

# POSITION PAPER



## **ESBG response to the European Banking Authority (EBA) consultation on draft ITS on reporting for resolution planning**

ESBG (European Savings and Retail Banking Group)

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## 1. General Comments

We appreciate the opportunity provided by the EBA to comment on the proposed changes to the reporting framework for resolution planning information. The proposals put forward by the EBA to amend the specific reporting requirements come at a time when the European legislator has not yet decided on the final design of the European recovery and resolution mechanism (SRM). As is well known, the relevant legislative proposal (CMDI review) contains far-reaching interventions in the structure of the SRM, the possible effects of which cannot yet be conclusively assessed. In principle, we recognize the tendency to further expand the European resolution mechanism at the expense of national deposit and guarantee schemes. Nevertheless, we question whether this will be sufficient to achieve the stated goal of enhancing the stability of the banking market.

As we understand it, the EBA is introducing a category of institutions that were not previously subject to the reporting requirements under the category “Institutions that are not part of a Group” in conjunction with “Liquidation entity not subject to simplified obligations”. Under the current law, the national resolution authorities are responsible for drawing up resolution plans and assessing the resolvability of companies or groups for which the Single Resolution Board (SRB) is not already responsible. When drawing up the resolution plan, the national resolution authorities decide whether institutions should be subject to simplified requirements. In particular, the resolution authorities assess whether the resolvability of an institution through liquidation under normal insolvency proceedings is feasible and credible (“insolvency institution”). On an individual basis, the resolution authorities also decide whether an additional recapitalization amount is required and set the minimum amount of own funds and eligible liabilities. In addition, the resolution authorities assess the extent to which the provision of information for the preparation of resolution plans for institutions can be dispensed with. In our opinion, the individual practice for the supervisory powers listed has proven effective.

We reject the general requirement that institutions classified as insolvency institutions by the national resolution authorities, but not subject to simplified requirements, should be obligated to provide resolution planning information.

On the one hand, the number of LSIs whose resolvability through liquidation under normal insolvency proceedings is considered feasible and credible but which are not subject to simplified requirements is relatively small, with around 55 institutions across Europe (see SRB, “SMALL AND MEDIUM-SIZED BANKS: Resolution Planning (...) for LSI”, 2024, p. 13). It is unclear whether this will provide any significant new insights that the resolution authorities currently lack, particularly in the context of some of our members’ market. In particular, it is not clear why aggregate liability data should be collected regularly from institutions, even if no separate MREL requirements have been set for them. If the resolution authorities determine that additional information is necessary to draw up resolution plans for institutions, they are already authorized to request it.



On the other hand, while we recognize that the EBA intends to reduce the scope for insolvency institutions compared to resolution entities for reasons of proportionality, our experience shows that reports such as the Liability Data Report, the Critical Functions Report, and the FMI Report, which are intended to be part of the reporting category for liquidation entities not subject to simplified requirements, represent a particularly high burden for the institutions concerned. We believe the cost-benefit ratio in this case to be disproportionate.

Aside from these points of criticism, we expressly welcome the fact that resolution entities subject to simplified requirements will generally not be subject to reporting obligations under the new ITS. This clarifies the previous practice and legal situation in the interest of proportionality.

## 2. Specific Comments

### Overview of questions for consultation

#### Question 1: Are the instructions and templates clear to the respondents?

We acknowledge that EBA has explicitly stated its intention to consider the principles of proportionality in its proposals to harmonize reporting requirements and to promote and review best practices. Given that small and medium-sized institutions, which have previously been fully exempt from providing information on resolution planning, will in the future fall within the scope of the reporting framework, we cannot rule out the possibility that the application and implementation of new reporting requirements may necessitate further clarification.

That said, we request clarification of the following aspects:

- Clarification in Annex II, Section II “20 Z 08.01— Relevant services (SERV 1)” in relation to “II.8.1 General instructions”, on the conditions under which - ideally with specific examples - the so-called “Core Business Lines” and their “Essential Services” should be recorded.
- Clarification of the extent to which SRB requirements for the data collection exercise will be adapted or replaced by EBA requirements following the finalization of Annex II and the EBA template. Specifically, it is unclear whether the plan is to continue providing the SRB LDR report (T-templates) and waive the respective EBA Resolution Planning templates (Z-templates from CIR), or if it is intended to submit the EBA Resolution Planning templates and discontinue the SRB LDR templates.
- Clarification of the extent to which the existing SRB reports (LDR, FMI, CF) will no longer need to be reported from 2026 onwards due to this expanded EBA report.



