THE NEW RESOLUTION PLANNING CYCLE

SRB’s strategic priorities

- All SRB banks are aligned on a unique 12-months “steady-state” resolution planning cycle
- Irrespective of the new time planning, a particular attention will be put on considering resolution planning as an evolving process

For implementing the new planning cycle, the SRB will

- consider 2019 as a transition period to prepare and implement the steady-state cycle; and
- aim for decisions in 2020 that take into account to the extent possible the new legal framework once it enters into force
BACKGROUND AND OBJECTIVES

- Legal requirement to **review** resolution plans **at least annually** and after any material changes

- **Consistency between data and decision**: Starting from 2020, a twelve-month timeline applicable to all banks, i.e. with and without resolution college (RC), ensures consistent treatment of all institutions and decisions that are based on the previous year-end (i.e. decisions taken within 15 months after the reference date)

- **Revision of legal framework** (BRRD2/SRMR2 and CRR2) triggers substantial changes to be implemented in conjunction with new timeline of resolution planning

- SRB’s goal to move to a steady-state cycle in 2020 comes along with the communication of individual **minimum expectations** towards banks serving as a basis for the yearly resolvability assessment and identification of impediments
The new steady-state resolution planning cycle

Main SRB Decisions:
- Resolution Plan
- MREL
- Resolvability Assessment

Submission LDT
Submission CFT, FMI, CIR

x x (x) x
Submission to ECB & start "review and approval"

ECB, 1st ExExS, RtbH, (RC), 2nd ExExS, Communication

Analysing new data & finalising draft plan (between 3 and 6 months)

12 months
Deadline for submission of resolution data templates is March 2020 (LDR) and April 2020 (all the other templates)

Timely delivery of quality data is paramount

Resolution planning cycle to be finalised by end-March 2021 for the majority of banks followed by communication of decisions (RP and MREL) to banks

IRTs will work with all banks and all banks are expected to make progress towards achieving resolvability on a continuous basis

Clear work programs to be defined for each bank annually and communicated to bank’s management
IMPLICATIONS FOR RESOLUTION PLANNING
WHAT DOES IT MEAN FOR BANKS?

Relevant points to be considered:

- 2020 resolution reporting
- Bail-in Playbook
- Quality assurance process
- Resolution planning as an evolving process
- Bank contributions are key
Resolution planning for SIs entails a considerable consultation process; challenge to provide decisions within 12/15 months timeframe

The timing and quality of the first submission by the bank is key

The bank must be organised in order to ensure a timely modification and resubmission of any template

The SRB will monitor the quality of the data collection exercise and firmly integrate this element in its resolvability assessment

Working on resolvability is a continuous process for banks and IRTs
IMPLICATIONS FOR RESOLUTION PLANNING
2020 RESOLUTION REPORTING (2/2)

TIMELINE

Jun 18 | Jul 1 | Aug 30 | Sep 30 | Dec 15 | Mar 1 | Mar 30 | Apr 30
---|---|---|---|---|---|---|---

NRA consultation 2020 SRB guidance (CF, FMI, LDR) & taxonomy

QnA process on 2020 reporting** open to Public

SRB Portal Open for Resolution Reporting (XBRL only!)

Bank Deadline for LDR delivery

Bank delivery Deadline for all other CIR*** reports

Industry Dialogue

Website Publication of SRB Package: 2020 DPM, Taxonomy*, Guidance

NRAs start sending reporting scopes to banks

* Banks are expected to reflect both the EBA 2.9 XBRL taxonomy (available on the EBA website) and the SRB taxonomy extension (published on the SRB website) when building their XBRL reporting systems for 2020.

** Q&A organised by SRB will be limited to questions on SRB-originated reports. Questions on other CIR reporting requirements should be raised with the EBA.

*** CIR – Commission Implementing Regulation 2018/1624
IMPLICATIONS FOR RESOLUTION PLANNING
BAIL-IN PLAYBOOK (1/3)

► Priority for the majority of the banks in 2019
► Work to be finalised in 2020

Stylised timeline of bail-in implementation (resolution weekend)*

1. **Pre resolution**
   - SRB determines that the conditions for resolution are met
   - SRB preparation
   - NRA preparation

2. **Resolution weekend**
   - Liability identification process & provision of granular data

3. **Post resolution weekend**
   - External execution via Financial Market Infrastructures (FMIs)
   - Internal bail-in execution

4. NRA publishes implementing act (incl. bail-in order)

Reference date: Friday evening
Monday morning

*Application of further resolution tools and their interplay with bail-in tool is not considered.
Sound bail-in preparation in normal times:

- Establish bank-internal systems and infrastructure
- Define roles and responsibilities of bank, interaction with the resolution authorities and external stakeholders for:
  - Internal bail-in implementation process
  - External bail-in implementation via FMIs
- Consider national insolvency law and country-specific peculiarities
- Bank to provide accurate liability data within a short time frame

Documentation via Bail-in Playbook
## IMPLICATIONS FOR RESOLUTION PLANNING

### BAIL-IN PLAYBOOK (3/3)

<table>
<thead>
<tr>
<th>Structure &amp; content of bail-in playbooks</th>
<th>Annex 1 (bail-in playbook) of SRB’s 2019 priority letter to banks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additional requirements</strong></td>
<td>NRAs to define whether additional data and information are required (including national law/peculiarities) for bail-in implementation</td>
</tr>
<tr>
<td><strong>Implementation (drafting)</strong></td>
<td>Banks to prepare the playbook as part of the resolution planning (base scenario to be provided by IRTs), considering that each bank’s systems and processes are different</td>
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The quality assurance process:

- Combines vertical checks with horizontal reviews
- Covers both key tasks and deliverables

Outcome from quality assurance checks, as well as experiences gained from day-to-day resolution planning activities and crisis cases feed back into the further development of SRB’s policies and methodologies.

With this process, the SRB seeks to further enhance consistency across banks and ensure high standards for IRTs’ resolution planning activities.
IMPLICATIONS FOR RESOLUTION PLANNING
INTERACTION BETWEEN BANKS AND IRTs

► Banks are expected to have in place proper governance and project management arrangements to improve resolvability

► IRTs will monitor the implementation of the work programme developed by banks to improve resolvability and to identify potential impediments to the implementation of the PRS

► If pursuant to an assessment of resolvability the SRB determines that there are substantive impediments to resolvability, it initiates a procedure to remove or address those impediments under Article 10(7)-(9) SRMR
WAY FORWARD

► SRB data collection exercise: **quality and timely delivery by banks is key**

► **Bail-in preparation** and development of bail-in playbook is priority in 2019 and 2020

► Continuous improvements based on a **permanent dialogue** between banks and IRTs

► **Steady-state resolution planning** ensures consistency and transparency and provides the basis for the further development of SRB’s policies and methodologies
THANK YOU!

For more information, please contact:
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