



SRB BAIL-IN DATA SET

Explanatory Note

June 2022

This publication compiles the main elements that banks are expected to consider for establishing the required capabilities of Management Information Systems (MIS) in order to enable the timely and effective execution of the write-down and conversion of capital instruments and eligible liabilities pursuant to Article 21 of Regulation (EU) No 806/2014¹ (SRMR) (“write-down and conversion powers”) and the execution of the bail-in tool in resolution.² In a crisis, depending on the specific situation and in line with the applicable legal framework, the Single Resolution Board (SRB) reserves the right to deviate from actions and expectations of this publication.

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The document has been developed by the SRB, in close collaboration with the National Resolution Authorities (NRAs).

¹ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014.

² For the purpose of simplification, when this guidance refers to bail-in, it refers to both write-down and conversion powers and bail-in in the case of resolution.

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The documents SRB Bail-in Data Set Instructions and SRB Operational Guidance on Bail-in Playbooks are available here: <https://www.srb.europa.eu/en/content/operational-guidance-bail-implementation>

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1. Purpose

- 1 This document aims to provide explanations with respect to the data required for the application of the bail-in tool.¹ It specifies, among others, the SRB's minimum expectations concerning liability data that a bank under resolution should provide to resolution authorities in an accurate and timely manner. It also elaborates on the required level of data quality and further considerations that need to be taken into account, among others, in order to ensure sufficient legal certainty while implementing the bail-in tool.
- 2 This Explanatory Note includes information concerning the predefined set of bail-in data specified in the document SRB Bail-in Data Set Instructions and should be read in conjunction with related SRB publications on bail-in implementation, such as the Operational Guidance on Bail-in Playbooks.²
- 3 This document is an updated version of the Explanatory Note on bail-in data published by the SRB on 10 August 2020. It expands the original version by providing further details on the expectations concerning (i) the inclusion of non-resolution entities in relation to the group-internal loss transfer and recapitalisation mechanism, and (ii) the integration of derivatives into the minimum list of bail-in data.³ It also includes additional reference to the SRB's expectation concerning specific details and further refinements.

¹ For the purposes of this document the term "bank" shall be understood as encompassing the entities falling within the scope of the SRMR and not only credit institutions.

² See the SRB Bail-in Data Set Instructions and SRB Operational Guidance on Bail-in Playbooks.

³ See documents mentioned in paragraph 2.

2. Legal basis

- 4 The legal framework allows resolution authorities to execute the write-down and conversion of capital instruments and eligible liabilities pursuant to Article 21 SRMR and execution of the bail-in tool in resolution. For that purpose, the bail-in tool can be used independently in an “open bank bail-in”, according to Article 27(1)(a) SRMR, or in combination with other resolution tools, as laid down in Article 22(4) SRMR. The write-down and conversion power, which is not a resolution tool in itself, could be exercised independently or together with a resolution action, when the conditions of Article 21 SRMR are met; in the latter case, it must always be exercised before the application of bail-in in accordance with Article 22(1) SRMR.
- 5 To facilitate the application of write-down and conversion powers and the bail-in tool, a resolution entity must be capable of providing timely and high quality information on an ad-hoc basis.⁴ It is therefore required to enhance banks’ readiness concerning the applicability of the write-down and conversion powers and the bail-in tool in the course of the resolution-planning phase. As part of the resolvability assessment, Directive 2014/59/EU⁵ (BRRD) requires resolution authorities to assess banks’ MIS.⁶ As a result, during the planning phase, resolution authorities have to verify banks’ ability to produce the minimum data set required to support the bank-specific resolution strategy.⁷

⁴ Pursuant to Article 3(1)(24a) of SRMR a “resolution entity” is a legal person established in a participating Member State, which is identified by the Board as an entity in respect of which the resolution plan provides for resolution action. Pursuant to Article 3(1)(24b)(a) SRMR, a “resolution group” consists of a resolution entity and its subsidiaries that are not (i) resolution entities themselves, (ii) subsidiaries of other resolution entities, or (iii) entities established in a third country that are not included in the resolution group in accordance with the resolution plan and their subsidiaries.

⁵ Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014.

⁶ Article 10(7)(h) BRRD. See also points (8) to (12) of Section C of the Annex to BRRD.

⁷ Article 10(7)(h) BRRD. See also points (18) of Section B of the Annex to BRRD.

