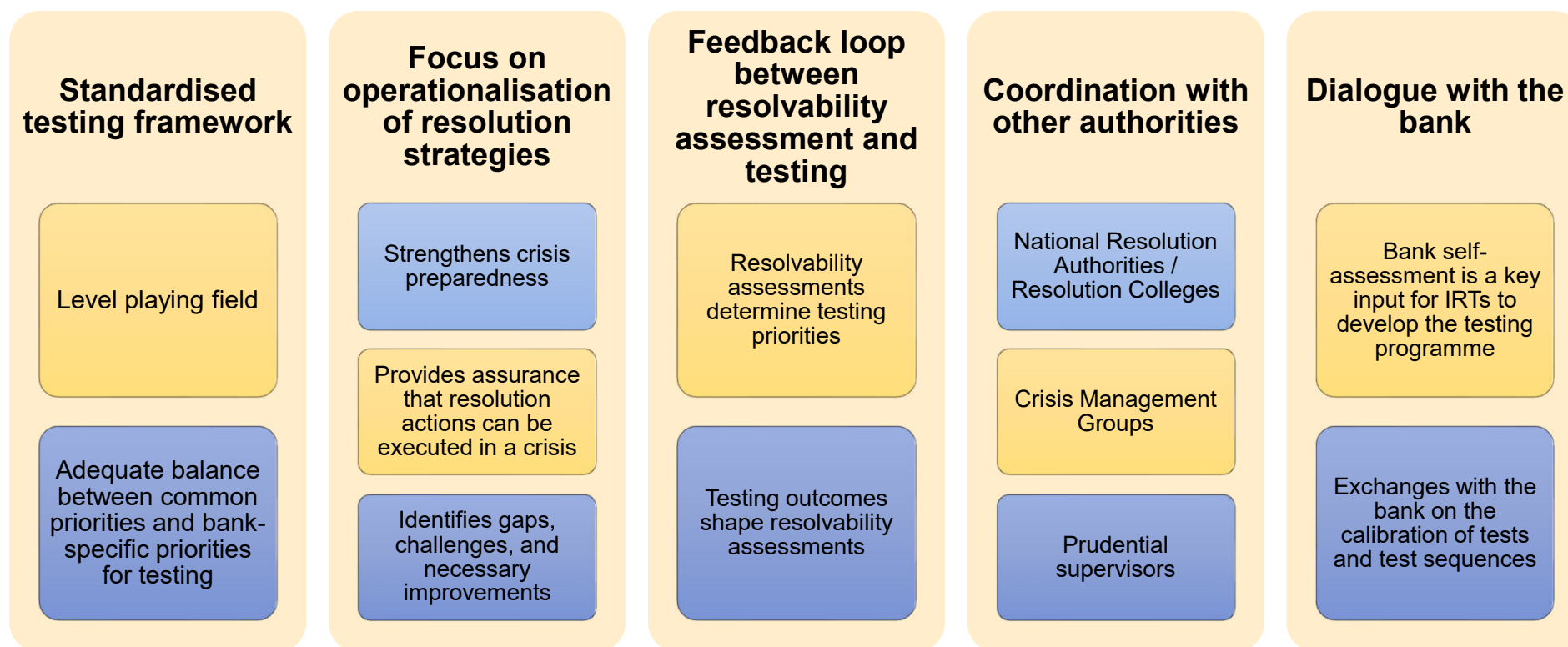
- The SRB is enhancing its resolvability testing framework to reflect SRM Vision 2028 and to implement EBA Guidelines on resolvability testing (EBA/GL/2023/05)
- Banks under SRB's direct supervision must develop key resolvability capabilities, as set by the [Expectations for Banks](#) and other SRB guidance.
- IRTs will increasingly rely on bank-led and authority-led tests to perform their resolvability assessment.
- Resolvability testing focuses on operational aspects and the goal is to provide a high level of assurance that banks can operationalise resolution strategies.

The SRB has launched a [public consultation](#) on its ***Operational Guidance on Resolvability Testing for Banks***



## 2. Resolvability testing at a glance – key features

The SRB will ensure a proportionate workload for banks and a level playing field through careful calibration of the testing framework, dialogue with the bank, resolution authorities and the prudential supervisor and other authorities



### 3. SRB Operational Guidance on Resolvability Testing for Banks

The SRB will provide clear expectations for banks regarding resolvability testing

#### Part I – General guidance

- **Multi-annual testing programme (Template A)** - Communicated to banks in Q3 of the preceding year with the priority letters;
- **Testing methods** - Desktop exercises, Walkthroughs, Dry-runs (operational simulations, drills and management simulations);
- **Internal governance for resolvability testing** - Banks should develop and update an internal multi-annual resolvability testing plan, approved by their Board, aligning with the multi-annual testing programme set by the IRT;
- **Test environments and performance testing tools** - Test environments to be developed by December 2026 to simulate resolution actions realistically without impacting business operations;
- **Preparing and conducting a test** - Banks are expected to provide a breakdown of the test to the IRT in advance, explaining its organization (Template B).
- **Deliverables & Follow-up:** Banks must submit an outcome report (Template C) within a month, detailing the test, findings, and remediation actions. Independent observers must submit a separate report (Template D).

