



Brussels, 29 October 2019
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Mr Sven Giegold MEP
European Parliament
Bât. Wiertz 08H359
60 Rue Wiertz
B-1047 Brussels

Re: Follow-up: Reply to written Question Z-038/2019 by MEP Sven Giegold

Dear Mr Giegold,

I would like to thank you for your letter, which followed up on the SRB's reply to your initial parliamentary question.

Regarding your first question please let me stress that since the 2018 resolution planning cycle the SRB abandoned the delineation between "transitional resolution plans", "phase-2" and "phase-3" resolution plans. Instead, during the 2018/19 resolution planning cycle, the SRB differentiated between college and non-college banks for all banks that require full-fledged resolution planning. The SRB assumed this practice in 2018 for procedural reasons, but will synchronize the planning cycles for all banks as of 2020 into an annual process from Q2/2020 to Q1/2021.

Currently 32 college and 77 non-college plans have been formally adopted (covering 97% of all banking groups under the SRB's remit). The resolution plans adopted so far contain considerations regarding resolvability but do not yet contain a fully-fledged resolvability assessment. Further enhancing the resolution plans with a specific focus on the resolvability assessment is a priority for the 2020 resolution planning cycle. The progress made so far in this regard was outlined in detail in the previous reply from 20 August 2019. As the SRB has emphasized in its multi-annual work programme, it expects to develop fully-fledged plans for all the groups under its direct remit in the course of the 2020 resolution planning cycle. By then the SRB will also implement the new legal framework (BRRD2, SRMR2, CRR2, CRD5).

In the absence of a fully-fledged resolvability assessment in the current resolution plans the SRB has not declared any bank under its direct remit fully resolvable or unresolvable. One challenge for building resolvability remains the shortfall regarding the minimum requirement for own funds and eligible liabilities (MREL) for certain banks. Banks must further build up the required amount of MREL during the respective imposed transition periods. Another focal



area of activity for the upcoming regarding the resolvability of all banks is the enhanced work on playbooks for banks, operational continuity and the improvement of data quality.

A key document which will foster transparency on SRB criteria to assess resolvability and will allow banks to operate in line with our expectations and on a level playing field is the document "Expectations for banks", a document which the SRB published for consultation on 23 October 2019 and which you find attached to this letter. In 2020 after the publication of the document's final version, the SRB will transform these expectations into bank-specific work programmes, which will be communicated to the individual banks. In addition, the SRB will develop a heat map, which will reflect the level of maturity of banks in making themselves resolvable for each dimension of the Expectations for Banks.

Due to the fact that the SRB has not formally declared a bank resolvable or not resolvable, the SRB did not inform the European Banking Authority (EBA) about an institution not being resolvable in line with Article 10(3) of the SRM-regulation, as I stated in the letter from 20 August 2019. It should be stressed again, that such notifications would merely serve statistical purposes and do not have an impact on a bank to become resolvable.

Regarding your additional question on the oversight of less significant institutions (LSIs), in 2018 the SRB received from the national resolution authorities (NRAs) notifications of 1189 draft resolution plans, of which 1152 provided MREL setting as part of its oversight role for LSIs as outlined in the SRB Annual Report for 2018. These 1189 resolution plans covered 51.7% of 2301 LSIs for which resolution planning is required.

With regard to the 2019 Resolution Planning Cycle, on the basis of the figures provided directly by NRAs, the SRB expects to receive from NRAs notifications of resolution plans in respect of 86% of LSIs by the end of Q1 2020. Looking forward, as of the 2020 Resolution Planning Cycle, NRAs reported to the SRB that they expect to adopt resolution plans in respect of 94% of LSIs as outlined in the SRB Work Programme for 2020, which was published on 28 October 2019.

As regards the assessment of resolvability, the resolution plans of LSIs for the 2018 Resolution Planning Cycle contain a preliminary treatment of these aspects, which the NRAs will deepen further by the end of the 2019 Resolution Planning Cycle. A final stance from all NRAs on this subject is expected at the latest by the end of 2020 LSI Resolution Planning Cycle.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "E. König", is written over the typed name.

EIKE KÖNIG

Chair