3. Background and general overview

- 6 According to the legal framework, creditors of the bank bear losses after the shareholders in accordance with the priority of their claims under normal insolvency proceedings, except where the SRMR explicitly provides for otherwise.⁸
- 7 Successful implementation of the bail-in tool depends fundamentally on the capabilities of banks to deliver upon request of the resolution authorities timely,⁹ complete and high quality data. Banks' ability to provide bail-in data should be considered in the context of the SRB Expectations for Banks (EfB),¹⁰ which sets out the capabilities that banks have to demonstrate to show that they are resolvable. One of these components addresses "Information systems and data requirements". It directly refers to how suitable banks' MIS are for extracting the liability data for bail-in implementation in a timely and complete fashion. The EfB document published on 1 April 2020 specifies that all banks under the remit of the SRB are expected to demonstrate progress in 2020/2021 and establish adequate MIS capabilities to deliver the bail-in data by the end of 2022 at the latest.
- 8 Banks under the SRB's remit should have prepared their data infrastructure and initiated necessary IT projects as part of banks' "fully developed and budgeted resolvability work programme for 2021 and beyond" for becoming compliant with the EfB.¹¹
- 9 Most of the data required for bail-in purposes is the same or similar across Member States. In particular, the information expectations related to own funds instruments, as laid down in Article 4(1)(119) CRR, show a high uniformity. In some cases, however, additional data points have to be considered due to differences in creditor hierarchies or other specificities arising from national legislation. This particularly applies to bail-inable liabilities as defined in the legal framework.
- 10 In principle, banks' MIS should be able to extract the required bail-in data at short notice.¹² This data is not part of the regular reporting for resolution planning purposes and deviates from the SRB Liability Data Report (LDR), which serves as a regular standard data report that is harmonised across all Member States for resolution planning purposes.¹³

⁸ Article 15(1)(b) SRMR.

⁹ For instance, in case of a resolution during the weekend, a substantial part of the bail-in data required at the "resolution weekend" should be based on the reference date Friday close of business. In this case, the latter represents the "request date" which will be determined by the SRB and notified to the failing or likely to fail bank.

¹⁰ See SRB website, <https://srb.europa.eu/en/node/962>.

¹¹ In the bank-specific SRB Priority letters for 2020 sent to banks in Q4/2019, the SRB requested banks under its remit to develop long-term resolvability work programme to achieve the EfB by 31 December 2023, except where indicated otherwise.

¹² In principle, banks are expected to be able to produce the bail-in data points list within 24 hours to fully meet the SRB's expectation. See also footnote 11.

¹³ For example, considering the differences of creditor hierarchies in national insolvency procedures, the LDR cannot ensure the existence of a unique identifier for each bail-inable liability that is known to counterparties enabling them to verify whether their claim will be subject to bail-in. Furthermore, prudential filters lead to distorted valuations of bail-inable liabilities and the LDR does not entail information on fees, charges and agios.

4. General principles

- 11 Banks should consider the SRB minimum bail-in data expectations as a basis to establish the required data infrastructure, governance and MIS capabilities. The perimeter of the minimum data set represents the maximum that can be achieved as a common denominator among Banking Union countries for bail-in data purposes at this stage.
- 12 Due to differences in creditor hierarchies or other specificities arising from national legislation, country-specific adjustments might be required for some Banking Union countries. If necessary, the SRB and NRAs will publish these data supplements to the SRB minimum bail-in data expectations. This can be implemented either in the format of single country-specific data points or country-specific bail-in data sets that build on the SRB minimum bail-in data expectations.
- 13 If a country-specific adjustment is not provided for a particular Member State, the SRB minimum bail-in data expectations define the benchmark for banks located in these countries to ensure adequate MIS capabilities for the purpose of bail-in implementation also against the background of the EfB.
- 14 The SRB and NRAs will update the minimum bail-in data set and, if required, country-specific amendments based on further developments and/or assessment, as well as implementation requirements on a regular basis.
- 15 Publication of the SRB minimum bail-in data expectations and country-specific amendments will increase transparency, promote a level playing field in the Banking Union and allow market participants to understand bail-in mechanics sufficiently. This will also lead to an increased market discipline with positive impact on financial stability and financial intermediation.
- 16 The SRB Bail-in data set takes into account existing common EU definitions and standardises information requirements to the greatest extent possible. This will avoid imposing excessive costs on banks and ease the process for banks.
- 17 Banks are expected to carry out the required adjustments of their data infrastructure in order to facilitate a smooth application of the bail-in tool, including the following main aspects:
 - calculation and setting the bail-in perimeter in the context of the authorities' resolution strategy,
 - required assessments of resolution authorities (e.g. Public Interest Assessment), and
 - implementation of the bail-in.
- 18 In line with the EfB, banks are expected to establish adequate governance, quality assurance and continuity arrangements to ensure that their MIS capabilities satisfy the various prerequisites for achieving resolvability before the resolution event. The resolution entity shall verify on a regular basis that the internal processes within the bank or group are suitable for fulfilling the relevant requirements.