#### Part II – Specific testing areas

- **Testing areas covered:**
  - Bail-in
  - BRP
  - FMI access
  - Liquidity
  - OCIR
  - SWD
  - Areas that will be introduced at a later stage: Asset separation, Bridge Institution, Communication, Valuation and Sale of Business.
- **For each testing area:**
  - Testing sub-areas
  - Specific test environment needs
  - Reference date / period
  - Specific deliverables

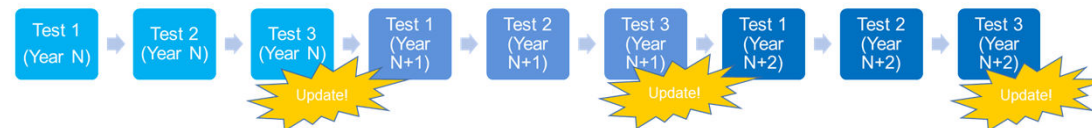


## 4. Tests and test sequences

IRTs will prepare sequences of tests to obtain a high level of assurance about the capacity of the bank to operationalise resolution strategies, with an initial focus on the PRS

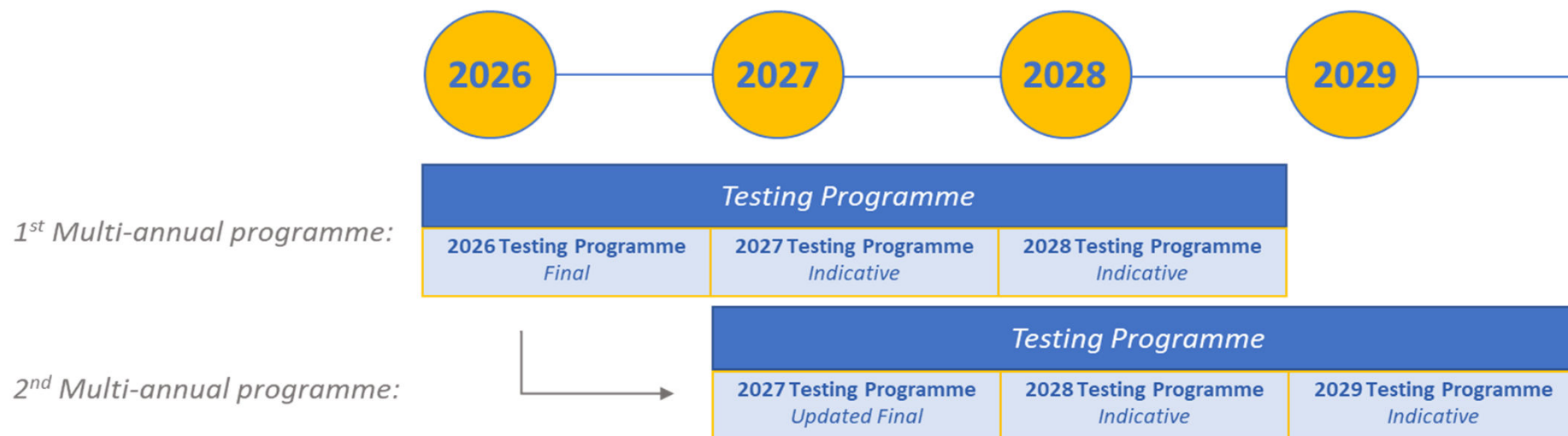
<b>Testing area:</b>	Testing area (sub-area)/EfB Principle.
<i>Example</i>	<i>Liquidity - Estimation of liquidity and funding needs in resolution (governance and operational steps) / Principle 3.1</i>
<b>Test method:</b>	Bank-led tests: desktop exercises, walkthroughs, dry-runs (operational simulations, management simulations, drills). <i>Walkthrough</i>
<b>Entities affected by the test:</b>	Entities affected by the test. <i>Point of entry, EUR currency</i>
<b>Reference document(s):</b>	Reference document(s) for the test (e.g. playbooks). <i>Note on governance arrangements and operational steps for the estimation of the bank's liquidity position in resolution</i>
<b>Reference date/period:</b>	Reference date/period for the information used by the bank during the test (e.g. date of the test, specific quarter, date of the most recent playbook or other reference document etc.) <i>n/a</i>
<b>Instruments affected (only for bail-in or WDC):</b>	Scope of instruments affected by the bail-in or WDC power where relevant. <i>n/a</i>
<b>Scenario</b>	Where relevant, key aspects of a scenario for a test (level of losses, nature of the scenario, narrative). <i>Fast-moving/Idiosyncratic.</i> <i>The bank is expected to provide information on the scenario tested in the outcome report. In case the scenario applied differs from the one defined in the reference documents and/or the testing exercise template, the outcome report is expected to justify the deviation and be more detailed.</i>
<b>Expected deliverables:</b>	Outcome report and depending on the test, IRTs may also request the bank to submit other deliverables (e.g., MBDT, updated list of FMIs, liquidity templates for the JLE, etc.). <i>Outcome report</i>

