



**PUBLIC CONSULTATION ON
THE SRB OPERATIONAL
GUIDANCE FOR BANKS ON
LIQUIDITY AND FUNDING IN
RESOLUTION
FOR CONSULTATION**

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Abbreviations

ABS	Asset Backed Securities
ACC	Additional Credit Claims
ALMM	Additional Liquidity Monitoring Metrics
BaU	Business as Usual
BCBS	Basel Committee on Banking Supervision
BRRD	Bank Recovery and Resolution Directive
BU	Banking Union
CB	Central Bank
CBC	Counter Balancing Capacity
CB-LSI	Cross-border Less Significant Institution
CCBM	Correspondent Central Banking Model
CCPs	Central Counterparties
CMG	Crisis Management Group
COREP	Common Reporting
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
DECCs	Debt instruments backed by Eligible Credit Claims
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
ECB	European Central Bank
EfB	SRB's Expectations for Banks
ESCB	European System of Central Banks
EU	European Union
FMI	Financial Market Infrastructure
FOLTF	Failing or Likely to Fail
FX	Foreign exchange

GGBBs	Government Guaranteed Bank Bonds
ILAAP	Internal Liquidity Adequacy Assessment Process
IPS	Institutional Protection Scheme
IRT	Internal Resolution Team
ISIN	International Securities Identification Number
IT	Information Technology
JST	Joint Supervisory Team
KLD	Key Liquidity Driver
KLE	Key Liquidity Entity
LCR	Liquidity Coverage Ratio
LSI	Less Significant Institution
MCI	Mortgage Credit Institutions
MIS	Management Information Systems
MLE	Material Legal Entity
MoU	Memorandum of Understanding
MPE	Multiple Point of Entry
NCBs	National Central Banks
NLP	Net Liquid Position
NRAs	National Resolution Authorities
NSFR	Net Stable Funding Ratio
OCIR	Operational Continuity in Resolution
PRS	Preferred Resolution Strategy
RLE	Relevant Legal Entity
RMBD	Retail Mortgage-backed Debt Instruments
RPC	Resolution Planning Cycle
RPM	Resolution Planning Manual
SI	Significant Institutions
SPE	Single Point of Entry
SPV	Special Purpose Vehicles

SRB	Single Resolution Board
SRF	Single Resolution Fund
SRMR	Single Resolution Mechanism Regulation
SSM	Single Supervisory Mechanism
SSS	Security Settlement Systems
TPA	Triparty Agent
VRS	Variant Resolution Strategy

1. Subject matter, scope and definitions

1. This SRB Operational Guidance specifies the resolvability expectations related to liquidity and funding arrangements. It provides operational guidance to banks on how to develop and demonstrate their capabilities on liquidity and funding in resolution.
2. Resolvability expectations related to liquidity and funding arrangements in resolution have been set out in the *SRB Expectations for Banks* document ('**EfB**')¹ which laid down three principles, namely (a) principle 3.1 '*Estimation of liquidity and funding needs in resolution*', (b) principle 3.2 '*Measurement and reporting of the liquidity situation in resolution*' and (c) principle 3.3 '*Identification and mobilisation of collateral in resolution*'.
3. Within a phase-in implementation approach, which ended in December 2023, the SRB published three operational guidance documents on these EfB principles. This SRB Operational Guidance supersedes and replaces prior SRB Operational Guidance for banks on the three aforementioned principles².
4. This SRB Operational Guidance ensures clarity in the expectations laid down, by adjusting, where relevant, wording in areas previously subject to interpretation (e.g., identification of Key Liquidity Entities ('**KLEs**') and/or Key Liquidity Drivers ('**KLDs**')). It also simplifies by removing, where relevant, paragraphs with redundant expectations. Annex I lists the main amendments.
5. This SRB Operational Guidance does not cover resolvability expectations related to EfB principle 1.4 '*Testing and operationalisation of the strategy*' or on-site inspections referred to in Article 36 of the Single Resolution Mechanism Regulation ('**SRMR**').
6. This SRB Operational Guidance applies to banks within the SRB's direct remit³ and for which the Board has concluded that resolution is the preferred strategy (hereinafter '**banks**'). By way of exclusion, and unless otherwise decided by the relevant Internal Resolution Teams ('**IRTs**'), entities for which the Board has concluded that liquidation under national insolvency proceedings is the preferred strategy are not expected to comply with the expectations referred to in this SRB Operational Guidance.
7. Banks under the direct responsibility of the SRB, which are subsidiaries of banking groups established outside the Banking Union ('**BU**') ('**hosted banks**'), and for which the Preferred Resolution Strategy ('**PRS**') is the Single Point of Entry ('**SPE**'), are expected to comply with the expectations referred to in this SRB Operational Guidance. To this end, hosted banks are

¹<https://www.srb.europa.eu/en/content/expectations-banks>

² SRB Operational Guidance on the estimation of liquidity and funding needs in resolution, 30 April 2021; SRB Operational Guidance on the identification and mobilisation of collateral in resolution, 17 March 2022; SRB Operational Guidance on the measurement and reporting of the liquidity situation in resolution, June 2023.

³ See Article 7 SRMR.

expected to demonstrate compliance either (a) through local capacity, (b) by relying on arrangements established at group level or (c) through a combination of (a) and (b).

8. Resolvability expectations referred to in this SRB Operational Guidance are general in nature and may be subject to adaptation by IRTs considering (a) the specificities of a given entity and (b) the proportionality principle. Guidance provided in the next sections of this SRB Operational Guidance is not exhaustive and may be subject to further communications from the Single Resolution Board on resolvability expectations for banks. With this in mind, IRTs may request information and analyses on specific topics in addition to this SRB Operational Guidance, where relevant and for the purposes of improving resolvability.
9. For the purposes of this SRB Operational Guidance, the following definitions apply:
 - 'in resolution' means the three resolution phases, namely (i) the run-up to resolution, (ii) the resolution day or week-end and (iii) the stabilisation phase;
 - 'run-up to resolution' means the resolution phase leading up to the declaration of Failing or Likely to Fail of a distressed bank. In relation to liquidity, a bank can be declared Failing or Likely to Fail under the circumstances referred to in point (a) or (c) of Article 18(4) of SRMR;
 - 'resolution day or week-end' means the resolution phase where the distressed bank is declared Failing or Likely to Fail and where the resolution strategy and resolution tools are implemented;
 - 'stabilisation phase' means the resolution phase that accounts for weeks/months following the implementation of the resolution strategy;
 - 'liquidity position' means the net liquidity position of a bank. It is given, at any point in time, by the liquidity value of its counterbalancing capacity plus inflows and minus outflows;
 - 'high frequency' means the measurement and reporting by a bank of its liquidity situation more than once a day and with the reference date or hour as close as possible to its submission to the resolution authority;
 - 'short notice' means a maximum of 24 hours' notice under which the resolution authority requests a bank to estimate, measure and report its liquidity needs and/or position;
 - 'material currency' means a currency that is deemed significant under point (a) of Article 415(2) of Capital Requirements Regulation ('CRR').

In the absence of a relevant definition in this SRB Operational Guidance or in Article 3(1) of SRMR, the definitions referred to in Article 2 of BRRD apply. In the absence of relevant definitions in the aforementioned Article, definitions referred to in Article 3 of Capital Requirements Directive ('CRD') apply.

10. This SRB Operational Guidance is structured around the three Efb principles referred to in paragraph 2.

2. Estimation of liquidity and funding needs in resolution

11. To estimate liquidity and funding needs across resolution phases, banks are expected to undertake several analyses, including, but not limited to, liquidity risks that could materialise in resolution. It is, therefore, important that banks carefully identify their Key Liquidity Entities and their Key Liquidity Drivers in the different phases of resolution. This identification allows banks to develop estimation methodologies that best capture their business model and corporate structure.
12. Unless mentioned otherwise, resolvability expectations referred to in this SRB Operational Guidance are expected to be complied with at the level of each KLE. Notwithstanding this, and bearing in mind the proportionality principle, banks may request to demonstrate compliance with these expectations at the level of a specific scope of KLEs. In that context, banks may request to either (i) group or (ii) exclude entities identified as KLEs in accordance with the expectations referred to in Section 2.1. of this SRB Operational Guidance. This request is to be duly justified, discussed and agreed with the relevant IRT. Similarly, banks under a Multiple Point of Entry ('MPE') approach may request a tailored approach to the implementation of the expectations of this SRB Operational Guidance.
13. These methodologies are expected to be applied by banks in both resolution planning and in crisis cases to allow resolution authorities to assess liquidity dynamics in distress.

2.1. Identification of Key Liquidity Entities

14. Banks are expected to undertake an assessment of their liquidity management and structure to identify entities or organisational forms that could be of relevance in resolution. To this end, banks are expected to undertake an assessment of entities that could qualify as a KLE including at minimum:
 - Relevant Legal Entities ('RLE') as identified based on the criteria referred to in Article 1 of the Commission Implementing Regulation (EU) 2025/2303;
 - Material Legal Entities ('MLE') as identified based on the criteria referred to in Article 7(2) of the Commission Delegated Regulation 2016/1075;
 - Any other entities or organisational forms that could be of relevance for liquidity in resolution, including but not limited to:
 - Significant branches, especially outside of the Euro Area/Banking Union;
 - Special Purpose Vehicles ('SPVs') used for securitisation or for covered bond issuances;

- Subsidiaries which have not been identified as a Relevant Legal Entity, based on the conditions referred to in the first bullet point, but that (i) provide access to markets of strategic importance or that (ii) are important for the liquidity position of any RLE and MLE of the group;
- Entities not covered in the previous sub-paragraphs but that provide access to markets of strategic importance e.g., the USD market, or are important for the liquidity position of any RLE and MLE of the group;
- Insurance and re-insurance undertakings as defined in Article 13 of Directive 2009/138/EC;
- Leasing and factoring companies;
- Pension fund management companies;
- Asset management companies;
- Broker-dealer entities;
- Custodian and depository institutions;
- Deposit platforms that allow customers to deposit funds in (certificates of) deposits at banks and/or saving accounts.

15. Banks are expected to identify as a KLE any entity or organisational form that satisfies at least one of the following conditions:

- It is expected to provide liquidity to the resolution group entities, including any significant branches, in order for them to perform their activities (e.g., by providing collateral);
- It is expected to depend on liquidity received from the resolution group to perform its activities;
- It performs liquidity management functions for one or more entities of the resolution group (e.g., treasury management, providing access to financial markets and counterparties, collateral management, etc.);
- It may bring financial support to a distressed entity of the resolution group, including in resolution, as specified in written agreements between the entities.

16. To perform the identification referred to in the previous paragraphs, banks may make use of the KLE identification template included in Annex II of this SRB Operational Guidance. Criteria referred to in the template are of a non-exhaustive nature and should not limit banks in identifying an entity or organisation form as a KLE.

