

Pursuant to Article 128e, paragraph 6 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010, 14/2015 and 19/2025) and Article 15a, paragraph 1 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015, 40/2015 – CC Decision, 44/2018 and 19/2025), the Executive Board of the National Bank of Serbia hereby issues the following

## **D E C I S I O N** **ON OBLIGATIONS OF BANKS RELATING TO RESOLVABILITY** **ASSESSMENT**

### T i t l e I

#### BASIC PROVISIONS

1. This Decision regulates in more detail the obligations of banks relating to the assessment of resolvability performed by the National Bank of Serbia (hereinafter: NBS), notably the obligations that banks need to fulfil for the purpose of assessment of feasibility of the selected resolution strategy, by key areas of banks' operations, as well as the dialogue between the NBS and banks in relation to this assessment.

2. For the purpose of this Decision, the following terms shall have the following meaning:

1) *business lines* means a structured set of activities, processes or operations that is developed by the bank for third parties (e.g. customers, business partners, etc.) to achieve its business goals;

2) *essential services* means activities or groups of activities that do not themselves directly generate revenue, but rather expenses for the bank, while providing support to other business activities, thereby indirectly contributing to the achievement of the financial result (e.g. human resources management, infrastructure and system management, risk management, accounting and finance, internal audit, compliance, and assessments and valuations). A distinction is made between internal services, which are provided by the organisational units of the bank (e.g. human resources, accounting and finance, and internal audit) or by separate legal persons within the group to which the bank belongs (e.g. risk management or infrastructure and system management), and external services, which are provided by third parties that are not part of the bank or the group (e.g. valuations, catering, security, and external audit). Both types of services can be either tailored services, i.e. services provided to only one organisational unit of the bank or banking group (e.g. a credit rating platform), or common services, i.e. services provided to a number of organisational units of the bank or legal persons within the banking group (e.g. the information and communication system);

3) *critical services* means the services that underpin

operations/activities/services, provided for one or more organisational units of the bank or for several legal persons (common services) within the banking group and/or which are key for one or more critical functions and may be provided by one or more persons within the banking group (internal services) or by external service providers (external services);

4) *critical shared services* means critical services provided in a centralised manner to a number of organisational units of the bank or legal persons within the banking group, most often in relation to infrastructure, information-communication technologies, vault, finance, human resources, etc.;

5) *relevant services* means important and/or critical services of the bank;

6) *Single Point of Entry resolution strategy* (hereinafter: SPE strategy) means that the resolution procedure is conducted at the level of a single member of the banking group (resolution entity) and/or that resolution measures and tools are applied to the resolution entity only, and not directly to other members of the resolution group, whose losses and recapitalisation requirements are transferred to the resolution entity;

7) *Multiple Point of Entry resolution strategy* (hereinafter: MPE strategy) means that the resolution procedure is conducted at the level of several resolution entities/groups within the same banking group and/or that resolution measures and tools are applied to several resolution entities within the same banking group;

8) *operational assets* means assets required to perform relevant services (that are not financial assets), e.g. real estate, licences, patents, software, hardware, information-communication system, applications and databases. Operational assets are critical and/or essential where access to them is required in order to perform critical and/or essential services;

9) *financial market infrastructures* (hereinafter: FMI) include systems for payment, clearing and settlement of financial instruments, custody services, trade in financial instruments (including derivatives). These infrastructures comprise payment systems, depository, clearing and settlement systems for securities and other financial instruments, and other central counterparties;

10) *information-communication system capability* (hereinafter: ICT capability) shall have the meaning laid down in the decision regulating minimum information-communication system management standards for financial institutions.

## Title II

### RESOLVABILITY ASSESSMENT

#### **Stages of resolvability assessment**

3. The NBS shall assess resolvability based on the following stages:

- 1) assessment of feasibility of bankruptcy or liquidation without major negative implications for financial system stability;
- 2) selection of the resolution strategy;
- 3) assessment of feasibility of the selected resolution strategy.

Where it concludes that it may not be feasible to conduct a bankruptcy or liquidation procedure or that the application of resolution measures or tools may be necessary for the achievement of resolution objectives because bankruptcy or liquidation would not meet the resolution objectives to the same extent, the NBS shall identify a preferred resolution strategy which is appropriate for the bank or banking group, based on the information submitted by the bank or the banking group for resolution planning purposes and in accordance with this Decision. To the extent necessary, the NBS may also identify variant strategies to address impediments and/or circumstances in which the preferred strategy would not be feasible or credible.

When assessing the feasibility of bankruptcy or liquidation of a bank or banking group and/or of the selected resolution strategy, the NBS takes into account the possible impact on the financial system, to ensure the continuity of critical functions carried out by the bank or the banking group, and assesses whether bankruptcy or liquidation and/or resolution would be likely to have a material adverse impact on:

- 1) the functioning of financial markets, economy of the Republic of Serbia and households' confidence in the financial system, especially in the banking system;
- 2) FMI, in particular:
  - whether the sudden cessation of activities would constrain the normal functioning of FMI in a manner which negatively impacts the financial system as a whole,
  - whether and to what extent FMI could serve as a contagion channel in the bankruptcy or liquidation procedure and/or in case of application of the selected bank resolution strategy;
- 3) other financial institutions, in particular:
  - whether bankruptcy or liquidation and/or the application of the selected resolution strategy would raise the funding costs or reduce the availability of funding to other financial institutions in a manner which presents a risk to financial stability,
  - the risk of direct and indirect contagion to other market participants and macroeconomic feedback effects;
- 4) the real economy and in particular the availability of critical services.

### **Selection of a resolution strategy**

4. The NBS shall select a resolution strategy which is appropriate to achieve the resolution objectives given the structure and business model of the bank or banking group, and the resolution regimes applicable to members of the group.

In particular for the banking group, the NBS shall assess whether it would be more appropriate to apply an SPE or an MPE strategy, considering at least the following matters:

1) what resolution tools would be used under the preferred resolution strategy and whether those resolution tools are available for legal persons to which the resolution strategy proposes to apply them;

2) the amount of qualifying eligible liabilities under the proposed resolution strategy, the risk of not contributing to loss absorption or recapitalisation, and the legal persons acquiring those liabilities, taking into account that:

– SPE strategy is more likely to be appropriate if sufficient externally issued qualifying eligible liabilities, or liabilities expected to contribute to loss absorption or recapitalisation under the proposed resolution strategy, are issued by the ultimate parent company;

– MPE strategy is more likely to be appropriate if more than one entity or regional or functional subgroup within the banking group which would be resolved acquires qualifying eligible liabilities expected to contribute to loss absorption and recapitalisation under the proposed resolution strategy;

3) the contractual or other arrangements in place for losses to be transferred between entities in a banking group;

4) the operational structure and business model of the bank or banking group, and in particular whether it is highly integrated or has a decentralised structure with a high degree of separation between different parts, taking into account that:

– SPE strategy is more likely to be appropriate if a group operates in a highly integrated manner, including by having centralised functions of liquidity, risk, asset, or information-communication system management, and other critical shared services;

– MPE strategy is more likely to be appropriate if a group's operations are divided into two or more clearly identifiable subgroups, each of which is financially, legally or operationally independent from other parts of the group, and any critical operational dependencies on other parts of the group are based on robust agreements that ensure their continued operation in the event of resolution;

5) the enforceability of resolution tools which would be applied, in particular in other relevant countries;

6) whether the resolution strategy requires supporting action by other regulatory authorities, in particular in other countries, or requires such

authorities to refrain from independent resolution measures, and whether any such measures are feasible and credible for those authorities.

The NBS shall assess whether variants of the resolution strategy are necessary to address different scenarios or circumstances where the preferred resolution strategy cannot be feasibly or credibly implemented.

The NBS shall consider the extent to which any variant strategy is likely to achieve the resolution objectives and in particular ensure the continuity of critical functions.

Measures to remove impediments to variants of the resolution strategy shall only be implemented if they do not impair the feasible and credible implementation of the preferred resolution strategy.

### **Assessment of feasibility of the selected resolution strategy**

5. The NBS shall assess whether it is feasible to apply the selected resolution strategy effectively in an appropriate time frame and shall identify potential impediments to the implementation of this strategy.

The key areas assessed by the NBS for the purposes of paragraph 1 hereof shall include:

- 1) governance;
- 2) loss absorption and recapitalisation capacity;
- 3) liquidity and sources of funding in resolution;
- 4) operational continuity in resolution and access to financial market infrastructures;
- 5) information-communication system and data requirements;
- 6) communication;
- 7) separability and restructuring.

Each of the areas referred to in paragraph 2 hereof shall be considered in particular with reference to the resolution objectives and principles and, by extension, the obligations with which the bank and/or banking group are required to comply.

