



Technical Note on
**Operational guidance for banks
regarding resolvability self-assessment**

SRB Public Consultation



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Introduction

Executive summary

In December 2024, the SRB launched a public consultation on resolvability self-assessment, accompanied by the publication of specific guidelines to support banks in this process

Context

- The SRB's Expectations for Banks (EfB), **phased in by end-2023**, set minimum capabilities for banks to ensure resolvability and crisis preparedness, aligned with EBA guidelines.
- The SRB has **updated its Heatmap methodology** to assess banks' resolvability, integrating these capabilities into annual self-assessments with clear expectations and guidance.
- The SRM Vision 2028 emphasizes **crisis readiness**, requiring banks to self-assess and test resolvability regularly through a multi-annual testing program.

Objective

- The aim of the SRB's public consultation is to establish a **standardized annual self-assessment template**, ensuring **clear and consistent evaluations** of banks' **resolvability** while promoting **fairness and alignment** across the sector as part of the SRM Vision 2028 strategy.

Scope

- This operational guidance applies to banks under the SRB's direct remit that **are earmarked for resolution**. Each resolution entity within a banking unit (BU) is required to conduct the resolvability assessment at the **resolution group level**.
- For banks under a **multiple point of entry (MPE) strategy**, the self-assessment should be done at each resolution group level. However, for banks with an **ultimate parent entity within the BU**, the self-assessment should be centralized and submitted by the ultimate parent entity to ensure a unified approach.

Main content

Link with resolvability testing and the identification of impediments

Definitions, scope and processes

Methodology for banks' resolvability self-assessment template

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Introduction

Main content

The main aspects included in the operational guidance are regarding areas as: i) the link with resolvability testing and the identification of impediments; ii) the definitions and processes; and iii) the methodology for banks' resolvability self-assessment template

Link with resolvability testing and the identification of impediments

- **Implementation assessment.** With MREL and resolvability deadlines passed, the SRB is testing banks' readiness through a three-year programme guided by EBA Guidelines, using self-assessments to inform annual evaluations, validate capabilities with evidence, and reflect results in a Heatmap.
- **Impact assessment.** The resolvability assessment prioritizes capabilities with medium to high impact on resolution strategy feasibility, applying proportionality based on banks' business models and specific strategies.
- **Identification of impediments and of follow-up actions.** The assessment ensures banks' resolvability capabilities support resolution strategies, identifies impediments, and enables the SRB to address issues through targeted actions or formal procedures.

Definitions, scope and processes

Resolvability self-assessment report

Reporting requirements

Resolvability assessment process and resolution planning cycle

Proportionality

Transitional arrangements

Requests for information and information sharing

Methodology for banks' resolvability self-assessment templates

- **Four-point self-assessment grading scale.** The self-assessment uses a four-point grading scale to evaluate banks' compliance with resolvability capabilities, allowing exceptions for specific bank characteristics and requiring a qualitative approach to reflect the resolution group's overall readiness.
- **Reasoning for assigning specific scoring and gap analysis.** Banks must justify their self-assessment grading with evidence, document tests performed, outline measures to address unmet capabilities, and list supporting documents with detailed references.
- Assessment of **key dimensions** to follow based on a set of **principles**, so that banks are prepared to manage and overcome crisis situations orderly and effectively:

Governance

Separability and restructuring

Loss absorption and recapitalisation capacity

Liquidity and funding in resolution

Operational continuity and access to financial market infrastructure

Information Systems and Data Requirements

Communication

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Link with resolvability testing and the identification of impediments

Implementation and impact assessment, and identifications of impediments

Integrating resolvability testing and identifying impediments is critical to evaluating and enhancing banks' resolvability capabilities

Link with resolvability testing and the identification of impediments

Implementation assessment

- **Testing and assessment**

- The SRB conducts annual resolvability assessments to evaluate if banks meet resolvability standards, considering legal frameworks and specific characteristics.
- The IRT identifies necessary tests to validate declared capabilities and assesses the impact of any failure to meet these on resolution strategies.

- **Implementation assessment**

- With MREL as deadlines for MREL compliance and transition periods for resolvability have ended, the SRB is shifting its focus to thoroughly testing banks' operational readiness for resolution.
- The testing process is structured through multi-annual work programs aligned with EBA guidelines, which span a period of three or more years.
- Banks' self-assessment reports serve as the starting point for these efforts, enabling the IRT to calibrate testing requirements and assess whether the banks' resolvability capabilities are properly implemented and functioning as intended.
- This includes internal evaluations and evidence gathered from deep-dive analyses or on-site inspections.