17. Based on duly justified considerations that are submitted and discussed with the relevant IRT, banks may request to either (i) not identify a specific entity or organisational form as a KLE or (ii) to sub-group them to allow for an identification of KLEs that best capture the liquidity management and structure of the bank, while ensuring proportionality in the implementation of the expectations laid down in this SRB Operational Guidance. This derogation to the resolvability expectation related to the identification of KLEs may cater for the following, non-exhaustive, circumstances:
- a. The legal and/or corporate structure of the bank may justify grouping certain KLEs (e.g., cooperative banks); or
 - b. The bank considers that an RLE/MLE by itself does not constitute a KLE.
18. Banks are expected to justify why entities subject to the derogations referred to in the previous paragraph would not impact the liquidity management and the position of the group in resolution and how the liquidity of these entities would be managed in case of resolution.
19. Mortgage credit institutions ('**MCIs**') that are referred to in Article 12b of Regulation (EU) 806/2014 are expected to be included in the KLE identification process to be undertaken by banks. In the event where banks identified such mortgage credit institutions as KLEs, IRTs may request a tailored implementation of expectations referred to in this SRB Operational Guidance.
20. Subsidiaries and branches located in a third country are expected to be included in the KLE identification process referred to in this SRB Operational Guidance.
21. Upon finalisation of the identification process of their KLEs, banks are expected to perform, and provide to the relevant IRT, a detailed analysis of the liquidity and funding set-up for the group in resolution covering, including, but not limited to, the following aspects:
- The expected key differences between their Business as Usual ('**BaU**') and the resolution funding set up (e.g., change in liquidity management and collateral function, etc.);
 - The role of each KLE (i.e., liquidity receiver, provider or manager) and its level of autonomy in managing liquidity and accessing wholesale markets and central bank ('**CB**') funding;
 - The main activities providing/receiving liquidity, differentiating between maturity (i.e., short and long term) and material currencies⁴ for each KLE;
 - The changes to the links and dependencies (i.e., intragroup funding arrangements) between the KLEs expected to take place in resolution (especially for cross-border groups).

⁴ Material currencies should be considered as material currencies under Article 415(2)(a) of the CRR. In addition, banks are expected, in dialogue with the IRTs, to assess the need to include any other currency that i) could be material at resolution group level (i.e., in cases when the prudential scope of consolidation is different from resolution group); ii) could become material in resolution (e.g., further to group restructuring and considering specific obligations that may arise); iii) could be relevant for specific KLEs.

22. Banks are expected to assess the impact that the implementation of resolution actions on the resolution group may have on their KLEs. In particular, it is expected to analyse possible challenges and issues in keeping these KLEs operational in resolution, and, in particular, for these that are located in third-country jurisdictions. Within that framework, banks are expected to indicate which KLEs are part of the resolution group and whether they are entities subject to the supervision or authority of a competent and/or resolution authority.
23. The identification assessment referred to in section 2.1 of this SRB Operational Guidance is expected to be performed or updated when there are updates to the resolution plan or when there are any material changes to the legal or organisational structure or to the business of the financial position of the bank.

2.2. Identification of Key Liquidity Drivers

24. Key Liquidity Drivers of the liquidity position are factors that might trigger a substantial deterioration of the liquidity position of the bank in resolution. This deterioration may take place in various forms, including, but not limited to, an unexpected increase of outflows or a decrease of inflows.
25. Unless indicated otherwise by IRTs, it remains of crucial importance that banks perform, or update, when there are updates to the resolution plan or when there are any material changes to the legal or organisational structure or to the business of the financial position of the bank, an in-depth identification process of their KLDs to ensure proper calibration of their methodologies that aim at estimating liquidity and funding needs in resolution. The identification process is expected to be holistic and, therefore, be both of a qualitative and quantitative nature, to allow one to fully understand the significance of the identified KLDs. In that respect, banks are expected to assess liquidity dynamics that could occur in resolution. This assessment complements the quantitative assessment of the liquidity and funding needs referred to in Section 2.3 of this SRB Operational Guidance and is expected to be provided to the IRT.
26. Bearing in mind the proportionality principle, banks are expected to leverage on the risk identification process performed in accordance with supervisory requirements (i.e., Internal Liquidity Adequacy Assessment Process ('**ILAAP**')⁵ and the recovery plan). However, considering the unique profile of the bank and the crisis trigger, risks identified for supervisory purposes may either (i) not capture resolution dynamics or (ii) be dramatically accentuated or (iii) change in resolution. Considering these differences, banks are expected to leverage on the aforementioned risks as a first step of the KLD identification process and further assess risks that are specific to resolution, and/or that are extreme. It is expected to be documented accordingly. This risk

⁵ EBA Guidelines 2016/10

modelling is expected to be performed in accordance with the length and assumptions set for scenario expectations referred to in Section 2.3 of this SRB Operational Guidance. Banks are expected to initiate a dialogue with IRTs to assess how the impact of the resolution environment has been sufficiently considered in their KLD identification process.

27. Banks are expected to perform the identification process referred to in the previous paragraph (i) at the level of the resolution group and (ii) at the level of each KLE, over different time horizons⁶. Based on duly justified considerations, submitted and discussed with the relevant IRT ahead of the finalisation of the identification process, banks may request either (i) not to perform the KLD identification for a specific KLE or (ii) to perform an assessment for a sub-group of KLEs to best capture the liquidity management and structure of the bank while ensuring proportionality in the implementation of the expectations laid down in this SRB Operational Guidance.
28. Banks are expected to assess, and document, the impact of each KLD throughout the different resolution phases referred to in paragraph 9 of this SRB Operational Guidance, where:
 - The impact for the period covering ‘the run-up to resolution’ is expected to cover the weeks and months ahead of the resolution weekend;
 - The post-resolution period should cover the short-term period that follows resolution (i.e., weeks post resolution), as well as the stabilisation phase (at least for a period of six months after resolution).
29. The period before and after the resolution weekend is expected to be split across different time brackets. In that respect, banks are expected to make use of time brackets granular enough to capture the dynamics of the liquidity position according to the scenarios referred to in Section 2.3 of this SRB Operational Guidance. For example, the period closer to the resolution weekend is expected to be assessed via weekly time brackets. Other periods may be assessed via monthly time brackets. Banks may make use of the template referred to in paragraph 16 of this SRB Operational Guidance for this purpose.
30. In relation with the scenario described in this section, and for the purpose of the identification process referred to in Section 2.2 of this SRB Operational Guidance, banks are expected to assess each KLD against each specific time bracket and assign them an individual relative score. This individual score represents the relative importance of each KLD for the liquidity position of the bank for each specific time bracket, taking into account the probability of occurrence of some or all KLDs and the expected impact. The impact analysis is expected to be detailed. For the purpose of this identification process, banks may make use of the template referred to in paragraph 16 and included in Annex II.

⁶ To this end, banks may make use of the template included in Annex II and which provides for the adequate time horizons.

31. Banks are expected to document this assessment and submit it to their IRTs. It is also expected to be complemented with an overview table. For this purpose, the assessment covers, at a minimum, the following aspects:

- Detailed explanation of the methodology to identify and assign scores to the KLDs;
- Detailed description of the evolution of the significance of each KLD over the time horizon considered;
- An analysis of the expected impact in case of occurrence of some or all KLDs for the material currencies, where relevant.

32. In identifying KLDs, banks are expected to consider the impact that specific factors may have on the liquidity position in resolution, including but not limited to:

- Deposit outflows broken down by type (e.g., stable vs. non-stable deposits, covered by DGS or not, operational vs. non-operational deposits) to reflect different levels of liquidity risks;
- Drawdowns on committed facilities (e.g., corporate loans and credit lines, overdrafts, credit cards);
- Liquidity and/or collateral requirements by Financial Market Infrastructures ('**FMIs**');
- Loss of access to wholesale funding (e.g., repos, unsecured funding, short-term paper and even long-term maturities);
- Rating downgrade impact, especially when the institution is close to or is non-investment grade;
- Derivative-related outflows, e.g., maturing FX swaps (especially if increasing intraday liquidity needs), collateral-related outflows;
- Contractual obligations triggered by financial stress, such as clauses for accelerated repayments;
- Resolution-related costs, such as restructuring costs;
- Reduced inflows following resolution (e.g., defaults of creditors and investors affected by resolution (who cease servicing their loans provided by the institution), difficulty in issuing securities in the market);
- Cessation of intra-group funding in case of an MPE strategy or obstacles to free movement of funds between different relevant liquidity entities, especially cross-border entities (e.g., local restrictions to transfers of funding);

- Deterioration of the overall counterbalancing capacity e.g., due to factors, such as market stress leading to higher haircuts, credit downgrades, assets expiring with difficulties to roll them over, etc.;
 - Intraday liquidity needs.
33. The assessment referred to in Section 2.2 of this SRB Operational Guidance is expected to be performed or updated when there are updates to the resolution plan or when there are any material changes to the legal or organisational structure or to the business of the financial position of the bank. Where needed, IRTs may also request an updated assessment on an *ad hoc* basis.

2.3. Methodologies to estimate the liquidity position in resolution

34. According to EfB principle 3.1., banks are expected to develop robust methodologies to estimate *ex ante*, under different assumptions, the liquidity and funding needed for the implementation of the preferred and variant resolution strategies, while considering the resolution tools, and to identify possible liquidity sources. To this end, banks may leverage on any capability already developed for other purposes, including, but not limited to, internal stress testing, recovery planning and supervisory liquidity management frameworks. These methodologies should consider the particularities of resolution to assess funding needs to implement the resolution strategy, including the variant.
35. The implementation of these methodologies, and their outcome in terms of estimating the liquidity position of a bank in resolution, shall not be considered as a pass-or-fail exercise. The focus is not on the absolute value of the liquidity position at the time of the estimation. Instead, the focus is on the bank's capability to run an analysis which captures all dimensions and identifies dynamics and factors that most contribute to the determination of their liquidity position.
36. Banks are expected to be able to update these estimations according to the prevailing market circumstances in a short timeframe (i.e., 24h).
37. The analysis referred to in Section 2.3 of this SRB Operational Guidance is expected to be performed or updated when there are updates to the resolution plan or when there is a material corporate change.

2.3.1. Aspects to be considered in the estimation of the liquidity and funding needs in resolution

38. Banks are expected to develop a methodological framework for the estimation of their liquidity and funding needs in resolution taking into account at a minimum, and where relevant, the following aspects:

2.3.1.1. Impact of the resolution strategy and of the resolution tools

39. Groups located in the Banking Union, and for which an SPE has been identified as the preferred resolution strategy, are expected to perform the estimation of liquidity and funding needs for the entire resolution group, including for entities that are not located in the Banking Union or in the European Union. It is critical for banks under this resolution strategy to assess the transferability of liquidity across entities in the group, including legal, regulatory and operational obstacles to liquidity flows. Moreover, the ability to maintain funding obtained from entities located in third countries is expected to be thoroughly investigated. This could be done by considering, for example, the experience of the group or other banking groups active in the same jurisdictions during past crisis events and how local regulators reacted.

40. In the case of groups under an MPE strategy, the estimations of the liquidity position are expected to be done separately for each resolution group with a point of entry in the BU. Nevertheless, banks under an MPE strategy may request tailored implementation to the related expectations. In case of resolution, each resolution group is expected to be separable from the others and the liquidity is expected to be managed at the level of each resolution group without assistance from entities not included in the scope of the resolution group. In practice, this means that one resolution group is not expected to assume funding from other resolution groups in resolution (i.e., in the run-up to, and post, resolution).

41. Banks are expected to consider the impact of resolution tools on future cash flows and provide an estimate of liquidity and funding needed to implement the resolution strategy. As the outcome of the methodologies may differ due to the nature of the resolution tool, methodologies are expected to account for different aspects, including, but not limited to, (i) cancellation of coupons and principal amounts of bailed-in liabilities, (ii) liquidity needed during the stabilisation phase, (iii) the reductions of contractual inflows/outflows related to assets disposed in case of asset separation, as relevant for resolution strategy⁷ and (iv) the liquidity required to successfully complete the transfer, in case of the sale of business tool.

