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A new version, which includes a supplementary note on implementation observations following the 2023 bank failures on communication with host authorities not members of a CMG, was published on 21 January 2026:
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Good Practices for Crisis Management Groups

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Executive summary

Drawing on an FSB stocktake carried out in 2020 and CMG members' experience during the COVID-19 pandemic, this report describes certain good practices that have helped CMGs to enhance their preparedness for the management and resolution of a cross-border financial crisis affecting a Global Systemically Important Bank (G-SIB) consistent with the FSB Key Attributes.

This report acknowledges the progress made by CMGs since they were established. It aims to identify the good practices that CMGs have put in place over the past ten years to enhance their crisis management preparedness. While many of these practices have been well established, others are emerging or developing. The report provides a reference for home and host authorities in CMGs to help them enhance their crisis management preparedness in normal times. As CMGs continue to evolve, the FSB will continue to monitor the development of CMG practices and consider any future work to promote consistency and effective operation of CMGs. The good practices identified in this report are organised along 16 desired outcomes that CMGs seek to achieve.

Structure and operation of CMGs

1. CMG membership and structures reflect the specificities of the firm, its business model and geographic footprint. In peacetimes and when working to enhance crisis preparedness, CMGs generally include relevant resolution authorities and prudential authorities, and some also include central banks, deposit guarantee schemes/deposit insurers, ministries of finance and other regulatory bodies. Some host authorities have supplemented a CMG with regional structures.

2. Members' representation in a CMG meeting combines appropriate decision-making capacity and relevant expertise. Key decision makers generally attend CMG meetings as well as technical experts.

3. The CMG is underpinned by an institution-specific cooperation agreement (CoAg) that facilitates the necessary crisis management planning, and cooperation, between the relevant authorities. CoAgs have been adopted for most CMGs. However, their existence has not been a prerequisite for the CMG to operate in practice.

4. The CMG or home authorities cooperate with authorities from non-CMG host jurisdictions (i.e. jurisdictions where the firm has a systemic presence locally but that do not participate in a CMG). Some home authorities have supplemented their CMG activities with cooperation arrangements with non-CMG host authorities and conduct regular outreach activities involving authorities from host jurisdictions not represented on the CMG.

5. CMG meetings take place regularly. They are well prepared and informed by relevant and sufficiently detailed documentation. Home authorities have usually prepared CMG meeting agendas in coordination with host authorities, and some have used preparatory calls to increase efficiency of meetings. CMG members have found it helpful for meetings to be supported by detailed documentation that is shared in advance. Meetings are held at least annually for all CMGs. Some CMGs have supplemented physical meetings with

virtual meetings or calls, increasing the frequency of the meetings. Some CMG members have found it useful for the home authority to share the key outcomes and action points of CMG meetings, as well as to coordinate feedback to the firm on issues discussed at a meeting.

Resolution policy, strategy and resolvability assessments

6. CMG members are kept informed of firm-specific and regulatory resolution planning-related developments in relevant home and host jurisdictions. CMG members have shared updates on ongoing or planned resolution, and in some cases recovery, policy developments, and firm-specific effects of the application of new international standards or guidance.

7. CMG members review the resolution strategy and operational resolution plan annually or when there are material changes to a firm's business or structure. A resolution strategy and resolution plan are now in place for all G-SIBs and in most cases, the strategy and a high-level version of the resolution plan have been shared and discussed within the CMG.

8. The CMG serves as a forum for coordinating resolvability assessments, sharing findings and discuss any remaining barriers to resolvability and plans to remove them. Topics that have often been discussed in CMG meetings include barriers to resolvability identified by FSB guidance or other FSB publications. Home authorities have used the FSB Resolvability Assessment Process (RAP) as a common framework to compile and exchange information with host authorities on the firm's barriers to resolvability and progress in removing them.

9. The CMG serves as a forum for the firm to present its progress on resolvability, and for CMG members to ask questions in order to facilitate their review and monitoring. Home authorities generally have invited the firm to present on particular resolvability topics and plans to remove barriers to resolvability at CMG meetings. Some firms have presented on recovery planning as part of the crisis continuum. Inviting appropriate representatives from the firm has been a useful practice that helped to gain commitment and support from both senior management and staff levels at the firms.

Coordination on enhancing firm's resolvability

10. CMG members review the firm's capabilities to support a resolution ('resolution capabilities') with a view to obtaining comfort over their operationalisation and reliability both at group and local level. Some home authorities have encouraged firms' presentations at CMG meetings to focus on demonstrating their resolution capabilities or have encouraged the presentation of firm testing activities at CMG meetings. Some home authorities have consulted with other CMG members regarding appropriate testing methods that could be used to gain assurance on the firm's capabilities or are considering developing a joint testing plan or schedule to aid understanding of the assurance work CMG members are conducting.