Impact assessment

- The **assessment** evaluates the **impact** of **each resolvability capability** on the **execution** of **resolution strategies**, categorizing their importance as low, medium, or high.
- **High-impact capabilities** are prioritized for attention during resolution planning and assessment.
- **Proportionality** is applied, taking into account the bank's business model and resolution strategy characteristics.

Identification of impediments and follow-up actions

- The **assessment** determines if banks' resolvability **capabilities** are operating **effectively** in critical areas and identifies obstacles to resolvability.
- For **identified impediments**, the SRB may require banks to implement corrective actions within strict deadlines or initiate formal procedures for addressing substantive issues.
- The **SRB collaborates** with **relevant authorities**, including the European Central Bank, to propose and implement targeted measures for resolving impediments and ensuring compliance with resolution requirements.

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Definitions, scope and processes Resolvability framework overview

The consultation paper outlines the key definitions, scope, and processes associated with banks' resolvability self-assessment

Definitions, scope and processes

Resolvability self-assessment report

- Banks are required to conduct a self-assessment of their resolvability following the EBA Guidelines. The assessment covers seven key dimensions: **Governance, Loss absorption and recapitalization capacity, Liquidity and funding in resolutions, Operational continuity (OCIR) and access to Financial Market infrastructure (FMI), Information systems and data requirements (MIS), Communication, Separability and restructuring.**
- The assessment uses a **structured template** aligned with EBA Guidelines, categorizing capabilities into three levels (core) and a fourth for advanced needs.
- Banks must justify unmet **capabilities**, outline **actions with deadlines**, and **ensure integration** into business-as-usual processes with quality assurance frameworks.
- An **executive summary** highlights conclusions for all dimensions, ensuring compliance with EBA requirements.

Reporting requirements

- Banks must submit their **self-assessment report** to the SRB **annually** by January 31. The report must include an executive summary, the completed template (Annex I and II), and any supporting documents. It must be signed by the senior executive responsible for resolution planning.
- The first report under this new format will cover 2025 activities and is due by **January 31, 2026**. Until then, banks will use the previous format agreed upon with the IRT.

Resolvability assessment process and resolutions planning cycle

- The process actively involves banks in **resolution planning**, with resolution entities coordinating assessments across the group and requesting individual reviews for subsidiaries when necessary. Banks must submit their self-assessment reports, detailing evidence, justifications, and proposed measures to address identified gaps.
- The IRT reviews these reports, **identifies areas for improvement** and inconsistencies, and **documents findings** in a **resolvability Heatmap**. Annual priority letters communicate targeted measures and priorities to banks for the following year.
- This **iterative process** includes dialogues between banks and the IRT to address shortcomings, implement corrective actions, and ensure continuous monitoring. Significant issues are promptly resolved under the IRT's oversight.

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Definitions, scope and processes Iterative resolvability assessment cycle

The consultation paper outlines the key definitions, scope, and processes associated with banks' resolvability self-assessment

Definitions, scope and processes

Proportionality

- The EfB applies proportionality by tailoring requirements to each bank's characteristics. Banks and the IRT consider the relevance of principles and capabilities based on their **impact on resolution strategies**. Banks are **exempt from assessing non-applicable principles or capabilities**.

Transitional arrangements

- **Switch Banks:** Banks changing resolution strategies (e.g., from liquidation to resolution) must submit their self-assessment report within one year of the strategy change.
- **Newly Authorized Banks:** Banks newly designated for resolution must submit their self-assessment report within one year of their first resolution plan adoption.
- **Banks Changing Remit:** Banks moving from NRA to SRB oversight must submit their self-assessment report within one year of the remit change.
- **Expectations:** Banks must fully implement EfB capabilities within three years of resolution plan approval. The IRT will assess compliance, set phased targets for addressing gaps, and communicate priorities and measures through annual priority letters.

Requests for information and information sharing

- The SRB **actively engages with banks to enhance resolution planning**, ensuring flexibility to address evolving risks and may request additional measures or information to improve **bank resolvability**.