⁷ This expectation is subject to the discretion of the IRT, in line with resolvability development performed for EfB 7.2.

2.3.1.2. Counterparties' behaviour in resolution

42. Banks are expected to be able to calibrate their methodologies to cater for behavioural factors impacting non-contractual items, such as:

- Open maturity items (e.g., deposit outflows, open repos);
- The roll-over of existing funding and obtaining of new funding;
- Drawdown of committed credit lines.

43. In relation with the expectations referred to in the previous paragraph, the calibration of relevant parameters (e.g., run-off rates, rollover assumptions, haircuts, etc.) is expected to be internally validated, documented with a rationale and reviewed at least annually or after significant market events, including corporate changes. Banks are expected to focus on how to calibrate the values of these parameters in such a way as to reflect expected behaviours during the run-up to resolution, the first days after the resolution weekend and the stabilisation period.

2.3.1.3. Financial obligations related to access to relevant FMIs

44. Methodologies referred to above are expected to leverage on the work performed as part of the FMI contingency planning to account for FMIs' liquidity needs in resolution. Banks are expected to provide an aggregated estimate of liquidity needs for FMIs. On this point, banks are expected to take into consideration risk management measures that FMIs can take in a distressed situation. Banks are expected to leverage on the applicable FMI rulebooks as well as on requirements expected to be applied, as with additional margins calls requested (if applicable) in accordance with the FMI contingency plans. This assessment is also expected to contemplate the importance and the business that the respective FMI may have in resolution. Additionally, banks are expected to estimate the maximum liquidity that may be required to ensure continuity of access to FMIs, FMI intermediaries and other related service providers necessary for continued access to FMI services.

45. In their FMI contingency plans, banks are expected to specify in what form the increased liquidity needs are expected to materialise (e.g., increased FMI demand for liquidity, increased margin, additional default fund contributions, pre-funding, better quality collateral, as well as the assumptions and models underpinning the calculation of the estimated liquidity needs under stress). Banks are expected to be able to map such requirements to the KLEs and take this into account in their methodology.

46. This information is expected to be consistent with metrics reported by banks in sheet Z.09.03 of Commission Implementing Regulation (EU) 2025/2303, where the following information shall be provided: contribution to default fund (only for CCPs), credit lines, peak of liquidity or collateral requirements, and estimated additional liquidity or collateral requirements in a stress situation.

2.3.1.4. Intraday liquidity needs

47. Banks' methodologies are expected to allow for the estimation of key intraday liquidity metrics in the different phases of resolution at an aggregated level (i.e., depending on the level of centralisation and on cash pooling arrangements) and at material currency level in accordance with the applicable regulatory and legal framework (i.e., Standard 248 from the Basel Committee on Banking Supervision ('BCBS') and Article 86 CRD). At a minimum, banks are expected to make use of intraday liquidity metrics used by the bank in BaU, such as but not limited to:

- Daily maximum intraday liquidity usage;
- Available intraday liquidity at the start of the business day;
- Total value of gross daily payments made and received;
- Intraday credit relative to Tier 1 capital.

In incorporating intraday liquidity aspects in their methodologies, banks are expected to:

- a. Clearly define which sources of liquidity are deemed suitable to meet intraday liquidity needs in resolution;
- b. Clearly indicate which intraday liquidity sources are to be prioritised over the different resolution phases;
- c. Consider the transferability of intraday liquidity between legal entities in resolution.

2.3.1.5. Financial obligations related to operational continuity

48. Banks are expected to ensure that their estimates take into account the financial means necessary to continue providing services needed to support the performance of critical functions and core business lines⁸. Banks are expected to perform a comprehensive assessment of the following non-exhaustive aspects:

- Payments to providers of relevant services;
- Shared service centres;
- Payment of salaries and fees, licences or other expenses to keep critical and essential IT systems and operational assets fully operational;
- Retention and succession plans.

⁸ For core business lines that do not have any critical function, the bank can consider the assumptions of the business reorganisation plan to assess whether the CBL would be kept post-resolution.

Where an institution or a group has service providers that are intragroup service providers, methodologies developed are expected to account for the liquidity needs referred to in paragraphs 49 to 61 of the SRB Operational Guidance on OCIR.

2.3.1.6. Impact of rating agencies' actions

49. Banks are expected to consider the impact of rating downgrades on the liquidity position (e.g., additional requirements from counterparties, FMIs, etc.) and their ability to obtain funding via regular market transactions. In practice, the downgrades from the External Credit Assessment Institutions ('**ECAIs**') may lead to different credit ratings. However, the main assumption for planning purposes is that, in resolution, the bank's rating will be downgraded to non-investment grade⁹. Banks are expected to assume that all bailed-in instruments are downgraded to defaulted. Potential rating upgrades during the stabilisation phase should be considered only exceptionally. Appropriate downgrades are expected to be applied to the various debt instruments issued by the entity: while secured instruments e.g., covered bonds or Asset Backed Securities ('**ABSs**') could be less affected, depending on the quality of the underlying collateral, other instruments could face higher downgrades due to their junior status (e.g., senior non-preferred debt, Tier 2 and AT1).

2.3.1.7. Liquidity value of different asset classes in resolution

50. Banks are expected to provide estimates of the liquidity value of the assets that can be used to generate liquidity in resolution. Banks are expected to estimate the liquidity that could be generated from marketable and non-marketable assets either through (a) an outright sale, (b) monetary policy operations (i.e., open market operations and standing facilities) or (c) through repurchase agreements with private counterparties. When estimating their liquidity value, banks are also expected to take into consideration the feasibility and expected time required. The estimates, and underlying methodological considerations, referred to in this paragraph are expected to be documented in accordance with the expectations laid down in Section 4 of this SRB Operational Guidance.

51. Banks are expected to have developed automated processes to calculate in a timely manner the liquidity value after the application of haircuts to the different asset classes. The framework used to calculate the liquidity value is expected to be flexible enough to facilitate changing the haircut parameters at short notice. For central bank eligible assets, banks are expected to rely on the haircuts communicated by the central banks when they are publicly available. For all other assets, banks could build on experience from past crises, liquidity stress testing¹⁰ and use expert judgement to define the haircuts. Haircuts are expected to be conservative enough and more conservative than in BaU in order to consider the special conditions of the resolution and the reluctance that some investors may have to work with the bank. Banks are expected to pay

⁹ The credit rating of an entity normally corresponds to the credit quality of its senior unsecured debt instruments.

¹⁰ Benchmark references on haircuts could be retrieved for e.g., from the Methodological Note of the ECB Sensitivity analysis of Liquidity Risk – Stress Test 2019 or from the literature related to past crises (i.e., 2023 banking turmoil).

particular attention to the capabilities to estimate the liquidity value of non-marketable assets with due regard of the characteristics of these assets (e.g., credit quality, currency, type of customer, etc.).

2.3.1.8. Legal, regulatory and operational obstacles to the transferability of liquidity between KLEs

52. Banks are expected to perform a detailed assessment of any current, potential and future obstacles to the transfer of liquidity between KLEs. In particular when located in different countries, and due to local regulatory requirements (e.g., prudential liquidity requirements at individual level, intragroup large exposure limits), legal (e.g., company law¹¹, reserve requirements and prohibition to transfer liquidity collected locally out of the country) or operational obstacles (e.g., access to FMIs, local liquidity needs to ensure continuity of their critical functions) are expected to be considered. Banks are expected to be able to assess and incorporate the impact of these aspects in their methodologies. In this respect, banks are expected to implement a conservative approach whenever uncertainty (e.g., on the actions of local regulators) prevents a precise determination of the availability of a specific liquidity pool.

2.3.1.9. Legal and operational obstacles to pledge available collateral in a timely manner

53. Banks are expected to perform a detailed assessment of any current, potential and future legal and operational obstacles to pledge collateral (e.g., consent of the debtor, non-recognition of the law of the contract). This detailed assessment is expected to be the one referred to in Section 4 of this SRB Operational Guidance. Methodologies to estimate liquidity and funding needs are expected to incorporate the effects of these obstacles along with the time requested to mobilise different asset classes. Banks' methodologies need to be able to estimate the most precise timing required to mobilise different asset classes and be able to reflect this impact in the estimate of their liquidity needs. Banks are expected to apply a conservative approach whenever uncertainty prevents a precise determination of the availability of collateral. This assessment is expected to present a similar level of granularity with the overview of time to mobilise collateral referred to in Section 4 of this SRB Operational Guidance.

2.3.1.10. Contractual suspension or termination by counterparties

54. Banks are expected to perform an assessment of potential liquidity and funding needs from the suspension or termination of contracts in resolution (e.g., early termination of a contractual netting set for derivatives). Banks are expected to scrutinise any risk of additional liquidity and funding needs that would follow the termination of over-the-counter derivatives or securities financing

¹¹ General corporate standards in civil law typically impose limits on new lending to insolvent institutions, regardless of the will of prudential authorities.

transactions contracts governed under the laws of a third country in the absence of contractual recognition of resolution authorities' powers to suspend termination rights (i.e., stay powers).

55. Banks are expected to assess to what extent contracts containing resolution-resilient features limit the risk of additional liquidity and funding needs. To this end, banks are expected to perform an assessment of any liquidity needs that could arise from alternative measures identified for the purpose of EfB principle 4.3.

2.3.2. Guidance for liquidity scenarios

56. Banks are expected to have the capabilities to adapt the parameters, assumptions and input requested to estimate their liquidity and funding needs in resolution against any crisis scenario they may face. Banks are expected to apply their methodologies aiming at estimating liquidity and funding needs in resolution to a minimum of two resolution scenarios of different dynamics: a slow-moving and a fast-moving scenario. These scenarios would be triggered by idiosyncratic and/or systemic events, involving a mix of solvency and liquidity depletion.
57. To calibrate their methodologies, banks are expected to make use of expert judgement, relevant literature and, where relevant, experience from previous crises. As aforementioned methodologies aim at estimating liquidity and funding needs in resolution, run-off rates and haircuts are expected to be calibrated to reflect the specificities of a resolution scenario.
58. Scenarios developed by banks for recovery planning and stress testing may be used as a starting point. However, banks are expected to apply the aforementioned methodologies to scenarios that account for resolution specificities. Therefore, scenarios are expected to be designed with resolution conditions in mind and take into account the business model of the banks at issue. Moreover, the aspects listed in the sub-sections below are expected to be reflected when designing the scenarios.
59. Expectations referred to in the previous paragraph should be read as common features for general resolution planning purposes and should not prevent banks from adopting stricter parameters where needed. Moreover, banks are expected to consider the aspects mentioned in the sub-sections below when designing the scenarios.

2.3.2.1. The length of the crisis affects the liquidity dynamics

60. In a slow-moving scenario, banks are expected to assume they enter into resolution no less than 12 months after the start of the crisis. In a fast-moving scenario, it is assumed that the bank enters into resolution no more than one month after the start of the crisis.
61. The length of the crisis will affect the expected group structure before resolution, the liquidity position and balance sheet at the point of resolution, especially in the way banks are able to implement recovery options:

- A fast-moving scenario entails that a bank has a limited period of time to implement its recovery plan. Therefore, major changes in business model and its organisational structure are not expected to be assumed by banks. Only recovery options that strictly take less than one month to be implemented are expected to be considered;
- A slow-moving scenario entails that the bank benefits from more time to implement more structural changes, such as initiating, if identified as recovery options, the exit of some business and the reorganisation of activities.