11. CMG members have a clear understanding of the data that is needed and can be generated by the firm to inform authorities' decisions in a crisis and in resolution. Some CMGs have focused on understanding firm capabilities for calculating resolution capital and liquidity, data capabilities to support resolution valuation, bail-in execution, trading book wind-down, continuity of access to financial market infrastructures (FMIs) and operational continuity.

12. CMG members coordinate expectations for and feedback to the firm on its resolution capabilities and progress towards resolvability. Many home authorities have shared an annual plan with CMG members to improve the firm's resolvability, including target dates and intermediate milestones. Many home authorities have shared feedback with the firm on resolution-related matters reflecting the CMG members' discussion and priorities.

Enhancing home-host coordination arrangements for crisis preparedness

13. CMG members have a clear understanding of each other's internal decision-making and execution processes, information needs to support their respective decisions, and communications protocols across the crisis continuum in recovery, the run up to and during resolution. Some CMGs have started documenting CMG discussions of home-host coordination arrangements to execute a resolution by developing playbooks between CMG members on the actions that home and host authorities would have to take in resolution across several areas, such as bail-in execution, change-in-control processes and communications. Some CMGs are planning to carry out resolution readiness testing activities between authorities, including dry-runs and simulation exercises.

14. CMG members and their representatives maintain strong working relationships which will help to support effective coordination in a crisis. Communications between representatives beyond formal CMG meetings, such as bilateral meetings, workshops or calls have helped to strengthen interpersonal relationships.

15. The CMG members have in place practical and secure arrangements to exchange sensitive and confidential information as needed, both for purposes of resolution planning and for the exchange of information during a crisis. Several authorities have, or are in the process of establishing, document management platforms.

16. The CMG engages with the Supervisory College as needed on recovery and resolution planning and crisis preparedness activities, recognising the crisis continuum between recovery and resolution. Some CMGs have an overlapping attendance between supervisory colleges and CMGs to better support coordination. In some cases, the home supervisory authority, as CMG member, has provided updates in CMGs on supervisory activities that are relevant for the firm's resolvability.

Introduction

Crisis Management Groups (CMGs) of Global Systemically Important Banks (G-SIBs) have been in place for over 10 years as a core part of the post global financial crisis coordination infrastructure.[1] The FSB's *Key Attributes of Effective Resolution Regimes for Financial Institutions*[2] set out that home and key host authorities of all G-SIBs should maintain CMGs with the objective of enhancing preparedness for, and facilitating the management and resolution of, a cross-border financial crisis affecting the G-SIBs. Pursuant to the Key Attributes, CMGs focus on a broad range of crisis management issues, including but not limited to crisis management related information sharing, recovery and resolution planning, and the assessment of resolvability of a particular G-SIB ("firm").

CMGs and the processes around them are well established, and the policy framework has now broadly matured across jurisdictions. Given the evolution and range of CMG-related practices, the FSB undertook in the second half of 2020 a stocktake of how G-SIB home and host authorities use and operate CMGs ("CMG stocktake"). Responses were received from twelve jurisdictions[3]. According to the stocktake results, all respondents noted that CMGs have been effective in achieving their overall objectives. Respondents viewed the CMG's primary objectives to include enhancing authorities' preparedness and coordination for managing cross-border resolution, information sharing, and facilitating coordinated feedback to firms. Respondents were generally satisfied with the level of coordination and information sharing in CMGs, as well as the structure and operation of CMGs.

However, the stocktake identified scope for possible further enhancements in the way CMGs engage in resolution planning activities. Suggestions on improvements included increasing the frequency and depth of information exchange and communications between CMG members, as well as testing firms' resolution capabilities and cooperation arrangements between home and host authorities.

As a result of the above, this report describes a range of good practices and are organised along 16 desired outcomes that CMGs seek to achieve. The focus is on CMG activities that seek to enhance crisis preparedness rather than on cooperation in an actual crisis. The report's primary focus is on CMG home and host member authorities of G-SIBs. However, some authorities have established CMGs for domestic systemically important banks (D-SIBs) that are not part of a G-SIB group and the practices described in this report may also be relevant to them.

The report draws on the CMG stocktake and CMG members' experience during the COVID-19 pandemic and seeks to provide a non-exhaustive and non-binding list of good practices. A

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1 This report refers to the CMG as a group or forum, and to the CMG members or authorities as the authorities, which are members of this group, in contrast to the specific CMG meetings as an action undertaken by the CMGs and the participants to the CMG meeting.

2 FSB (2014) *Key Attributes of Effective Resolution Regimes for Financial Institutions* (Key Attributes), Key Attribute 8 (KA 8). The concept pre-dates the Key Attributes, for example: FSB (2009) *Principles for Cross-border Cooperation on Crisis Management*.

