

## Consultation Response

# *SRB Operational guidance for banks on liquidity and funding in resolution*

6 July 2026

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The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives.

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### *Executive summary*

AFME welcomes the opportunity to comment on the Single Resolution Board's (SRB) operational guidance for banks on liquidity and funding in resolution. Consolidation of the existing guidance is to be encouraged, but we are concerned that the approach goes beyond the objectives of providing simplification and clarification. Due to the highly granular approach that expands on existing requirements, the draft guidance loses sight of the objectives for liquidity and funding in resolution, and indeed the wider simplification initiative.

We recommend that the SRB review the draft guidance to ensure a focus on banks' capabilities, alignment with banks' risk liquidity management frameworks, and useful outputs. Issues for review include (i) the scope of Key Liquidity Entities and Key Liquidity Drivers, (ii) the overly prescriptive approach to estimating liquidity needs, (iii) the expansion to cover the Variant Resolution Strategy, and (iv) the new intraday and high frequency expectations. We also encourage greater proportionality (for example by re-assessing the expectation for an annual review of the calibration of relevant parameters and limiting the expectations on liquidity scenarios), and reduced granularity in the templates included in Annexes II and III. In addition, our response highlights areas where additional clarity from the SRB would be helpful, or where we consider that corrections are needed.

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Given the challenges and complexity introduced by the consolidated guidance, alongside the other extensive expectations recently introduced by the SRB, we consider that application from the 2028 resolution planning cycle would be the earliest date by which the first steps of implementation would be feasible.

**Please provide feedback on the proposal for an updated consolidated version of the SRB Operational Guidance on Liquidity and Funding in Resolution.**

We welcome the proposal to provide a consolidated version of the guidance. However, the draft guidance introduces an overly granular approach, unnecessarily inflates existing requirements and creates a number of challenges for firms. We consider that, as currently written, the draft guidance loses sight of the objectives for liquidity and funding in resolution (as stated in the SRB's Expectations for Banks<sup>1</sup>) and undermines the SRB's stated objective of a proportionate approach.

We recommend that the SRB review the draft guidance to ensure it remains focused on banks' capabilities, is consistent with banks' risk liquidity management frameworks, and that expectations lead to useful outputs, rather than, for example, requiring estimates that are dependent on so many variables, that they become meaningless and redundant reporting exercises, and impede comparisons. Such a review of the draft guidance would also support the wider simplification initiative.

AFME members have identified the following aspects of the guidance as being overly onerous.

- 1. Scope of Key Liquidity Entities (KLEs) and Key Liquidity Drivers (KLDs):** we welcome the derogation provided for in paragraph 17, but the scope of potential KLEs that banks would need to assess is too broad. We urge the SRB to review this aspect of the guidance to ensure that materiality is considered and that a risk-based approach is adopted, taking into account the specificities of each bank.

For KLE identification, we note in particular the expectation that significant third country branches be assessed. To ensure this remains proportionate and consistent with the liquidity risk management framework of each bank, we recommend that banks leverage on their risk management framework and be permitted to consolidate analysis at the main entity level (see also our comments on group-level and resolution-entity liquidity estimations below).

Furthermore, regarding the expectation to update the identification of KLEs and KLDs as set out in paragraphs 23 and 33, we encourage the SRB to specify that this applies when there are any material changes regarding *liquidity*. In the event of other material changes, it should suffice for banks to be able to explain the change and why it does not require updating the identification assessment for KLEs or KLDs.

In addition, we recommend that KLDs derived from existing BAU frameworks (e.g. stress testing, risk identification) as well as each bank's ILAAP and recovery plan should be accepted as valid inputs to liquidity estimation without

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<sup>1</sup> [https://www.srb.europa.eu/system/files/media/document/efb\\_main\\_doc\\_final\\_web\\_0\\_0.pdf](https://www.srb.europa.eu/system/files/media/document/efb_main_doc_final_web_0_0.pdf)

requiring separate recalibration solely for resolution purposes in order to avoid unnecessary re-engineering. The expectations should not lead to banks having to enhance, re-demonstrate or report the results of KLD analysis.

We also emphasise that the assessment of KLDs should be agnostic to time brackets and determined at a point in time. The concept of bracketing KLDs over a period of time should be addressed separately as part of the estimation of liquidity needs in resolution, rather than forming part of the KLD assessment. Regarding the expectation to assign individual scores, we highlight that a scoring methodology is open to interpretation and creates an extra unnecessary methodological requirement that does not meaningfully translate into the estimation of liquidity needs in resolution. A much simpler assessment of KLDs will lead to the exact same benefit when estimating the bank's liquidity needs in resolution.