**Question 2: Do the respondents need further clarification to understand which of the minimum reporting obligations would apply to their specific profile (Resolution entity, Liquidation entity, RLE, non-institution).**

Yes. Further aspects are not clear:

- 1) Which minimum reporting obligations would be relevant for entities, which are part of the group, but not part of resolution group and not a member of the banking union (as outside EU) (e.g. subsidiary of the RG Croatia in Montenegro)?
- 2) We would welcome a specification that institutions that do not meet the thresholds of 2% and 5bn assets do not fall under the reporting obligation. Otherwise, the reporting burden would be extremely high (for example, in the case of some of our members, they would have to report here over 40 savings banks, and include them into CFR & FMIR (consolidated)).

**Question 3: Do the respondents identify any discrepancies between these templates and instructions and the determination of the requirements set out in the underlying regulation?**

NA

**Question 4: Cost of compliance with the reporting requirements**

**Is or are there any element(s) of this proposal for new and amended reporting requirements that you expect to trigger a particularly high, or in your view disproportionate, effort or cost of compliance? If yes, please:**

- **specify which element(s) of the proposal trigger(s) that particularly high cost of compliance,**
- **explain the nature/source of the cost (i.e. explain what makes it costly to comply with this particular element of the proposal) and specify whether the cost arises as part of the implementation, or as part of the on-going compliance with the reporting requirements,**
- **offer suggestions on alternative ways to achieve the same/a similar result with lower cost of compliance for you**



We see certain requirements that trigger higher additional costs:  
The templates on Other Financial Liabilities as well as “value of transactions of which recurrent (in CFR)” will require major modifications to existing reporting infrastructure as well as significant working time of the reporting staff.  
On Z08.xx templates and SRB’s requirement on service catalogue and contract repository we would see goal of relieving entities from parallel data collections coming from different authorities only fulfilled if SRB’s requirement on service catalogue and contract repository can be replaced by Z08.xx templates (or vis versa). (see also answer to question 10c)  
Ad Financial liabilities: We strongly oppose the requirement to report these on an item-by-item basis. Besides the additional effort the requirement to identify specific counterparties also increases security/privacy risks. In our opinion resolvability (and its evaluation by the authority) is ensured with aggregated data and the detailed information will not aid this additionally.

**Question 5: Reporting deadlines (change of submission date from April 30 to March 31).**

**The ITS update introduces an earlier submission deadline for resolution reports. This is expected to provide additional time for Resolution Authorities to assess data quality, in particular given the introduction of granular reporting to supplement the aggregate liability data currently in scope of the ITS.**

**How does this change impact your organisation’s ability to report resolution data in a timely manner while still retaining data quality?**

At first glance, shortening the submission deadline from 30 April to 31 March may appear to give resolution authorities more time for review, but it would lead to significant duplicated efforts for banks each year due to the anticipated need for additional submissions. This is because the final annual financial statements for the previous year are typically not available by the end of March each year (furthermore, the preparation of the reports requires a certain lead time before the submission date). Additionally, the first months of the year are generally busy for accounting and regular reporting, which would further increase the risk of resubmissions. Certain data, such as market share data, are also not available in Q1.

As a result, institutions would initially have to submit reports with preliminary figures, for which subsequent correction reports would be nearly unavoidable. A shortening of the submission deadline would therefore not be efficient from the perspective of either the resolution authorities or the institutions. This would also result in the authorities having to review the reports twice. Consequently, neither side would benefit. We therefore suggest, in the interest of both parties, to maintain the submission deadline of 30 April.



**Question 6: Relevant legal entity (RLE)**

The Relevant Legal Entity (RLE) threshold defined in the ITS is proposed to be reduced from 5% to 2%. The threshold is referenced to the resolution group. An absolute threshold based on total assets (above 5 billion EUR) has also been added.

Do you have any comment on the changes in the definition of the RLE threshold, including the absolute threshold of 5 billion EUR?