3 Brazil (BCB); Canada (CDIC, OSFI); Switzerland (FINMA); Hong Kong (HKMA); Japan (FSA); Korea (FSC); Mexico (Bank of Mexico); Sweden (SNDO); Singapore (MAS); UK (Bank of England); US (Federal Reserve Board (FRB) and Federal Deposit Insurance Corporation (FDIC)). The response of the European Banking Union (BU) was coordinated between the Single Resolution Board (SRB), European Commission (EC), European Central Bank (ECB), European Banking Authority (EBA) and the national authorities from France (ACPR), Germany (Bundesbank and BaFin), Italy (Bank of Italy), the Netherlands (DNB) and Spain(FROB and Bank of Spain).

shared understanding of these practices can help lean against fragmented approaches and help to enhance the effectiveness of CMGs. Building on the common goal of establishing even more effective CMGs, authorities can decide to apply such practices on a firm-specific basis, after having evaluated their merits depending on the firm's specificities such as size, complexity and business model. This report should not constrain the flexibility of authorities as to how they run their CMGs. The report describes good practices that are already applied by one or several authorities as well as some emerging practices that are being considered.

The report is structured as followed. Section 1 covers the structure and operation of CMGs. Section 2 describes CMG activities related to the resolution policy, strategy and resolvability assessments. Section 3 focuses on the operationalisation of firm capabilities. Finally, section 4 explores home-host coordination arrangements for crisis preparedness.

1. Structure and operation of CMGs

The CMG stocktake indicates that CMGs and the processes around them are well established. This section sets out good practices relating to the organisation and operation of CMGs.

1.1. CMG membership and structure

CMG membership and structures reflect the specificities of the firm, its business model and geographic footprint[4].

- CMG membership may be determined by a variety of factors, including a firm's international footprint and business model (e.g. universal and commercial banks; investment banks; trust and custody banks) as well as mandates of jurisdictions' authorities. For example, some CMGs have a broad geographic representation and others have a more regional coverage. When working to enhance crisis preparedness, CMGs generally include relevant resolution authorities and prudential authorities, and some also include central banks, deposit guarantee schemes/deposit insurers, other regulatory bodies (e.g. state regulators in the US and the European Banking Authority[5] (EBA) in the EU). Home authorities lead the planning for engagement with their respective ministry of finance in the run up to resolution given their role in a crisis.

- Home authorities have developed membership criteria, approval and on-boarding processes. CMG members are typically regulatory authorities (resolution and supervision) that are essential to the execution of recovery and resolution planning (RRP) objectives and come from jurisdictions that are home or host to entities of the group that are material to its resolution.

- Some host authorities have supplemented a CMG with regional structures covering jurisdictions that may not be represented at the CMG and in order to reflect the preferred

4 KA 8.1

5 In the EU, resolution colleges must be established for firms with cross-border operations. In its Resolution Colleges Annual Report 2020 the EBA describes its observations on the functioning of resolution colleges. The latest report includes observations in the context of the COVID-19 pandemic.

resolution strategy adopted. Where this is the case, the host authorities in charge of the regional structure have coordinated closely with the home authorities on the discussion topics and information shared in the regional structure, and the home authorities have attended the regional structure meetings.

1.2. Representation

Members' representation in a CMG meeting combines appropriate decision-making capacity and relevant expertise[6].

- Attendees of CMG meetings often include technical experts on particular topics being discussed who can actively contribute to the discussions. This is balanced with the need to involve key decision makers to provide direction and initiative.

1.3. Cross-border cooperation agreement (CoAg)

The CMG is underpinned by an institution-specific CoAg that facilitates the necessary crisis management planning, and cooperation, between the relevant authorities.[7]

- CoAgs have been executed for most CMGs. In a few cases, the CoAg is under development due to the recent establishment of a CMG or it is being amended to provide access to new members from jurisdictions where a firm has a growing presence.

- While CoAgs are important to establish objectives and processes for cooperation and information sharing through CMGs, the execution of the CoAg has not been a prerequisite for the CMG to operate in practice. CMG members have been able to carry out their activities and exchange information in the CMG while the CoAg was still under development.

- CMG members have generally been able to accommodate the on-boarding of new members and include them in CMG discussions, while the CoAg was still being amended for their accession.

- Host authorities have found it useful for the CMG to have clear procedures in place for updating the CoAg and ensuring that updates are documented, and that a full set of updated documents are available for all CMG members.