Finally, while we welcome the clarification that the use of the identification templates is at each bank's discretion, we encourage the SRB to confirm that the template is not designed to influence KLE identification (which should be left to banks) and to address the granularity of the templates to ensure adherence to the proportionality principle. Requests for clarification regarding the template are set out later in this response.

- 2. Estimation of liquidity needs in resolution:** we acknowledge the importance of reflecting the preferred resolution strategy in the measurement and reporting of liquidity, but the draft guidance currently includes overly prescriptive modelling of resolution tools. Liquidity estimation should primarily focus on the dynamics of liquidity outflows and inflows rather than requiring detailed mechanical modelling of bail-in or transfer tools which are inherently uncertain and highly case-specific.

Banks should be allowed to align the scope and granularity of liquidity estimation with their preferred resolution strategy, in particular in the case of a Single Point of Entry (SPE) approach. While the draft guidance acknowledges the difference between SPE and MPE approaches (paragraphs 39-40 and 72-73), the guidance would require estimates of the liquidity position at resolution group level and at the level of each KLE. Under an SPE strategy, resolution actions are implemented at the level of the resolution entity, while subsidiaries remain going concerns and continue their operations with support from the resolution entity. As a result, liquidity stress materialises primarily at the level of the resolution entity; and at the level of the consolidated resolution group.

In this context, liquidity estimation performed at the level of the resolution entity and the consolidated group can provide a comprehensive and decision-relevant view of liquidity needs in resolution, as it fully captures:

- centralised funding structures;
- intragroup liquidity flows;
- counterbalancing capacity;
- market confidence dynamics.

We recognise the relevance of KLEs, but their identification should primarily serve to inform assumptions on intragroup constraints and frictions; and to support qualitative analysis of liquidity distribution. Requiring full bottom-up liquidity projections for each KLE, irrespective of the group's liquidity management model and resolution strategy, may result in limited additional analytical value, while significantly increasing operational complexity and data requirements.

Therefore, institutions should be allowed to demonstrate that group-level and resolution entity-level liquidity estimations are sufficient, provided that:

- interdependencies are adequately captured through assumptions or constraints;
- material legal or regulatory restrictions are reflected; and
- the liquidity position of the resolution entity remains the primary reference for assessing liquidity adequacy in resolution.

This approach would ensure consistency with the SPE resolution framework while avoiding unnecessary duplication and maintaining proportionality. More generally, the guidance should focus on the assessment of liquidity inflows, outflows and funding needs, rather than on overly detailed modelling of the mechanics of specific resolution tools, which will necessarily remain case-specific and uncertain.

- 3. Variant resolution strategy (VRS):** multiple updates have been made to the guidance to refer to the VRS. For example, paragraphs 34 and 72-76 suggest that banks are expected to develop capabilities to (i) estimate liquidity for the VRS; (ii) assess whether implementing the VRS could adversely affect a bank's ability to measure and report the liquidity situation; and (iii) ensure that the liquidity reporting keeps running during the transfer. These expectations would require banks to build additional MIS capabilities given that the SRB seems to pursue liquidity/funding reporting and quantification on the VRS in the upcoming resolution cycles. This would be very operationally burdensome and disproportionate and we encourage the SRB to review this aspect of the guidance.

We recognise the need for authorities to retain optionality in resolution. However, we do not consider it proportionate or operationally meaningful to require banks to develop dedicated liquidity estimation and reporting capabilities for every conceivable scenario and permutations.

Variant strategies are, by design, less developed, highly contingent and subject to significantly greater uncertainty than the preferred resolution strategy (PRS). Requiring ex-ante liquidity modelling for a potentially wide range of hypothetical VRS scenarios would introduce disproportionate complexity, additional MIS build requirements and reliance on highly speculative assumptions, without delivering commensurate decision-useful insights. The SRB has not articulated what objective would be achieved through that expansion that cannot already be achieved through capabilities developed for the PRS, which are flexible and sensitive enough to adapt to fast-moving and evolving circumstances.