62. The analysis is expected to simulate, in all material currencies, the liquidity position of each KLE at different phases of resolution, namely in the run-up to resolution and at the moment of the Failing or Likely to Fail ('**FOLTF**') declaration. The analysis is expected to include a forecast of the liquidity position for a period no shorter than six months following resolution, should the PRS be bail-in. Should the PRS be a transfer tool, it is expected that the forecast period of the liquidity position not be shorter than one month.

63. The length of the scenario impacts the period that should be considered for the run-up to resolution:

- In the fast-moving scenario, this should account for the last month before the FOLTF declaration;
- In the slow-moving scenario, this should account for the three months before the FOLTF declaration.

2.3.2.2. Scenarios should lead the bank to a FOLTF situation

64. The trigger of the crisis is left to the discretion of banks. For example, banks could assume that stress factors used in supervisory exercises (e.g., in the idiosyncratic crisis scenario of the recovery plan) take such extreme values that the assumed recovery options are not sufficient and the bank enters into a run-up to FOLTF.

65. Banks are expected to design a plausible scenario of failure where liquidity (and not solvency, at least not primarily or exclusively) would be a key element of the trigger. The legislation does not provide for an automatic trigger for a FOLTF decision. Hence, banks are expected to be in a position to perform such an analysis based on expert judgement taking into account the criteria for the FOLTF determination set under Article 18(4) of SRMR and Title 2 of the EBA/GL/2015/07.

2.3.2.3. Scenarios should assume a severe level of liquidity deterioration

66. While modelling the exact trajectory of liquidity needs following the FOLTF declaration, banks are expected to assume that, when the FOLTF declaration takes place, the relevant liquidity indicators (i.e., economic and normative) are severely deteriorated, to the point where there is a breach of

applicable regulatory requirements. Should banks want to deviate from this assumption, they are expected to provide and document a justification to be agreed with the IRT.

67. At the point of FOLTF, banks are expected to have already used a significant part of their liquidity generating actions and Counter Balancing Capacity ('CBC'). The recovery options implemented and the level of CBC at the point of FOLTF should reflect the characteristics of the scenario and is expected to be documented accordingly in line with the recovery plan. In general, a slow-moving scenario should allow the bank to implement more recovery options than a fast-moving crisis.

68. When relevant for their business/funding model, banks are expected to consider:

- High unexpected outflows of deposits, in particular, in the run-up to resolution and in the days following the resolution weekend;
- Unavailability of wholesale funding, and impossibility to issue debt in the run-up to and in the weeks after resolution;
- Increased liquidity requirement from FMIs in the run-up to resolution;
- Severe reduction of high-quality liquid assets;
- Severe reduction of assets eligible for monetary policy operations;
- Activation of the contingency funding plan in the run-up to resolution.

2.3.2.4. Use of recovery options should be assumed under conditions

69. In general, scenarios can assume the exercise of recovery options that are compatible with the crisis scenario and with a situation of deep distress (e.g., issuance of securities are not expected to be assumed).

70. The use of the recovery options is expected to be realistic and take into account the time horizon of the scenario. In principle, the recovery plan already provides information on the timing of each recovery option. For this purpose, scenarios are not expected to include recovery options in the days before and after resolution. Banks are also expected to analyse any additional options that are not included in the recovery plan and that would be specific to resolution (e.g., discontinuation of activities).

71. Banks are expected to perform an assessment of which recovery options could be implemented when applying the aforementioned scenarios and discuss this with the relevant IRTs. The assessment is expected to consider both the implementation timeframe and the likelihood of successful implementation of these recovery options in resolution. Banks are expected to provide an implementation timetable in order to consider potential interdependencies.

2.3.2.5. Scenarios should take into account the resolution strategies and tools

72. Banks are expected to be able to estimate the liquidity needed for the implementation of the preferred and variant resolution strategies. They are expected to estimate the liquidity position at resolution group level and at the level of each KLE, after successful implementation of the preferred and variant resolution strategies and tools.
73. Banks are expected to have the capabilities to assess the impact of the preferred and variant resolution strategies and tools on the subsequent liquidity cash flows. For example, this could include, where relevant, the cancellation of future payments on bailed-in liabilities in the envisaged scenarios and the implications for relevant counterparties (e.g., FMIs, funding providers, depositors, etc.).
74. For banks with a transfer tool, successful implementation may lead to a complete sale of business or partial sale or asset separation with remaining parts being wound down. The primary focus is expected to be on building capabilities to estimate liquidity needs to ensure successful transfer of the assets/shares of the bank to the buyer. The application of transfer tools may result in a situation where a bank with better liquidity generating potential takes over fully or partially the failed bank and/or its assets.
75. For banks with only bail-in as resolution tool, banks are expected to be in the position to estimate their liquidity position in the post-resolution phase with more detail than in the case of banks that have transfer tools as preferred resolution strategies. Furthermore, liquidity risk is likely to be higher after the application of bail-in compared to a sale of business strategy, when the acquirer is expected to provide liquidity support post resolution.

2.3.2.6. Scenarios should take into account the post-resolution environment

76. Methodologies are expected to allow banks to forecast their liquidity position for six months after the resolution weekend, except for the sale of business tool (where this period might be reduced to no less than one month). Banks are expected to be able to discuss and describe the expected counterparty behaviours post resolution using their expert judgement and the industry's experience in past crises. It is for banks to elaborate and justify post-resolution counterparty behaviours (e.g., outflows rates, haircut rates and conditions attached to secured funding, etc.).
77. At a bare minimum, the following high-level assumptions are expected to be considered when designing the scenarios:
- Depending on the resolution strategy and tools to be implemented, some business reorganisation initiatives could be required to ensure the long-term viability of the bank while maintaining the critical functions (e.g., some services and activities that are not essential may have to be wound down in case they are detrimental to the bank's long-term viability);

- Furthermore, the scenario is expected to consider possible actions that can be implemented to improve the overall liquidity situation of the institution (i.e., recovery options that would remain available). Banks are expected also to consider measures that were not considered relevant for recovery but which could be relevant for resolution (e.g., discontinuation of activities or wind-down of certain entities);
- Notwithstanding the successful resolution, due to the asymmetry of information regarding the sustainability of its business model and/or the quality of its asset portfolios, the bank remains under stress for some time after resolution (e.g., access to unsecured debt markets is expected to remain limited);
- Potential rating upgrades over time are expected to be considered subject to an improving liquidity position (Section 2.3.1.6).

2.3.2.7. Exchange between IRTs and banks

78. Banks are expected to submit to the IRTs a qualitative note describing the model used and explanations on how they intend to address aspects underlying the estimates, focusing on:

- The simulation and estimation capabilities;
- The key methodological assumption, including how the contingency funding plan and recovery options are planned to be used;
- How relevant aspects described in Section 2.3.1 would be addressed;
- Assumptions and characteristics of the scenarios;
- The trigger chosen for the FOLTF determination;
- A description of the liquidity dynamics triggered by the resolution event;
- Capabilities of the bank to recalibrate at short notice (i.e., 24 hours) their methodologies to reflect market changing conditions;
- The feasibility and expected time needed for different strategies to generate liquidity in resolution.

79. This note is expected to assess whether the methodological approach developed by banks is consistent with SRB expectations and to discuss relevant outstanding issues with the IRT.

2.3.2.8. Presentation of the results of the estimates

80. Banks are expected to deliver an analytical note presenting the outcome of the simulations for the scenarios, with the reference date based on the latest available supervisory data. No specific format is imposed for presenting the quantitative results. For this purpose, banks are strongly

encouraged to consider using the standardised set of data specified by the SRB¹², or a template that ensures a similar level of granularity.

At a minimum, the outcome of the simulations is expected to include for each scenario:

- The evolution across the three resolution phases of the liquidity position and its main components (i.e., inflows, outflows and the CBC per time bracket);
- A stylised balance sheet for each scenario across the three resolution phases leveraging on sheet C.66 of COREP ALMM;
- The evolution of the regulatory and main internal liquidity ratios used by the bank (e.g., LCR, NSFR, NLP, survival period, the asset encumbrance ratio and the liquidity required to restore the ratios);
- An analysis of how the KLEs contribute to the net liquidity position;
- A focus on the evolution of liquidity needs in each material currency.

81. At a minimum, the maturity brackets to be considered are expected to be aligned with those referred to in the standardised set of data specified by the SRB. For each of these time brackets, banks are expected to provide, at least:

- Details of outflows by type - liabilities from securities issued, from secured lending and capital market transactions, covered and non-covered deposits per customer type, committed facilities, FX-swaps and derivatives, and others - for both contractual and open maturity items;
- Details of inflows by type - monies due from secured lending and capital market transactions, loans and advances per customer type, FX-swaps and derivatives, and others - for both contractual and open maturity items;
- Details of the CBC by type - cash, central bank reserves, level 1, 2A and 2B assets¹³, others.

82. Banks are expected to take into account the outcome of the analysis performed in their liquidity strategy in resolution and, where relevant, in the respective funding plan. In the event of a liquidity gap, in particular in material currencies, it is expected from banks to explain how it could be closed.

¹² Currently the Joint Liquidity Template.

¹³ See Article 3 of Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for banks.

3. Measurement and reporting of the liquidity situation in resolution

83. Past banking crises have shown the need for supervisory and resolution authorities to monitor and analyse the liquidity situation of institutions under their remit. Such a monitoring and analytical framework, performed both in normal and distressed times, is dependent on the development, implementation and constant maintenance by banks of their risk measurement and reporting capabilities.
84. Within that framework, the SRB may expect banks to test their reporting capabilities through dedicated liquidity data collection exercises. The format of these exercises, as well as the standardised information to be reported, is to be specified by the SRB.
85. It is of particular importance that banks develop the necessary risk aggregation, measurement and reporting capabilities to be in the position, both in normal and distressed times, to produce the aforementioned pre-defined set of datapoints. The development and maintenance of such capabilities require banks to establish, or adapt, the related governance arrangements and internal framework to ensure that any information communicated to the resolution authority is submitted in the most timely, complete and accurate manner.
86. The identification assessment referred to in Section 3.1 of this SRB Operational Guidance is expected to be performed or updated when there are updates to the resolution plan or when there are any material changes to the legal or organisational structure or to the business of the financial position of the bank.

3.1. Capabilities to measure and report the liquidity situation in resolution

87. Banks' capabilities to measure and report their liquidity and funding needs, as well as their liquidity sources, are key for their resolvability. Banks are expected to document their resolvability by having developed and implemented the necessary policies, processes, validation procedures and Management Information Systems ('MIS') capabilities.
88. Past crisis cases have shown the importance of receiving liquidity data at the level of the resolution group as well as at the individual level for each KLE including for all material currencies and at high frequency (e.g., intraday). Banks are expected to develop capabilities to produce information that comply with the accuracy, integrity, completeness and timeliness principles referred to in Standard 239 of the BCBS, and further explained in this SRB Operational Guidance, and report them in accordance with the relevant reporting instructions that form part of this SRB Operational Guidance.

89. Banks are expected to develop and maintain their capabilities to measure and report their liquidity situation in all configurations of a resolution case. Within that framework, banks are expected to analyse whether the implementation of the preferred and variant resolution strategy would have adverse effects on the aforementioned capabilities. As an illustration, transfer tools, and, in particular, asset deal, may have consequences that need to be carefully analysed by banks (e.g., fragmented liquidity view, capability to report independently, continuity of access to data and ability to produce data outputs).
90. For banks under an MPE strategy, each resolution group located in the BU is expected to develop its own capabilities to report the standardised information specified by the SRB at the level of the resolution group and at individual level of KLEs (including for material currencies) at short notice (i.e., 24h). Those capabilities are expected to be independent from other resolution groups to avoid the situation where any separation of one resolution group from the others reduces its monitoring and reporting capabilities.
91. Subject to discussion and agreement with the relevant authority, subsidiaries and branches located in a third country that have been identified by banks as KLEs could be expected to develop capabilities referred to in this section.