- 19 In particular, banks are expected to demonstrate that their governance arrangements adequately address:
- the processes for consistent data collection and aggregation across the different areas of the bank and group entities and for their timely delivery;
 - the processes, communication channels and clear allocation of responsibilities for the efficient coordination of the information exchange with resolution authorities, competent authorities, valuer and other relevant authorities and stakeholders; and
 - the framework and processes for quality assurance and the continuity of MIS capabilities.
- 20 Banks under the remit of the SRB are expected to demonstrate their MIS capabilities in the bail-in playbook. For this purpose, the SRB Operational Guidance on bail-in playbooks¹⁴ provides guidance regarding the identification of bail-inable instruments and the gathering and provision of data points for those instruments.
- 21 Banks will be requested by Internal Resolution Teams (IRTs) to conduct regular self-assessments and testing exercises of their MIS capabilities concerning the ad-hoc provision of bail-in data and provide thorough updates to IRTs.¹⁵

¹⁴ See also paragraph 2.

¹⁵ In accordance with EfB, Principle 1.4.

5. Scope

- 22 Bail-in data is generally to be provided at the individual level of the resolution and non-resolution entities. Upon additional request of the resolution authorities, the bank might be required to provide information for liabilities at level of the resolution entity related to the resolution group level if the resolution entity is part of a resolution group.¹⁶
- 23 The data provision should include the entire range of relevant capital instruments¹⁷ and bail-inable liabilities¹⁸ as at the request date. The scope also includes liabilities secured by a pledge, lien or collateral, which are mandatorily excluded from the scope of bail-in pursuant to Article 27(3) SRMR due to the fact these mandatorily excluded liabilities are relevant for the implementation of the bail-in tool.¹⁹
- 24 Starting from June 2022, a new set of data points will be requested for the non-resolution entities, which are part of the resolution group, in order to operationalise the so-called Internal Loss Transfer and Recapitalisation Mechanism (ILTRM). In principle, banks will be asked to submit information on relevant capital instruments and on liabilities meeting the conditions laid down in Article 21(7a) SRMR. IRTs have the possibility to enlarge this perimeter, whether deemed necessary for the implementation of the preferred resolution strategy.²⁰
- 25 In line with the SRB Operational Guidance on bail-in playbooks, non-resolution entities in scope for the additional data points are entities for which an internal MREL target has been set (excluding liquidation entities for which internal MREL has been limited to the loss absorption amount). In principle, entities benefitting from a waiver according to Article 12(h) SRMR are out of the scope, unless the inclusion is specifically requested by the relevant IRTs.
- 26 With respect to establishing the required MIS capabilities, banks should also take into account the guidance explained under the section “Supplementary information” of this document and consider related documentation published by EBA.²¹
- 27 Due to its important role with respect to data provision for bail-in purposes, banks should also take into account the respective country-specific bail-in cascade defined by national law.

¹⁶ In light of the revision of the EU bank resolution regime in 2019 and the implementation of Directive EU 2019/879 (BRRD2), the SRB extended the data requirements to certain legal entities within a resolution group to ensure the internal loss absorption.

¹⁷ Including CET1 instruments (but not other CET1 items).

¹⁸ Bail-inable liabilities as defined in Article 3(49a) SRMR.

¹⁹ The implementation of the BRRD2 required further adjustments and, for instance, necessitated the inclusion of secured liabilities or (internal) liabilities owed to affiliated companies part of the resolution group in the data set.

²⁰ Non-resolution entities that issued externally relevant capital instruments to the market or that hold intragroup liabilities registered in CSDs/iCSDs might be requested to enlarge the perimeter of the data list to some of the data points included in the Bail-in data set for the resolution entity related to:

- “Data Points for Amounts Required for Calculation – Securities issued per Denomination”; and to
- “Data Points for Information on Listing, Registration, Issuance and Settlement”.

In addition, non-resolution entities might be requested to deliver the whole bail-in data set for the resolution entity up to a certain insolvency rank (most likely the Senior Non Preferred layer).

²¹ This relates, for instance, to Guidelines concerning the interrelationship between the BRRD sequence of write-down and conversion and CRR/CRD (EBA/GL/2017/02).

- 28 At this stage, the SRB does not require a specific data format for the submission of bail-in data.²² Banks are expected to build on the assumption that data could be gathered and provided based on bank-internal MIS, in consultation with IRTs.²³
- 29 Nevertheless, banks are expected to report the data in a single format and exportable way by means of generally accepted file types to make it easier for SRB to manage large amounts of data. The IT solutions implemented should make it possible to retrieve a single file for each data set and for each entity in scope.
- 30 The communication channel and contact persons must be documented and coordinated with the resolution authorities as part of resolution planning.