1.4. Outreach to non-CMG jurisdictions

The CMG or home authorities cooperate with authorities from non-CMG host jurisdictions (i.e. jurisdictions where the firm has a systemic presence locally but that do not participate in CMG).[8]

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6 KA Appendix I, Annex 2, 3.4

7 KA 9.1 and KA Appendix I, Annex 2

8 KA 8.1 and FSB (2015) Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions where a G-SIB has a Systemic Presence that are Not Represented on its CMG

- Some home authorities have supplemented their CMG activities with outreach activities focused on non-CMG member host authorities, in line with FSB guidance. Home authorities of at least five G-SIBs have established cooperation arrangements with non-CMG host authorities. These arrangements take the form of outreach panels, regional agreements, regional colleges or CMG-like structures, Memoranda of Understanding (MoUs) that include resolution issues, and bilateral calls.[9]

1.5. Meetings

CMG meetings take place regularly, are well prepared and informed by relevant and sufficiently detailed documentation[10].

1.5.1. Preparation

- In order to run efficient meetings, home authorities have prepared CMG meeting agendas, finding it useful to involve host authorities to ensure that relevant topics are covered.

- Depending on the size of the membership and the nature of the meeting, some CMGs have used preparatory calls before the CMG meeting. This has been useful in order to share expectations between CMG members on the objectives of the meeting, increase efficiency and encourage active participation across representatives at the meeting itself.

- CMG members have found it helpful to share supporting documentation sufficiently in advance for adequate preparation.

- In order to promote discussion, CMG members have found it helpful for meetings to be supported by detailed documentation. Some home authorities have included relevant detailed background information that is not presented at the meeting in supplementary materials or annexes.

1.5.2. Frequency and format

- Home authorities have held meetings at least annually for all CMGs. Many have held annual physical meetings over one day for each firm to allow sufficient time for review and discussion of firm-specific issues and exchange of views between CMG members at the meeting.

- Some CMGs have supplemented physical meetings with virtual meetings or calls, increasing the frequency of the meetings. Such practice has become more widespread during the COVID-19 pandemic and was considered beneficial by many CMG members (see Box 1 below).

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9 FSB (2019) *Thematic Review on Bank Resolution Planning*

10 KA 9.1 and KA Appendix I, Annex 2, 4.1

- Some home authorities have held CMG meetings for a group of G-SIBs with similar memberships. This has allowed for materials to be discussed jointly and for some peer comparison across the group of G-SIBs.

- Some CMGs have held a separate session with senior officials of the CMG members in advance or following a CMG meeting.

1.5.3. Post-meeting actions

- Some CMG members have found it useful for the home authority to share meeting notes, including the key outcomes and actions points. Host authorities have had the opportunity to provide comments.

- Some home authorities have provided coordinated feedback to the firm after a CMG meeting on aspects of its resolvability that reflect the common assessment and priorities of CMG home and host authorities. In some cases, this has taken the form of CMG feedback letters or priority letters highlighting the priority areas that CMG members wish the firm to focus on.

- Some home authorities have collected written comments from CMG members on issues discussed at a CMG meeting, for example on the FSB RAP template or jurisdictional updates.

Box 1: COVID-19 and the operation of CMGs

In light of the COVID-19 travel restrictions during 2020 and 2021, CMG meetings could not take place physically and had to be carried out in virtual format. The increasing use of technological solutions to support virtual meetings has reduced costs and time needed for attending and hosting CMG meetings. Virtual set-ups have also enabled easier attendance of meetings for the relevant experts and specialists. Due to time zone and format considerations, CMG meetings that would have taken physically over a full day were split in several shorter virtual meetings over multiple days.

While virtual meetings have created new opportunities of interaction for CMGs, they also come with limitations. The efficiency of virtual meetings largely depends on adequate technological solutions and platforms. For instance, live demonstrations of IT tools or built capabilities may be more difficult to present without adequate technological support. In addition, virtual meetings have worked well during the COVID-19 pandemic because many representatives had previously met face to face and established trust-based relationships. This relationship capital will need to be maintained in the future via continued face-to-face interaction, if possible, at least once a year.

As a result, a combination of physical and virtual meetings is likely the optimal solution for CMGs going forward.

2. Resolution policy, resolution strategy and resolvability assessments

According to the CMG stocktake, the main activities of CMGs have been to provide progress updates on resolution policy developments and implementation at firm level, review and discussion of resolution strategies and plans, and of individual barriers to resolvability. This section sets out good practices on these CMG activities.

2.1. Updates on resolution policy development and implementation

CMG members are kept informed of firm-specific and regulatory resolution planning-related developments in relevant home and host jurisdictions.[11]

- The information exchange has included updates on ongoing or planned resolution, and in some cases recovery, policy developments, institution-specific effects of the application of new international standards or guidance by the FSB or other international standard setting bodies, or updates by firms on their work to comply with the policies or to adopt standards.

- Policy updates have often been delivered during a CMG tour-de-table between authorities.

- In order to maximize time in CMG meetings for substantive discussions on firm-specific resolvability matters, CMGs may deliver policy updates in a separate dedicated call, preparatory call or workshop, or use bilateral exchanges for minor discussion.

