

ANNEX

SECTION C

Matters that the resolution authority is to consider when assessing the resolvability of an institution or group

When assessing the resolvability of an institution or group, the resolution authority shall consider the following:

When assessing the resolvability of a group, references to an institution shall be deemed to include any institution or entity referred to in point (c) or (d) of Article 1(1) within a group:

- (1) the extent to which the institution is able to map core business lines and critical operations to legal persons;
- (2) the extent to which legal and corporate structures are aligned with core business lines and critical operations;
- (3) the extent to which there are arrangements in place to provide for essential staff, infrastructure, funding, liquidity and capital to support and maintain the core business lines and the critical operations;
- (4) the extent to which the service agreements that the institution maintains are fully enforceable in the event of resolution of the institution;
- (5) the extent to which the governance structure of the institution is adequate for managing and ensuring compliance with the institution's internal policies with respect to its service level agreements;
- (6) the extent to which the institution has a process for transitioning the services provided under service level agreements to third parties in the event of the separation of critical functions or of core business lines;
- (7) the extent to which there are contingency plans and measures in place to ensure continuity in access to payment and settlement systems;
- (8) the adequacy of the management information systems in ensuring that the resolution authorities are able to gather accurate and complete information regarding the core business lines and critical operations so as to facilitate rapid decision making;
- (9) the capacity of the management information systems to provide the information essential for the effective resolution of the institution at all times even under rapidly changing conditions;
- (10) the extent to which the institution has tested its management information systems under stress scenarios as defined by the resolution authority;
- (11) the extent to which the institution can ensure the continuity of its management information systems both for the affected institution and the new institution in the case that the critical operations and core business lines are separated from the rest of the operations and business lines;
- (12) the extent to which the institution has established adequate processes to ensure that it provides the resolution authorities with the information necessary to identify depositors and the amounts covered by the deposit guarantee schemes;

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- (13) where the group uses intra-group guarantees, the extent to which those guarantees are provided at market conditions and the risk management systems concerning those guarantees are robust;
- (14) where the group engages in back-to-back transactions, the extent to which those transactions are performed at market conditions and the risk management systems concerning those transactions practices are robust;
- (15) the extent to which the use of intra-group guarantees or back-to-back booking transactions increases contagion across the group;
- (16) the extent to which the legal structure of the group inhibits the application of the resolution tools as a result of the number of legal persons, the complexity of the group structure or the difficulty in aligning business lines to group entities;
- (17) the amount and type of [^{F1}bail-inable liabilities] of the institution;
- (18) where the assessment involves a mixed activity holding company, the extent to which the resolution of group entities that are institutions or financial institutions could have a negative impact on the non-financial part of the group;
- (19) the existence and robustness of service level agreements;
- (20) whether third-country authorities have the resolution tools necessary to support resolution actions by Union resolution authorities, and the scope for coordinated action between Union and third-country authorities;
- (21) the feasibility of using resolution tools in such a way which meets the resolution objectives, given the tools available and the institution's structure;
- (22) the extent to which the group structure allows the resolution authority to resolve the whole group or one or more of its group entities without causing a significant direct or indirect adverse effect on the financial system, market confidence or the economy and with a view to maximising the value of the group as a whole;
- (23) the arrangements and means through which resolution could be facilitated in the cases of groups that have subsidiaries established in different jurisdictions;
- (24) the credibility of using resolution tools in such a way which meets the resolution objectives, given possible impacts on creditors, counterparties, customers and employees and possible actions that third-country authorities may take;
- (25) the extent to which the impact of the institution's resolution on the financial system and on financial market's confidence can be adequately evaluated;
- (26) the extent to which the resolution of the institution could have a significant direct or indirect adverse effect on the financial system, market confidence or the economy;
- (27) the extent to which contagion to other institutions or to the financial markets could be contained through the application of the resolution tools and powers;
- (28) the extent to which the resolution of the institution could have a significant effect on the operation of payment and settlement systems.

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Textual Amendments

- F1** Substituted by [Directive \(EU\) 2019/879](#) of the European Parliament and of the Council of 20 May 2019 amending [Directive 2014/59/EU](#) as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and [Directive 98/26/EC](#).