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The European Banking Authority's Guidelines on Resolvability



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The European Banking Authority (“EBA”) has published its [final report](#) on amendments to its guidelines on improving resolvability under the Bank Recovery and Resolution Directive (2014/59/EU) (BRRD).

The report introduces new guidelines giving a common framework for testing resolvability by:

1. Introducing a requirement for self-assessment by resolution entities of their resolvability, benchmarked against the EBA’s Resolvability and Transferability Guidelines (published in January and September 2022, respectively) and relevant rules. The Resolvability and Transferability Guidelines set out a number of key capabilities that EU institutions must be able to demonstrate at all times. The self-assessment report will require: confirmation on the level to which these capabilities are met and how that is achieved; a demonstration of understanding of the resolution strategy and its execution; a description of how each capability is met (or why it is not relevant); how the capabilities relate to recovery planning and business as usual; and how internal assurance on resolvability is achieved.
2. Requiring regulators to develop multi-annual testing programmes over three years for each resolution entity that would examine the adequacy of those entities’ resolution plans. These plans will leverage the self-assessment reports and are aimed at giving authorities assurance that institutions have the right capabilities to meet their resolvability objectives. They will also incorporate “horizontal testing” identified by authorities acting in tandem.
3. Introducing a “master playbook” for the most complex institutions such as G-SIIs and others that pose a systemic risk. These playbooks will demonstrate the operational capacity of relevant institutions to enact their resolution strategies and how the various aspects supporting that – governance, access to financial markets infrastructure, funding and liquidity, operational continuity and communication – work together effectively. The playbooks are

intended to be a guide for senior management to enable them to manage and coordinate resolution actions firm-wide.

The guidelines will apply from 1 January 2024, and institutions are expected to submit their first self-assessment report by 31 December 2024, the first master playbook by 31 December 2025, with relevant authorities setting out testing programmes by 31 December 2025.