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Methodology for banks' resolvability self-assessment template

Overview of the resolvability assessment and resolution planning cycle

Framework for banks' resolvability self-assessments using a four-point grading scale with tailored actions and gap analysis

Methodology for banks' resolvability self-assessment template

Four-point self-assessment grading scale

Reasoning for assigning specific scoring and gap analysis

- Unless otherwise specified, the methodology for assessing to what degree the capability is met is based on a **4-point grading scale**:
 - Compliant:** Fully meets the capability.
 - Largely Compliant:** Meets capability with minor shortcomings of low impact.
 - Materially Non-Compliant:** Implementation is weak but shows initial steps; closer to "Non-Compliant."
 - Non-Compliant:** Major implementation issues or capability not implemented.
 - **Methodology:**
 - Grading is qualitative, not a binary "checklist."
 - Reflects the collective performance of all entities within a resolution group.
 - A capability can be marked as "Not Applicable" if it doesn't pertain to the bank's context.
 - **Contextual applicability:** Designating capabilities based on resolution strategy, resolution tools, business model and complexity.
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- **Reasoning:**
 - Banks must justify their assigned scoring for each capability or explain why a capability is marked "Not Applicable".
 - Justifications should consider measures taken by the bank to meet requirements, tests performed (referencing deliverables, feedback, or external expert reviews), understanding of resolution strategies by resolution authorities.
 - For capabilities marked "Not Applicable," certain columns should remain blank.
 - **Tests Performed:** To support the grading, banks should detail tests conducted, specifying a series of aspects.
 - **Measures to Be Taken:**
 - For incomplete capabilities, banks should outline actions planned to achieve full compliance, including timelines.
 - This information should align with the bank's future work plans but not influence the current scoring justification.
 - **Accompanying Documents:** Documents supporting the assessment should be listed here, including several specified details.

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Methodology for banks' resolvability self-assessment template

Integrated framework and structured assessment of key dimensions

The SRB has defined an integrated framework to evaluate and improve the resolvability of banks through a structured assessment of key dimensions based on 34 principles, so that banks are prepared to manage and overcome crisis situations orderly and effectively

Governance

- **Robust processes** for
 - i. Timely and accurate provision of information
 - ii. Effective oversight
 - iii. Efficient decision-making

Separability and restructuring

- A structure that supports **resolution strategy implementation**.

Loss absorption and recapitalisation capacity

- Enough **loss absorption** and **recapitalization capacity** to absorb losses.

Liquidity and funding in resolution

- **Processes** and **capabilities** to:
 - i. Estimate liquidity and funding needs
 - ii. Measure and report liquidity
 - iii. Identify and mobilize available collateral

Operational continuity and access to financial market infrastructure

- Adequate **operational arrangements** to **ensure continuity of services**.

Information Systems and Data Requirements

- Adequate **Management Information Systems** in order to: develop and maintain resolution plans, execute a fair, prudent, and realistic valuation, and effectively apply resolution actions.

Communication

- The ability to ensure timely, robust, and consistent **communication**.

4 | Methodology for banks' resolvability self-assessment template

Resolution dimensions

The 7 resolution dimensions of the SRB add the necessary capabilities from financial and operational perspectives:

| | Financial | |
|-------------|---|---|
| Financial | Loss absorption and recapitalization capacity | <ul style="list-style-type: none">• Have sufficient capacity to absorb losses and recapitalize in resolution situations. This involves maintaining capital and liability structures that enable a rapid recapitalization and processes that encompass internal and external bail-in activities. |
| | Liquidity and funding in resolution | <ul style="list-style-type: none">• Effectively manage liquidity during a resolution event. Banks must have access to funding sources and contingency plans to ensure sufficient liquidity availability to maintain critical operations. |
| | Separability and restructuring | <ul style="list-style-type: none">• Banks must be able to separate and restructure their operations effectively during a resolution. This includes identifying business units that can be sold or separated and implementing measures to simplify complex operational and legal structures. |
| Operational | Governance | <ul style="list-style-type: none">• Establish a robust governance structure to support the planning and execution of the resolution. This includes appointing specific responsible parties within the organization and integrating resolution planning into the bank's general management processes. |
| | Operational continuity and access to FMIs | <ul style="list-style-type: none">• Ensure the continuity of operations and access to critical financial market infrastructures (FMIs) during resolution. This includes having detailed plans to maintain operational infrastructure with relevant third parties and ensuring the availability of services. |
| | Information systems and data requirements | <ul style="list-style-type: none">• Have robust information systems that provide accurate and relevant data for resolution purposes. Systems must be able to generate the information required by resolution authorities in a fast and reliable manner. |
| | Communication in resolution | <ul style="list-style-type: none">• Effective communication is crucial before, during, and after a resolution event. Banks must have detailed communication plans that include coordination with resolution authorities, internal and external stakeholders, and the general public. |

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Why Management Solutions?