NA
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**Question 7: Organisational Structure - Identification of the legal vs the resolution group structure**

The previous reporting obligations on the organisational structure limited the scope of reporting to relevant legal entities that were part of the legal structure of the group. Under the revised ITS, the authorities would like to remove this threshold to get a more comprehensive view of the legal structure. At the same time, the ITS introduces the identification (LEI code), for each entity listed, of the resolution group to which it belongs. The information is expected to be in line with the details of the current resolution plan. Where an entity is not part of a resolution group, "N/A" would be reported in this field. Note that this table is not expected from institutions that are not part of a group.

- a) Do you identify any issues with expanding the scope of Z01.01 to all entities in the group, bearing in mind that this report would only be requested at the level of the Group?



According to our understanding, Z01.01 has to be provided only on the level of the ultimate union parent undertaking (which is the CRR scope of consolidation) if a group comprises more than one resolution entity. The template should contain all entities of the IFRS scope of consolidation. Therefore, it is not expected to report Z01.00 also on Resolution Group level. A specification with this respect would be welcome and provide more clarity.

International branches should be reported in separate rows. It is not clear which attributes should be filled in for the branches, and also if TEM, TREA, Total Assets are included? Before/after Intra-entity-elimination?

Furthermore, it is our understanding that thresholds to define Relevant Legal Entities should apply on Resolution Group level of Resolution Groups of EU member states in addition to the CRR scope of consolidation (see Article 1). Also, with this respect a specification would provide more clarity.

- b) Do you see an issue in the ability of the group to identify the resolution group to which each entity reported in the organizational structure belongs?

NA

### **Question 8: Aggregate liability data**

**The expectation is that all reporting entities, at a minimum, are required to report on their Liability Structure, at an aggregate level, in line with the current reporting obligations. In particular, the reporting introduces the notion of “Carrying Amount” in addition to the “Outstanding Amount”, to support ongoing policy developments on MREL.**

**In terms of Own Funds reporting, this is not required for Liquidation entities as the data is not considered relevant in this case. The ITS review also introduces targeted data points for reporting of Own Funds by Investment Firms, which fall under different reporting obligations.**

**In the case of groups, additional reporting is expected on intergroup financial connections, which also applies to liquidation entities that are part of a group. This reporting covers both liabilities excluded from bail-in (new) and liabilities not excluded from bail-in (already covered in the current ITS), in order to better assess financial interconnections within the group, influencing the decision on the SPE vs MPE approach.**

- a) Are the data-point definitions provided for reporting of the Carrying Amount sufficiently clear?**



NA

- b) Do the revised data points for the reporting of Own Funds by Investment Firms better correspond to the reporting obligations for these types of Institutions? If not, please elaborate what changes you deem appropriate.**

NA

- c) Do you anticipate any difficulties in providing the additional data required for the reporting of intragroup financial connections (for liabilities excluded from bail-in)?**

NA

- d) Do you see merit in providing additional clarification about any data-point definition existing in the previous version of the CIR on Resolution Reporting? If so, for which specific data points?**

NA

### **Question 9: Critical functions**

**The revised ITS introduces the possibility of reporting on critical functions at a Regional Level, where this is relevant for a given jurisdiction, in addition to reporting at the EU and national levels.**

**In general, the reporting obligations have been expanded with regards to the Impact and Substitutability analyses, in order to provide a more effective assessment by banks and resolution authorities of the bank's critical functions. Among these changes is the introduction of the Onboarding capacity of the bank (limited in this ITS to Deposits and Payments functions), which aims to assess the theoretical capacity of an entity to absorb the critical functions of a failing bank.**

**A comments section has also been added to each of the functions assessed, which provides a channel via which the reporting entity can explain the reasoning behind its assessment.**

- a) Do you have questions on how the new instructions on Onboarding Capacity should be interpreted for your organization?**





We do not have any specific questions regarding the requirements for determining onboarding capacities, which, in our view, are overly general. However, experience shows that institutions require more specific model assumptions to accurately estimate appropriate onboarding capacities, ensuring that the results are comparable from the perspective of the resolution authorities and can be aggregated when necessary.

**b) Do you find the availability of a comments section useful to explain your assessment of the critical functions? Would you suggest another means of doing this, and if so, what?**

Please refer to the answer to (a).