3.1.1. Governance structure and internal control framework

92. Governance has been defined as one of the seven dimensions of resolvability in the EfB. Banks are expected to assess whether capabilities developed in the implementation of the governance principle are also applied when it comes to the implementation of EfB principle 3.2 as described in this SRB Operational Guidance. The expectation is for banks to put in place the necessary internal control framework and governance structure, including, but not restricted to, quality assurance processes, to measure and report their liquidity position in resolution, and document it accordingly.
93. Banks are expected to ensure that the internal framework and governance arrangements related to the measurement and reporting of the liquidity situation:
- Support the execution of the resolution process;
 - Are suited for the specificities of an extreme stress event, including a resolution; and
 - Would not be adversely impacted by any potential resolution and/or restructuring measures that could separate the entities in the group.

3.1.1.1. Governance structure

94. Banks are expected to document their capability to measure and report the liquidity situation of the bank in resolution in a timely manner. Banks are, therefore, expected to demonstrate that they

have put in place governance arrangements that enable them to assure adequate quality, approve and report the information requested in the standardised set of data specified by the SRB at the requested level of consolidation (at the level of the resolution group and at the individual level of KLEs including for material currencies) and at high frequency. These arrangements are expected to be generally fully aligned with the principles of BCBS Standard 239 on risk aggregation and risk in resolution planning activities while ensuring the proportionality principle. These arrangements are also expected to be designed to reflect resolution specificities and are expected to leverage on those applicable in crisis developed under the guidance of the Single Supervisory Mechanism ('SSM').

95. Banks are expected to establish clear lines of responsibility to ensure that information on the liquidity situation of the bank in a crisis scenario is reported efficiently, without undue delay, and that strategic decisions based on such information are communicated clearly to all relevant stakeholders within the group (i.e., Senior Management, Asset Liability Management, Finance Department, etc.). Banks are expected to incorporate the monitoring and reporting of liquidity risks in resolution into their internal crisis management frameworks.
96. Banks are expected to document the roles and responsibilities of the stakeholders involved in the measurement and reporting of liquidity in resolution, related quality assurance, approval and escalation processes, as well as the relevant timeframes for individual steps in the reporting process. To this end, banks are expected to identify and document:
- The overall governance set-up, such as processes, decision-making timeframes, reporting lines, escalation and formal approval mechanisms with a clear allocation of responsibilities;
 - Teams, departments and committees (pre-existing or specifically designed) within the banks (including intragroup services) that will be involved in the measurement and reporting of liquidity in resolution¹⁴. Banks are expected to describe the links and cooperation between the above-mentioned units. The roles and tasks of the different actors, committees and interactions between them are expected to be clearly documented. The interplay with the relevant external stakeholders (e.g., National Resolution Authorities ('NRAs'), SRB, SSM, National Central Banks ('NCBs'), FMI providers, etc.) is also expected to be clearly defined;
 - A list of roles and responsibilities of the above-mentioned units (and to the extent possible staff/personnel) involved in the population of each section standardised set of data specified by the SRB and its ultimate delivery during resolution. In that respect, banks are expected to be adequately staffed in accordance with the expectations set forth in the SRB Operational Guidance on Operational Continuity in Resolution (e.g., to have considered

¹⁴ In particular, internal staff, systems owners and teams responsible for delivering, consolidating and validating data points specified in the template.

alternates/back-ups, in case the main person responsible is not available or might be engaged in other bank processes at the time of the crisis¹⁵). This document could take the form of a table;

- Whether any of the processes related to the measurement and reporting of liquidity are outsourced and, if so, whether banks have identified substitutes to these service providers (e.g., software, data...).

97. As a resolution action could have consequences on the structure of the group, banks are expected to provide information on the level of centralisation and coordination involved in their liquidity measurement and reporting and, overall, how this function would be ensured after the application of the preferred and variant resolution strategies and tools.

98. Banks are expected to provide the documentation referred to in this sub-section and to prepare a clear visualisation of these arrangements by using flowcharts and diagrams showing interactions between the different actors, departments and committees that shall be part of their liquidity measurement and reporting governance structure during resolution.

99. Banks are expected to align the above-mentioned documentation with the overall materials and/or information delivered under the EfB Principles 3.1, 3.3, 4.1 to 4.3 and, where appropriate, with information provided in the ILAAP, contingency funding plan, and recovery plan.

100. Banks are expected to promptly update resolution authorities, in a proportionate manner, on material changes to their governance structure, internal framework and the operational set-up of their MIS systems, including change of MIS service providers, which may have an impact on their capabilities to measure and report liquidity in resolution.

3.1.1.2. Internal control framework

101. The quality of data submitted by banks plays a key role in crisis in order to ensure an adequate response and management of the crisis by the authorities. Thus, banks are expected to put in place internal control and quality assurance processes to ensure the accuracy and completeness of the standardised data specified by the SRB. Banks are expected to ensure alignment with the definitions set in the reporting instructions specified by the SRB.

102. In this context, and with regard to EfB principle 1.3, banks are expected to provide information on the data quality standards in place to ensure the identification and remedy of any deficiencies to the completeness, accuracy, integrity and timeliness of the data reported to the SRB. In that respect, banks are expected to submit any available relevant documentation (i.e., data production manual, production and control templates, internal audit controls, etc.). This documentation is

¹⁵ In case the provision of other resolution related data (e.g., the extraction of bail-in related data) makes use of the same resources, banks are expected to highlight this when providing the information.

expected to cover critical aspects related to data quality (i.e., data update frequency per asset class, consolidation specificities, lines of defence).

103. Banks are expected to ensure that the information and data reported to the SRB is reconcilable and consistent with those reported in other deliverables submitted for resolvability and supervisory.

104. Banks are expected to assess whether their internal control framework in place is adequate to ensure the data quality necessary for the measurement and reporting of the liquidity position in resolution, providing qualitative and quantitative information.

3.1.2. MIS capabilities to meet data requirements

105. Banks are expected to document MIS capabilities that enable them to report the standardised set of data specified by the SRB at (a) the required level of consolidation, (b) the level of the resolution group, (c) individual level of KLEs, (d) for material currencies in the meaning of Article 415(2)(a) of the CRR, (e) at short notice and (f) at high frequency (i.e., including intraday¹⁶).

106. As MIS developments require implementation time, it is vital that such capabilities be developed and demonstrated *ex ante* in BaU. This provides confidence that these capabilities can be efficiently employed in case of resolution. Similarly, and where possible, banks are also expected to leverage on capabilities developed as part of their work on MIS capabilities for other resolution related purposes.

107. Banks are expected to identify and document systems, applications and tools necessary for the measurement and reporting of liquidity for the required scope. Banks are expected to automate these processes to ensure their readiness to provide the data at short notice (i.e., 24h) and at high frequency (e.g., intraday) in crisis. In case manual processes are applied, banks are expected to document them and perform a quality assurance process.

108. Banks are expected to assess whether internal documentation, guidelines and policies to document the data generation, aggregation and delivery process, are adequate for a resolution scenario.

109. In particular, banks are expected to document:

- The level of automation and the degree of manual intervention necessary in the production of the data¹⁷;

¹⁶ Data points identified for intraday reporting are a subset of the information contained in the standardised set of data specified by the SRB.

¹⁷ Based on the proportionality principle, the IRT may request this information at the relevant level (i.e., section or individual tables) of the standardised set of data specified by the SRB. This expectation should be understood in line with the documentation on the automation level of other reports submitted by the bank to the relevant authorities.

- The time needed to provide the data;
- The frequency of data update¹⁸;
- The reference date and time of the data;
- Any reconciliations and validations performed as part of the data quality assurance process, including the related automation process;
- The internal procedures (including template controls) and data sources used in the generation of the standardised set of data specified by the SRB.

110. Banks are expected to identify the staff and back-up involved in the measurement and reporting of the standardised set of data specified by the SRB as critical staff in accordance with the expectations laid down in the SRB Operational Guidance on Operational Continuity in Resolution.

3.1.3. Identified obstacles and remedial actions

111. Banks are expected to identify and document obstacles to report any data points related to the standardised set of data specified by the SRB at the frequency and scope requested.

112. Where obstacles are found, banks are expected to specify whether remedial actions needed to address identified obstacles have been defined. In this respect, banks are expected to consider, at a minimum, the following dimensions:

- Reporting scope (level of specific resolution group(s) or KLEs);
- Ability to report in a timely manner before the reporting deadline;
- Ability to communicate with the IRT ahead of any foreseen reporting delay;
- Ability to report items in an accurate and/or complete manner;
- Material currency scope;
- Reference date of data points reported (per asset type, if justified);
- Report content (availability and reporting of data points);
- MIS capabilities;
- The governance arrangements and internal framework (report from internal audit, etc.).

113. In case of obstacles in reporting the data points specified by the SRB, banks may use appropriate proxies and explain why exact data cannot be produced. In that context, banks are expected to document how well these approximate the data points under resolution conditions, as well as any

¹⁸ In the event where data update frequency is not daily, or changes due to consolidation, the bank is expected to duly justify and document this.

other relevant information to be considered by the IRT. In addition, banks are expected to identify a plan to comply with such capability (reporting at intraday frequency) in accordance with the timeline agreed with the IRT.

114. In case remedial actions are necessary, banks are expected to:

- Assign a person responsible for the implementation of the remedial action;
- Specify a timeline with milestones when the action is expected to be implemented;
- Assign the necessary resources to implement the remedial action;
- Adapt the MIS work programme accordingly, if necessary.

115. Where relevant, banks are expected to provide information on internal procedures to improve data quality.

116. Where a number of obstacles have been identified, the prioritisation of remedial actions is expected to be agreed with the IRT.

3.1.4. Data collection for different types of entities

117. The SRB will engage in discussions with the relevant authorities with respect to third countries, non-BU subsidiaries or branches as regards the collection of the standardised set of data points specified by the SRB in the event they are identified as KLE.

3.1.5. General capabilities and scope

118. Banks are expected to develop capabilities to complete the standardised set of data points specified by the SRB according to prevailing market conditions and bank-specific variables at the time of reporting. In particular, banks are expected to be able to estimate cash flows resulting from liabilities with an uncertain run-off profile, such as open maturity items or liabilities with an early redemption date. Additionally, banks are expected to document any assumptions made in the calibration of parameters used in the estimation.

119. When the level of consolidation differs from a prudential and resolution group basis, (e.g., in the case of MPE), the reporting scope will be determined to best reflect the needs of the Single Resolution Mechanism.

120. Banks are expected to have the capabilities to report the standardised set of data specified by the SRB for all KLEs requested to take part in the liquidity data collection exercise.

121. The scope of entities that are expected to report the standardised set of data specified by the SRB is determined by the SRB, bearing in mind the KLEs identified for the purpose of Section

2.1 of this SRB Operational Guidance¹⁹. Banks are expected to have developed the reporting capabilities referred to in this SRB Operational Guidance for all KLEs and at the level of the resolution group.

122. However, based on duly justified considerations submitted and discussed with the IRT ahead of the launch of the liquidity data collection exercise, banks may request either (i) a specific KLE does not take part in the reporting or (ii) sub-group KLEs in order to best capture the liquidity structure of the banks while ensuring proportionality in the implementation of the expectations laid down in this SRB Operational Guidance.