2.2. Resolution strategy and resolution plan

The CMG reviews the resolution strategy and operational resolution plan annually or when there are material changes to a firm's business or structure.[12]

- A resolution strategy and resolution plan are now in place for all G-SIBs and in most cases, the strategy and a high-level version of the resolution plan have been shared and discussed within the CMG. This has been the product of substantial discussions within the CMG to reach a common understanding of the resolution strategy and resolution plan.

- The review of the resolution strategy and plan in CMGs is generally focused on new features of the strategy and key material changes (e.g. related to material changes to the firm's structure), recognising in some cases that as resolution plans mature, there may not be a need to review the strategy on an annual basis.

- In a few cases, recovery planning activities, including the review of the recovery plan, are carried out in CMGs, while in other cases, they take place in supervisory colleges. This is driven by differences in institutional setups for recovery and resolution competences and responsibilities in CMG members' jurisdictions[13].

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11 KA Appendix I, Annex 2, 3.3

12 KA 9.1 and 11.10

13 The BCBS (2014) Principles for effective supervisory colleges also acknowledge that crisis preparedness and management practices, including recovery and resolution planning, vary across jurisdictions and may be the responsibility of the CMG, the supervisory college, a third body (e.g. a resolution college) or responsibility may be shared.

2.3. Resolvability assessments

The CMG serves as a forum for coordinating resolvability assessments, sharing findings and discuss any remaining barriers to resolvability and plans to remove them.[14]

- Topics that have often been discussed in CMG meetings include barriers to resolvability identified by FSB guidance or other FSB publications. These typically include:
  - statutory and contractual stays,
  - financial market infrastructure (FMI) continuity of access in resolution,
  - operational continuity,
  - bail-in execution,
  - TLAC, including external TLAC, internal TLAC (iTLAC) and unallocated TLAC (uTLAC): composition, calibration and trigger, material sub-group identification,
  - funding in resolution, and
  - valuations.
- Home authorities have used the FSB RAP as a common framework to compile and exchange information with host authorities on the firm's barriers to resolvability and progress to remove them.
- In addition, some CMGs have discussed how the firm's resolvability may be affected by changing environments. For example, some CMGs have discussed the extent to which digitisation and the use of crypto currencies and assets may impact resolvability.

2.4. Monitoring of firm progress

The CMG serves as a forum for the firm to present progress on resolvability and for CMG members to ask questions in order to facilitate their review and monitoring.[15]

- Home authorities generally have invited the firm to present on particular resolvability topics and plans to remove barriers to resolvability at CMG meetings.
- In CMGs where recovery planning activities are carried out, firms have been asked to share their recovery plan strategies and options.

[14] KA 10.3
[15] KA 8.2

- Inviting appropriate representatives from the firm has been a useful practice that helped to gain commitment and support from both senior management and staff levels at the firms.

- Early engagement by the home authorities with the firm regarding presentation topics and materials has aided preparation.

- Some CMGs have found it useful to hold an authorities-only session after the firm's presentation in order to exchange views and coordinate questions, followed by a Q&A session with the firm.

3. Home-host coordination on enhancing firms' resolvability

As the resolution policy framework matures, CMGs are increasing their focus on coordination of activities to further enhance firms' resolvability. This section sets out good practices and emerging practices in CMGs for gaining comfort over firms' capabilities to support a resolution ("resolution capabilities").

3.1. Operationalisation of firm resolution capabilities

CMG members review the firm's capabilities to support a resolution ('resolution capabilities'), with a view to obtaining comfort over their operationalisation and reliability both at group and local level.[16]

- A more **continuous assessment** model within the CMG, involving more frequent information sharing on resolvability matters, can help home and host authorities gain increased confidence regarding the firm's capabilities. One approach is with the use of **single-issue CMG calls** to deep dive into a specific topic and supplement annual CMG meetings. Some CMGs have increasingly used virtual meetings to deep dive into a single resolvability issue, such as the firm's valuation capabilities to support a resolution.

- Some home authorities have encouraged firms' presentations at CMG meetings to focus on **demonstrating** their resolution capabilities. For example, it has been helpful for a firm to provide a live demonstration of tools for CMG representatives. In some CMG meetings, firms have provided demonstrations on their service mapping tools for the purpose of operational continuity in resolution, valuations and liquidity tools.

- Some home authorities have also encouraged the presentation of **firm testing activities at CMG meetings**, such as the firm's own desktop exercises or "dry runs", and the lessons it has learned. Such activities provide an opportunity for CMG members to challenge the firm on its capabilities and testing assumptions and conclusions. In a few CMGs, firms have presented the results of their dry runs on certain resolution arrangements, such as on their alternative clearing arrangements in resolution or valuation capabilities. In addition, some firms have been developing operational

[16] KA 8.2 and KA Appendix I, Annex 2, 3.6

documents or “playbooks” for supporting a resolution, covering items such as internal decision-making process, operational steps and communication arrangements at both group and material subsidiary levels, steps to support bail-in execution or solvent-wind down. As such, a number of CMGs have asked, or are planning to ask, firms to walk through their playbooks or report to the CMG on the testing of their playbooks. Within some CMGs, firms have also shared how their internal audit functions cover resolution capabilities as part of a broader resolution testing framework.