#### **Question 10: Relevant services**

**The reporting on Critical Services has evolved into reporting on Relevant Services. The primary objective is to improve the analysis of operational continuity and separability in resolution. The changes also seek to avoid excessive reporting by banks by incorporating certain key elements of the assessment of operational continuity which are currently not included in the ITS and are requested ad-hoc from reporting entities.**

**This reporting will apply to resolution entities that are not part of a Group and at the Group level for institutions that are part of a group.**

**a) Do you see any issue in identifying “relevant services” as defined in the revised ITS?**



**Ad Z07.03 – c0010-0030 Core Business Line:**

- The strict limitation of CBLs to the provided list (“The core business line **shall** be one of the business lines listed below”) would in future include also “non CBLs” as “CBLs”, e.g. Corporate might include different subcategories (SME, Large Corporate, Public Sector, Real Estate, ..) of which only single ones would be CBLs acc. applied indicators of Article 7(2) of Commission Delegated Regulation (EU) 2016/778. Besides a potential increase in essential services, it would especially lead to the requirement to continue additional non-core BLs in case of resolution (and to reflect that also in a business reorganization plan and resolution strategies (esp. for separation).
- Additionally, we suggest defining CBLs according to bank internal used and external reported segmentation (IFRS 8 “Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information.”).
  - Proposal: Keep the wording of “The business line **shall be framed** within one of the following” and include in Z07.03 a mapping of bank’s used internal Core BLs to the list provided in Annex II. That would enable the bank to use bank’s BL segmentation/definition to assess CBLs, limit the continuation of BLs in case of resolution to the core one. Whereby the mapping still provides the authority with information needed.

**Ad Z 08.01—Relevant services (SERV 1):**

- Column 0060 “Code”: We understand the EBA’s rationale for requiring an LEI code for external contractual partners. However, the SRB has not requested such information so far. This would necessitate connecting new data sources, resulting in higher implementation costs and potentially longer implementation timelines. We suggest that this data field be omitted or that the reporting of alternative codes be permitted. These comments also apply to column 0070 “Type of Code”.
- **Column 0130 Contract ID:** A reported service might (and it will be in most cases) underpinned by more than 1 contract. Displaying each relevant contract in an own row will conflict with the requirement of “General instructions item 7)”. The combination of values reported in columns 0010, 0020, 0040, and 0060, of this template forms a primary key which has to be unique for each row of the template”.
  - Proposal: Include c0130 to the combination to form a primary key.
- Column 0150 “Resolution Resilience features”: The EBA proposes four characteristics. We suggest that “N/A” should not only be reported for intra-entity services but also for inter-group services. Intra-group contracts (e.g., agency agreements) should likewise not be required to have resolution resilience features. It should be sufficient to have a process in place to make such contracts resolution resilient on an ad hoc basis in the event of a resolution.



- Column 0160 “Business Reorganization Plan (BRP)”: In our view, this data field can be omitted, as the topic of the BRP is already addressed and included in column 0150. Should the EBA hold a different view, we would appreciate an explanation as to why this data field is required in addition to column 0150.

**Ad Z 08.02 - Relevant services - mapping to operational assets (SERV 2):**

- Column 0080 “Contract ID”: We do not understand the requirement to report a contract reference. This field should also be completable with “N/A”. There are scenarios (e.g., “owned”) where no contract reference exists or where providing this information is not relevant. Consequently, fields 0090 to 0120 should also not need to be reported.

**Ad Z08.04 - c0050 Relevance for the Critical Function:**

- Acc. Annex I of “OPERATIONAL GUIDANCE ON OPERATIONAL CONTINUITY IN RESOLUTION - November 2021 update” (13) degree of criticality [of services] should be assessed as high / medium / to be assessed. The introduction of a more detailed assessment (high / medium high / medium low / low) requires additional effort (change in the IT system, inputs required from service providers, ...).
  - Proposal: Keep the assessment with high / medium / to be assessed to avoid additional technical efforts

**b) Do you think that that the data request on relevant services, as covered in the revised ITS, is sufficiently clear?**



Do the revised EBA specifications (in particular the Z 08.XX template) eliminate the requirements for creating or submitting delivery objects for dimension 4, particularly the service catalogue and contract database?

**Ad Z08.01 - c0010 Service type:** No. It is not clear which services would be expected to be reported under 1.3 “external communication”. Is it purely linked to external communication related to HR? Other “types” of external communication as Investor relations, Brand Management, Marketing would - in our view - not fit to the category 1. “Human resources support”, but should be reflected in an own Level 1 category (or under 11 “Other”).