3.2. Liquidity data collection exercise

123. The liquidity data collection exercise is not a pass/fail exercise with regard to the liquidity position of the bank but is rather data collection put in place to test governance arrangement and MIS capabilities to report the standardised set of data specified by the SRB, given that it will be collected in case of resolution.

124. Banks' focus is expected to be on the capability to provide the standardised set of data specified by the SRB at the level of the resolution group(s) and KLEs and at a high frequency (e.g., intraday). Hence, the focus is not on assessing the liquidity position of the banks at the time of the reporting of the collection exercise.

125. Banks are expected to submit the template in accordance with the reporting instructions provided ahead of the reporting deadline set and communicated ahead of the launch of the exercise.

126. Unless indicated otherwise by the IRT, when estimating and reporting the liquidity resources available, banks are expected to develop the capability to take into account the impact of prevailing market conditions on the method and timing of asset monetisation, aligned with the work expected for EfB principle 3.3.

127. Bearing in mind the need to avoid reporting duplication, banks are expected to report the aforementioned standardised set of data via a reporting channel specified by the Single Resolution Board ahead of the request for the aforementioned standardised set of datapoints²⁰.

128. A [Q&A process](#) has been put in place to allow banks to raise questions on the liquidity data collection exercise. This common Q&A process ensures consistent replies to banks.

¹⁹ Resolution group(s) and KLEs.

²⁰ Currently the reporting channel is CASPER.

4. Identification and mobilisation of collateral during and after resolution

129. While supervisory assessments aim to prevent a bank failure by overseeing proper collateral practices and sufficient liquidity buffers, resolution planning starts from the assumption that a bank is failing or is likely to fail. In that situation, banks are expected to identify and mobilise different asset classes as collateral, since it is likely that the most liquid ones would be a first recourse in the recovery phase. Therefore, a wider approach to collateral management to facilitate all available funding options, including the set-up of different processes and the development of specific capabilities, is of particular importance. Expectations laid down in this section are to be considered in conjunction with those referred to in Section 2 of this SRB Operational Guidance.
130. The capacity to mobilise a sufficient amount of collateral in resolution is key to ensuring the financial continuity of distressed banks. In times of crisis, markets may have reservations regarding the viability of banks and are likely to require assets as collateral before providing funding. Collateral will also be required to access central bank funding and may facilitate the provision of extraordinary liquidity support from the Single Resolution Fund ('SRF').
131. At the time of resolution, a large part of banks' liquid assets is expected to be encumbered. Therefore, access to secured funding through private markets, as well as ordinary CB funding, might be limited. A bank in resolution could be required to mobilise less liquid and lower quality assets in order to obtain funding from (i) private markets, (ii) CB funding, (iii) the Single Resolution Fund or (iv) other public sector backstops. Therefore, the capability to timely identify and mobilise available assets as collateral is a key element to support the financial continuity of a bank in resolution. This capability implies a clear understanding of the operational and legal requirements that a bank needs to comply with in order to get secured funding.
132. Liquidity support from the SRF is subject to legal requirements and conditions that may be provided based on a proposal initiated by the SRB. This section of this SRB Operational Guidance does not pre-empt any decision from the SRB in this respect. Instead, it aims at assessing the capabilities to provide relevant information on certain assets classes that could be mobilised as collateral in resolution, regardless of the final liquidity provider and including private lenders.
133. The SRB has developed a collateral policy in the context of provision of liquidity support when the Common Backstop to the SRF would be used, which could also be considered of relevance for SRF liquidity support in general. Under the collateral policy, the SRF will provide liquidity on a fully collateralised basis when available and practical. In principle, almost all asset classes are

eligible under the SRF collateral framework; an independent valuation will be performed and haircuts will be applied according to the internal risk framework developed by the SRB.

134. Analyses and assessments referred to in section 4 of this SRB Operational Guidance are expected to be performed or updated at the occasion of updates to the resolution plan as or upon the occurrence of any material changes to the legal or organisational structure or to the business of the financial position of the bank.

4.1. Collateral governance and management framework in resolution

135. The collateral governance and management framework of a bank includes policies, processes and governance related to the provision of collateral management services. The collateral framework will play a key role in case of resolution for the bank to get access to liquidity and to ensure its financial continuity.

136. Banks' collateral management frameworks are expected to ensure that they:

- Can support the execution of the resolution process;
- Are suited the specificities of a resolution scenario; and,
- Would not be adversely impacted by any potential measure that could separate the entities in the group, such as transfer tools.

4.1.1. Collateral governance in resolution

137. Starting from the information developed for supervisory purposes (e.g., recovery plan, ILAAP, etc.) and supported by any additional information, banks are expected to describe the collateral governance and management in resolution, in particular:

- Collateral governance and management framework, including the level of centralisation of the collateral management function, the decision-making bodies within the different entities of the resolution group and the main business units involved in collateral management and monitoring;
- Monitoring metrics and early warning indicators used by the bank to trigger recovery or any escalation process, including their asset encumbrance policy, the capacity to monitor asset encumbrance at the level of KLEs and Resolution Group, main sources of encumbrance and identified management actions that could release encumbered collateral;
- Any change to the bank's regular collateral governance and management function and processes following the envisaged application of resolution actions, including any changes to the roles and responsibilities of the different units and decision-making bodies (especially

in case of MPE strategies and transfer tools). It is expected to include any defined measures, identified by the bank, to address any adverse impact on the collateral management function and governance arrangements following the execution of the preferred and variant resolution strategy;

- The time needed by banks to mobilise the different asset classes referred to in Annex III of this SRB Operational Guidance.

4.1.2. Access to central bank funding

138. It is necessary at the KLEs and Resolution Group level to (a) understand how the resolution group would access CB funding, (b) identify the group entities that have access to CB funding, and (c) any potential issues due to resolution actions that might impact access.

139. Banks are expected to document their strategy and policies to access CB funding. Concretely, banks are expected to describe:

- the resolution group's access to CB monetary policy and credit operation(s), at parent, subsidiary and branch level, both inside and outside the EU and for material currencies;
- national specificities (e.g., eligible asset types, haircut application, regulatory, compliance and operational expectations, etc.) of CB funding operations, as well as any previous experience of the banks;
- early warning indicators and escalation procedures related to the mobilisation of collateral and other contingency funding facilities that could be used. This point is expected to document any past instances where the NCB has expanded its eligible collateral framework due to special events.

140. Banks are expected to assess whether the application of resolution actions would impede access to ordinary CB funding²¹. In particular, it is important for banks to assess whether the application of the PRS could have an impact on the access conditions to CB funding, due to potential impact on the structure of the group or changes to the entities in the resolution group following the application of resolution actions²².

4.1.3. Resolution group access to secured funding via private markets

141. Banks are expected to describe their strategy and policies to access secured funding via private financial markets, as a starting point, considering the use of secured funding options via private markets in the context of the recovery plan and the contingency funding plan.

²¹ For the purpose of this assessment, IRTs are invited to consider the provisions of Article 55 of the ECB Guideline (EU) 2015/510 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014O0060-20240506>) and Article 158 of the ECB Guideline (EU) 2015/510.

²² Such as changes in the ownership in the group due to the Bail-in tool, or separation of the entity holding the banking licence due to transfer tools.

142. Banks are expected to document secured funding sources which are available (e.g., repos, securitisation, covered bonds, etc.) and the groups' capabilities to raise secured funding instead of unsecured funding, focusing on:

- Entities performing the operations, in particular, when specific entities have to be set up for the operation (e.g., SPVs);
- Entities providing the collateral securing the operation;
- Whether the implementation of the resolution strategy might prevent the execution of some of these operations e.g., in case of transfer strategies;
- Counterparties that may provide funding in these situations.

4.2. Identification of assets to be used as collateral in resolution

143. Collateral identification should be understood as the capability to provide detailed information on the resolution group's collateral availability in a granular and timely manner. This means being able to identify the legal specificities and operational availability of each relevant asset class that could be used as collateral, including at a minimum the (non-)marketability and/or (non-)CB eligibility of the different assets that could practically and feasibly be used as collateral through private financial markets, CB funding, as well as extraordinary funding. Similarly to paragraph 139, banks are expected to provide this information at the level of the resolution group and for each KLE.

144. Banks are expected to perform an assessment of their capability to identify collateral that could be used to obtain funding in resolution. In particular, banks are expected to:

- Develop, document and maintain capabilities to accurately identify all assets that can potentially be used as collateral in resolution. Particular focus is expected to be placed on less liquid assets and lower quality assets. This is expected to cover, in particular, assets that are not eligible for ordinary CB facilities or for which the eligibility for CB monetary policy operations is not known;
- Be able to identify the position of available collateral within the resolution group and to provide a granular view per KLE. To this end, banks are encouraged to make use of the template included in Annex III;
- Have adequate MIS capabilities allowing them to value (through the use of a haircut methodology), provide documentation and monitor the evolution of, available collateral, providing updated reports on a regular basis as specified by the SRB.

145. Moreover, for (non-)marketable and/or CB (non-)eligible assets that could practically and feasibly be accepted as collateral through private markets, ordinary and non-ordinary CB funding, as well as extraordinary funding, banks are expected to provide, at asset class level, the:

- Location of the assets within the resolution group, including the physical location at the custodian (and settlement agents) where the assets are held and the entity in whose balance sheet the assets are booked;
- Legal and practical availability of the asset (encumbrance), at the level of the KLE and/or and resolution group;
- Governing law of the assets;
- Currency in which the assets are denominated;
- Instrument-related information (nominal / liquidity value, accrued interest, maturity, ISIN, currency, etc)²³.

4.2.1.Assets eligible as collateral for ordinary CB facilities

146. Banks are expected to continuously minimise the amount of assets for which the CB eligibility is unknown²⁴, by identifying and taking steps to clarify their eligibility. Inability to assess the eligibility of collateral, for example, because of data quality issues, should not result in a classification of the collateral as not eligible. Banks are expected to describe the root causes of its inability to assess the eligibility of collateral and present a plan to remedy these root causes. The scope of the assessment should include assets that could feasibly and practically be mobilised for access to ordinary CB facilities.

4.2.2.Assets not eligible as collateral for accessing ordinary CB facilities

147. Working on the identification of assets not eligible for accessing CB facilities presents the obvious challenge of not having detailed collateral framework requirements. However, this does not prevent banks from performing specific work at the resolution planning stage, aimed at increasing the likelihood that banks will be able to leverage on these assets in resolution.

148. In principle, the SRB will accept marketable and non-marketable, both CB-eligible and not eligible assets as collateral when providing SRF liquidity support. In light of the importance that not eligible assets will have in resolution, banks are expected to be able to identify assets not eligible for accessing ordinary CB facilities (in line with the asset classes detailed in Table 1). Banks are expected to have in place the necessary tools and processes to provide an overview of their holdings at least at asset class level, including the:

²³ To avoid reporting duplication, please cross-refer with the work on the SRB Valuation Data Set.

²⁴ One of the outcomes of the 2019 SSM liquidity stress testing exercise highlighted how the portion of assets for which the eligibility assessment is not performed can be significant (circa.19% of total assets).

- Currency, market value (in local currency and EUR) and the liquidity value that could be realised via secured funding for marketable assets;
- Nominal or book value for non-marketable assets.