- Some home authorities have consulted with other CMG members regarding appropriate **testing methods that CMG members could use** to gain assurance on the firm’s capabilities. Recognising that coordination of testing activities is beneficial in the context of the resolvability of a cross-border firm, the CMG has been used in some cases as a forum for home and host authorities to discuss and coordinate testing activities on firms’ resolution capabilities. For example, some home authorities have asked the firm to walk CMG members through its funding, valuation or other capabilities, based on a specific scenario designed by the home authority and to which other CMG members contributed. As another example, some authorities have shared their approaches to designing and executing testing activities for consideration by other CMG members. Table 1 below sets out examples of testing activities that some home authorities are considering seeking feedback on from CMG members.

- Some home authorities are also considering developing a joint testing plan or schedule to aid understanding of the assurance work CMG members are conducting. Host authorities could contribute by sharing views on local specificities and established practices, verifying actions taken by firms locally as well as reviewing the resolution capabilities and arrangements put in place, which are very often cross-border in nature. The focus of joint testing may include, for instance, the arrangements to ensure continuity of access to critical FMIs or provision of services from service companies in other jurisdictions. For CMGs of firms with a multiple-point-of-entry (MPE) resolution strategy, this may involve the relevant host authorities testing firm capabilities to support the application of resolution tools at the level of their respective resolution groups.

Table 1: Examples of testing activities on firms’ resolution capabilities, which home authorities have been considering in CMGs

Method of testing	Goals
Desk-based review of firm submissions	Reviewing information from firms to assess whether the fundamental elements are in place to support capabilities
On-site reviews of firm capabilities	Validating capability builds relevant to competent and resolution authority priorities.
Firm sharing results of its systems or internal testing via demonstrations at CMG meetings	Validating capability builds within firms
Internal audit review on targeted areas	Validating capability builds within firms.

Independent third-party verification	Validating firm approaches to capability builds and facilitating necessary authority engagement.
Deep dives with the firm	Validating capability builds against policy frameworks within firms (e.g. Valuation model builds).
Dry-runs with the firm	Demonstrating how specific capabilities will be operationalised in resolution consistent with policy frameworks (e.g. end-to-end testing of Valuation capabilities).
Fire Drills/ War-game/ Exercises with the firm	Demonstrating and testing of how capabilities will be operationalised and resolution will be executed in certain scenarios.

3.2. Firm data capabilities for resolution

CMG members have a clear understanding of the data that is needed and can be generated by the firm to inform authorities' decisions in a crisis and in resolution.[17]

- Some CMGs have focused attention on understanding firm capabilities for calculating resolution capital and liquidity, including deep dives into the systems used and reports generated by these systems. Other examples include understanding firm data capabilities to support resolution valuation, bail-in execution, trading book wind-down, continuity of access to FMIs and operational continuity. In some cases, CMGs have discussed the automation of data reporting and other provision of information for resolution purposes.

- In 2021 as part of an FSB-led initiative for CMG members to assess and understand firms' uTLAC (uTLAC "road test"), firms have run calculations and shared data with their CMGs. This has allowed CMG members to test a firm's ability to produce relevant and accurate data to inform home and host authorities' decisions in a crisis.

- In CMG meetings, home and host authorities have also discussed expectations for the information that they would need from the firm for decision making in a crisis and a resolution. Some home authorities are considering the use of a common data template shared within a CMG and used by members to share key financial data per entity (e.g. on capital and liquidity levels, regulatory requirements) during a crisis.

3.3. Feedback to firms

CMG members coordinate expectations for and feedback to the firm on its resolution capabilities and progress towards resolvability.[18]

- It has been useful for home authorities to share with CMG members an annual plan to improve the firm's resolvability, including target dates and intermediate milestones.

[17] KA 12.2
[18] KA 10.3

- Many home authorities have shared feedback with the firm on resolution-related matters reflecting the CMG members' discussion and priorities. Some home authorities have sent feedback letters to firms, in coordination with CMG members (as mentioned in section 1.5.3). Sharing feedback with the firm on CMG discussions has been helpful to provide clear guidance with measurable and specific targets.

4. Enhancing home-host coordination and crisis preparedness

To achieve their objective to enhance preparedness for a cross-border resolution, CMGs serve as a forum for home and host authorities to develop a clear understanding of their respective functions ahead and during resolution. This section identifies good practices related to CMG activities for enhancing crisis preparedness and home-host coordination in a crisis.

