

**Revised Guidelines on stress tests of deposit guarantee schemes under  
Directive 2014/49/EU  
(EBA/GL/2021/10)**

These European Banking Authority (henceforth EBA) guidelines are addressed to competent authorities as defined in Article 4(2)(iv) of Regulation (EU) 1093/2010, and also addressed to competent authorities as defined in Article 4(2)(i), (iii) and (v) of Regulation (EU) 1093/2010, to the extent that their cooperation, as safety net participants, is required in order to ensure adequate performance of the Deposit Guarantee Schemes (DGS) stress tests.

The Guidelines establish the framework for performing stress tests to DGS. In particular, they describe in detail which core tests should be performed and how their results should be assessed. The Guidelines have been developed on the EBA's own initiative and they repeal and replace EBA/GL/2016/04 (Guidelines on stress tests of deposit guarantee schemes under Directive 2014/49/EU), with effect from 15 September 2021.

The Guidelines have been developed by the EBA in accordance with article 16 of Regulation (EU) No 1093/2010. The EBA published the English version of these Guidelines on 15 September 2021 and the Spanish version was released on 14 December 2021. The Guidelines apply from 14 February 2022.

The Banco de España, in its role as authority responsible for performing stress tests to the FGD, as supervisor of LSI and as the preventive resolution authority of LSI adopted these Guidelines as their own on 7 February 2022.

These Guidelines will not apply to specialised lending institutions nor to the Instituto de Crédito Oficial.

---

EBA/GL/2021/10

---

15 September 2021

---

## Final Report

---

On the Revised Guidelines on stress tests of deposit guarantee schemes under Directive 2014/49/EU repealing and replacing Guidelines EBA/GL/2016/04 ('Revised Guidelines on DGS stress tests')

---

# Contents

---

<b>Executive Summary</b>	<b>3</b>
<b>Background and rationale</b>	<b>5</b>
<b>Guidelines</b>	<b>9</b>
1. Compliance and reporting obligations	10
2. Subject matter, scope and definitions	11
3. Implementation	13
4. Guidelines on DGS stress tests	14
5. Accompanying documents	49

# Executive Summary

---

In 2016, the European Banking Authority (EBA) issued Guidelines on stress tests of Deposit Guarantee Schemes (DGSs). These Guidelines set out the scope of DGS stress tests and established priority tests that DGSs are required to perform and report on the results by means of a dedicated reporting template. In line with the requirements in the Deposit Guarantee Schemes Directive (DGSD), in June 2020, the EBA published its first peer review of the results of the DGS stress tests across the European Economic Area (EEA). The peer review report provided early indications of ways to improve the robustness of the stress-testing framework and comparability of the outcomes reported by the DGSs. Based on the areas for improvement identified in the context of the peer review, and the results of a public consultation on revising the current EBA Guidelines on stress testing of DGSs, the EBA decided to repeal and replace these original Guidelines with these Revised EBA Guidelines on stress testing of DGSs.

The Revised Guidelines further strengthen the current DGS stress-testing framework by requiring the DGSs to stress test their ability to perform all of the interventions they are legally mandated to perform. The original guidelines only requested stress testing DGSs' ability to reimburse depositors. The Revised Guidelines also require the DGSs to stress test their ability to have access in due time to all of their funding sources, including extraordinary *ex post* contributions and alternative funding arrangements (irrespective of the amount of available *ex ante* funds collected by the DGSs).

The amendments incorporated strengthen the cooperation between the DGSs and different authorities by requiring the stress testing of interventions where cooperation with other authorities is necessary. They additionally encourage the DGSs to choose stress-testing scenarios with additional business continuity challenges or external circumstances that create extra stress for the DGSs to perform their functions, such as a pandemic, ICT failures or other such events.

The Revised Guidelines aim to provide a more comprehensive, clear and harmonised template for recording and submitting the results of the stress tests to the EBA. The deadline for the DGSs to submit their next reporting template is set for 16 June 2024.

In the context of the public consultation on the draft Revised Guidelines conducted in March 2021, some respondents highlighted the significant extension of the reporting template Guidelines in comparison with the one appended to the former Guidelines. In response to this, additional drop-down menus and binary (yes-or-no) questions have been inserted to make the completion of the template by the DGSs more efficient.

Also, while assessing the consultation responses, the EBA identified the merit of further clarifying the Revised Guidelines to specify that the DGSs should be able to fulfil all of the components of their legal mandate to assess themselves as resilient. Even though one of the legal functions was entrusted to the DGS as a DGSD national option, the ability to perform this function will be included in the assessment of the DGSs' resilience.

## Next steps

The Revised Guidelines on the DGS stress tests will apply from 15 September 2021. The 2016 Guidelines on the DGS stress tests will be repealed at the same time.