²² Unless otherwise defined by the responsible IRT in the context of the bail-in testing to be conducted by banks.

²³ Where country-specific data amendments define a data format, banks are requested to ensure compliance with these amendments. The SRB is currently assessing the possibility and the need to define a common structured template for the bail-in data provision.

6. Data expectations

- 31 In order to comply with the EfB concerning the MIS capabilities for bail-in purposes, banks under the SRB remit must at least be able to provide the SRB minimum bail-in data defined in the document SRB Bail-in Data Set Instructions.²⁴ These minimum expectations for banks' MIS capabilities might be adjusted based on country-specific amendments. In this case, the country-specific bail-in data amendments will be communicated to the respective banks accompanied by a corresponding publication. IRTs may further request the inclusion of additional bail-in data if it considers this information relevant for ensuring the applicability of the bail-in tool.

²⁴ The document is available on the SRB website <https://www.srb.europa.eu/en/content/operational-guidance-bail-implementation>.

7. Supplementary information

- 32 The provision of data for bail-in purposes is linked to the information required to carry out a fair, prudent and realistic valuation in resolution. Future updates of the minimum bail-in data set and related aspects will consider further developments on valuation data requirements defined by resolution authorities and vice versa.²⁵
- 33 Derivatives are generally within the scope of liabilities for which banks' MIS have to be capable of providing all required bail-in data at short notice. At present, however, banks are not expected, in principle, to include contingent liabilities.²⁶
- 34 If the requested information includes liabilities denominated in foreign currencies, the resolution entity or non-resolution entity shall additionally report the converted amount in euro based on the latest available euro reference exchange rate published by the European Central Bank. If a euro reference exchange rate is not available, the resolution entity or non-resolution entity shall use an appropriate reference rate in the respective market in a uniform and transparent manner.
- 35 If the resolution entity or non-resolution entity is not able to comply with the expectations defined by the resolution authorities for specific line items, the resolution entity may use estimates calculated in a comprehensible, appropriate and prudent manner. The resolution entity or non-resolution entity has to report and coordinate the use of estimates with resolution authorities and document these estimates properly.
- 36 With respect to the resolvability assessment and the capability of banks' MIS to provide the required bail-in data in an accurate and timely manner, the resolution authorities will provide further information and update and develop its practices. The latter relates, among others, to the required support concerning the external bail-in implementation by financial market infrastructures and additional actions the bank shall be able to undertake in resolution in order to implement the bail-in tool. These additional expectations will be discussed and agreed with the resolution authorities in the course of the normal resolution planning process and are subject to the IRTs' annual resolvability assessment.

²⁵ For example, interdependencies between the bail-in and valuation data that have to be considered may arise due to the selected valuation approach, national GAAP, etc.

²⁶ In certain circumstances, IRTs may already address this topic in the resolution planning phase and ask banks to start working on MIS capabilities for contingent liabilities.

ANNEX: Summary of changes

Chapter	Summary of main changes in the 2022 version
3. Background and general overview	Footnote added: "In principle, banks are expected to be able to produce the bail-in data points list within 24 hours to fully meet the SRB's expectation."
4. General principles	Clarification that the SRB guidance on banks' MIS capabilities for bail-in data – as specified in the SRB Bail-in Data Set Instructions and Explanatory Note – will be updated on a regular basis. The reference to updates "at least yearly" was deleted taking into account the experiences made after the publication of the guidance in August 2020.
5. Scope	Non-resolution entities were included in the scope of this document to address the internal loss transfer and recapitalization mechanism in a complete manner.
	Further specification of the format of data provision that banks should consider in the context of their bail-in testing. Expansion of the section on Derivatives.

Abbreviations

AT1	Additional Tier 1
BRRD	Bank Recovery and Resolution Directive Directive (EU) 2014/59/EU, as amended, among others, by Directive (EU) 2019/879
CDR	Commission Delegated Regulation
CET1	Common Equity Tier 1
CRR	Capital Requirement Regulation Regulation (EU) No 575/2013, as amended, among others, by Regula- tion (EU) 2019/876
EBA	European Banking Authority
ECB	European Central Bank
EfB	SRB Expectations for Banks
EU	European Union
GAAP	Generally Accepted Accounting Principles
ILTRM	Internal Loss Transfer and Recapitalization Mechanism
IRT	Internal Resolution Team
LDR	Liability Data Report
MIS	Management Information Systems
NRA	National Resolution Authority
SRB	Single Resolution Board
SRMR	Single Resolution Mechanism Regulation Regulation (EU) No 806/2014, as amended, among others, by Regula- tion (EU) 2019/877
T2	Tier 2

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