4.1. Home-host coordination arrangements in a crisis

CMG members have a clear understanding of each other's internal decision-making and execution processes, information needs to support their respective decisions, and communications protocols in recovery, the run up to and during resolution.[19]

In order to achieve this outcome, it is helpful for CMG members to discuss in business as usual time the decisions each of them would need to make in a crisis to support the execution of the group resolution strategy, including the steps leading to a decision (decision paths) and the processes for making and executing such decisions. It is also useful for CMG members to discuss what information they need to inform their respective decisions. This also involves having a good understanding of decision-making and execution processes and communication protocols.

Some CMGs have started documenting CMG discussions of home-host coordination arrangements to execute a resolution by developing playbooks between CMG members. Playbooks are operational documents and the product of iterative discussions and exchange of information between home and host authorities within the CMG over time. They are firm-specific and tailored to the needs of the CMG members. For instance, CMGs with an MPE resolution strategy may focus on particular home-host arrangements which support local resolution actions taken by host authorities responsible for their respective resolution groups.

- In several CMGs, playbooks are being developed on the actions that home and host authorities would have to take in resolution across several areas, such as bail-in execution, change-in-control processes and communications.

[19] KA 8.1

Box 2: Examples of home-host coordination arrangements covered in CMG discussions and/or playbooks

- **Governance arrangements**: Potential triggers for escalating resolution contingency planning, with reference to possible public disclosures events that may arise in a stress. This may include a high-level chronology and summary of key processes to assist with the understanding of key decisions and actions from home and host authorities throughout the crisis continuum.[20] Some home authorities are contemplating the use of checklists and common templates that can support CMG coordination at each stage of a stress.
- **Steps of execution:** Common understanding of actions and their prerequisites that would be taken by CMG members and by the firm to implement the resolution strategy and related matters, such as triggers, valuation frameworks, use of the different resolution tools (e.g., bail-in and sale of assets), continued authorisation procedures, public disclosures by authorities and communication.
- **Information needs**: Information that would be needed and when, from host to home authorities and from home to host authorities in order to inform their respective decisions and actions.
- **Funding considerations**: Technical operational details, such as the respective responsibilities of different authorities and the form, location, mechanisms and timing for use of firm resources and public liquidity provision. Shared understanding between CMG members on how resources within the group would be utilised in stress and in resolution.
- **iTLAC and uTLAC considerations**: Setting out the coordination considerations, timing and steps between group and material sub-groups based on the triggers embedded in the terms and conditions of the relevant instruments, analysing obstacles to down streaming, and identifying an approach to the management and distribution of uTLAC resources within the group.
- **Communication processes between authorities:** Principles, templates, and protocols.
- **Secure exchange of information:** A description of the Management Information Systems that support the different processes.
- **Updated contact lists:** An updated repository of contact list by topic/firm at staff and senior level across the CMG members, with clarity on respective responsibilities.

- Some CMGs are planning to carry out resolution readiness testing activities between authorities, including dry-runs and simulation exercises, in order to test playbooks or other coordination arrangements. Although playbooks have not yet been tested in most CMGs, some authorities are considering it as a helpful future step to ensure their usability and update them based on lessons learned from dry runs or simulation exercises. Some are also considering testing information, communications technology tools and security protocols that would be used in a crisis. In this context, some authorities have started to envisage how they would carry out such activities in CMGs. Box 3 below sets out some of these considerations.

[20] For example, the SRB has developed internal flashcards describing the procedural aspects of a crisis case from initiation to closure (who does what and when?), adapted to different scenarios and resolution tools. They could be used as a general overview flowchart presented as a summary.

Box 3: Considerations for resolution readiness testing activities between authorities in CMGs

- Clear scope and objectives of the exercise.
- Description of the issues to be tested to help identify lessons learned.
- A detailed and realistic timeline and resources allocation, consistent with the goals of the exercise.
- Well-designed supporting materials to facilitate the exercise.
- Involvement of staff, including technical staff and senior staff who would take decisions in real-case resolutions.
- Realistic scenarios, including cross-border simulation type exercises, tailored to the firm and the CMG jurisdictions involved.
- Lessons learned that are shared with CMG authorities.
- Communication (to other stakeholders and/or the general public) of the results of the exercise

- Some CMG members have found workshops dedicated to specific topics to be a useful tool to improve crisis preparedness and home-host coordination (e.g. escalation triggers, valuations, funding in resolution). Workshops can enable discussion between authorities on practical aspects of crisis preparedness, crisis management, interaction between recovery and resolution and resolution execution. In addition, some home authorities have been considering the use of workshops to work out specific issues relating to the playbooks they are developing with other CMG members.

Box 4: Examples of dedicated CMG workshops

- FINMA held dedicated workshops in 2019 and 2020 on funding in resolution and on iTLAC respectively. The funding workshop explored the possibility to move excess liquidity between entities and jurisdictions and included deep-dive sessions with subject matter experts (regulators and bank representatives). The iTLAC workshop aimed at increasing transparency and understanding of the various capital/loss absorbing regimes in CMG members jurisdictions. The aim was that, in an event of stress that requires the use of iTLAC, CMG members would have a better expectation of the deliberations that would motivate CMG members decision-making. As home authority, FINMA developed a scenario to illustrate the various considerations and interactions in the CMG in stress to enhance crisis preparedness.
- The FDIC and Federal Reserve hosted two workshops in 2019 with members of all U.S. G-SIB CMGs. The first one focused on the U.S. resolution regime covering both Title I and Title II. The focus was educating hosts on the mechanics of a resolution in the U.S., including the key decision paths and processes. The second workshop aimed to discuss home resolution planning updates with regard to Title I and Title II resolution readiness. For this workshop, host authorities provided host jurisdictional updates on their resolution planning.
- OSFI and CDIC have used a variety of approaches including (i) hosting a series of virtual bi-lateral CMG discussions with relevant host authorities to discuss specific technical topics, including iTLAC, funding in resolution, and bail-in execution, (ii) holding a regulatory roundtable webinar on financial crisis management during the pandemic and (iii) facilitating a series of in-person panel discussions represented by the firm and home and host authorities to discuss key resolvability issues.

4.2. Working relationships

CMG members and their representatives maintain strong working relationships which will help to support effective coordination in a crisis.[21]

- Communications between representatives beyond formal CMG meetings, such as bilateral meetings, workshops or calls have helped to strengthen interpersonal relationships. Due to possible staff turnover, establishing strong work relationships between member authorities is equally important to maintain institutional knowledge on the specificities of the firm and its resolution plan, as well as CMG members' respective resolution frameworks.

4.3. Mechanisms to exchange information

The CMG members have in place practical and secure arrangements to exchange sensitive and confidential information as needed, both for purposes of resolution planning and for the exchange of information during a crisis.[22]

- Some authorities have used secured mailing systems to share information with other CMG members.
- Several authorities have, or are in the process of establishing, document management platforms to allow secure information sharing in CMGs as well as identification of users.

Box 5: Examples of document management platforms used in CMGs

- FINMA has established a dedicated Trust Room for sharing of materials with the CMG with secured access.
- The SRB is currently developing its digital system for crisis preparedness. The application R4Crisis (Ready for Crisis) supports the management of a resolution case for selected crisis management activities and builds a platform to standardise and optimise the processes. In 2020, this system was further enhanced to contribute to crisis preparedness, dry runs and to increase efficiency of involved stakeholders. In the following years, the target is to have a digital SRB system that supports decision-making within the BU and EU, and is fully integrated with other systems and platforms of the SRB, for instance used during resolution planning

4.4. Interaction with supervisory colleges

The CMG engages with the Supervisory College as needed on recovery and resolution planning and crisis preparedness activities, recognising the crisis continuum between recovery and resolution.[23]

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21 KA Appendix I, Annex 2, section 3

22 KA Appendix I, Annex 2, section 6

23 KA 8.2 and BCBS

While CMGs and supervisory colleges are complementary and refer to crisis preparedness as a part of their objectives, they approach it from different perspectives[24]. The BCBS Principles for effective supervisory colleges note that where CMGs are in place for a particular firm, detailed crisis management and resolution planning will typically be undertaken in CMGs rather than in supervisory colleges. The Principles also recognise that both colleges and CMGs have a key role to play in crisis preparedness, and although "the roles and responsibilities of supervisory colleges and CMGs are relatively well defined, the point at which the home supervisor determines that responsibility should shift from the supervisory college to the CMG is not necessarily clear and will likely depend on the facts and circumstances of the firm's condition".

As a result, it is helpful for CMGs and supervisory colleges to engage on crisis preparedness activities across the crisis continuum, as needed. This may include the interaction between possible recovery actions under the recovery plan and post-resolution restructuring under the resolution strategy, where recovery planning activities are not carried out in CMGs, and contingency planning in a stress environment. Recognising that there might be some practical considerations in organising exchanges between both fora (e.g. due to their different memberships) interactions may take different forms. Examples of good practices include:

- Some CMGs have an overlapping attendance between supervisory colleges and CMGs to better support coordination. This could also include scheduling annual meetings to coincide. This is a practice in place in a number of CMGs that helps ensured coordination between the two fora.

- In some cases, the home supervisory authority, as CMG member, has provided updates in CMGs on supervisory activities that are relevant for the firm's resolvability.

[24] Supervisory colleges aim to "assist its members in developing a better understanding of the risk profile and vulnerabilities of a cross-border banking group and to provide a framework for addressing key topics that are relevant to the supervision of the group". It also provides a "platform for home-host coordination of supervisory activities". See BCBS (2014) Principles for effective supervisory colleges.