Additionally, a key issue arises for hosted banks, as capabilities to measure and estimate liquidity positions are developed and operated at parent level (e.g. in the US), rather than at the level of the Banking Union entity. The introduction of a VRS at Banking Union level could imply that the entity, although a Material Entity within the Group resolution plan, would be expected to establish standalone processes, methodologies, and scenarios to assess its liquidity position independently. In practice, however, these capabilities reside at the level of the non-Banking Union parent. This would therefore necessitate a significant uplift in local capabilities, requiring substantial investment that was not envisaged under the legacy guidance and appears disproportionate vis à vis the intended objectives in the context of an unlikely hypothetical scenario.

We therefore encourage the SRB to reconsider this aspect of the draft guidance. We note that, during the technical meeting held on 12 June 2026, the SRB stated that the SRB will review and detail their practical expectations on VRS to allow for improvements to resolvability while avoiding unnecessary complexity.

If the expectations on VRS are retained even in revised form, we note that banks would require sufficient lead time to implement the expectations.

- 4. Intraday aspects of the guidance:** in the existing guidance<sup>2</sup>, the description of intraday liquidity in section 3.3.4 is consistent with ECB expectations and with the actual liquidity management of banks, and relates to the monitoring of daily maximum intraday liquidity usage, available intraday liquidity at the start of the business day, or total value of gross daily payments made and received. We acknowledge that this is replicated (with adjustments) in paragraph 47 of the new guidance although we question the value of estimating intraday metrics months in advance in scenario estimations leading up to resolution (see our comments below regarding the expectations on liquidity scenarios).

However, the concept of ‘high frequency reporting’ is new and may require significant changes to banks’ liquidity data, monitoring and reporting infrastructure and it is unclear what the new expectations are designed to achieve. The definition provided in paragraph 9 is broad and does not clearly exclude continuous or hourly reporting expectations. As a result, the subsequent paragraphs in the draft guidance that reference ‘high frequency’ set unrealistic expectations for what can be reported during a crisis (and therefore the capabilities that banks are expected to develop).

The expectations on the information to be reported multiple times a day do not align with intraday liquidity management as defined by international standard setters (BCBS) and supervisors (including the ECB) and should be reviewed.

Reporting multiple times a day is unduly onerous and the subset of metrics that the SRB have indicated should be reported (as well as not aligning with

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<sup>2</sup> [https://www.srb.europa.eu/system/files/media/document/2021\\_04\\_30\\_public\\_guidance\\_on\\_liquidity\\_and\\_funding\\_in\\_resolution\\_final\\_0.pdf](https://www.srb.europa.eu/system/files/media/document/2021_04_30_public_guidance_on_liquidity_and_funding_in_resolution_final_0.pdf)

BCBS 248 or ECB expectations) do not offer value given they are end of day metrics. We therefore question why this information is required and what the expected outcome would be. We note that liquidity metrics such as the LCR are not relevant for steering purposes at the point of FOLTF as the focus is entirely on cash and the development of cash balances in order to meet payment obligations. Not only would the information offer limited value, it also risks resulting in highly distorted data that could lead to incorrect interpretations. Intraday liquidity positions are highly dynamic. It is common for banks to experience larger liquidity outflows in the morning, which are typically balanced over the course of the day. Consequently, an intraday LCR measured in the morning may differ substantially from one observed in the afternoon, even under business-as-usual conditions. This could lead to misleading and potentially false conclusions regarding a bank's liquidity position.

A further concern is that the expectation risks impeding experts' ability to monitor the liquidity situation of a bank in a period of crisis, due to an unnecessary expectation to produce burdensome reporting that would be, in any case, obsolete by the time it is submitted to the SRB.

Intraday liquidity modelling in resolution should leverage existing monitoring frameworks already developed under BCBS standard 248, payment system requirements, and internal treasury practices. Banks that already monitor intraday liquidity through stress-based intraday buffers should not be required to develop standalone resolution-specific intraday models, provided these frameworks can be adapted for resolution strategies.

As agreed by the SRB during the technical meeting on 12 June 2026, the SRB should reconsider the need and purpose of high frequency reporting.