Stylised sequence for illustrative purposes (does not reflect any specific requirements for min. or max. number of tests per year):



## 5. Multi-annual testing programme

Transparency, predictability and dialogue for resolution planning



The multi-annual testing programme will define the testing exercises banks will conduct over a three-year period, the last two years being indicative. It will be reviewed annually, on a rolling basis, to incorporate developments from the previous year.

## 6. Timeline and next steps

Engagement with banks and other stakeholders through the public consultation is key to foster dialogue and enhance the guidance









**THANK YOU!**

# Annex: Package for Public Consultation



Public consultation on Operational Guidance on Resolvability Testing for Banks, includes expectations on the following topics:

- Governance and test environments;
- Test methods;
- Use of consultants;
- Preparing, running and following up on tests (including expected deliverables);
- Templates:
  - Template A – [Multi-annual testing programme](#)
  - Template B – [Testing exercise](#)
  - Template C – [Outcome report](#)
  - Template D – [Independent observer report](#)
- Set of focused questions (see below)

# Annex: Consultation questions (1/2)

Topic	Question
Multi-annual work programme	IRTs will engage with banks on the development of the multi-annual testing programme. Is the <b>template</b> for communicating the multi-annual testing programme ( <b>Template A</b> ) <b>adequate for banks to trigger a discussion with IRTs</b> on the upcoming three-year testing priorities?
Testing methods	The Operational Guidance sets out different testing methods, including a description of what is expected of each test and when it should be used. <b>Is the description sufficient for banks to understand each method used to perform the tests?</b>
Test environments	Banks are expected to <b>develop test environments</b> , as part of their Management Information Systems (MIS), to conduct certain types of tests. In this context: <ul style="list-style-type: none"> <li>• Do you see the need for further guidance for setting up test environments? If yes, please elaborate.</li> <li>• Do you see any challenges in meeting the deadline of December 2026 to develop test environments?</li> <li>• Do you have any other observations related to test environments?</li> </ul>
Testing exercise template	When preparing a test, the bank is expected to provide a breakdown of the test to the IRT in advance, explaining how it will be organised. Do you have any comments to raise as regards the <b>testing exercise template</b> (Template B)?
Outcome report template and daily summary	<ul style="list-style-type: none"> <li>• <b>Banks are expected to prepare an outcome report at the end of each test</b>, where key findings are outlined, as well as action plans to address those findings. Do you have any comments with regard to the outcome report template (Template C)?</li> <li>• <b>IRTs may request a daily summary of actions performed during a given day</b>, when the IRT needs an understanding for the resolution plan of what testing was performed, but cannot wait for the outcome report, or when it considers that intervention may be needed in the middle of the test to alter the conditions of the test. Do you have any comments to raise as regards the daily summary?</li> </ul>

## Annex: Consultation questions (2/2)

Topic	Question
<b>Independent observer</b>	<p>An <b>independent observer</b>, such as an internal auditor, is encouraged to <b>attend</b> some of the more complex tests, <b>and produce a separate independent observer report</b>. In this context:</p> <ul style="list-style-type: none"> <li>• Is there any need to elaborate further on the role of the independent observer? If yes, please elaborate.</li> <li>• Do you have any comments to raise as regards the independent observer report template (Template D)?</li> </ul>
<b>External consultants</b>	<p><b>Banks may rely on an external consultant to assist with resolvability testing</b>. In this context:</p> <ul style="list-style-type: none"> <li>• Do you see a need for further guidance as regards circumstances when the external consultants could or could not be engaged for testing purposes? If yes, please elaborate.</li> <li>• Do you see any other tasks that could be appropriately undertaken by an external consultant?</li> </ul>
<b>Governance expectations</b>	<p>Do you see the need for further guidance on <b>governance expectations related to testing</b>? If yes, please elaborate.</p>
<b>Specific testing areas</b>	<p>Do you see the need for further guidance on any of the <b>specific testing areas</b> (Part 2 of Operational Guidance)? If yes, please elaborate.</p>