### **Principle of proportionality**

6. The NBS shall apply the principle of proportionality when determining the coverage and level of obligations determined by this Decision that the bank is required to fulfil, for each individual bank, based on a dialogue with that bank.

## KEY AREAS FOR RESOLVABILITY ASSESSMENT

### Chapter 1

#### Governance

7. Banks shall establish appropriate governance processes and procedures that facilitate the preparation and the implementation of the selected resolution strategy.

The governance processes and procedures referred to in paragraph 1 hereof shall ensure:

- 1) timely and accurate provision of relevant information – on a regular basis and upon request;
- 2) effective oversight within the bank during resolution planning and in crisis;
- 3) efficient decision-making at the time of resolution.

#### **1.1 Active involvement of the bank's management**

8. Members of management bodies and persons in managing positions with executive powers in the bank (hereinafter: senior management) shall provide all necessary assistance for the achievement of the resolution objectives and the operationalisation of the bank's selected resolution strategy.

The bank's executive board shall be actively involved in resolution planning and shall nominate a member of this board and a member of senior management to be responsible for managing the bank's resolution-related activities.

9. The member of the bank's executive board referred to in Section 8, paragraph 2 of this Decision shall be responsible for the activities which the bank is required to take in relation to resolution planning and implementing the resolvability work programme, including in particular:

- 1) provision of all information and data necessary to prepare and update the resolution plan of the bank and banking group;
- 2) bank's ongoing compliance with resolution-planning and resolvability improving requirements;
- 3) integration of resolution planning and resolvability improving activities into the bank's overall governance processes;
- 4) proposal of amendments to the composition and/or remit of existing and/or establishing of new boards of the bank to support resolution planning

and improve resolvability, where needed;

5) signing the main reports and documents of the bank relating to resolution planning and improving resolvability and/or adequate delegation of powers and responsibilities for their preparation, data quality assurance and submission as part of the established internal controls system of the bank;

6) regular reporting to the bank's managing and executive boards on the state of resolution planning and resolvability improving activities, which is documented by means of minutes of the boards' meetings;

7) ensuring adequate budgeting of and staffing for resolution and resolvability improving activities, including subordinated companies headquartered outside the Republic of Serbia;

8) nominating a member of the bank's senior management with appropriate experience to head and coordinate resolution planning and resolvability improving activities.

In particular, the member of senior management referred to in paragraph 1, item 8) hereof shall be responsible for:

1) managing and coordinating the bank's resolution activities (including preparation of workshops, completion of questionnaires and other activities at the request of the NBS);

2) structured and consistent communication with the NBS, as the main point of contact, in relation to resolution planning and implementation of the selected resolution strategy;

3) coordinating activities relating to the operationalisation of the selected resolution strategy (preparation and testing of relevant steps for the implementation of the selected strategy in the context of resolution planning) and participation in tests and evaluations of the bank's operational readiness to implement the strategy;

4) establishing, where necessary, appropriate processes and procedures for the performance of activities significant for resolution planning and improvement of resolvability.

## **1.2 Governance for resolution planning and improvement of resolvability**

10. Banks shall ensure that their governance systems contain activities relating to resolution planning set up so as to support the preparation and implementation of the selected resolution strategy. In particular, banks shall:

1) ensure that the resolution governance function is adequately staffed to ensure that decisions in the context of resolution before, during and after a resolution event can be made in a timely manner;

2) establish clear lines of responsibility, including reporting lines and escalation procedures up to and including the bank's managing board, and processes and procedures for obtaining the required approvals and consents

and for decision-making, for both resolution planning and crisis management (e.g. the implementation of orders from the decision on initiating the resolution procedure or communication with relevant stakeholder groups in accordance with the obligations set out in sub-chapter 5.1 of this Decision), all of which shall be documented in the bank's relevant policies and procedures (including the playbooks which the bank is required to prepare in accordance with this Decision);

3) ensure that strategic decisions take into account interconnections and/or interdependencies of the bank and third parties and/or within the banking group that may impact resolvability (e.g. merger and acquisition activities, resolution or restructuring of related legal persons, changes to the accounting policies, use of intra-group guarantees or changes to the relevant information-communication system);

4) inform the NBS without undue delay of material changes to operations – such as changes to the business model, organisational structure, business processes (including changes to the information-communication system infrastructure) and governance – that may have an impact on resolution planning activities or the implementation of the selected resolution strategy and resolvability;

5) ensure an efficient flow of information on resolution matters between the management board, the member of senior management referred to in Section 9, paragraph 1, item 8) of this Decision and other employees in the bank, enabling them to perform their respective roles before, during and after the resolution event;

6) ensure that intra-banking group providers of relevant services have their own governance structure and clearly defined reporting lines, do not rely excessively on staff with appropriate expertise and experience employed by other banking group members, have contingency plans to ensure that relevant services continue to be provided in resolution and that the provision of relevant services within the group is structured to avoid preferential treatment upon the failure or resolution of any banking group member; and

7) in case the bank's parent company is headquartered in another state, ensure, to the extent possible, that decision-making at group level in going-concern takes into account the relevant aspects relating to resolvability of the bank in the Republic of Serbia.

### **1.3 Quality assurance and internal audit**

11. Banks shall establish an appropriate assurance process to ensure the quality of information and data submitted to the NBS for resolution planning and execution purposes. In particular, banks shall:

1) establish adequate processes and procedures for the verification and assurance of quality of the data and information referred to herein;

2) establish mechanisms that ensure the completeness and accuracy

of the data and information referred to herein;

3) ensure that the data and information referred to herein are regularly reviewed and verified by internal audit and/or that resolution planning activities are part of the annual audit plan;

4) ensure that the audit committee monitors the effectiveness of the bank's quality assurance system and that it receives and takes into account relevant internal audit reports, as well as ensure that the audit committee or another management body or board periodically reviews the procedures and mechanisms referred to herein.

#### **1.4 Testing and operationalisation of the strategy**

12. Banks shall prepare appropriate playbooks that regulate all operational aspects of the selected resolution strategy (including competences, responsibilities and escalation procedures) and regularly evaluate and test those aspects by means of simulations.

### **Chapter 2**

#### **Loss absorption and recapitalisation capacity**

13. Banks shall maintain the amount of own funds and qualifying eligible liabilities (hereinafter: loss absorption and recapitalisation capacity) at a level sufficient for compliance with the requirement set by the NBS in accordance with the decision regulating the minimum requirement for own funds and eligible liabilities (hereinafter: MREL requirement). Where applicable, banks shall maintain their loss absorption and recapitalisation capacity at their subordinated company level and set up an appropriate internal loss transfer and recapitalisation mechanism within the resolution group.

##### **2.1 Sufficient level of loss absorption and recapitalisation capacity**

14. Banks shall maintain a sufficient level of loss absorption and recapitalisation capacity to allow the allocation of losses to as wide a range of liabilities as possible and to ensure successful application of the defined resolution strategy.

In particular, for the purposes of paragraph 1 hereof, banks shall identify and quantify, in a timely and reliable manner:

1) the amount of liabilities which are likely, under the defined resolution strategy, to contribute to loss absorption or recapitalisation;

2) the amount of liabilities which are excluded from write-down and conversion in accordance with Article 128q, paragraph 3 of the Law on Banks (hereinafter: Law);

- 3) the amount of liabilities which are not likely to contribute to loss absorption or recapitalisation, if applicable, considering the following factors:
- maturity,
  - subordination ranking in accordance with the law regulating bankruptcy and liquidation of banks,
  - categories of creditors and the transferability of the instrument and/or liability,
  - legal impediments to write-down or conversion due to lack of recognition of resolution measures and tools under foreign law or the existence of set-off rights (netting/settlement),
  - other circumstances creating risk that the liabilities would be exempted from write-down or conversion,
  - the amount and issuers of qualifying eligible liabilities or other liabilities which would absorb losses.

The set of liabilities not excluded from write-down or conversion shall be broken down by payout ranks in accordance with the law regulating bankruptcy and liquidation of banks. Banks shall provide all relevant information needed to estimate the treatment that each class of shareholders and creditors would be expected to receive if the institution were wound up under bankruptcy, for each of the payout ranks, to ensure the protection of the principle set out in Article 128b, item 3) of the Law.

## **2.2 Cross-border recognition of resolution measures and tools**

15. Where applicable, banks shall set up adequate mechanisms to ensure the cross-border recognition and effectiveness of resolution measures and tools, in accordance with Article 128v, paragraph 7 of the Law and the provisions of the decision regulating minimum requirement for own funds and eligible liabilities of banks.

## **2.3 Operationalisation of write-down and conversion**

16. Banks shall set up adequate processes and procedures for governance and the information-communication system to support the operational execution of the write-down or conversion of capital and eligible liabilities, and regularly evaluate and test their effectiveness.

For the purposes of operationalisation of write-down and conversion, banks shall set up adequate processes and infrastructure to provide the NBS with a complete set of data regarding their loss absorption and recapitalisation capacity for the widest possible range of liabilities, in a short timeframe, upon request.

Banks shall develop a bail-in playbook, to be adopted by the bank's

executive board and including at least the following:

- 1) all governance processes, actions and procedures to be undertaken by or on behalf of the banks to effectively execute write-down or conversion;
- 2) the sequence of activities banks should take based on the expected timeline for the preparation and initiation of the resolution procedure, analysis of the legal, operational, accounting and tax considerations relevant for each type of eligible liabilities in the execution of write-down or conversion, and the governance procedures applying to each of the above activities (i.e. a description of the task-owning units and their respective responsibilities);
- 3) processes and procedures regarding relations with third parties in connection with the execution of write-down or conversion, including communication channels with external stakeholders important for their execution (e.g. Central Securities Depository and Clearing House, Business Registers Agency, etc.);
- 4) mechanism allowing for the upstreaming of losses from subordinated companies within the resolution group to the resolution entity and for the downstreaming of own funds from the resolution entity to the subordinated companies, where relevant;
- 5) processes and procedures to ensure that the information and data delivered to the NBS for the operationalisation of write-down or conversion are complete and accurate and have been subject to a quality-assurance process, including a description of the readiness of the information-communication system for timely provision of accurate and complete data and information in order to implement and operationalise write-down or conversion in accordance with the requirements set out in Sections 41 to 50 of this Decision;
- 6) arrangements to address relevant cross-border issues, where applicable.

For the purposes of paragraph 3, item 3) hereof, banks shall set up systems and provide resources enabling them to quickly (within several hours) generate updated information on the securities included in the write-down or conversion (including their CFI code and ISIN number) and on the depository, clearing and settlement system for securities and other financial instruments with which the securities and/or instruments are registered, and enabling them to identify the persons that should be included in the exercise of the write-down or conversion.

The NBS shall issue guidelines to regulate in more detail the content and testing of implementation of the playbook referred to in paragraph 3 hereof.

## **2.4 Compliance with the MREL requirement**

17. Banks shall ensure a sufficient amount of own funds and qualifying

eligible liabilities for the MREL requirement, set by the NBS in accordance with the decision regulating this requirement.

For the purposes of paragraph 1 hereof, banks shall at all times:

- 1) be able to provide, in a timely and reliable manner, all data and information necessary to enable the NBS to determine the MREL requirement;
- 2) meet at all times the MREL requirement set by the NBS's decision, according to the timelines and the dynamics defined in that decision.

## **2.5 High quality of own funds and qualifying eligible liabilities**

18. Banks shall maintain own funds and qualifying eligible liabilities that can adequately be used to absorb losses and recapitalise the banks in resolution, including, where applicable, a minimum amount of subordinated instruments, in line with the requirement set by the NBS.

In order to ensure a high quality of own funds and qualifying eligible liabilities, banks shall:

- 1) be able to provide to the NBS, at all times, in a timely and adequate manner, all necessary data and information including legal opinions regarding the eligibility of own funds and liabilities where needed;
- 2) ensure, where applicable, that subordination requirements are met with own funds and subordinated qualifying eligible liabilities;
- 3) ensure, where applicable, that contracts contain a provision subject to which the creditor agrees that the liability may be subject to the write-down or conversion in accordance with Article 128v, paragraph 7 of the Law and the decision regulating the MREL requirement;
- 4) decrease the potentially excessive reliance on subordinated qualifying eligible liabilities towards retail investors, and be able to provide all necessary information on such liabilities to enable the NBS to identify potential impediments to resolvability and to remove them;
- 5) decrease the potential reliance on qualifying eligible liabilities with other complex funding arrangements that could hamper their eligibility, and be able to demonstrate to the NBS that the current financial arrangements do not impair the credibility and feasibility of the selected resolution strategy;
- 6) file an application for prior consent to the NBS in accordance with the decision regulating the MREL requirement if they intend to reduce the value and/or redeem or repay capital instruments or qualifying eligible liabilities;
- 7) for banking groups subject to an MPE strategy, ensure that there is no excessive reliance on own funds and qualifying eligible liabilities (other than in the form of equity investments) which at the same time represent an investment of other resolution groups within the same banking group, acknowledging that limited interconnections and interdependencies may exist

for operational or financial reasons in order to maintain group efficiency and compliance with regulatory constraints.

For the purposes of paragraph 2, item 7) hereof, contagion risk shall be deemed minimised if the resolution group subject to the MPE strategy can be resolved without causing immediate MREL shortfalls in other resolution groups within the banking group.

## **2.6 Effective internal loss transfer and recapitalisation mechanism**

19. Banks that are a resolution entity of a resolution group shall set up and at all times maintain an adequate internal loss transfer and recapitalisation mechanism within this group.

In order to set up an effective internal mechanism referred to in paragraph 1 hereof, banks shall:

1) ensure timely and adequate provision of all necessary data and information to the NBS, for the purpose of determining the MREL requirement for subordinated companies that are part of the same resolution group but are not resolution entities themselves;

2) ensure that, beyond the compliance with the MREL requirement, an effective internal mechanism has been set up for loss transfer from the subordinated company that is part of the same resolution group to the resolution entity, and for the transfer of recapitalisation funds from the resolution entity to the subordinated company, taking into account the nature of the creditor under these instruments and the need for appropriate subordination;

3) when material impediments to resolution have been identified, adapt the organisational and financial structure of entities in the resolution group with a view to enhancing internal loss transfer and recapitalisation mechanisms;

4) where applicable, provide all necessary data and information to the NBS to enable it to assess potential exemptions of a subordinated company of a resolution entity that is not a resolution entity itself, in accordance with the decision regulating the MREL requirement, and in connection with the possibility of such exemption.

## **Chapter 3**

### **Liquidity and sources of funding in resolution**

20. Banks shall establish adequate processes and develop capabilities to:

1) estimate the liquidity and funding needs for the implementation of

the selected resolution strategy;

- 2) measure and report the liquidity position in resolution;
- 3) identify and mobilise available collateral that can be used to obtain liquidity during and after resolution.

### **3.1 Estimation of liquidity and funding needs in resolution**

21. Banks shall develop robust methodologies to estimate *ex ante*, under different assumptions, the liquidity and funding needed for the implementation of the resolution strategy and identify possible liquidity sources supporting resolution.

22. Banks are expected to identify key liquidity factors in case of resolution where, for a resolution group, these factors shall be identified at the level of the resolution group and at the level of each material entity in that group, where applicable.

In the analysis of their liquidity factors in resolution, banks shall consider different scenarios depending on the nature of the crisis (e.g. solvency or liquidity crisis, sudden or slow-developing crisis, etc.) and identify specific factors of liquidity risks relevant to them (e.g. deposit outflows, FMI-related liquidity needs, etc.)

23. The methodology referred to in Section 21 of this Decision should simulate, under different resolution scenarios, the cash flows arising from assets, liabilities and off-balance sheet items as well as the evolution of the counterbalancing capacity across time buckets.

The simulations referred to in paragraph 1 hereof shall include:

- 1) contractual cash inflows and outflows;
- 2) behavioural cash inflows and outflows;
- 3) evolution of the counterbalancing capacity and its liquidity value after presumed haircuts.

The cash flows and the counterbalancing capacity referred to in paragraph 1 hereof shall be simulated:

- 1) for the bank and/or the resolution group and, when relevant, for each material entity in the resolution group on an individual basis;
- 2) at aggregated level for all currencies together and at the level of each material currency, including all currencies relevant to banks' participation in FMI;
- 3) over a certain number of time periods, from overnight to a sufficient time horizon (e.g. six months) after the resolution event.

24. When estimating the liquidity and funding needed to implement the resolution strategy, banks shall take a conservative approach and pay particular attention to:

- 1) legal, regulatory and operational obstacles to the transferability of liquidity, especially between resolution group members;
- 2) obligations related to payment, clearing and settlement activities, including potential liquidity effects of risk management actions by FMI service provider or intermediary;
- 3) counterparty/collateral requirements, including requirements stemming from direct and indirect membership in clearing systems and other FMI, such as increased amount or requirement for additional collateral for financial instruments during and after the resolution event;
- 4) contractual provisions relating to suspension and termination of contract, and netting (set-off) rights that counterparties may exercise in case of bank resolution;
- 5) liquidity flows between the resolution group and group entities which are not part of the resolution group;
- 6) legal and operational obstacles to pledge and transfer available collateral in a timely manner;
- 7) maximum daily liquidity needs;
- 8) available liquidity instruments/measures available at the NBS, and their terms and conditions for access and repayment (e.g. eligible collateral, haircuts/reduction percentages, maturities, etc.).

25. Banks shall adequately document and justify the key assumptions (e.g. haircuts, rollover rates, runoff rates) underpinning their estimations of liquidity and funding needs, and include the outcome of the analysis referred to in Section 22 of this Decision in the liquidity strategy in resolution and in the respective funding plan. Where relevant, banks are expected to demonstrate how potential liquidity shortfalls, in particular in material currencies, could be addressed.

26. The NBS shall issue guidelines to regulate in more detail the estimation of liquidity and funding needs in resolution referred to in Sections 21 to 25 of this Decision.

### **3.2 Measurement and reporting of the liquidity situation in resolution**

27. Banks shall establish processes and develop capabilities to measure and report their liquidity and funding needs in case of resolution, and, where applicable, the funding sources that are available at the level of the resolution group and at the level of material entities in that group.

28. Banks shall demonstrate that they are able to measure and report their liquidity position at short notice. Banks shall be able to forecast their net liquidity position across time periods (including intraday) by reporting:

- 1) cash inflows and outflows (differentiating between contractual and behavioural flows);
- 2) the counterbalancing capacity and its liquidity value after presumed haircuts.

For the resolution group, banks shall ensure the reporting referred to in paragraph 1 hereof at the level of the resolution group as well as for each material entity in this group when relevant, and, in aggregate, for all currencies together and by each material currency.

29. Banks shall adequately document and detail the key assumptions (e.g. haircuts, rollover rates, runoff rates) applied to forecast their counterbalancing capacity.

30. The NBS shall issue guidelines to regulate in more detail the measurement and reporting on the liquidity situation in resolution referred to in Sections 27 to 29 of this Decision.

### **3.3 Identification and mobilisation of collateral during and after resolution**

31. Banks shall establish processes and develop capabilities to identify and mobilise assets that can be used as collateral to obtain additional sources of funding during and after resolution. In order to ensure an effective and efficient deployment of the collateral that is available in resolution, banks shall identify the time needed to mobilise the collateral and anticipate the steps needed to make it acceptable to counterparties.

For the purposes of paragraph 1 hereof, banks shall develop capabilities to:

- 1) identify available collateral, and:
  - identify all assets that could potentially qualify as collateral eligible to support funding in resolution (i.e. level 1 liquid assets and separately non-level 1 liquid assets);
  - differentiate between encumbered and unencumbered assets, and determine contractual rights to all collateral (pledged or not pledged),
  - for the resolution group, monitor the individual encumbered and unencumbered (available) collateral at the level of the resolution group, and at the level of each material entity in this group, where applicable, and for each material currency;
  - develop the capacity for reporting on available collateral at a

granular level – e.g. eligibility for facilities of the NBS, currency, type of assets, location, credit quality, etc. – even under rapidly worsening operating conditions;

- 2) operationalise mobilisation of collateral and:
  - develop and document all necessary operational steps (including the time horizon and governance processes) to mobilise collateral,
  - focus in particular on less marketable assets (e.g. credit claims);
- 3) assess mobilisation of collateral, and regularly (at least annually) evaluate and test the operational reliability and effectiveness of the mobilisation of the available collateral (e.g. the ability to sell, including sale under repo agreement or borrowing under securities lending contract).

The NBS shall issue guidelines to regulate in more detail the identification and mobilisation of collateral during and after resolution.

## **Chapter 4**

### **Operational continuity and access to FMI services**

#### ***A. Operational continuity in resolution***

32. Banks shall establish adequate operational processes and procedures to ensure the continuity of the services that are necessary for preserving critical functions and the core business lines needed for the effective implementation of the resolution strategy and any consequent restructuring.

33. The NBS shall issue guidelines to regulate in more detail the requirements in relation to operational continuity in resolution referred to in Section 32 hereof.

#### **4.1 Identification and mapping of interconnectedness for operational continuity**

34. Banks shall identify all relevant services, as well as operational assets and key staff (functions and/or persons), necessary for the continuity of critical functions and the core business lines needed for the effective implementation of the resolution strategy and any consequent restructuring. All relevant services should be mapped to legal persons, critical functions, core business lines and related contracts.

For the purposes of paragraph 1 hereof, banks shall carry out and maintain:

- 1) a comprehensive identification of the relevant services (provided

within the group or by third parties), operational assets and key functions/staff necessary for operational continuity. Services are not considered relevant where:

- their disruption has no material impact on the bank’s ability to continue to provide critical functions and core business lines,
  - they can be provided by another provider within a reasonable timeframe to the same or similar extent as regards the scope, quality and cost;
- 2) a comprehensive mapping of all relevant services to critical functions, core business lines and legal persons (providing and/or receiving the services), as well as relevant operational assets and key functions/staff and their location (within the bank or group and physically). These operational interconnections should also include services provided between different providers (e.g. an intra-group provider sub-contracting with a third party);
- 3) a mapping of relevant services to the contracts governing them;
- 4) an up-to-date searchable database (“service catalogue”) in which all the above mapped information is gathered and can be accessed reliably, including in a stressed situation, for resolution planning or execution purposes.

In addition to the obligations referred to in paragraph 2 hereof, the bank shall:

- 1) ensure that all relevant contracts, with both third party and intra-group service providers, are adequately documented and include all the information that would enable the NBS to take appropriate decisions and to apply resolution powers to them (e.g. order the service provider to continue providing that service in a given time period to the acquirer of shares, assets and liabilities of the bank in resolution to ensure operational continuity);
- 2) when the provision of relevant services is carried out by organisational units within the same legal person (internal services), document the information which would facilitate the services being easily identified and transitional service contracts quickly drawn up, should this be required under the resolution strategy.

#### **4.2 Assessment of operational continuity risk**

35. Once relevant services, operational assets and key functions/staff are identified and mapped (principle 4.1 in this Decision), banks shall assess the risk of interruption or discontinuance in the provision of these services, and/or in access to these assets or staff in resolution. The risk analysis should be comprehensive and based on a preliminary identification of all potential events (risk drivers) that may result in the disruption or discontinuance in the provision of services and/or in access to these assets or staff, necessary for operational continuity.

The risk analysis needs to take into account at least the following

elements:

- 1) the law applicable to the relevant contracts;
- 2) the location and legal status (e.g. owned or leased) of relevant operational assets;
- 3) the potential vacation of relevant key functions/staff in resolution, including where relevant staff are employed by an entity from the group for which bankruptcy, liquidation or sale have been envisaged in the resolution procedure.

As part of the risk analysis, banks shall also assess whether:

- 1) relevant contracts are adequately documented;
- 2) cost and pricing structures are transparent and agreed at market conditions;
- 3) service providers have sufficient financial resources to continue provision of services during and after resolution (principle 4.3 in this Decision).

#### **4.3. Actions to mitigate risks to operational continuity and measures to improve preparedness for resolution**

36. Banks shall set up an appropriate system for managing risks to operational continuity in resolution and take measures to mitigate these risks, measures to improve their preparedness for resolution and measures facilitating post-resolution restructuring.

In particular, banks shall:

- 1) ensure that relevant contracts for services provided by intra-group and third party providers are resolution-resilient and/or that as long as service provision continues, these contracts ensure:
  - non-termination, suspension or modification on the grounds of resolution or post-resolution restructuring,
  - transferability of the service provision from the current to a new service recipient because of resolution,
  - necessary support of the service provider in case of transfer to a new service provider or new service recipient;
  - continued service provision to an entity from the group divested during resolution/restructuring;
- 2) set up a structured, transparent and realistic overview of market prices and costs associated with the relevant services it receives, in order to provide *ex ante* certainty about their cost in resolution/restructuring and facilitate the associated decision-making;
- 3) ensure that relevant service providers are financially resilient in

resolution, in order to manage the risks they are exposed to in stress or in a resolution event of any group member, where:

- the method by which banks are expected to deliver the stability referred to herein varies depending on whether the services are provided from within the banking group or from outside the banking group,

- where relevant services are provided by an unregulated intra-group provider, banks shall ensure that the provider has adequate liquid resources (at least equivalent to 50% of annual fixed operational expenses) which are segregated from other group assets. This may imply holding liquid assets or making deposits with persons outside the banking group. Where relevant services are provided by a non-group provider, banks are expected to undertake adequate due diligence of the financial situation of the third party provider, in accordance with the decision on the management of risks arising from outsourced activities and/or the decision regulating terms and conditions of outsourcing activities relating to the information system of the financial institution to third parties;

4) ensure the continued access to relevant operational assets in the event of resolution or restructuring of any group legal entity, such as having leasing or licensing contracts that are resolution-resilient. Where banks cannot adequately ensure this, they may be expected to arrange that these assets are owned or leased by the service provider or recipient;

5) taking into account all relevant regulations on labour relations and associated requirements, set up contingency arrangements to help ensure that the relevant functions are staffed in resolution, which includes:

- retention plans (and other relevant aspects of human resources management and associated processes) detailing measures the bank can take at short notice in the run-up to and during resolution to mitigate against resignation of staff in relevant functions,

- contingency arrangements for addressing the loss of staff in relevant functions in resolution, such as up-to-date succession plans that seek to ensure that alternative staff with adequate skills and knowledge would be available to perform relevant vacant functions,

- procedures to manage the risks associated with dual-hatted employees in resolution, where relevant.

The application of contracts referred to in paragraph 2, item 1) hereof in resolution and/or during restructuring can be achieved in one of the following ways:

1) by agreeing that the relevant law is that of the Republic of Serbia or by explicitly referring to the application of relevant regulations of the Republic of Serbia;

2) in the case of application of foreign law, by agreeing on appropriate provisions explicitly recognising and accepting the powers of the NBS in the

resolution procedure, and the consequences of the exercise of these powers, and explicitly accepting the obligation to provide relevant services both during and/or after the resolution procedure, including the period of restructuring.

Where banks are unable to ensure that the contracts referred to in paragraph 2, item 1) hereof stay effective during resolution and/or restructuring, they shall notify the NBS thereof and present an alternative strategy (e.g. replacement of the service provider by a new provider who will allow for the inclusion of provisions on maintaining the continuity of service provision in resolution or the obligation to maintain sufficient liquidity resources to pre-fund the contract costs of the service for a reasonable period of time, not shorter than six months after the application of resolution measures and tools).

### ***B. Access to FMI services***

37. Banks shall identify processes and procedures necessary to ensure unhindered and continuous access to FMI services relating to the performance of payment transactions, services of clearing and settlement of financial instruments and depositing of securities, and access to custody services provided by intermediaries within FMI during and after resolution.

#### **4.4 Identifying, mapping and assessing dependencies on service providers**

38. Banks shall identify all critical and essential FMI service providers (regardless of whether the services are provided directly by FMI or by intermediaries) and map such providers to legal persons, critical functions and core business lines.

For the purposes of paragraph 1 hereof, banks shall:

1) identify all FMI service providers that they are using, as well as trading venues. FMI service providers are either directly FMIs (i.e. payment and settlement systems, central counterparties, Central Securities Depository and Clearing House, etc.) or FMI intermediaries offering payment, clearing, settlement or custody services, such as correspondent or custodian banks;

2) identify which of the related FMI services are necessary for the continuity of critical functions (critical FMI services) and core business lines (essential FMI services). To that aim, banks are expected to develop an objective approach, taking into account, among others, the potential impact of discontinued or degraded access to services (e.g. a direct FMI service provider or intermediary does not accept new trades in financial instruments but continues to service outstanding trades, reduces intraday credit provision or limits usage of certain services, such as secured lending transactions, collateral management, rules governing settlement finality in important

payment and settlement systems, etc.):

- on their critical functions and core business lines,
  - on the business of key customers, to the extent feasible, for the relevant legal entities that act as FMI intermediaries to other banks;
- 3) map each critical or essential FMI service to each legal person, critical function and core business line to which the service refers;
  - 4) identify services they provide in the context of FMI (e.g. nostro services, custody services, liquidity provision, etc.).

Banks shall provide the information referred to herein in FMI reports and in contingency plans in case of unforeseen events in relation to FMI (hereinafter: FMI contingency plan), in accordance with Section 40 of this Decision.

#### **4.5 Understanding the requirements for continued access to FMI**

39. Banks shall adequately consider all conditions for continued access to critical and essential FMI services and document and assess the potential financial and operational requirements that FMI service providers may impose ahead of and during resolution.

For the purposes of paragraph 1 hereof, banks shall:

- 1) when considering the conditions for continued access to critical and essential FMI services, based on relevant operating rules and contracts with FMI providers, identify and document the substantive obligations, in particular financial and operational obligations, consider which obligations the bank or its legal successor may have difficulties in meeting (post-resolution) and, based on these rules and contracts with FMI service providers, identify any substantive obligations towards other service providers, whose services are necessary for using FMI services;
- 2) consider the actions that FMI service providers would be likely to take in the event of bank resolution, such as increased collateral requirements or reductions in outstanding credit lines, and in which circumstances these actions might be taken and within which timeline (e.g. immediately or within a few days);
- 3) consider the liquidity requirements they may face in different crisis situations and provide a reasonable estimate in the FMI report, together with relevant data on credit lines and credit line usage, as well as the historical peak of intraday liquidity requirements or collateral usage over a given time horizon;
- 4) explain in their FMI contingency plan the methodology underpinning their estimates of liquidity requirements under stress, including any assumptions related to the expected volume of business activity. Banks are also expected to include additional information on potential requirements (e.g. fees) that other service providers necessary for access to FMI may impose,

whenever this is relevant.

#### **4.6 FMI contingency plan and measures to ensure continuity in access to FMI services**

40. Banks have developed an FMI contingency plan outlining the measures that they have implemented to support continued access to FMI services or a smooth transfer or wind-down of activities. This includes measures to maximise the likelihood that they would continue meeting the requirements for continued access to the FMI ahead of and during resolution as well as other measures supporting resolution action.

The FMI contingency plan is an operational playbook, approved by the bank's executive board, outlining, for each critical and essential FMI service provider:

1) the mitigation actions that the FMI service provider would be expected to take ahead of and during resolution;

2) the infrastructure, processes and operational arrangements that the banks have put in place to ensure they continue to satisfy the substantive obligations included in FMI operating rules and contracts with FMI intermediaries, so as to preserve the access, at a minimum, to all critical and essential FMI services. This should rest on a thorough identification of key systems and personnel required to maintain access to FMI services, and procedures to ensure these systems and personnel remain available or can credibly be replaced in a crisis;

3) the actions the banks would undertake to mitigate consequences of discontinued or degraded access to FMI services on the performance of its critical functions and core business lines, for example, through the active management of exposures, the pre-funding of obligations or credible *ex ante* alternative arrangements. For banks that have developed a plan for solvent wind-down of trading activities, this should also take into account relevant elements of that plan (including the timeline for its implementation).

For the purposes of paragraph 2 hereof, banks shall also consider the following measures to improve preparedness for resolution:

1) making contracts regulating services necessary for maintaining access to the FMI resolution-resilient, where that had not previously been the case (sub-chapter 4.3 of this Decision);

2) identifying possible substitutes for the FMI services that they are using, and their respective jurisdictions. Such substitution should be achieved immediately after resolution is initiated or during restructuring, i.e. through rationalisation of FMI participations or memberships. Only alternative providers with whom banks have an established contractual relationship may be

considered as potentially credible substitutes;

3) identifying the requirements for customer portability across all relevant services, so as to be able to support customer portability, in line with the relevant FMI processes and procedures. This entails:

- providing sufficient information with regard to client portability related to central counterparties, per central counterparty and per segment in which they are acting as clearing member: e.g. information included in the FMI report, the segregation regime and type of client accounts, and the number of clients under different account structures,

- having adequate resources and systems in place to maintain up-to-date information, which could be provided rapidly in resolution to ensure that client positions at central counterparties, as well as client assets in depository, clearing and settlement systems, are transferred smoothly, including: the list of clients for each omnibus account, the list of positions, margins and assets received as collateral per individual client, and the list of individual client assets held at the depository, clearing and settlement system (Central Securities Depository and Clearing House).

The NBS shall issue guidelines to regulate in more detail the requirements relating to the FMI contingency plan and the solvent wind-down plan.

## **Chapter 5**

### **Information-communication system and data requirements**

41. Banks shall establish an adequate information-communication system (ICT), develop valuation capabilities and technological infrastructures to provide the information necessary for:

- 1) the development and updating of resolution plans;
- 2) the execution of an independent, fair and realistic valuation of assets and liabilities in accordance with Article 128i of the Law;
- 3) the effective application of resolution instruments and tools, also under rapidly changing conditions.

42. As part of their governance system set up in accordance with Sections 7 to 12 of this Decision, banks shall establish, under the direct responsibility of the executive board, effective governance processes and procedures to ensure that their ICT is able to provide information necessary for resolution planning and execution on a timely basis, in accordance with the requirements laid down in Sections 41 to 50 of this Decision.

The governance processes and procedures referred to in paragraph 1 hereof shall include in particular:

- 1) adequate processes for consistent data collection and aggregation across different areas of the bank, banking group members and resolution group members, and for their timely delivery;
- 2) adequate processes, communication channels and clear allocation of competences and responsibilities for efficient data and information exchange with the NBS, independent valuer or other relevant stakeholders;
- 3) adequate systems and processes for the purposes of controlling the quality of data and information and for ensuring the continuity of ICT capabilities.

43. Banks shall demonstrate that they have data and information quality assurance processes and procedures in place and ensure that their ICT capabilities are adequate for achieving preparedness for resolution. More specifically, banks are expected to demonstrate the periodic testing and upgrading of their ICT capabilities. The testing exercises aim to assess and validate that ICT capabilities comply with the requirements laid down in Sections 41 to 50 of this Decision, and notably cover:

- 1) the swift provision of data and information to the NBS, independent valuer or other relevant stakeholders;
- 2) the consistent aggregation of data across the different segments and areas of the bank and group members;
- 3) the sensitivity and flexibility of internal valuation models.

Banks are expected to report the results of the testing referred to in paragraph 1 hereof to the executive board and to the NBS. Testing reports should identify possible shortcomings and remedial actions. The NBS may request the bank to submit any relevant internal or external audit reports, and other documents in relation to its ICT and valuation capabilities.

44. Banks shall maintain up-to-date documentation describing how ICT capabilities comply with the requirements set out in this chapter. The documentation shall describe the source systems used for the production of the data and how the systems operate, the control mechanisms in place, and the stakeholders involved in the preparation and validation of the data.

45. Having regard to the requirements laid down in Sections 41 to 44 hereof, banks shall set up procedures to ensure the continuity of their critical ICT capabilities during and after the resolution event, both for transferred and remaining activities. These procedures shall be integral to the bank's contingency plan.

### **5.1 ICT capabilities to provide information and data necessary for the preparation and update of resolution plan**

46. Banks shall set up adequate ICT capabilities to produce information and data necessary for resolution planning. Inter alia, banks shall:

- 1) timely submit the prescribed reports with accurate and complete data and information, at a sufficiently granular level, for the purposes of resolution planning;
- 2) produce information in accordance with Sections 49 to 51 of this Decision in the course of periodic simulations.

In addition to the requirements referred to in paragraph 1 hereof, banks shall also provide a detailed description of the processes in place, ensuring that the information and data required to draw up and update resolution plans are up-to-date and at the disposal of the NBS upon its request at all times.

47. In relation to specific ICT, database and reporting capabilities supporting their operational continuity processes, banks are expected to have comprehensive, searchable and updated ICT and databases providing rapid access to the information and data needed to support resolution and post-resolution restructuring. At a minimum, this includes the following:

- 1) the service catalogue referenced in sub-chapter 4.1 of this Decision, and
- 2) a database of relevant service contracts in a searchable format.

48. In respect of ICT capabilities related to critical and essential FMI services, banks are expected to demonstrate ability to produce timely and up-to-date information on:

- 1) their usage of critical and essential FMI services in a timely manner, and to monitor and report key indicators, distinguishing between proprietary and client activity;
- 2) types of collateral accepted by each FMI;
- 3) outstanding collateral pledged with each FMI;
- 4) material upcoming settlement and delivery obligations by value and type of asset, including time-critical obligations.

In addition to the requirement referred to in paragraph 1 hereof, banks shall also demonstrate the capability to:

- 1) estimate and manage current and projected liquidity and collateral requirements related to their participation in FMI, as part of their overall liquidity needs, in accordance with Sections 20 to 31 of this Decision;
- 2) monitor available liquidity and collateral at each FMI service provider in real time;

3) mobilise collateral and transfer it to all relevant locations and currencies.

### **5.2 ICT capabilities to produce necessary information and data for the execution of an independent valuation of assets and liabilities**

49. Banks shall set up ICT capabilities to produce information and data that is as up-to-date and complete as reasonably possible, to ensure an independent valuation of assets and liabilities in accordance with Article 128i of the Law.

For the purposes of paragraph 1 hereof, banks shall:

- 1) self-assess the availability of information and data, and information and data aggregation capabilities, during the resolution planning phase, in accordance with the requirements of the NBS relating to the valuation of assets and liabilities, and submit a report to the NBS with the conclusions of such self-assessment and, if needed, engage in dialogue with the NBS to discuss any actions by the bank to make necessary enhancements;
- 2) perform simulations to test the bank's capacity to produce, within a timeframe defined by the NBS in dialogue with the bank, the whole or part of the data and information that is needed to conduct a valuation of assets and liabilities or financial due diligence;
- 3) explain and clearly justify the underlying data sources, assumptions and methodologies for each of their internal valuation models.

The NBS shall issue guidelines to regulate in more detail the requirements for banks and banking groups regarding provision of information and data relating to the valuation of assets and liabilities referred to herein.

### **5.3 ICT capabilities to produce necessary information and data for the effective application of resolution instruments and tools**

50. Banks shall establish ICT capabilities to produce the necessary information and data for the implementation of the resolution tools and measures at all times, even under rapidly changing conditions.

Banks shall demonstrate:

- 1) the ability to adequately assess the level of their loss absorption capacity and provide information and data needed to execute the bail-in tool. In this respect, banks are expected to have established:
  - a database that includes a list of minimum information about each capital instrument and every other security or other financial instrument issued by any bank and/or banking group,

- a process for keeping the information referred to in indent one hereof up-to-date;
- an analysis that determines, for each of the instruments and securities referred to in indent one hereof, whether they meet the conditions for inclusion in own funds in accordance with the decision regulating capital adequacy of banks or for inclusion in qualifying eligible liabilities in accordance with the decision regulating the MREL requirement;
- 2) the maintenance of detailed records of financial contracts;
- 3) where transfer tools are envisaged, for all assets and liabilities identified to be transferred: the ability to readily provide available information necessary for the relevant valuations and the ability to give easy and swift access to necessary data to all relevant stakeholders, e.g. through the set-up of a virtual data room in view of a due diligence;
- 4) the ability to simultaneously produce multiple sets of data, for instance relating to liquidity management (Sections 20 to 31 of this Decision) and valuation of assets and liabilities, under time pressure or financial stress conditions defined by the NBS.

## **Chapter 6**

### **Communication**

51. Banks shall set up communication plans to ensure timely, reliable and consistent communication with relevant stakeholders and to support the implementation of the selected resolution strategy, as well as establish governance processes to ensure an effective execution of these plans.

#### **6.1 Communication plan**

52. Banks shall develop a comprehensive communication plan informing relevant stakeholders of the implications of the resolution, with the aim of limiting contagion and panic, and easing uncertainty.

In relation to the communication plan, banks shall:

- 1) identify critical external and internal stakeholder groups, which need to be informed in the resolution process, including relevant providers of services and operational assets, and at a minimum:
  - management, shareholders and personnel of the bank (including staff consultation procedures and, where applicable, dialogue with the representative trade union and national employment authority, and the assessment of the plan's impact on personnel),
  - clients, media and the broader public,
  - depositors, key stakeholders, holders of debt instruments issued by the bank, other creditors and other relevant market participants,

- supervisory, management or court bodies the approval or authorisation of which is required for executing the resolution procedure;
- 2) prepare and maintain an up-to-date list of the critical external and internal stakeholders;
- 3) share with the NBS a list of the identified stakeholder groups included in the communication plan;
- 4) draft a targeted communication strategy for each identified stakeholder group – different communication protocols may need to be foreseen for parts of these stakeholder groups, or even for individual stakeholders (e.g. for FMI: central counterparties might need different information than payment systems, and different central counterparties might need to receive tailored messages at different times depending on the market segment that they serve, their location, cut-off times, etc.) – with pre-defined messages tailored to the resolution strategy determined by the NBS. For each identified stakeholder group, the communication plan shall:
  - contain sufficiently detailed key messages to be communicated to promote confidence in the bank throughout resolution. The key messages should be robust, consistent and easily understandable and include, among others: a general statement based on the level of communication that would likely be required according to the resolution measures which might be taken, and information about the consequences of the resolution for the respective stakeholder group, in order to promote certainty and predictability,
  - determine when communication with the identified stakeholder groups is necessary;
  - define a strategy and procedures to prevent potential leaks of information;
  - identify the persons and organisational units responsible for defining the message and owners of the communication and those responsible for disseminating the message;
  - identify effective communication channels and the infrastructure that will be needed to implement the communication strategy and disseminate relevant messages;
- 5) supplement the key messages through the development of template documents and emails, frequently asked questions and other tools (e.g. establishment of call centres, etc.) to be used in the resolution process;
- 6) identify any communications to market participants that may be required under applicable regulations.

## **6.2 Communication governance**

53. Banks shall set up a governance process for the purpose of implementing the communication plan in cooperation with the NBS. In particular, banks shall:

- 1) ensure that the obligations set out in sub-chapter 6.1 of this

Decision are enshrined in the governance process;

2) determine responsibilities for the drafting and the execution of the communication plan in the resolution process (by designating the responsible organisational unit or specific function);

3) define an approval process in implementing the communication plan that covers all dimensions of the communication plan in the resolution process including ultimate sign-off to ensure that uniform messages are disseminated;

4) ensure that employees in charge of communication are aware of their roles in terms of communication with identified stakeholder groups in crisis situations, in coordination with the NBS;

5) establish procedures that ensure the confidentiality requirements;

6) ensure that sufficient infrastructure and resources are available to effectively communicate with the identified stakeholder groups. This may include infrastructure that is available in business-as-usual as well as additional infrastructure (e.g. hiring specialised public relations entities, additional call centre capacities to deal with an increased volume of calls, etc.);

7) put processes in place to ensure that potential disclosure requirements according to the relevant regulations are met;

8) proactively inform the NBS where disclosure requirements may unduly impact the implementation of the resolution strategy;

9) where relevant, have in place governance processes which allow for a consistent, efficient and effective execution of the communication plan in different jurisdictions, taking into account, inter alia, local language, disclosure requirements and time differences;

10) put in place processes to monitor the execution of the communication plan.

## **Chapter 7**

### **Separability and restructuring**

54. Banks shall ensure that their structure, complexity and interdependencies do not present obstacles to, and ideally support, the implementation of the defined resolution strategy and the achievement of the resolution objectives.

#### **7.1 Structure, complexity and interdependencies**

55. Banks shall identify, reduce and, where necessary, remove undue complexity in their structure, which poses a potential risk to the implementation of the resolution strategy. Where necessary and proportionate in the specific cases, banks shall:

1) consider implementing measures to arrive at operationally

independent material legal entities to support the envisaged resolution strategy, in particular where the resolution strategy envisages a break up and/or restructuring;

2) limit complex practices related to how trading or hedging operations are marketed, booked, funded (in the context of the group to which the bank belongs, where applicable) and risk-managed;

3) reduce the complexity and size of the trading book if this is necessary to apply the resolution tools and measures;

4) ensure that the legal and operational structure is not too complex and interconnected to ensure continuity of access to critical functions in resolution. Where necessary, banks are expected to take measures to reduce the complexity and/or to simplify the legal corporate structures of the group;

5) where relevant, align the legal corporate structures of the group with core business lines and critical functions;

6) where relevant, ensure that the number of persons in the group and the complexity of the group structure do not inhibit the application of the envisaged resolution tools and measures;

7) put in place a structure and intragroup funding arrangements which facilitate the implementation of the resolution strategy;

8) in case of mixed activities (e.g. insurance operations), ensure that these activities are independent from the banking operations and/or a disruption or a discontinuation of the banking services would not severely affect third parties using non-banking services and/or that the resolution of the bank or the resolution group would not have a significant negative impact on non-banking operations that are not part of a resolution group; in this context, banks are expected to demonstrate the independency and resilience of material non-banking operations in resolution.

## **7.2 Separability analysis for partial transfer tools**

56. Banks for which the NBS envisages the application of the sale of business tool, bridge bank tool and the asset separation tool, shall conduct a separability analysis to prepare for the partial transfer strategy.

The initial separability analysis referred to in paragraph 1 hereof shall be performed:

- 1) for the current structure;
- 2) for the structure after the implementation of recovery measures.

The analysis referred to in paragraph 1 hereof shall contain at least the following:

- 1) a description of the sets of closely interrelated activities (as well as associated services) which could be separated from the rest of the group

without undue delay and disproportionately high costs;

2) an assessment whether assets, liabilities, services, staff, and, where relevant, other supporting infrastructure – which are related to relevant services and which are part of possible transfer perimeters – could be transferred to third parties;

3) an assessment of whether assets and liabilities which are not related to critical or essential services, but earmarked for a possible transfer, can be transferred to third parties;

4) a description of payment, clearing and settlement activities – whether they are included in transfer or liquidation;

5) a description of the ICT systems and licence ownerships, people and critical shared services that are necessary as support after the transfer;

6) a self-assessment of potential, including legal, constraints to separability;

7) a description of operational efforts and of the expected time necessary for the delivery of the information and of the relevant assessments;

8) a description of the costs when applying the planned transfer;

9) a description of the liquidity and funding needs for new transfers as well as a description of potential sources of funding (after separation);

10) regulatory, legal, contractual and economic impediments to the transfer of a part of shares, assets or liabilities of the bank.

The NBS shall issue guidelines to regulate in more detail separability in the case of partial transfer tools.

### **7.3. Business reorganisation plan after bank bail-in**

57. Banks for which, as part of the resolution strategy, the NBS envisages the application of the bank bail-in tool for the purpose of recapitalisation of the bank under resolution, to the extent necessary for continued smooth operation, shall identify and evaluate the measures available to establish their long-term viability post bank bail-in, and detail the measures that could be considered in the business reorganisation plan.

Banks shall prepare *ex ante* assessments of key elements of a business reorganisation plan to ensure resolution readiness. To that end, banks shall, inter alia:

1) identify and describe potential measures aiming to restore the appropriate financial position and long-term viability of the bank, and provide an initial evaluation of those measures;

2) indicate timelines needed for the execution and implementation of the measures referred to in item 1) hereof, including a description of the necessary steps;

3) put in place sufficient capabilities that enable the NBS to assess the

elements under items 1) and 2) hereof during resolution.

58. Potential reorganisation measures may include, but are not limited to:

- 1) a reorganisation of all the activities;
- 2) changes to the operational systems and infrastructure;
- 3) a withdrawal from loss-making activities;
- 4) a restructuring of existing activities that can be made competitive;
- 5) a sale of assets or of business lines;
- 6) a solvent wind-down of trading activities, where relevant.

In this context, banks are expected to consider and identify any restructuring measures identified in the recovery plan which might not be used in the recovery phase or might not have been identified as recovery options, but which: (a) would deliver benefits in terms of restructuring, business model and long-term viability, or (ii) would not directly deliver capital or liquidity benefits, but contribute to the overall achievement of the restructuring objectives.

If a wind-down and/or sale of parts of the activities/group is envisaged as a potential business restructuring measure, banks shall identify, also taking recovery planning considerations into account:

- 1) the relevant entity and business line, the method for the winding down/sale, including the underlying assumptions, any expected costs and liquidity needs;
- 2) any financing or services provided by or to the remainder;
- 3) products and services to be discontinued because they do not support the achievement of the resolution objectives or the use of the resolution tools.

59. In the analysis of measures referred to in Section 57 of this Decision, banks shall:

- 1) demonstrate how long-term viability could be restored through the proposed measures. In this context, banks shall consider:
  - potential costs and the impact of the business reorganisation on the profit and loss statement and the balance sheet,
  - a description of potential funding requirements during the reorganisation period and potential sources of funding,
  - any potential proceeds from the divestment of assets, entities or business lines envisaged by the business reorganisation plan;
- 2) indicate the relevant steps and their expected timeline for the implementation of the proposed measures, drawing on the information from the

recovery plan and other documents, where relevant;

3) conduct the above assessment on the basis of the following assumptions:

- the analyses are performed for the current structure, as at the end of the business year with data from the revised financial statements, except where the NBS requests another reporting date, and for the structure after the implementation of resolution measures and tools and/or taking into account the impact of implementation of recovery measures on business reorganisation,
- in case of potential use of the assets of the Bank Resolution Fund, the proposed measures must be compatible with the objective to restore the bank's or the banking group's long-term viability at minimum cost to the budget and other public funds and to mitigate potential negative effects on market competition.

To allow the NBS to assess the impact of the business reorganisation on critical functions and financial stability, the analysis referred to in paragraph 1 hereof should be underpinned by necessary information, inter alia by:

- 1) stating the underlying assumptions, such as key macroeconomic indicators;
- 2) projecting the impact on the profit and loss statement and the balance sheet;
- 3) describing the evaluation of the key financial parameters.

## Title IV

### DIALOGUE WITH THE BANK

60. In the context of the resolvability assessment, the NBS engages in a dialogue with banks to conclude whether they are currently resolvable and to define any measures to remove potential impediments, if applicable.

The bank's compliance with the obligations referred to in Sections 7 to 59 of this Decision, resolvability work programme referred to in Section 62, paragraph 2 of this Decision, the identified potential impediments to resolvability and the measures to remove them shall be discussed between the NBS and the bank on an ongoing basis, by means of bilateral and multilateral meetings, including online meetings, workshops, exchange of e-mails and written material and other forms of communication. The dialogue shall also focus on the specific priorities determined by the NBS in light of the specific characteristics of the bank and/or banking group and the envisaged resolution strategy, which it shall communicate to the bank through a summary of key elements of the resolution plan.

61. The NBS shall submit to the bank for opinion a draft resolution plan summary of the bank and/or banking group, which shall also contain a proposal of the MREL requirement.

The bank shall provide its opinion to the draft referred to in paragraph 1 hereof within 30 days from receiving the draft.

If the NBS does not accept the objections from the opinion referred to in paragraph 2 hereof, it shall notify the bank from that paragraph thereof within 15 business days from the day of receiving the opinion. If needed, the NBS may also hold a meeting with the bank.

If the bank fails to provide its opinion to the draft referred to in paragraph 1 hereof within the timeline referred to in paragraph 2 hereof, it shall be considered not to have any objections to that draft.

62. At least annually, the bank shall make a self-assessment of compliance with the obligations set out in Sections 7 to 59 of this Decision, with balance as at 31 December of the current year.

Based on the self-assessment referred to in paragraph 1 hereof, the bank shall develop and/or update a comprehensive resolvability work programme, adopted by the bank's executive board and outlining the proposal of specific activities to ensure compliance with the obligations referred to in Sections 7 to 59 of this Decision and a proposal of measures to resolve potential impediments to resolution, the anticipated deliverables (objectives), timelines for achieving them and milestones (with interim objectives and timelines for their achievement), which it shall submit to the NBS by 31 May of the next year at the latest.

In their resolvability work programmes referred to in paragraph 2 hereof, banks should in particular propose measures to address the potential impediments to resolvability identified by the NBS.

Proposals of measures referred to in paragraph 2 hereof shall be:

- 1) specific – the measure addresses the identified impediment;
- 2) measurable – the envisaged reduction or elimination of the impediment can be clearly ascribed to the measure and can be properly assessed;
- 3) achievable – sufficient resources are devoted to the implementation of the measure;
- 4) realistic – the measure can be feasibly implemented within the proposed timeframe.

The NBS shall assess whether the proposed measures referred to in paragraph 3 hereof are adequate to reduce and/or remove obstacles to resolution.

63. Unless indicated otherwise in the resolution plan summary, along with the work programme referred to in Section 62, paragraph 2 of this Decision, banks shall also submit to the NBS a resolvability progress report (hereinafter: progress report), approved by the bank's managing board, at least annually. The progress report should document the progress made, flag the remaining gaps and suggest priorities for the next year.

Banks shall choose the format in which the progress report is presented. The report, however, should be sufficiently detailed to allow the NBS to assess the banks' deliverables against milestones included in their resolvability work programme referred to in Section 62, paragraph 2 of this Decision and to support the resolvability assessment at the end of each resolution planning cycle.

64. As part of its dialogue with banks, the NBS may schedule dedicated meetings and workshops to discuss:

- 1) the proposed measures for resolving potential impediments to resolvability;
- 2) the timeline for implementing the measures referred to in item 1) hereof;
- 3) the key milestones;
- 4) the progress made with regard to the bank's resolvability.

The NBS may request additional information from banks, if it is not able to adequately consider the elements referred to in paragraph 1 hereof based on the progress reports.

65. When the NBS determines, through dialogue with the bank, that there are substantive impediments to resolvability, it shall issue a decision on the removal of impediments to resolvability in accordance with Article 128f of the Law.

## Title V

### TRANSITIONAL AND CLOSING PROVISIONS

66. Banks shall develop a report on the self-assessment referred to in Section 62, paragraph 1 of this Decision, as at 31 December 2025, to be

adopted by the bank's managing board, and submit it to the NBS by 31 May 2026 at the latest.

Along with the report referred to in paragraph 1 hereof, banks shall also submit to the NBS the first work programme referred to in Section 62, paragraph 2 hereof.

67. Banks shall comply with the obligations set out in Sections 7 to 59 hereof by 31 December 2029 at the latest (a general compliance date).

Within the general compliance date referred to in paragraph 1 hereof, Table 1 specifies compliance dates for sections of Title III of this Decision and the individual requirements within these sections.

**Table 1**

	<b>Area</b>	<b>Description of the requirement</b>	<b>Compliance date</b>
1.	Governance		
a)	Sub-chapter 1.1	Appointment of the responsible member of the executive board and senior management of the bank, active role of the bank's management	31 December 2025
b)	Sub-chapters 1.2 and 1.3	Establishing governance processes and procedures for resolution planning and improvement of resolvability, as well as for quality assurance and internal audit	31 December 2026
c)	Sub-chapter 1.4	Testing and operationalisation of strategy	In line with the date set for relevant obligations from other chapters
2.	Loss absorption and recapitalisation capacity		
a)	Sub-chapters 2.1, 2.2, 2.4, 2.5 and 2.6	Developing and maintaining sufficient loss absorption and recapitalisation capacity, compliance with the MREL requirement in accordance with the decision regulating MREL, establishing effective internal loss transfer and recapitalisation mechanism	31 December 2028
b)	Sub-chapter 2.3	Developing full bail-in playbooks covering internal and external bail-in execution	First version: 31 December 2027

3.	Liquidity and sources of funding in resolution	Banks shall set liquidity as a priority in their programme of activities for 2027, starting with the ability to estimate liquidity and funding needs in resolution. Banks shall demonstrate capabilities to measure, report and forecast their liquidity position in resolution, as well as to identify and monitor assets that can be used as collateral to obtain funding in resolution.	2027–2029
4.	Operational continuity and access to FMI services		
a)	Operational continuity in resolution (sub-chapters 4.1, 4.2 and 4.3)	Identification and mapping of interconnectedness and assessment of operational continuity risk	31 December 2025
		Actions to mitigate risks to operational continuity and measures to improve preparedness for resolution	2026–2029
b)	Access to FMI (sub-chapters 4.4 to 4.6)	Identifying, mapping and assessing of dependencies	31 December 2025
		Developing FMI contingency plans Banks shall cover at least five key FMI service providers by the plan, as of the 2026 resolution planning cycle	2026–2029
5.	Information-communication system and data requirements		
a)	Sub-chapter 5.1	Banks shall set up adequate ICT capabilities to provide information and data necessary for resolution planning in the part relating to the obligation to timely submit the prescribed reports with accurate and complete data and information, at a sufficiently granular level, for the purposes of resolution planning	31 December 2025
		Description of established processes to provide up-to-date information and data required to draw up and update resolution plans and which are at the disposal of the NBS upon its request at	31 December 2025

		all times	
		Establishing specific ICT capabilities	2026–2029
b)	Sub-chapter 5.2	Report on the self-assessment of the availability of information and data, and information and data aggregation capabilities, in accordance with the NBS's requirements relating to the valuation of assets and liabilities	31 December 2026
		Setting up ICT capabilities for the purpose of valuation of assets and liabilities	2027–2029
c)	Sub-chapter 5.3	Setting up ICT capabilities for the purpose of implementing the resolution tool	2027–2029
6.	Communication	Communication plan	31 December 2025
7.	Separability and restructuring		
a)	Sub-chapter 7.1	Banks shall identify undue complexities in their structure, which pose a potential risk to the implementation of the resolution strategy and propose measures and timelines for their removal	2026–2029
b)	Sub-chapter 7.2	Separability analysis for implementing the strategy of partial transfer of shares, assets and/or liabilities	2027–2029
c)	Sub-chapter 7.3	Reorganisation plan after the bail-in tool	First version by 31 December 2027

By way of derogation from paragraph 1 hereof, where the NBS has established that bankruptcy or liquidation procedure can be initiated against a bank without material negative implications for financial system stability, such bank shall comply with the obligations referred to in Title III hereof within the timelines laid down in paragraphs 1 and 2 hereof, in the following way:

- 1) within Chapter 1, with sub-chapters 1.1, 1.2 and 1.3;
- 2) within Chapter 2, with sub-chapters 2.1, 2.4 and 2.5;
- 3) within Chapter 5, with sub-chapter 5.1;
- 4) within Chapter 6, with sub-chapters 6.1 and 6.2.

68. This Decision shall enter into force on the eighth day from its publication

in the RS Official Gazette and shall apply as of 1 October 2025, other than Section 61 of this Decision which shall apply as of 1 January 2026.

NBS EB No 49  
10 July 2025

B e l g r a d e

Chairperson  
Executive Board of the National Bank of  
Serbia  
G o v e r n o r  
National Bank of Serbia

Dr Jorgovanka Tabaković, sign.