**Ad Z08.01 - c0170 Alternative mitigation actions:** In line with “OPERATIONAL GUIDANCE ON OPERATIONAL CONTINUITY IN RESOLUTION - November 2021 update” (42ff) we would understand that alternative mitigations actions have only to be explored if a contract is not assessed as resolution resilient, i.e. c0150 and/or c0160 is “no”. Therefore, we would expect to use “n/a” in c0170 for all cases, where c0150 or c0160 are marked as “yes” (as if the contract is resolution resilient, no other mitigation actions have to be applied).

**Ad Z08.02 - c0040 Type of assets:** We would suggest an additional type “Self-Service devices in branches & ATMs” as these assets are substantial assets for a Retail Bank.

**c) Do you see any overlap between this data request and related data requests on relevant/critical services raised by your Resolution Authority as part of the resolvability assessment?**

Yes, up to now SRB has requested various/same information on services (critical & essential) (esp. service catalogue and contract repository). Submission deadline was 31.12. each year. The alignment of the EBA request and SRB’s data request is highly appreciated, and it would be appreciated if the data delivery to SRB with submission date 31.12. can be replaced by data delivery to EBA with submission date 31.3. or 30.4. Nevertheless, it should be noted, that SRB’s “OPERATIONAL GUIDANCE ON OPERATIONAL CONTINUITY IN RESOLUTION - November 2021 update” requires further minimum fields (see Annex I and Annex II), so that further alignment would be appreciated to be able to replace SRB’s reports (service catalogue, contract repository) by the EBA resolution reporting.

**Question 11: Financial Market Infrastructures**

**The ITS introduces reporting on substitutability of CCP segments. The ITS also introduces data points on contracts identification, notional amount for derivatives and clarifies instructions of existing data fields.**



- a) **Is the definition of “substitutability” provided in the new reporting on Alternative CCP providers (Z09.04 c0030) sufficiently clear? If not, what clarifications do you think would be necessary?**

NA

- b) **Are there additional or modified data points that you propose to include in Z09.03 to adequately capture the activity of the reporting entity with FMI service providers?**

NA

- c) **Are the instructions across Z09.01-Z09.04 sufficiently clear and detailed, and if not, what clarifications do you think are necessary and where?**

NA

#### **Question 12: Granular liability data**

**In order to harmonise reporting by institutions that are part of the Banking Union (for which granular liability data reporting was introduced several year ago) and non-Banking Union institutions, the ITS introduces granular reporting of liability data. In an effort to limit the overall reporting burden on banks, this reporting is limited to individual level, and, with the exception of the reporting of intragroup transactions which applies to all relevant legal entities, the scope of institutions required to report granular liabilities is limited to resolution entities.**

**The level of granularity required is as follows:**

- **Securities - granularity at the level of ISIN code issuances and potentially of the counterparty**
- **Deposits - All deposits at contract level, except Not-Covered Not-Preferred deposits with a residual maturity of less than 1 year and Covered deposits and Not Covered but Preferential deposits (regardless of their residual maturity), which should be grouped by counterparty type, by insolvency ranking, and the whether the deposit is secured or unsecured.**
- **Derivatives - granularity at the level of Master Agreement ID**
- **Secured Finance - granularity at the level of Master Agreement ID**
- **Other Financial and Non-Financial Liabilities - contract level granularity and potentially of the counterparty.**



**Are the data-point definitions provided for reporting of the Granular Liability Data sufficiently clear? If this is not the case, for which data points would you require additional clarifications.**

The column "Type of Liability" included in "Z10.06 - Secured Finance, excluding intragroup (LIAB-G-6)" is not yet defined in the Guidance "Annex II (Instructions)". We kindly request clarification or the corresponding addition to the Guidance.



## **About ESBG (European Savings and Retail Banking Group)**

ESBG represents the locally focused European banking sector, helping savings and retail banks in 20 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. Advocating for a proportionate approach to banking rules, ESBG unites at EU level some 873 banks, which together employ 610,000 people driven to innovate at 41,000 outlets. ESBG members have total assets of € 6,38 trillion, provide € 313 billion in loans to SMEs, and serve 163 million Europeans seeking retail banking services. ESBG members commit to further unleash the promise of sustainable, responsible 21st century banking.

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