Deadline for responses: 5 May 2025

# Annex: Testing methods (1/2)

Method	description	
<b>Desktop exercise</b>	A critical review of a procedure or a set of procedures involving relevant stakeholders to comment on and discuss their respective roles.	
<b>Key Elements:</b> <ul style="list-style-type: none"> <li>Detailed step-by-step review with critical questioning.</li> <li>Active involvement of internal stakeholders.</li> <li>Stakeholders must be aware of their roles and contribute with suggestions.</li> <li>Facilitator (e.g., external consultant) moderates but does not participate.</li> <li>Sufficient time is allocated for discussion (several sessions).</li> </ul>		<b>When to Use:</b> <ul style="list-style-type: none"> <li>When a capability is not developed enough for a walkthrough or a dry-run.</li> <li>To prepare for a walkthrough.</li> <li>To assess updates to a procedure(s) after previous tests</li> </ul>
<b>Walkthrough</b>	A critical review and practical demonstration of a procedure or set of procedures involving relevant stakeholders to comment on and discuss their respective roles and to show how those roles would be performed in practice.	
<b>Key Elements:</b> <ul style="list-style-type: none"> <li>Step-by-step execution of the procedure with in-depth discussion.</li> <li>Active participation of stakeholders involved in operationalization.</li> <li>Stakeholders must demonstrate understanding and ability to execute.</li> <li>Facilitator (e.g., external consultant) moderates but does not perform the tasks.</li> <li>Adequate time is allocated for both demonstration and discussion (several sessions).</li> </ul>		<b>When to Use:</b> <ul style="list-style-type: none"> <li>When a capability is not yet ready for a dry-run.</li> <li>To prepare for a dry-run.</li> <li>To validate updates made after prior tests.</li> </ul>



# Annex: Testing methods (2/2)

Method	description
<b>Dry-run:</b> <ul style="list-style-type: none"> <li><i>operational simulation</i></li> </ul>	A dry-run focusing on the operational steps necessary to implement a certain procedure.
<b>Key Elements:</b> <ul style="list-style-type: none"> <li>Simulated execution of operational steps.</li> <li>Must follow the playbook unless deviations are pre-approved.</li> <li>Performed in real-time, simulating actual crisis conditions.</li> <li>Stakeholders must demonstrate competence.</li> <li>No external consultants, except as independent silent observers.</li> </ul>	<b>When to Use:</b> <ul style="list-style-type: none"> <li>When procedures are complete but need validation.</li> <li>To test operational crisis readiness.</li> <li>To ensure updates from previous tests are properly implemented.</li> </ul>
<ul style="list-style-type: none"> <li><i>drill</i></li> </ul>	A targeted dry-run performed with limited forewarning to institutions, focusing on specific steps in a procedure or set of procedures.
<b>Key Elements:</b> <ul style="list-style-type: none"> <li>Surprise test (24-hour notice).</li> <li>Focuses on specific steps, not full procedure.</li> <li>Real-time execution, closely resembling a real event.</li> <li>Must follow playbooks, with deviations documented.</li> <li>No external consultants (except as observers).</li> </ul>	<b>When to Use:</b> <ul style="list-style-type: none"> <li>When procedures are well-established and sufficiently simple;</li> <li>To test speed and accuracy of responses.</li> <li>To assess timely data delivery.</li> <li>To ensure updates from previous tests are properly implemented.</li> </ul>
<ul style="list-style-type: none"> <li><i>management simulation</i></li> </ul>	A dry-run focusing on the role senior management and/or the Board of Directors would play in a crisis event.
<b>Key Elements:</b> <ul style="list-style-type: none"> <li>Simulated crisis event, testing leadership responses.</li> <li>Must follow playbooks, with deviations documented.</li> <li>Real-time execution, ensuring readiness of senior executives.</li> <li>No external consultants (except as observers).</li> </ul>	<b>When to Use:</b> <ul style="list-style-type: none"> <li>When procedures are complete and need validation.</li> <li>To test crisis decision-making and governance</li> <li>To ensure leadership can effectively manage a crisis.</li> </ul>