# Background and rationale

---

## Background

1. Article 4(10) of the Deposit Guarantee Schemes Directive (DGSD, 2014/49/EU) provides that Member States shall ensure that DGSs perform stress tests of their systems and that the DGSs are informed as soon as possible in the event that the competent authorities detect problems in a credit institution that are likely to give rise to the intervention of a DGS. The DGSD requires such tests to take place at least every 3 years and more frequently where appropriate. The EBA, in turn, has to conduct, at least every 5 years, a peer review based on the results of the stress tests, pursuant to a mandate conferred on the EBA in Article 30 of Regulation (EU) No 1093/2010 ('EBA Regulation'), in order to examine the resilience of DGSs.
2. To that end, the EBA issued in 2016 own-initiative guidelines on stress tests of DGSs (Guidelines EBA/GL/2016/04 on stress tests of deposit guarantee schemes under Directive 2014/49/EU), which specify the methodological principles that DGSs should apply to assess whether the operational and funding capabilities of DGSs are sufficient to ensure deposit protection in the event of a bank failure. The Guidelines specify that DGSs should perform four 'priority tests' and report the results of those tests to the EBA by 3 July 2019.
3. The main aim of the Guidelines was, and still is, to ensure consistency and good quality of DGS stress tests and, thus, to facilitate the comparability of the tests in the context of the peer reviews performed by the EBA. At the same time, the Guidelines provide a sufficient level of flexibility and proportionality to enable DGSs to adapt the DGSs stress test exercises to their national specificities.
4. In compliance with the Guidelines, the EBA received in July 2019 reports on DGS stress tests from 32 DGSs from 27 EU Member States. In line with the DGSD, on 17 June 2020, the EBA applied those Guidelines to perform, and publish a report on, the first peer review of DGS stress tests and the resilience of national DGSs (hereafter 'the 2020 peer review'). Based on the tests that DGSs have performed, the EBA concluded that such tests have become an established tool for preparing for DGS interventions. Most DGSs have identified areas for improvement on the basis of the tests, but the shortcomings are isolated and/or can easily be addressed by the DGSs at the point of failure, and are unlikely to affect the ability of DGSs to perform their tasks in line with the DGSD. However, the EBA also concluded that the divergence in the type of exercises performed and in the way outcomes were reported, made it difficult to compare the tests between DGSs with the desired consistency. The EBA therefore provided early indications in the report of 45 areas in which the DGS stress-testing framework could be improved to enhance the comparability for future peer reviews and thus to strengthen the framework.
5. Following the publication of the 2020 peer review report, the EBA decided to revise current Guidelines and replace them with Revised EBA Guidelines on stress testing of DGSs. On 11 March

2021, the EBA conducted a 3-month public consultation on the draft Revised Guidelines on DGS stress tests. Five responses were received, mainly from DGS practitioners.

6. The early indications included in the 2020 peer review report, as well as the responses received in the course of public consultation are reflected in these Revised Guidelines.

## Rationale

7. The DGS stress tests contribute to maintaining the DGSs' preparedness, identifying shortcomings and thus contribute to the continuous improvement of the DGS framework. The first peer review on DGS stress tests and the resilience of DGSs that the EBA conducted in 2020 revealed that the framework would benefit from further improvements. This is in line with the nature of stress testing itself: to integrate lessons learned in existing practices and processes and maintain a continuous learning and improvement cycle. The EBA also identified 'good practices' in the 2020 peer review report, which were included to provide advice for DGSs to note. A number of these good practices is part of the revisions to the EBA Guidelines. The areas for improvement and good practices reflected in these Guidelines relate to the design and execution of the stress tests (i.e. how a DGS plans and runs the exercises) and the reporting of the results to the EBA (i.e. how the DGS consistently and accurately reflects the results of the exercises).
8. The Revised Guidelines also include four amendments that have been made as a result of the responses received to the public consultation conducted in March 2021. One of them is a change to the guidelines themselves and three are changes to the reporting template appended to the Revised Guidelines.
9. Firstly, the indicator i24 (for cross-border cooperation scenario, the time for transmission of the funds required for the repayment to depositors at branches by the host DGS) has been moved from the section dedicated to the funding capability stress tests to the section related to indicators for the operational capability stress tests (Guidelines 4.59 and 4.64). Even though indicator i24 refers to a transfer of funds between DGSs, the assessment should focus on the operational capability of the home DGS to send the expected financial means to the host DGS in due time.
10. Secondly, the free-text field dedicated to the DGSs' funding structure has been removed from the reporting template. Instead, drop-down menus and more targeted questions have been inserted in order to improve the comparability of the information reported in the first sheet. The DGSs will have to report the percentage of DGSs' available financial means in relation to the amount of covered deposits held by the affiliated credit institutions. Also, the DGSs will have to report their management policy of their available financial means by specifying (via a drop-down menu) whether these are directly managed by the DGS, by another entity following the DGS's instructions or by another entity without receiving DGS's instructions. The DGSs will also be requested to specify (via drop-down menus) whether specific arrangements are in place to raise

extraordinary contributions and alternative funding means. A few free-text fields accompany these questions to report any relevant additional details.

11. