

# **Public Disclosures on Resolution Planning and Resolvability**

## **Discussion Paper for Public Consultation**

**3 June 2019**

The Financial Stability Board (FSB) is established to coordinate at the international level the work of national financial authorities and international standard-setting bodies in order to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies. Its mandate is set out in the FSB Charter, which governs the policymaking and related activities of the FSB. These activities, including any decisions reached in their context, shall not be binding or give rise to any legal rights or obligations under the FSB's Articles of Association.

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***The Financial Stability Board (FSB) is seeking comments on its discussion paper: Public Disclosures on Resolution Planning and Resolvability.***

Following the adoption of the *Key Attributes of Effective Resolution Regimes for Financial Institutions* in 2011, FSB jurisdictions have made substantial progress towards ending “too-big-to-fail” through the introduction of legislative frameworks governing the resolution of systemically important banks, and through the development of resolution plans and actions to improve the resolvability of individual firms.

Transparency with respect to resolution planning and resolvability is a necessary element of the FSB and G20 policy framework for addressing the moral hazard risk posed by systemically important financial institutions.

The FSB has developed this discussion paper to explore how general and firm-specific disclosures on resolution planning and resolvability could be further enhanced. It focuses mainly on disclosures of resolution planning for global systemically important banks (G-SIBs). However, many of the disclosure approaches discussed are also relevant for domestic systemically important banks and other firms subject to a resolution planning requirement. It should not be viewed as proposed guidance; rather, the responses to the public consultation will be considered to determine whether the development of guidance would be useful.

**The FSB invites comments on the discussion paper and the following specific questions:**

*General resolution-related disclosures:*

1. What current practices regarding general (non-firm specific) disclosures by resolution authorities are useful for market participants and should therefore be encouraged?
2. What general disclosures (e.g. of resolution frameworks, resolution planning, and elements of resolvability such as loss-absorbing capacity and funding in resolution), if any, could be further developed or improved? What other elements of general information may be considered for disclosure?
3. What are suitable means or mechanisms for disclosure of general resolution-related information? What mechanisms for dissemination of information other than those described in the paper could be adopted?

*Firm-specific resolution-related disclosures:*

4. Does the discussion paper address relevant current practices, means and requirements regarding firm-specific resolution-related disclosures by authorities? What other practices or requirements, if any, could be noted?
5. Does the discussion paper address relevant current practices, means and requirements regarding firm-specific resolution-related disclosures by firms? What other practices or requirements, if any, could be noted?
6. Are current practices and requirements adequate overall? How could they be improved further? What other types of firm-specific disclosures, if any, should be considered to help increase transparency?

7. What are your views on firm-specific disclosures on resolution planning and resolvability? Does the discussion paper appropriately describe the benefits of such disclosures, as well as any tensions that may arise related to such disclosures and steps that could be taken to address them?
8. Will disclosure of both external and internal total loss-absorbing capacity (TLAC), if compliant with the Basel Committee's Pillar 3 disclosure requirements, be appropriate and sufficient for market participants to evaluate their exposures and assess resolvability? What, if any, additional public disclosures related to TLAC issuance and distribution could help market participants in assessing resolvability?
9. What other benefits do you see or what concerns, if any, do you have about current disclosure practices? Does the fact that practices differ across jurisdictions and firms pose any issues?

*Way forward:*

10. What actions, if any, should the FSB take to promote resolution-related (both general and firm-specific) disclosures?

**Responses to the discussion paper should be sent to [fsb@fsb.org](mailto:fsb@fsb.org) by Friday 2 August 2019.** Responses will be published on the FSB's website unless respondents expressly request otherwise.

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## Introduction

Following the adoption of the *Key Attributes of Effective Resolution Regimes for Financial Institutions*<sup>1</sup> in 2011, FSB jurisdictions have made substantial progress towards ending “too-big-to-fail” through the introduction of legislative frameworks governing the resolution of systemically important banks, and through the development of resolution plans and actions to improve the resolvability of individual firms.<sup>2</sup> Public disclosures of information on resolution planning and resolvability of a firm can help investors in making informed decisions regarding the risks they may expect to bear in resolution.

The focus of this discussion paper is on ex-ante (“peace time”) disclosures on resolution planning and resolvability. Such disclosures should help strengthen market discipline and public accountability and additional incentives for firms to remove any remaining barriers to resolvability. Additionally, ex-ante disclosures may clarify expectations and strengthen market confidence in the resolution actions of authorities.

The discussion paper does not cover communications and disclosures in the lead-up to a resolution or as a resolution event unfolds, nor does it discuss ex-post disclosures, such as information about specific resolution cases or legal cases.

As authorities make progress with developing their resolution frameworks, they are disclosing increasingly detailed general (i.e., non-firm-specific) information about their approaches to resolution in their respective jurisdictions, including:

- resolution frameworks, powers and tools;
- resolution planning including the development of resolution strategies;
- frameworks for resolvability assessments;
- requirements for the quantum, nature and composition of loss-absorbing capacity;
- cooperation with foreign authorities (e.g., the existence of cooperation agreements), the process for triggering resolution and other resolution-related decisions.

Firm-specific disclosures on resolution planning and resolvability by authorities, on the other hand, have so far been more limited. This reflects the fact that policy development on these areas is less mature and relatively recent.

Disclosure about firm-specific resolution planning should also consider the need to protect commercially sensitive information or information that is protected by statutory confidentiality provisions, which differ across jurisdictions.

Authorities may also wish to preserve optionality and their ability to respond flexibly to the nature of the crisis at hand, particularly since authorities’ decisions on the choice of resolution tools or approaches that best support orderly resolution and achieve the resolution objectives can only be made at the point of failure. Market expectations built upon ex-ante disclosed

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<sup>1</sup> FSB (2014), [Key Attributes of Effective Resolution Regimes for Financial Institutions](#), updated October 2014.

<sup>2</sup> Depending on the firm, these considerations might be useful at the holding company level, intermediate holding company (or companies) or subsidiaries, among others.

information, in case different from the actual course of action, could constrain available options or increase the risk of legal challenge.

Some firms disclose firm-specific resolution-related information themselves. Practices vary widely across jurisdictions.

This discussion paper draws on current practices regarding the disclosure of general information by authorities (Section I) and firm-specific information by both authorities and firms (Section II) on resolution regimes and resolution planning. It is seeking feedback on the merits of such disclosures and ways to enhance further disclosure practices.



# 1. General disclosures by authorities

## 1.1 Elements for disclosures

Transparency regarding general aspects of jurisdictions' resolution regimes helps investors and market participants more generally to understand the applicable resolution framework and resolution planning process, and aims at enhancing market confidence and the credibility of the resolution framework and its application in times of crisis.

The FSB 2013 *Guidance on Developing Effective Resolution Strategies*<sup>3</sup> provides that public information on the resolution tools available and of how the tools work, or the disclosure of some features of a preferred resolution strategy, will increase predictability for the market through increasing market transparency and understanding of the likely phases of a resolution. Section 4 of that Guidance, "Disclosure of the Resolution strategy", discusses disclosure of strategies and loss-absorbing capacity, and notes that home authorities should take the lead in determining how much information on the resolution plan should be disclosed and should consult with host authorities to determine the extent of disclosure, and that authorities should retain discretion to disclose information that relates exclusively to their own jurisdiction.

The FSB 2018 *Principles on Bail-in Execution*<sup>4</sup> provide that authorities should disclose ex ante information to the market on various aspects of bail-in. For example, Principle 4 provides for disclosure of instruments within the scope of bail-in. Principle 8 provides that the overall valuation framework and process for valuer identification should be disclosed ex-ante by authorities to the market. Principle 10 provides that authorities should disclose ex-ante the anticipated exchange mechanic to the market in order to enhance the credibility and predictability of actions to execute the exchange. This includes operationalisation of write-down and conversion of liabilities, issuance or transfer of securities and certificates, and delisting and relisting of securities.

The legislation, rules and regulations underpinning resolution regimes are generally published and publicly available. However, legislative texts and regulations are not always very accessible to the general public and relevant stakeholders, in particular where relevant provisions are contained in different statutory documents or rules.

Many authorities disclose key features of their resolution and resolution planning frameworks and explain their policies and practices in applying them in an accessible manner. The following sets out elements of information that are disclosed by some authorities:

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<sup>3</sup> FSB (2013), [Guidance on Developing Effective Resolution Strategies](#), July.

<sup>4</sup> FSB (2018), [Principles on Bail-in Execution](#), June.

Subject	Disclosed information
<b>Resolution frameworks, powers and strategies</b>	<p>The purpose and objectives of resolution.</p> <p>The roles and responsibilities of the resolution authority and of firms.</p> <p>Key features of the resolution regime, including the resolution powers available to the authorities, as well as how and when these powers may be used.</p> <p>Definitions of resolution terms (e.g., resolution plan, resolution strategy and resolvability).</p>
<b>Resolution planning</b>	<p>Explanation of the resolution planning process (i.e., whether firms or authorities are responsible for preparing the plans, how often resolution plans are prepared, reviewed or updated), and how firms should work with authorities to advance resolution planning.</p> <p>Information on how resolution strategies are determined, including information on how those strategies might be implemented at an operational level.</p> <p>In jurisdictions where firms are responsible for developing their own resolution plans, the guidance provided to firms about the content and structure of the plans.</p> <p>Description of the different phases of the execution of a resolution strategy covering the process to (i) value the firm in resolution and (ii) execute a bail-in<sup>5</sup> (effect a write-down of equity or other instruments of ownership of the firm and a conversion into equity of all or parts of unsecured and uninsured creditor claims).</p>
<b>Resolvability</b>	<p>Description of the framework for resolvability assessments, including the purpose of a resolvability assessment, the responsible authority for assessing resolvability, and frequency of assessments.</p> <p>Description of the processes and outcomes of resolvability assessments and of the capabilities firms should develop to be considered resolvable.</p> <p>If firms are responsible for developing their own resolution plans, a description of the framework for reviewing, assessing and delivering feedback to firms on their resolution plans, and of the actions authorities can take if they identify weaknesses in a firm's resolution plan.</p>

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<sup>5</sup> FSB (2018), [Principles on Bail-in Execution](#), June.

Subject	Disclosed information
<b>Loss-absorbing capacity</b>	<p>Description of the framework for, and requirements on, loss-absorbing capacity, including information on the approach and process to determine the required amounts, nature and composition of loss absorbing capacity; the eligibility of instruments, and position in the creditor hierarchy; the implementation period; the allocation of loss-absorbing capacity; and how requirements may differ across firms (e.g., according to the resolution strategy or other factors such as the size and activities of the firm).</p> <p>Information on the process for triggering loss-absorbing capacity such as the use of contractual or statutory triggers, or use of resolution powers, exchange mechanics and valuation approaches.</p> <p>Disclosures on how authorities may apply discretionary exclusions from bail-in and on the expected sequencing of loss allocation in resolution.</p>
<b>Funding in resolution</b>	<p>Framework or principles by which a G-SIB in resolution is expected to fund its obligations.</p> <p>Information on the availability of temporary public sector backstop funding mechanisms, where available in the applicable legal framework, and the conditions for accessing such a backstop funding mechanism.</p>
<b>Cross-border cooperation</b>	<p>Existence of institution-specific cooperation agreements (CoAgs) for G-SIBs.</p> <p>Existence of other memoranda of understanding (MoUs) with authorities regarding cross-border cooperation, including information sharing both during business as usual and in times of crisis.</p>

## 1.2 Considerations in determining the nature and content of disclosures

Disclosures of information regarding key features of resolution frameworks and authorities' policies and practices in applying them help to improve transparency to market participants as to how orderly resolution may be credibly achieved. They also help to provide evidence of authorities' readiness to conduct a resolution.

Clarity for creditors on whether their claims could be subject to a bail-in, on the ranking of their claims within the creditor hierarchy in the event of a resolution, and whether their claims could be excluded in certain circumstances can help investors make informed decisions regarding the risks that they can expect to bear in resolution and provide a more comprehensive view of loss-absorbing capacity, i.e. both in going and gone concern scenarios.

Disclosure relating to authorities' resolvability assessments and their review of resolution plans can provide additional incentives for firms to remove barriers to resolvability and serve to increase the credibility of an orderly resolution by demonstrating the ability of authorities to assess the readiness of firms and authorities to conduct a resolution.

The disclosure of cross-border cooperation agreements, or of the existence of such agreements, can help improve public awareness of and confidence in authorities' intentions to work together in times of crisis.

### 1.3 Means for general disclosures

General information on resolution frameworks, powers and strategies is typically made publicly available, for example:

- on authorities' public websites;
- in annual reports;
- fact sheets that are periodically updated;
- authorities' guidance and practice manuals;
- discussion or consultation papers and policy papers on general resolution-related topics;
- presentations or speeches by senior officials;
- stakeholder events, hearings and industry dialogues.

### 1.4 Examples of general disclosures

A number of authorities have disclosed detailed information on their resolution frameworks and the general approach to resolution strategies for G-SIBs and the development and execution of resolution plans in their jurisdictions. A list of references to such disclosures is contained in the Annex. Examples of general disclosures include the following:

- **Information on the resolution planning process and preferred resolution strategies.** Both the US Federal Deposit Insurance Corporation (FDIC) and Swiss Financial Market Supervisory Authority (FINMA) in 2013 and the Japan Financial Services Agency (FSA) in 2016 published summaries outlining their preference for a single point of entry (SPE) approach. The Single Resolution Board (SRB) published an overview of its resolution work programme in 2016, and Hong Kong Monetary Authority (HKMA) published its approach to resolution planning, including the expected involvement of banks throughout the process.
- **Resolution frameworks and tools.** The Bank of England published its approach in October 2017 which describes features of the regime and likely implementation for both banks and central counterparties (CCPs). The Canada Deposit Insurance Corporation (CDIC) describes its resolution tools on its public website. The Japan FSA describes an overview of orderly resolution under the SPE approach. The European Commission disclosed in a press release the main features of the resolution regime in 2014, an explanatory memorandum accompanying the legislative proposal revising the resolution framework in 2016 and a factsheet on the final outcome of these legislative negotiations in 2019. The European Banking Authority (EBA) published guidelines and recommendations as well as reports on various elements of the European resolution regime.
- **Information on resolvability and the process for assessing firms' resolvability.** This includes information on timing and frequency of the resolvability assessment, as well as outcomes that firms need to meet to be considered resolvable (including operational aspects of the resolution strategy, such as the process to value the firm in

resolution and effect a write-down and/or conversion into equity of its bail-inable instruments and liabilities). For example, the Bank of England and Prudential Regulation Authority (PRA) published the Resolvability Assessment Framework (RAF) package of consultations. The SRB also intends to publish a consultation paper on resolvability aspects in due course.

- **General information on** authorities' expectations as regards submission of information for resolution planning. For example, the US authorities finalised guidance to US G-SIBs regarding the content of 2019 resolution plans, and HKMA published its core information requirements for resolution planning.
- **Policy approaches to loss-absorbing capacity.** In 2016 the Japan FSA published its proposed approach for introducing the total loss-absorbing capacity (TLAC) framework which was finalised in March 2019, and the SRB published its 2018 Minimum Requirement for own funds and Eligible Liabilities (MREL) policy. The European Commission disclosed in 2016 its approach on the implementation of the TLAC standard in EU law and plans more disclosure on the final rules after their publication.
- **General information on the availability of temporary public sector backstop funding mechanisms.** The FDIC explains its Orderly Liquidation Authority in the Receivership Management section of its 2018 annual performance plan.
- **General information on MoUs, institution-specific CoAgs and other cooperation arrangements.** The negotiation of a cooperation arrangement between the Canadian Deposit Insurance Corporation (CDIC) and the SRB has been made public. The European Banking Authority (EBA) and US authorities published their framework cooperation arrangement.

## 2. Firm-specific disclosures by authorities and by firms

### 2.1 Elements and considerations for disclosures

A key objective of disclosure is to support increased market understanding of the application of the resolution framework, and to foster confidence in firm-specific resolution strategies. It may be necessary for authorities to strike a balance between:

- (i) disclosing information to support increased market understanding of the application of the resolution framework and increased confidence in the credibility of firm-specific resolution strategies; and
- (ii) appropriately protecting the confidentiality of commercially sensitive firm-specific information and the flexibility of resolution authorities' decision-making, taking care in particular that the ex-ante disclosure of resolution strategies and plans not constrain available options for authorities in a crisis.

FSB standards and guidance set out expectations in regard to firm-specific disclosures. For example, the *FSB TLAC Standard*<sup>6</sup> expects G-SIB resolution entities to disclose the amount, nature and maturity of any liabilities, which, in the relevant insolvency creditor hierarchy, rank *pari passu* or junior to TLAC-eligible liabilities. Entities that are part of a material subgroup and issue internal TLAC to a resolution entity are expected to disclose any liabilities that, in the relevant insolvency creditor hierarchy, rank *pari passu* or junior to internal TLAC issued to the resolution entity. G-SIBs’ disclosures of information on their TLAC resources are further specified in the Basel Committee’s Pillar 3 requirements.<sup>7</sup>

Principle 4 of the FSB Principles on Bail-in Execution provides that authorities should require G-SIBs and, where relevant, other firms for which bail-in is the preferred resolution strategy to provide ex-ante disclosures to market participants regarding the amount, maturity and composition of instruments and liabilities that could be subject to bail-in. Disclosures for G-SIBs should meet the requirements established under the TLAC Standard.

The following sets out considerations of authorities and firms when determining whether and to what extent to disclose firm-specific resolution-related information.

Firm-specific disclosures	Considerations regarding the relative benefits and risks
<p><b>Resolution strategy</b> (e.g. single point of entry vs. multiple point of entry)</p>	<ul style="list-style-type: none"> <li>• Disclosures may enhance market participants’ understanding of how a resolution would be conducted and may help investors in TLAC eligible instruments understand how they may be exposed to loss in resolution and provide information on the firm’s structure and material subsidiaries or subgroups.</li> <li>• Elements of firm-specific resolution strategies for some firms are already public knowledge (for example, G-SIBs’ issuance of TLAC reveals the resolution entity), and further disclosure could help provide a more complete picture and manage the risk of leaks, or of market participants drawing different conclusions from incomplete information.</li> <li>• Disclosures need to protect the resolution authorities’ flexibility to choose the tools or approach that best supports orderly resolution.<sup>8</sup> A resolution approach may change at the moment of entry in resolution, and authorities should not be bound by previously disclosed information.</li> </ul>

<sup>6</sup> FSB (2015), [Total Loss-absorbing Capacity \(TLAC\) Principles and Term Sheet](#), November.

<sup>7</sup> BCBS (2017), [Pillar 3 disclosure requirements – consolidated and enhanced framework](#), March.

<sup>8</sup> As noted in FSB’s 2013 [Guidance on Developing Effective Resolution Strategies](#), “Authorities should not, however, give or appear to give complete or irrevocable commitments to implement any particular preferred resolution strategy. To do so could limit the flexibility that is necessary for authorities to act, in line with their statutory responsibilities and functions, in a manner that is most likely to maintain financial stability in the prevailing market and economic circumstances at the

<b>Firm-specific disclosures</b>	<b>Considerations regarding the relative benefits and risks</b>
<p><b>Resolution planning</b> (e.g. including funding, communication plans)</p>	<ul style="list-style-type: none"> <li>• Disclosures help to demonstrate the progress that authorities and firms have made towards the G20 objective of addressing too-big-to-fail and the moral hazard risk posed by systemically important financial institutions, and that resolution authorities have credible plans in place, which could enhance the credibility of resolution by creating market confidence in the ability of the authorities to manage a firm that is failing or likely to fail.</li> <li>• The need to protect the confidentiality of sensitive firm-specific information may limit the extent of public disclosures. However, such confidentiality concerns may be managed by (i) asking firms to make disclosures themselves, and in doing so putting the onus on firms to make an appropriate judgement on protecting proprietary information; and (ii) on the part of authorities, providing guidance to firms on the necessary elements of ex-ante disclosure for the effective exercise of resolution tools by authorities in a crisis.</li> </ul>

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point of failure of the firm. However, a description of the resolution tools available and of how the tools work or the disclosure of some features of a preferred resolution strategy will increase predictability for the market.”

<b>Firm-specific disclosures</b>	<b>Considerations regarding the relative benefits and risks</b>
<p><b>Resolvability Assessments</b> (e.g. including continuity of critical functions, access to financial market infrastructures (FMIs))</p>	<ul style="list-style-type: none"> <li>• Increased transparency regarding the resolvability of specific firms could increase firms’ accountability and help provide additional incentives for firms to remove barriers to resolvability (e.g. through direct engagement with authorities or in line with other measures by authorities).</li> <li>• Utility for certain market participants in detailed disclosures on more operational elements of resolvability such as operational continuity, continuity of access to FMIs and valuation.</li> <li>• Description of any identified impediments to resolvability and actions being taken or expected to be taken to address them, such as developing policy or directing firms to remove such impediments, may serve to increase the credibility of an orderly resolution by demonstrating the ability of authorities to assess the readiness of firms and authorities to conduct a resolution.</li> <li>• Disclosure of substantial impediments to resolution, if perceived as difficult to be remedied, could affect market confidence or have other unintended consequences which might cause, especially in cases of weak firms, depositor and investor withdrawals, thus leading to liquidity tensions or distress and accelerating the crisis process.</li> <li>• Leakage or uneven availability of firm-specific resolvability information with respect to individual firms could give rise to level playing field issues.</li> </ul>
<p><b>Loss-absorbing capacity and funding in resolution</b> (e.g. amount/calibration, location, mechanisms for up-streaming losses)</p>	<ul style="list-style-type: none"> <li>• Disclosures help to provide clarity on how creditor claims of different classes and at different legal entities may be treated in resolution and how the up-streaming of losses may be implemented. This allows investors to better assess the risk and pricing of loss-absorbing capacity instruments, and can help prevent disorderly runs if it is demonstrated that certain entities (e.g., material subgroups) are likely to be insulated from failure.</li> </ul>

## 2.2 Forms of firm-specific disclosures (by authorities or firms, required by law or voluntary)

Current approaches to firm-specific disclosures can be distinguished according to whether the information is published by the authorities or firms, generated by the authorities, required by law or regulation or published voluntarily by the firms:

- **Disclosures by the authorities of information generated by the authorities:** Authorities publishing firm-specific resolution-related information (e.g., the Bank of



England publishes firm-specific MREL targets; FINMA publishes firm-specific resolvability rebates).

- **Disclosures by the authorities of information generated by the firms:** Resolution authorities publishing resolution-related information submitted by firms. For example, US agencies publish firms' resolution planning related submissions (public versions of US firms' Title I Resolution Plans) on their websites. Certain elements of information (e.g., feedback on firm-specific resolution plans) are made public by authorities as well. The authorities make clear that, when disclosing elements of firm-specific resolution strategies, the strategy adopted at the point of failure would depend upon the circumstances at the time.
- **Disclosures by the firms required by regulation:** Publicly listed G-SIBs are subject to ongoing and periodic disclosures required under securities laws or listing requirements and as part of those disclosures also disclose resolution-related information.
- **Voluntary disclosures by the firms:** Some G-SIBs disclose resolution-related information voluntarily, for example as part of annual reporting or information provided on firms' websites, presentations to debt investors, discussion papers, policy papers, or general media outreach. When disclosing information voluntarily, firms themselves determine how best to protect their own proprietary information.

### 2.3 Examples of current practices

Current practices on firm-specific disclosures on resolution planning and resolvability are so far more limited than general resolution-related disclosures.

#### *Firm-specific resolution planning and resolvability disclosures:*

- In the **United States (US)**, the public sections of Title I resolution plans for the eight domestic G-SIBs and for a number of foreign G-SIBs with operations in the US are published on the websites of the US authorities. The public sections include information on – amongst other things – the firm's resolution strategy as well as information on assets, liabilities, capital and funding sources. The Federal Reserve Board of Governors and the FDIC issue a joint press release when the resolution plan assessment is complete, which notes any determination by those authorities on the full Title I resolution plan, including whether it is not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code. In the US, G-SIBs that are publicly listed and traded also make public disclosures regarding, among other things, the firm's resolution strategy and TLAC issuances as required under the US federal securities laws. These disclosures are not made pursuant to any resolution-specific requirements of the US federal securities laws, but rather pursuant to the requirement that all material information about the firm be made available to investors.

- In the **United Kingdom** (UK), the Bank of England and PRA have published a package of consultations on the Resolvability Assessment Framework.<sup>9</sup> The authorities proposed that major UK firms periodically assess their preparations for resolution, submit a report of that assessment to the PRA and publicly disclose a summary. The Bank of England would make a public statement concerning the resolvability of each of these firms.
- The Bank of England published firm-specific indicative loss-absorbing capacity requirements for UK G-SIBs and D-SIBs in May 2017 and June 2018.<sup>10</sup> The calibration of loss-absorbing capacity requirements is linked to firm-specific resolution strategies. As a result, disclosure of the requirements means that firm-specific resolution strategies (bail-in or partial transfer) have, by extension, also been disclosed.
- In **Switzerland**, the authorities' assessment of the Swiss G-SIBs' resolvability is implicitly disclosed through the granting of "rebates" on loss-absorbing capacity requirements. Such rebates are granted if overall recoverability and resolvability is improved beyond the minimum standard. In October 2017, FINMA granted resolvability rebates to the Swiss G-SIBs.<sup>11</sup> FINMA's decision reflected the steps taken by both G-SIBs to set up modular group structures and rapidly issue loss-absorbing capacity in the form of bail-in bonds. Further details on some of the specific steps taken by the two Swiss G-SIBs to improve resolvability have been included in other publications from the Swiss authorities, for example in FINMA's annual report<sup>12</sup>, the SNB's Financial Stability Report<sup>13</sup> and in an evaluation report on systemically important banks published by the Federal Council.<sup>14</sup>
- Some G-SIBs have disclosed additional information on resolution planning and resolvability on a voluntary basis.
- With respect to other aspects of resolution planning, e.g., operational continuity, funding in resolution and access to FMIs, disclosures are generally limited to high-level statements about steps being taken (e.g. changes to legal entity structures or establishment of service companies for operational continuity).

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<sup>9</sup> See Bank of England, *The Bank of England's approach to assessing resolvability*, and Prudential Regulation Authority, *Resolution assessment and public disclosure by firms*. Links to both documents are in the Annex.

<sup>10</sup> Loss-absorbing capacity requirements in the European Union are set through a Minimum Requirement for Own Funds and Eligible Liabilities (MREL). MREL requirements are set on a firm-specific basis, and are generally calibrated with reference to a firm's minimum capital requirements, including the firm-specific prudential Pillar 2R component. Disclosure of individual MREL requirements therefore indirectly reveals the firm's minimum capital requirements, which have been treated as private to firms. Other EU jurisdictions have not disclosed firm-specific requirements to date.

<sup>11</sup> FINMA (2017), [Large banks: new capital adequacy treatment of holdings in subsidiaries and update on recovery and resolution planning](#), October.

<sup>12</sup> FINMA (2017), [Annual Report 2017](#).

<sup>13</sup> SNB (2017), [Financial Stability Report 2017](#).

<sup>14</sup> Swiss Federal Council (2017), [Federal Council adopts report on systemically important banks](#), June.

### *Firm-specific TLAC disclosures*

- The Basel Committee Pillar 3 disclosure requirements went into effect on 1 January 2019. TLAC disclosures are specified through the Pillar 3 disclosure requirements which include disclosure templates for both external TLAC and internal TLAC.<sup>15</sup> In advance of these rules being in effect, over half of the population of G-SIBs has disclosed estimates of their TLAC ratios or TLAC resources in annual reports or in presentations to debt investors. In a few cases, this includes lists of TLAC-eligible instruments and liabilities. Among the remaining G-SIBs that have not voluntarily disclosed such estimates, several disclosed other relevant information such as qualitative information on funding/issuance plans or quantitative information on recent issuances of TLAC. G-SIBs have also disclosed the authorities' resolution strategy that lies behind the identification of the entity or entities that issue TLAC (e.g. single point of entry or multiple point of entry) in documentation such as annual reports and presentations to debt investors.

External TLAC disclosure requirements are in place in **Canada** and **Switzerland**. Disclosure requirements for external and internal TLAC are effective in **Hong Kong** where they came into operation in December 2018 together with the rules on loss-absorbing capacity, and in **Japan**. They will be published in **the European Union** in June 2019. US authorities have published a proposed rule addressing the Basel Committee's TLAC holdings standard for G-SIBs, including disclosures of TLAC and TLAC ratios.

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<sup>15</sup> BCBS (2017), [Pillar 3 disclosure requirements – consolidated and enhanced framework](#), March.

## Annex

Examples of disclosure practices by authorities on their resolution frameworks, the general approach to resolution strategies for G-SIBs and the development and execution of resolution plans in their jurisdictions.

Topic	Disclosure
Resolution strategy: summaries outlining preference for the single point of entry (SPE) approach.	<p><b>US Federal Deposit Insurance Corporation (FDIC)</b>  <i>Resolution of Systemically Important Financial Institutions: The Single Point of Entry Strategy</i> (<a href="https://www.fdic.gov/news/board/2013/2013-12-10_notice_dis-b_fr.pdf">https://www.fdic.gov/news/board/2013/2013-12-10_notice_dis-b_fr.pdf</a>), 18 December 2013</p> <p><b>Swiss Financial Market Supervisory Authority (FINMA)</b>  <i>Resolution of Global Systemically Important Banks</i> (<a href="https://www.finma.ch/en/news/2013/08/mm-pos-sanierung-abwicklung-20130807/">https://www.finma.ch/en/news/2013/08/mm-pos-sanierung-abwicklung-20130807/</a>), 7 August 2013</p> <p><b>Japan Financial Services Agency (FSA)</b>  <i>The FSA's Approach to Introduce the TLAC Framework</i> (<a href="https://www.fsa.go.jp/en/news/2016/20160415-1.html">https://www.fsa.go.jp/en/news/2016/20160415-1.html</a>), 15 April 2016; revised on 13 April 2018 (<a href="https://www.fsa.go.jp/en/news/2018/20180413.html">https://www.fsa.go.jp/en/news/2018/20180413.html</a>).  <i>Comprehensive Guidelines for Supervision of Major Banks, etc.</i> amended on 15 March 2019 (<a href="https://www.fsa.go.jp/news/30/ginkou/20190315-1.html">https://www.fsa.go.jp/news/30/ginkou/20190315-1.html</a>) (<a href="https://www.fsa.go.jp/en/newsletter/weekly2019/336.html">https://www.fsa.go.jp/en/newsletter/weekly2019/336.html</a>).</p>
Overview of Resolution Programme and approach	<p><b>Single Resolution Board (SRB)</b>  <i>Introduction to resolution planning</i>, (<a href="https://srb.europa.eu/sites/srbsite/files/intro_resplanning.pdf.pdf">https://srb.europa.eu/sites/srbsite/files/intro_resplanning.pdf.pdf</a>), 2016.</p> <p><b>Hong Kong Monetary Authority (HKMA)</b>  <i>The HKMA's approach to resolution planning</i> (<a href="https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/resolutions/RA-2_The_HKMA_approach_to_resolution_planning.pdf">https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/resolutions/RA-2_The_HKMA_approach_to_resolution_planning.pdf</a>).</p>

Topic	Disclosure
Resolution Frameworks and Tools	<p><b>Bank of England</b>  <i>Approach to Resolution</i> (<a href="https://www.bankofengland.co.uk/-/media/boe/files/news/2017/october/the-bank-of-england-approach-to-resolution">https://www.bankofengland.co.uk/-/media/boe/files/news/2017/october/the-bank-of-england-approach-to-resolution</a>), October 2017.</p> <p><b>Canada Deposit Insurance Corporation (CDIC)</b>  <i>Resolution tools</i> (<a href="http://www.cdic.ca/en/about-cdic/resolution/Pages/tools.aspx">http://www.cdic.ca/en/about-cdic/resolution/Pages/tools.aspx</a>).</p> <p><b>Japan Financial Services Agency (FSA)</b>  <i>The FSA's Approach to Introduce the TLAC Framework</i> (<a href="https://www.fsa.go.jp/en/news/2016/20160415-1.html">https://www.fsa.go.jp/en/news/2016/20160415-1.html</a>), 15 April 2016; revised on 13 April 2018 (<a href="https://www.fsa.go.jp/en/news/2018/20180413.html">https://www.fsa.go.jp/en/news/2018/20180413.html</a>).</p> <p><i>Comprehensive Guidelines for Supervision of Major Banks, etc.</i> amended on 15 March 2019 (<a href="https://www.fsa.go.jp/news/30/ginkou/20190315-1.html">https://www.fsa.go.jp/news/30/ginkou/20190315-1.html</a>) (<a href="https://www.fsa.go.jp/en/newsletter/weekly2019/336.html">https://www.fsa.go.jp/en/newsletter/weekly2019/336.html</a>).</p> <p><b>European Commission (EC)</b>  <i>EU Bank Recovery and Resolution Directive (BRRD) - Press release and frequently asked questions (FAQ)</i>, (<a href="http://europa.eu/rapid/press-release_MEMO-14-297_de.htm">http://europa.eu/rapid/press-release_MEMO-14-297_de.htm</a>), 15 April 2014</p> <p><i>Explanatory memorandum accompanying the revised Bank Recovery and Resolution Directive (BRRD) legal proposal</i>, (<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016PC0852&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016PC0852&amp;from=EN</a>), 23 November 2016.</p> <p><b>European Banking Authority (EBA)</b>  <i>Recovery, resolution and DGS</i> (<a href="https://eba.europa.eu/regulation-and-policy/recovery-and-resolution/-/topic-documents/Xi4OFof6bLJc/more;jsessionid=28E8B5A9297274F01679D5FFDCA0204A">https://eba.europa.eu/regulation-and-policy/recovery-and-resolution/-/topic-documents/Xi4OFof6bLJc/more;jsessionid=28E8B5A9297274F01679D5FFDCA0204A</a>).</p>

Topic	Disclosure
Resolvability and the Process for Assessing Resolvability	<p><b>Bank of England</b></p> <p><i>The Bank of England’s approach to assessing resolvability</i> (<a href="https://www.bankofengland.co.uk/paper/2018/the-boes-approach-to-assessing-resolvability">https://www.bankofengland.co.uk/paper/2018/the-boes-approach-to-assessing-resolvability</a>), December 2018</p> <p><i>Introduction to the Resolvability Assessment Framework</i> (<a href="https://www.bankofengland.co.uk/-/media/boe/files/paper/2018/introduction-to-the-raf.pdf?la=en&amp;hash=3E66D006812E909D4B32FBE7FDA642DBB18DC917">https://www.bankofengland.co.uk/-/media/boe/files/paper/2018/introduction-to-the-raf.pdf?la=en&amp;hash=3E66D006812E909D4B32FBE7FDA642DBB18DC917</a>), December 2018.</p> <p><b>UK Prudential Regulation Authority (PRA)</b></p> <p><i>Resolution assessment and public disclosure by firms</i> (<a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2018/resolution-assessment-and-public-disclosure-by-firms">https://www.bankofengland.co.uk/prudential-regulation/publication/2018/resolution-assessment-and-public-disclosure-by-firms</a>) December 2018.</p>
Policy approaches to loss-absorbing capacity	<p><b>Japan Financial Services Agency (FSA)</b></p> <p><i>The FSA’s Approach to Introduce the TLAC Framework</i> (<a href="https://www.fsa.go.jp/en/news/2016/20160415-1.html">https://www.fsa.go.jp/en/news/2016/20160415-1.html</a>), 15 April 2016; revised on 13 April 2018 (<a href="https://www.fsa.go.jp/en/news/2018/20180413.html">https://www.fsa.go.jp/en/news/2018/20180413.html</a>).</p> <p><b>Swiss Financial Market Supervisory Authority (FINMA)</b></p> <p><i>Swiss “too big to fail regime” significantly strengthened</i> (<a href="https://www.finma.ch/en/news/2015/10/mm-tbtf-20151021/">https://www.finma.ch/en/news/2015/10/mm-tbtf-20151021/</a>), October 2015.</p> <p><b>Bank of England</b></p> <p><i>The Bank of England’s approach to setting a minimum requirement for own funds and eligible liabilities (MREL)</i> (<a href="https://www.bankofengland.co.uk/paper/2018/boes-approach-to-setting-mrel-2018">https://www.bankofengland.co.uk/paper/2018/boes-approach-to-setting-mrel-2018</a>) June 2018.</p> <p><b>Single Resolution Board (SRB)</b></p> <p><i>2018 Minimum Requirement for Own Funds and Eligible Liabilities (MREL) policy</i> (<a href="https://srb.europa.eu/en/node/686">https://srb.europa.eu/en/node/686</a>), November 2018.</p>

Topic	Disclosure
	<p><b>European Commission (EC)</b></p> <p><i>Factsheet Capital requirements (CRR/CRD IV) and resolution framework (Bank Recovery and Resolution Directive (BRRD)/ Single Resolution Mechanism Regulation (SRMR)) amendments</i> (<a href="http://europa.eu/rapid/press-release_MEMO-16-3840_en.htm">http://europa.eu/rapid/press-release_MEMO-16-3840_en.htm</a>), November 2016.</p> <p><i>Factsheet Adoption of the banking package: revised rules on capital requirements (CRR II/CRD V) and resolution (BRRD/SRM)</i> (<a href="http://europa.eu/rapid/press-release_MEMO-19-2129_en.htm">http://europa.eu/rapid/press-release_MEMO-19-2129_en.htm</a>), April 2019.</p> <p><b>US Federal Reserve</b></p> <p><i>Final rule strengthening the ability of government authorities to resolve in orderly way largest domestic and foreign banks in the US (TLAC rule)</i> (<a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20161215a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20161215a.htm</a>), December 2016.</p>
General Information on temporary public sector backstop funding mechanisms	<p><b>US Federal Deposit Insurance Corporation (FDIC)</b></p> <p><i>2018 Annual Performance Plan</i> (<a href="https://www.fdic.gov/about/strategic/performance/rcvrship.html">https://www.fdic.gov/about/strategic/performance/rcvrship.html</a>).</p>
General Information on expectations as regards submission of information from firms to authorities	<p><b>US FDIC and Federal Reserve</b></p> <p><i>Resolution Planning Guidance for Eight Large, Complex U.S. Banking Organizations</i> (<a href="https://www.govinfo.gov/content/pkg/FR-2019-02-04/pdf/2019-00800.pdf">https://www.govinfo.gov/content/pkg/FR-2019-02-04/pdf/2019-00800.pdf</a>), 2018.</p> <p><b>Hong Kong Monetary Authority (HKMA)</b></p> <p><i>CI-1 Resolution Planning – Core information requirements</i> (<a href="https://www.hkma.gov.hk/media/5719751/CI-1_Resolution_Planning_Core_Information_Requirements.pdf">https://www.hkma.gov.hk/media/5719751/CI-1_Resolution_Planning_Core_Information_Requirements.pdf</a>).</p>

Topic	Disclosure
Information on the existence of cooperation agreements	<p data-bbox="562 272 1211 304"><b>Canada Deposit Insurance Corporation (CDIC)</b></p> <p data-bbox="562 325 1944 432"><i>Canada and Europe Strengthen Collaboration with Cooperation Arrangement</i>  <a href="http://www.cdic.ca/en/newsroom/newsreleases/Pages/canada-and-europe-strengthen-collaboration-with-cooperation-agreement.aspx">http://www.cdic.ca/en/newsroom/newsreleases/Pages/canada-and-europe-strengthen-collaboration-with-cooperation-agreement.aspx</a></p> <p data-bbox="562 453 1328 485"><b>European Banking Authority (EBA) and US Authorities</b></p> <p data-bbox="562 505 1865 612"><i>Framework Cooperation Arrangement between the EBA and the U.S. Authorities,</i>  <a href="https://eba.europa.eu/documents/10180/1762986/Framework+Agreement+-+EBA-US+agencies+-+September+2017.pdf">https://eba.europa.eu/documents/10180/1762986/Framework+Agreement+-+EBA-US+agencies+-+September+2017.pdf</a>), September 2017.</p>