Where can we help?

Management Solutions has the capacity and experience in all the dimensions associated with the Resolution under analysis in the self-assessment questionnaire and the capabilities to support institutions in the initiatives required to adapt to this new requirement in its different phases

1

Diagnosis and Planning

- **Detailed analysis of the contents** to be covered in the new resolvability self-assessment questionnaire: governance, loss absorbency, liquidity and funding in resolution, OCIR, MIS, communication, severability and restructuring.
- **Identification of GAPS and additional information and analysis requirements** (considering self-assessments conducted for Institutions under SRB supervision and SRB expectations, guidelines and standards).
- **Definition of the work plan for the development of the self-assessment:** actors, tasks, review and assurance, governance, etc.

2

Development

- **Coordination through PMO functions** of the activities planned for the implementation of the self-assessment.
- **Advice on carrying out the self-assessment:** interpretation of requirements, benchmarking, assignment of the level of compliance, collection of evidence and justification of assessments, definition, where appropriate, of the required action plans, preparation of the executive summary with the conclusions of each dimension, etc.
- Support in the **presentation of the findings** to the different areas and the management of the entity.

3

Integration and Assurance

- **Development of policies and procedures** for the regular execution of the self-assessment exercise on resolvability and governance.
- **Support to IA** in the review of the self-assessment carried out and the issuing of an opinion on the results obtained (Principle "1.3 - Quality assurance and internal Audit") and the evidence provided.

5 | Why Management Solutions? Where can we help?

Management Solutions has the experience and capabilities in the different dimensions associated with resolution

📌 Key strengths for adding value in the area of resolution

- 1 Global specialist practice**
 - ✓ MS has a **global practice**, with partners and specialist teams dedicated to **Resolution, from where it coordinates the projects** in the various associated areas (Separability, Bail-in, liquidity, OCIR, etc.) that the firm executes **in its various geographies**.
- 2 Expertise**
 - ✓ **In-depth knowledge of the areas of Resolution** (applicable regulations, guidelines/guidelines and best practices), **developed in collaboration with leading national and international institutions, based on our expertise and leadership in the areas that make up our core activity in the financial sector** (strategic definition and transformation of business, operational, technological, financial and risk processes).
- 3 Practical experience**
 - ✓ **Practical experience in driving resolvability:** development of resolution governance frameworks, definition of resolution strategy and selection of resolution tools¹, **automation and validation of information associated** with resolution-LDR;VDS, etc.-, **separability -legal entities, business lines and portfolios-, OCIR, liquidity in resolution, operationalisation through playbooks, testing (dry-runs) and support to internal audit** in the review of the different dimensions of resolution, **of multiple entities (G-SIB, D-SIB) and geographies**, in accordance with the applicable regulations and the expectations of the authorities (**especially in Europe: SRB and EBA**).
- 4 R&D Team**
 - ✓ MS has a corporate **R&D team** responsible for, among other things, in the area of resolution, the continuous updating of regulatory developments, benchmark analysis when required and the development of methodological solutions.
- 5 Capacity and commitment**
 - ✓ Proven **delivery capacity** and **commitment to the execution of projects and the achievement of the Group's objectives**.

(1) In jurisdictions where it is the responsibility of the Institutions themselves to

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Abbreviations

| Abbreviation | Meaning |
|--------------|--|
| SRB | Single Resolution Board |
| EfB | Expectations for Banks |
| SRM | Single Resolution Mechanism |
| MPE | Multiple point of entry |
| BU | Business unit |
| MREL | Minimum Requirement for own funds and Eligible Liabilities |
| EBA | European Banking Authority |
| IRT | Internal Resolution Team |
| OCIR | Operational continuity |
| FMI | Financial Market infrastructure |
| MIS | Information systems and data requirements |




International
One Firm


Multiscope
Team


Best practice
know-how


Proven
Experience


Maximum
Commitment

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