5. **Overly granular templates:** the templates included in Annexes II and III are highly granular. In particular, Annex III seems to require estimated operational timelines to mobilise specific asset classes. While the guidance "encourages" use of these templates, in practice it appears to introduce new reporting requirements. Clarification would be helpful on whether (and when) the SRB expects these to be submitted as formal deliverables.
6. **Annual review of the calibration of relevant parameters:** the expectation for annual review under paragraph 43 of the draft updated guidance is disproportionate. We recommend instead that a review be carried out if agreed with the IRT and only if relevant to the situation of the bank.
7. **Expectations on liquidity scenarios:** given slow-moving and fast-moving scenarios are already captured in ILAAP and recovery planning, we encourage the SRB to clarify to a greater extent that banks may leverage on the BAU framework. Currently, paragraph 58 only refers to scenarios already developed being used as a starting point. We acknowledge the relevance of taking account of resolution specificities only if there are any and where these are relevant, and methodologies should not be scenario dependent. Beyond this, we encourage the SRB to review the drafting of paragraph 56 which is currently extremely broad, for example referring to 'any crisis scenario'. We

recommend that the SRB be more specific regarding its expectations, narrowing them to ensuring that these remain proportionate and pragmatic.

We also encourage a review of the duration of the scenarios. For the slow-moving scenario, paragraph 60 states that banks are expected to assume they enter into resolution no less than 12 months after the start of the crisis. Paragraph 62 states that the analysis is expected to include a forecast of the liquidity position for a period no shorter than six months following resolution, should the PRS be bail-in. This would require 18-month projections which is disproportionate and provides little added value from a resolution perspective, particularly when considering past banking crises and risk of liquidity outflows which have proven to be much faster than had previously been considered. We recommend reducing the length of the scenario to maximum 12 months.

For a fast-moving scenario, paragraph 60 reduces the duration from three months to one month. This will create additional work for banks and we recommend that the SRB be less specific regarding the duration of a fast-moving scenario.

Finally, we understand from paragraph 82 (and the comments relating to this section in Annex I) that it is expected that the outcome of the analysis performed should be accounted for in liquidity strategies and where relevant in the funding plan. This expectation appears circular and we encourage the SRB to review the wording to be more explicit in noting that such a remote resolution hypothesis is not supposed to be systematically taken into account in the course of 'Business As Usual'. Only material elements (if any), as agreed with the bank's IRT, that are relevant to day-to-day business, should be taken into account.

- 8. Presentation of the results of the estimates:** while we welcome the clarification in paragraph 80 that a specific format is not imposed, we question the expectation that, at a minimum, the outcome of the simulations is expected to include for each scenario a stylised balance sheet leveraging on COREP. We note that, during the technical meeting on 12 June, the SRB indicated that this would be reviewed.

In addition, AFME members have identified the following aspects of the guidance as requiring additional clarification or correction:

- 9. Measurement and reporting of the liquidity situation in resolution:** the wording that banks may be expected to test their reporting capabilities through dedicated exercises, and that the format of those exercises and standardised information to be reported will be specified by the SRB (paragraph 84), implies that more information will be provided in the future by the SRB. It would be helpful to understand if the intention is to introduce a new data collection exercise. If so, we would query the objective and caution against new and unnecessary expectations.

Regarding the liquidity data collection exercise outlined in section 3.2, it is unclear which template the SRB is referencing. Footnote 20 refers to the current

reporting channel as CASPER. Our members' understanding is that the Joint Liquidity Template is the only template submitted through this system, yet the guidance does not mention the Joint Liquidity Template.

Our members also note that the Q&A link in paragraph 128 directs readers to outdated resolution reporting/data collection exercise Q&As.

- 10. Gap analysis for non-eligible collateral:** the expectation that banks should document why assets are deemed non eligible as central bank collateral (set out in paragraph 149) suggests a new requirement to conduct a detailed gap analysis that maps the specific reasons certain assets are ineligible for central bank facilities, and then to assess potential actions if eligibility rules were relaxed. As the expected deliverable is unclear, we encourage the SRB to specify the expected scope and output, including whether there is a connection to paragraph 139 which appears to introduce a new requirement. It is unclear whether the SRB is expecting firms to document historical instances as possible reference cases.

We highlight again the importance of avoiding new requirements and unnecessary burden. We acknowledge the importance of considering non-typical portfolios. However, some of the asset classes listed in the lower right quartile of the matrix included on p.40 of the draft guidance require significantly more work, despite being likely to offer more limited liquidity potential. We also note the downsides of over-encumbering a bank's balance sheet in resolution, which may create hurdles in returning to market funding.

- 11. Eligible non-marketable assets:** more specificity is needed from the SRB on which types of non-marketable collateral could, in principle, be considered by the SRF or within the framework of ELA, and under which conditions. Only on this basis can banks assess in a targeted manner the asset classes or credit portfolios for which a more in-depth analysis of legal, operational, and valuation-related mobilisation would provide added value for resolution planning.

We encourage the SRB to review the draft guidance to place greater emphasis on a gradual and risk-oriented approach. As a first step, the competent authorities should specify the potentially eligible asset classes, minimum data and collateral requirements, as well as the overarching valuation and haircut logic. Banks could then focus their analysis on those portfolios where rapid mobilisation in a resolution scenario appears realistic and can make a tangible contribution to liquidity provision. This approach would better align banks' preparatory work with actually usable sources of collateral, while avoiding extensive analysis of assets whose potential usefulness for liquidity support in resolution remains unclear.

- 12. Outcomes of simulations:** it would be helpful if the SRB could clarify whether the simulations referred to in the draft guidance (in paragraph 80) are

the same as the operational and management simulations referred to in the SRB's guidance on testing.<sup>3</sup>

**13. Duplicative material:** the draft updated guidance includes content on financial market infrastructure (FMI) that duplicates other SRB guidance. We generally recommend that cross-references to other guidance documents are made to avoid duplication and overlaps, and that only new or different expectations are included from a liquidity and funding in resolution perspective.

**14. Annex II:** we reiterate the importance of reviewing the granularity of Annex II, but if the detail is retained, we would welcome clarifications or corrections to inconsistencies across the following areas.

KLE tab:

- What is expected under the fields “Business model”, “Intragroup funding”, “Concentration of currencies” and “Contribution to CBC (%)”?
- Field name “contribution to TREA” is not consistent with the “Annex to the KLE file” field name “Contribution to Group TREA”.
- Field name “Unencumbered collateral (%)” is not consistent with the “Annex to the KLE file” field name “Unencumbered total collateral [%]”.
- Are fields “Liquid assets to short-term liabilities”, “Non-domestic assets” and “Share of risk exposures amounts of foreign exchange to risk exposures amounts” numerical or expressed as a percentage?
- How will the KLE identification threshold be used?

KLD tab:

- Under ‘Requirements for FMIs’ (rows 25 to 27), column F refers to ‘T33.00’. Should this refer to ‘Z.09.03’ to align with paragraph 46 of the draft updated guidance?

**15. Annex III:** collateral reporting is duplicative of the JLT. In addition, there are differences between Annex III and the JLT which lead to a lack of clarity. Specifically, the ‘type of value’ column requires users to select a value from a drop down list. It is unclear if the tab should be populated three times to provide for all respective values, or whether the values can be reported in each row as a bank deems fit with the selection of a type of value. Additional explanation from the SRB would be helpful to understand if Annex III is intended to constitute a separate, additional report to the JLT. We recommend that collateral reporting is removed given the reporting already available in the JLT.

### **What is your estimate, if any, of the costs and workload the proposal would impose on your institution, or on banks you represent?**

The expectations set out in the draft guidance would introduce significant costs and would have important resource implications. This applies in particular to the new intraday high frequency expectations which would require system changes.

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<sup>3</sup> [https://www.srb.europa.eu/system/files/media/document/2025-09-26\\_SRB\\_Operational-guidance-on-resolvability-testing-for-banks.pdf](https://www.srb.europa.eu/system/files/media/document/2025-09-26_SRB_Operational-guidance-on-resolvability-testing-for-banks.pdf)

We encourage the SRB to review the draft guidance not only because of the significant costs and workload the expectations generate, but also because, as a point of principle, the expectations should be focused on banks' capabilities and limited to what is necessary to achieve the SRB's objectives.

**The SRB seeks to provide sufficient lead time for adoption of new guidance. Given the limited scope and to avoid additional work, we propose application from the 2027 resolution planning cycle (i.e., any materials that IRTs would request from banks based on the updated guidance would only be delivered in the course of 2027). Would this be feasible, assuming that final guidance would be available in the autumn of this year? Or would a staggered delivery of these new elements be preferable?**

As highlighted above, the proposed guidance introduces significant new operational complexity and onerous expectations. We also note the other extensive expectations recently introduced by the SRB. As a result, we consider that application from the 2028 resolution planning cycle would be the earliest date by which implementation would be feasible for most banks. Banks should be given a minimum of 18 months to prepare from publication of the finalised guidance to allow for IT development, validation, development, testing and go live.