Table 1. Collateral asset classes

		Marketable	
		Yes	No
CB Eligible	Yes	<ul style="list-style-type: none"> • Asset-backed securities • Government bonds • Covered bonds • Corporate bonds • Uncovered bank bonds • Others 	<ul style="list-style-type: none"> • Fixed-term deposits • Credit claims • Retail mortgage-backed debt instruments (RMBDs) • Debt instruments backed by eligible credit claims (DECCs) • Others
	No	<ul style="list-style-type: none"> • Asset-backed securities • Government bonds • Covered bonds • Corporate bonds • Government Guaranteed Bank Bonds (GGBBs) • Others 	<ul style="list-style-type: none"> • Credit claims • Retail mortgage-backed debt instruments (RMBDs) • Real estate assets • Others²⁵

149. Banks are expected to document why assets are deemed non eligible as CB collateral, with the aim of identifying portfolios of collateral that could be used in the eventuality that loosened eligibility criteria would be applied. In particular, this applies to assets which are non-eligible as collateral for private market funding or ordinary CB facilities, due to insufficient credit quality, but that banks would be operationally ready to mobilise. These assets might be considered as a source of liquidity in resolution, albeit with a high valuation haircut as compared to their book value. Moreover, performing a gap analysis identifying the reasons for asset ineligibility will enable the identification of actions that can be taken to meet the eligibility criteria and improve financial resilience in resolution.

²⁵ Equity instruments, cash in other currencies and other deposits, investments in subsidiaries, joint-ventures and associates, tangible and intangible assets, and tax assets.

4.3. Mobilisation of collateral in resolution

150. Collateral mobilisation in resolution refers to the set of contingent actions that need to be undertaken by a bank to access collateralised funding to support its financial continuity along the resolution process. Collateral mobilisation entails very different processes depending on the type of financing transaction (e.g., repos, securities lending/borrowing), the asset class that is used as collateral (e.g., marketable, non-marketable assets) and the governing law of the assets. For these reasons, banks may develop different capabilities based on their particular business model and funding structure. Given that assets eligible as collateral are likely to be limited or encumbered by the time a bank enters into resolution, it is necessary to assess additional sources of liquidity, e.g., via the mobilisation of non-marketable CB eligible assets and assets not eligible for CB ordinary facilities.
151. The overall objective is for banks to have the necessary capabilities to maximise the amount of secured funding they could access in resolution, in particular, the operational capabilities to mobilise different collateral classes and comply with legal requirements to make it available to different counterparties. Banks are expected to have capabilities to mobilise different assets as collateral (eligible or not eligible for ordinary CB facilities, marketable or not marketable). In particular, banks are expected to pay particular attention on capabilities to mobilise non-marketable CB eligible assets and not eligible for ordinary CB facilities, both marketable and non-marketable.
152. Banks are expected to assess each of the following dimensions, and at a minimum per each of the asset classes defined in Table 1:
- The bank's capability to identify any legal and operational barriers to the mobilisation of collateral locally and cross border;
 - The bank's capability to identify private counterparties to get access to secured funding in resolution;
 - The bank's capability to identify the time it would take to mobilise collateral to get access to secured funding, including the necessary operational steps (e.g., time to write the contracts, to implement the transaction in the IT systems, etc.).
153. Banks are expected to have the capabilities to develop and document the operational steps (including the time horizons) to mobilise these asset classes, including how these assets can be mobilised (e.g., via sale of assets, repos or central bank facilities). Banks are expected to identify any potential legal, regulatory and operational challenges (e.g., limited MIS capabilities, regulatory and legal barriers that could limit or prevent the mobilisation of specific assets in resolution and define potential mitigating measures).

4.3.1. Assets eligible as collateral for ordinary CB facilities

154. Accessing CB ordinary facilities in resolution has the advantage of relying on an existing infrastructure for the mobilisation of collateral and on standard processes which are known to the banks. However, the most liquid eligible assets should be assumed to be limited in resolution, since they would likely be used in the recovery phase.
155. An additional feature that makes assets eligible as collateral for ordinary CB facilities particularly useful in resolution is that they can be used on a cross-border basis²⁶, if the applicable frameworks allow for it. Most eligible assets may be used as collateral for accessing Eurosystem monetary policy operations on a cross-border basis within the BU, by means of the current correspondent central banking model ('CCBM'), all marketable and non-marketable assets eligible as collateral for Eurosystem monetary policy operations are made available to all Eurosystem counterparties, regardless of the location of the assets or the counterparty. Eligible counterparties accessing Eurosystem monetary policy operations are able to obtain credit from the NCB of the country in which they are incorporated, by mobilising as collateral eligible marketable and non-marketable assets. CCBM consists of a network of 21 NCBs and is complemented by links between Security Settlement Systems ('SSSs').

4.3.1.1. Eligible marketable assets

156. In case of resolution, marketable assets eligible as CB collateral would be the most efficient source of collateralised funding, owing to the high quality of the collateral and the infrastructure already in place to facilitate its mobilisation via CBs²⁷.

4.3.1.2. Eligible non-marketable assets

157. Capabilities to mobilise non-marketable assets eligible as CB collateral should be subject to in-depth assessment for resolution planning purposes. These assets could represent an important source of liquidity in resolution mostly for two reasons: (i) they have a higher probability of being unencumbered at the point of resolution; (ii) they are likely to represent the relative majority of the assets (especially credit claims) of the bank at the point of resolution. However, unlike marketable assets, processes to assess the eligibility, legal requirements and operational steps required for the mobilisation (including valuation) are less standardised and automated, making their assessment more complex and burdensome.

²⁶ In the case of the Eurosystem, the cross-border mobilisation of marketable assets relates to the use as collateral of securities issued (i.e., registered or deposited) or held in other countries. For non-marketable assets it relates to the use as collateral of assets which are governed by the law of another country.

²⁷ If eligible marketable assets are mobilised via the CCBM, the bank needs to arrange with either the SSS in which the securities were issued, with an SSS that has a recognised eligible link with the issuing SSS or with a recognised triparty agent (TPA). The collateral is then posted to the central bank where the SSS or TPA is located (Correspondent Central Bank) and will hold the collateral on behalf of the central bank granting the credit (Home Central Bank).

158. In the context of the Eurosystem, national specificities for mobilising credit claims adopted by the relevant NCBs, in line with the relevant legal framework requirements, make the use of credit claims as eligible CB collateral more challenging in the context of cross-border use. It is, therefore, of key importance that banks assess their capabilities and report previous experience with the mobilisation of these assets to understand whether they can be considered as a source of funding in resolution.
159. The Eurosystem details that for non-marketable assets, such as credit claims, DECCs and RMBDs, specific CCBM solutions exist for cross-border mobilisation. These specific assets can be used via the CCBM, using a transfer/assignment/pledge or floating charge on behalf, and in the name, of the home central bank. In this view, when relevant, banks are expected to develop and document the necessary capabilities to mobilise non-marketable assets eligible as CB collateral on a cross-border basis.

4.3.1.3. Central Banks outside the Eurosystem

160. Eligible collateral might be located in subsidiaries established outside of the Euro Area and there may be barriers for cross-border mobilisation of such eligible collateral. It is then necessary to understand whether this collateral could be mobilised to access funding via the host CB. This could be through a subsidiary located in a Member State outside of the Euro Area; alternatively, via a central bank located in other jurisdictions, such as Australia, Canada, Switzerland, the United States or the United Kingdom, among others. Banks are expected to be able to provide any relevant information related to the mobilisation of collateral via non-BU CBs (including third countries and non-BU CBs part of the ESCB).

4.3.2. Assets not eligible as collateral for ordinary CB facilities

161. The assessment of capabilities to mobilise assets not eligible as collateral for CB facilities should be a focus at resolution planning stage. These capabilities include the ability to produce data necessary for the valuation of collateral, the anticipation of terms and operational requirements to secure collateralised credit using these assets and the identification of possible counterparties.

4.3.2.1. Marketable assets

162. Marketable assets have the advantage of standardisation that allows these instruments to trade in regulated markets. These types of assets offer some additional sources of collateralised credit via private market counterparties, or with the contingent use of extraordinary funding. During resolution planning, it is necessary to document and assess the capabilities to identify the governing law and location of the instrument, the possible conditions and counterparties that would be willing to extend collateralised credit, as well as to assess the procedures identified by the bank to mobilise these assets. Banks are expected to describe whether they can obtain

funding from these assets in normal circumstances and elaborate on how these capabilities may be applicable in resolution.

163. To increase the likelihood of obtaining external funding in resolution, banks are expected to document steps and time needed to issue self-retained unsecured instruments. This analysis is expected to cover, where relevant, the possibility to increase or remove limits/ceilings of pre-existing secured and unsecured issuance programmes, as well as the steps to amend the relevant documentation.

4.3.2.2. Non-marketable assets

164. Generally, processes required for the mobilisation of these assets are less standardised and subject to local requirements. Banks are expected to provide an assessment of how they could leverage on their capabilities to mobilise non-marketable asset classes. While, in principle, different asset classes could fall within this category, in practice, the most relevant ones to be considered in a resolution context are credit claims, DECCs and RMBDs. Other relevant categories could include assets, such as non-marketable equities or bonds.
165. A benchmark for assessing banks' capabilities to mobilise non-eligible non-marketable assets could be based on the mobilisation of Additional Credit Claims ('ACC')²⁸ under the Eurosystem legal framework for monetary policy operations. ACC are credit claims that do not meet all the eligibility criteria applicable under the general collateral framework but are eligible under the temporary framework until its complete phase-out.
166. Banks are expected to document past experience and relevant aspects regarding the use of the ACC framework:
- ACC facilities provided by the national central banks accessible to banks, eligibility criteria and any legal or operational requirements associated with it;
 - To what extent banks made use of it;
 - The speed at which banks were able to assess additional assets eligible as collateral under this framework;
 - To what extent banks' own MIS facilitated the identification of additional collateral under the temporary framework;
 - The extent to which banks' own MIS allow for the production of the data points required from the mobilisation of ACC.

²⁸The mobilisation of ACC is currently under phase-out.

167. Access to secured funding using non-marketable non eligible assets is likely to require the use of some form of extraordinary support. It is important to note that having collateral does not grant automatic access to this form of support, which remains a discretionary decision of the relevant authority. In this view, it is important that banks are able to provide relevant instrument-level information to allow a potential collateral receiver to perform a valuation (e.g., reliable credit quality assessments, currency, counterparty/guarantor, the governing law and location of the instrument nominal amount).
168. Banks are expected to describe how they can obtain funding from non-eligible and non-marketable assets in resolution, including the timeframe needed and MIS used to mobilise them.

4.3.3. SRB collateral policy

169. Article 76 SRMR describes the mission of the SRF and the conditions under which its resources can be used. Within the resolution scheme, when applying the resolution tools, the SRB may use the SRF only to the extent necessary to ensure the effective application of the resolution tools for the purposes listed in Article 76(1) SRMR.
170. In the context of providing liquidity support in resolution, the SRB developed a Collateral Framework built around the following guiding principles:
- The SRB will provide liquidity on a fully collateralised basis to the extent that collateral is available and that the mobilisation is practical in light of the circumstances that will materialise in resolution;
 - While, in principle, all asset classes are eligible under the SRB collateral framework, particular importance is given to those asset classes (i) for which banks can provide necessary data and information to perform a valuation and (ii) that can be operationally and legally mobilised in a short time frame. In this view, relevant asset classes are listed in Table 1;
 - The SRB will apply risk control measures in the form of specific haircuts in line with the parameters defined in its risk management framework.

