3rd SRB–Banking Industry Dialogue Meeting
Resolution Planning in 2016
Mauro Grande, Board Member SRB
23 May 2016, Brussels
1. Key objectives for resolution planning in 2016

2. State of progress
   i. Resolution planning manual
   ii. Internal Resolution Teams
   iii. Resolution Colleges
   iv. Resolution plans
   v. Resolvability assessment
   vi. MREL

3. Timeline
Key milestones

Key objectives for resolution planning in 2016

1. Finalization of the Resolution Planning Manual
2. Set-up of all IRTs in the remit of the SRB  
   ↳ 100% target
3. Set-up of all Resolution Colleges for which the SRB is group level resolution authority  
   ↳ 100% target
4. Develop resolution plans for all major banking groups in the remit of the SRB  
   ↳ 90% target
5. Completion of enhanced resolvability assessment for all G-SIBs in the remit of the SRB  
   ↳ 100% target
6. Setting MREL targets at consolidated level for all major banking groups in the remit of the SRB  
   ↳ 100% target
1. Resolution Planning Manual

What is the RPM?
- RPM is part of the SRM framework to ensure consistent and high quality resolution activity

Where do we stand?
- Internal version of the manual has been finalized in March

What needs to be done?
- A public version of the manual will be published by summer 2016

Outline of the RPM

1. Management Summary
2. Strategic Business Analysis
3. Preferred Resolution Strategy
4. Financial and Operational Continuity
5. Information and Communication Plan
6. Conclusion of the Resolvability Assessment
7. Opinion of the Institution
2. Set-up IRTs

What is an IRT?

- Internal Resolution Teams are the main fora where the SRB and the NRAs cooperate in performing resolution activities (resolution planning and resolution schemes preparation) for banks under direct SRB responsibility (143)

Where do we stand?

- 75 IRTs, some grouping several banks together (“bundled IRTs”)
- About 90 % of IRTs have been launched

What needs to be done?

- Launching the remaining IRTs
3. Set-up Resolution Colleges

**What is a Resolution College?**
- Resolution Colleges (RCs) needed for each bank headquartered in the Banking Union and having a subsidiary or significant branch in a non-participating Member State

**Where do we stand?**
- 29 RCs (of which 27 priority banks)
- Written Arrangements ("rules of the game") have been finalized
- First RCs will take place before summer (call). Normally, for G-SIBs RC meetings will take place back-to-back with Crisis Management Groups

**What needs to be done?**
- Discuss draft resolution plan and reach joint decisions during the fall
- European Colleges will be set in 2017

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### Planning RC banks

<table>
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<th>May – June</th>
<th>June – Oct</th>
<th>Oct – Jan</th>
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<tr>
<td>• Launch RC</td>
<td>• Information exchange</td>
<td>• RC members reach joint decisions</td>
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<td>• Preliminary discussion: written arrangements, joint decision timetable, allocation of drafting</td>
<td>• RC members comment on plan</td>
<td>• SRB informs Banking Union parent undertaking</td>
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<tr>
<td>• Information exchange</td>
<td>• Including initial MREL target and resolvability assessment</td>
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4. Draft resolution plans (i)

Where do we stand?

- **Banking groups have been prioritized in three buckets**: i) high priority; (ii) medium priority; (iii) low priority;
- **IRTs have started their work in drafting resolution plans**: Progress varies per bank. G-SIBs and other banks for which transitional resolution plans were drafted in 2015 are more advanced;
- **IRTs are currently engaging with banks through workshops, which are key for resolution planning.** So far, there are around 70 workshops planned for about 50 banks, devoted to specific topics (e.g. critical functions, continuity in resolution, loss-absorbing capacity). The sequence of workshops should enable IRTs to finalize draft resolution plans and to set MREL targets.

<table>
<thead>
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<th>143 SRB banks (130 banking groups)</th>
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<td>of which: 127 SIs and 16 cross-border LSIs</td>
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<tr>
<td>68 high priority banking groups</td>
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<td>Complex, large, with foreign entities, or more vulnerable</td>
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<td>32 medium priority banking groups</td>
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<td>Full Plans</td>
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<td>Transitional Resolution Plans</td>
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<td>30 low priority banking groups</td>
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<td>No Resolution Plans</td>
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4. Draft resolution plans (ii)

What needs to be done?

- **Finalize first draft of resolution plans, including MREL and conclusions from the resolvability assessment.** Information stemming from templates (EBA and Liability Data Template) will be included in the plan and all chapters will be finalized over the summer. Banks will be consulted in line with the regulatory framework.

- **Consultation ECB:** Draft plans will be submitted to the ECB in August / September for a consultation period of 5 to 8 weeks.

- **Decision SRB Extended Executive Session:** the draft plans will be submitted to the extended executive sessions (including NRAs concerned) over the period October – December. For banks with resolution colleges, there is a need for a preliminary and final approval, in light of the joint decision to be taken.
5. Resolvability assessment

Where do we stand?
- For the G-SIBs, a resolvability assessment has been conducted, which fed into the RAP letter (Resolvability Assessment Process) sent to the FSB

What needs to be done?
- The resolvability assessment for the other banks will be done during summer
- Its conclusions will impact the further process for resolution planning

Substantive impediments identified during the resolvability assessment?
- Yes
  - Drafting of the resolution plan is suspended
- No
  - Resolvability assessment is part of the resolution plan

The SRB has the power to take measures:
- Suitable, necessary and proportionate
- Developed in consultation and close cooperation with the supervisor
- Timeline for implementation will be determined taking into account the importance and the feasibility of the measures

Key findings communicated to institutions
6. MREL setting

Where do we stand?

- Previous industry dialogue outlined process and key elements regarding MREL setting in 2016
  - In 2016, MREL will be set at consolidated level only
  - MREL for subsidiaries in a second stage
  - Core features of TLAC standard to be taken into account for G-SIBs and beyond
- Liability Data Template (LDT) containing granular information on liabilities at legal entity level has been submitted to banks and first data are coming in
- Modalities for organizing and carrying out data processing and analysis are being defined, also in collaboration with the ECB

What needs to be done?

- Based on the outcome of the analysis of the LDT data, IRTs will discuss indicative target levels of MREL and implementation plans in the coming months
- The SRB remains committed to communicate indicative target levels of MREL to the banks through workshops
- MREL final decision will be taken by year-end (together with the final decision on the resolution plan)
### Timeline

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<td><strong>Launching IRTs</strong></td>
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<td><strong>IRT work:</strong> drafting resolution plans, including setting initial MREL target, based on data and information received from banks, the ECB, and workshops</td>
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<td><strong>Consultation with ECB:</strong> period depends on bank type &amp; date ExS</td>
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<td><strong>Resolution College:</strong> consultation and joint decision</td>
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<td><strong>Decision SRB extended ExS:</strong> on resolution plan, including MREL</td>
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### High priority banking groups

- **8 G-SIBs (o/w 7 with RC)**
- **20 (other) RC banking groups**
- **40 banking groups without RC**
Thank you!
Annex: IRTs, CMGs, RCs

- **IRT**
  - Banking Union (BU): HQ + sub
  - European Union (except BU): HQ
  - Third country: HQ

- **RC**
  - Banking Union (BU): HQ
  - European Union (except BU): sub
  - Third country: HQ

- **European RC**
  - Banking Union (BU): sub
  - European Union (except BU): sub
  - Third country: HQ

- **CMG**
  - Banking Union (BU): G-SIFI
  - European Union (except BU): G-SIFI
  - Third country: G-SIFI