4.3.4. Mobilisation of collateral under different resolution strategies

4.3.4.1. Single Point of Entry

184. In an SPE strategy, the presumption is that the resolution group should stand ready to ensure sufficient funding to maintain the critical economic functions and the core business lines of the whole resolution group, especially when sufficient private sector funding is unavailable. Collateral located in the EU, and, in particular, in the BU, would facilitate the decision of granting support from the SRF, although, as mentioned previously, the decision to use the SRF remains at the discretion of the SRB. As such, resolution plans are expected to consider the amount of collateral

that could be available to the resolution entity, to entities in the resolution group located in the EU or BU, or transferred from other entities of the group to entities located in the EU or BU.

185. In addition to what is described in the previous paragraph of this SRB Operational Guidance, hosted banks are expected to demonstrate collateral management capabilities, including operational and governance capabilities, in order to cater for situations in which collateral mobilisation at local level is needed.

4.3.4.2. Multiple Point of Entry

186. In an MPE Strategy, it is expected that each resolution group be capable of managing its liquidity independently, in case it is separated in a resolution event. Each resolution group should get resources and MIS capabilities to manage liquidity and collateral at the level of each resolution group. Banks under the MPE strategy are expected to demonstrate that liquidity and collateral management could be performed in a decentralised way in each resolution group. Resolution groups in an MPE strategy are not expected to lend one other liquidity in case of resolution.

Annex I. Table of equivalence

EfB	Correspondence		Explanation	Importance
	Old	New		
Introduction	n/a	n/a	<i>Table of contents introduced</i>	Minor
Introduction	n/a	§ 5	<i>States the scope of the consolidated guidance and excludes testing expectations, subject to another guidance</i>	Minor
Introduction	n/a	§ 9	<i>Provides for clear definitions of key concepts in liquidity and funding in resolution (e.g., high frequency, short notice, material currency)</i>	Minor
3.1	p. 5	§ 11-13	<i>Clarifies the introductory paragraphs on the use of the methodologies to be developed</i>	Minor
3.1	n/a	§ 12	<i>Provides for proportionality in the implementation of expectations at the level of KLEs</i>	Medium
3.1	§ 1	§ 14	<i>Provides for a broader scope of entities that could be identified as KLEs, including Material Legal Entities and online deposit platforms</i>	Medium
3.1	§ 1	§ 14	<i>Update of definitions of entities that could qualify as a KLE</i>	Minor
3.1	§ 2	§ 15	<i>Provides for a fourth condition under which an entity can be identified or not as a KLE</i>	Medium

3.1	n/a	§ 16 & Annex II	<i>Provides institutions with a KLE identification template covering (i) institutions, (ii) funding structure, (iii) collateral and (iv) exposures information based on standardised metrics</i>	Medium
3.1	n/a	§ 17	<i>Provides banks with the possibility to exclude or sub-group certain KLEs consecutively to agreement from the IRT</i>	Medium
3.1	n/a	§ 19	<i>Additional paragraph on the identification of an MCI as a KLE</i>	Medium
3.1	n/a	§ 20	<i>Indicates that non-BU entities should not be excluded from the KLE identification process</i>	Medium
3.1	n/a	§ 22	<i>Indicates that banks are expected to assess the impact that the implementation of resolution actions on the resolution group may have on their KLEs</i>	Medium
3.1	n/a	§ 23	<i>Indicates the frequency at which deliverables are expected to be updated</i>	Medium
3.1	§ 6	§ 24	<i>Amended wording</i>	Minor
3.1	§ 7-8	§ 25	<i>Amended wording and merging of the paragraphs related to the identification of KLDs</i>	Medium
3.1	§ 9	§ 26	<i>Expects banks to consider scenario dynamics when performing the KLD assessment</i>	Medium
3.1	n/a	§ 27	<i>Clarifies that the KLD assessment should be performed in light of the scenario expectations</i>	Medium
3.1	§ 10	§ 28	<i>Amended wording</i>	Minor
3.1	§ 11	§ 30	<i>Amended wording (i.e., removal of specific indications on KLD scoring)</i>	Minor

3.1	§ 12	§ 30	<i>Amended wording on the granularity of the time brackets and on the use of Annex II</i>	Minor
3.1	n/a	§ 30 & Annex II	<i>Provides institutions with a KLD identification template (i.e., the same template but a different sheet) covering the different resolution phases</i>	Medium
3.1	§ 13	§ 31	<i>Amended wording in respect of the third bullet point</i>	Minor
3.1	§ 14-15	§ 26	<i>Removal of the paragraph and the table and cross-reference in paragraph 26</i>	Minor
3.1	§ 16	§ 32	<i>Amended wording and changed from a box to a paragraph. Includes further aspects to be considered (e.g., intra day liquidity needs)</i>	Minor
3.1	§ 17	§ 34	<i>Amended wording and states that the estimation of liquidity needs should also account for the variant strategy</i>	High
3.1	§ 18	§ 35	<i>Amended wording</i>	Minor
3.1	n/a	§ 36	<i>Indicates that institutions are expected to update their estimate of liquidity needs according to the prevailing market conditions and to be in position to update it in a short time frame</i>	Medium
3.1.	n/a	§37	<i>Indicates the frequency at which deliverables are expected to be updated</i>	Medium
3.1	§ 20	§ 39	<i>Amended wording and splitting of paragraphs</i>	Minor
3.1	§ 21	§ 40	<i>Amended wording</i>	Minor
3.1	§ 22	§ 41	<i>Amended wording</i>	Minor
3.1	§ 23	§ 43	<i>Amended wording</i>	Minor

3.1	§ 24-26	§ 4446	<i>Enhanced methodological assumptions in respect of financial obligations related not only to critical but to relevant FMIs</i>	Medium
3.1	§ 27	§ 47	<i>Further clarify methodological assumptions related to intraday liquidity needs</i>	Medium
3.1	§ 28	§ 48	<i>Further clarify methodological assumptions related to OCIR needs</i>	Medium
3.1	§ 29	§ 49	<i>Amended wording and establishes relationship with EfB 3.2. (i.e., three-notch downgrade)</i>	Medium
3.1	§ 31	§ 51	<i>Amended wording</i>	Minor
3.1	§ 32	§ 52	<i>Amended wording and merging of paragraphs</i>	Minor
3.1	§ 34	§ 53	<i>Amended wording and linking with EfB 3.3. expectations</i>	Minor
3.1	§ 35	§ 54-55	<i>Amended wording and enhancements on expectations related to stay powers</i>	Medium
3.1	§ 36-38	§ 56-59	<i>Amended and updated wording on the introductory part</i>	Minor
3.1	n/a	§ 59	<i>Indicates that institutions may consider systemic events as scenarios triggers</i>	High
3.1	§ 36	§ 59	<i>Indicates that institutions may choose stricter parameters than those referred to in the guidance when designing their scenarios</i>	Minor
3.1	§ 39, 40, 42	§ 60, 61, 63	<i>Shorten the length of the fast-moving scenario from three to one month to reflect lessons learnt from the 2023 banking turmoil</i>	High
3.1	§ 45	§ 66	<i>Clearly states that the FOLTF trajectory should lead to a breach of the liquidity regulatory requirements of the relevant institution, unless not agreed with the IRT</i>	Medium
3.1	§ 46	§ 67	<i>Amended wording to include documentation expectations</i>	Medium
3.1	§ 47	§ 68	<i>Indicates additional aspects to be considered for the liquidity deterioration</i>	Medium
3.1	§ 51	§ 72	<i>Indicates that the scenario should also consider the variant strategy</i>	Medium

3.1	§ 53-54	§ 73-75	<i>Slightly amended wording (vocabulary alignments)</i>	Minor
3.1	§ 55	§ 76	<i>Indicates that institutions are expected to forecast their liquidity position for at least one month following resolution when the tool is sale of business</i>	Medium
3.1	§ 56	§ 77	<i>Minor wording amendments, notably to align with the resolution strategy</i>	Minor
3.1	n/a	§ 78	<i>Further details that are expected to be discussed with the IRTs following the estimates, including the trigger chosen for the FOLTF determination</i>	Medium
3.1	§ 60	§ 80	<i>Further details to be presented to the IRT and makes optional the use of the JLT to present them</i>	High
3.1	n/a	§ 82	<i>Clearly states that the outcome of the analysis performed is expected to be accounted for in liquidity strategies and, where relevant, in the funding plan</i>	High
3.2	§ 1-15	§ 83-85	<i>Reduces the introductory part and nuances cooperation aspects with the ECB</i>	Minor
3.2	§ 11	§ 87-88	<i>Minor wording amendments</i>	Minor
3.2	§ 12	§ 88	<i>Expects proportionate compliance with BCBS Standard 239 with resolution specificities accounted for</i>	Medium
3.2	§ 13	Introduction	<i>Moving up definitions to the introductory part of the SRB Guidance</i>	Minor
3.2	§ 14	§ 89	<i>Enhancements to the original paragraph to include the variant strategy</i>	Medium
3.2	§ 15	§ 90	<i>Amended wording</i>	Minor
3.2	§ 17	n/a	<i>Removal of the paragraph as the SRB Guidance is now consolidated</i>	Minor

3.2	§ 19	§ 94	<i>Expects proportionate compliance with BCBS Standard 239 with resolution specificities accounted for</i>	Medium
3.2	§ 21	§ 96	<i>Provides for clarifications in the governance aspects to be documented</i>	Minor
3.2	§ 26-27	§ 101-102	<i>Provides further guidance on governance arrangements and internal framework expectations</i>	Medium
3.2	n/a	§ 103	<i>Expects consistency in the data reported with other deliverables</i>	Medium
3.2	§ 34	§ 109	<i>Provides further MIS aspects to be documented</i>	Medium
3.2	§ 37	§ 112	<i>Provides further examples of what could constitute an obstacle to the reporting of the standardised set of data specified by the SRB</i>	Minor
3.2	n/a	§ 113	<i>Provides clarifications on the use of proxies</i>	Medium
3.2	§ 41-43	n/a	<i>Removal of ECB cooperation aspects</i>	Minor
3.2	§ 14	§ 122	<i>Provides for proportionality and flexibility in the selection of KLEs expected to take part in the data collection exercise</i>	Medium
3.3	§ 1-10	§ 129-134	<i>Reduces the introductory part to simplify the wording</i>	Minor
3.3	n/a	§ 129	<i>Establishes clear relationship with expectations related to EfB 3.1.</i>	Minor
3.3	§ 13-14	§ 137 & Annex III	<i>Amended wording and reference to the Excel file 'Time to mobilise Collateral' used for the ends of the 2025 RPC</i>	Medium
3.3	§ 22	§ 163	<i>Includes further elements (e.g., details at instrument levels) and removes others (e.g., level of encumbrance at asset class level)</i>	Medium

3.3	§ 24-25	§ 147-149	<i>Replacing of paragraphs on the identification of collateral in the relevant section</i>	Minor
3.3	§ 29	§ 153	<i>Alignment of the wording with the heatmap</i>	Minor
3.3		§ 155	<i>Provides information on the CCBM</i>	Minor
3.3	n/a	§ 163	<i>Request for information to maximise, where relevant, external funding in resolution</i>	Medium
3.3	§ 43-44	§ 165-166	<i>Update of expectations linked to Additional Credit Claims</i>	Minor

Annex II. KLE & KLD identification template

Please refer to the [Excel file](#), which provides the KLE & KLD identification template.

Annex III. Time to mobilise collateral

Please refer to the [Excel file](#), which includes the template to be used for providing an overview of the expected time to mobilise asset classes



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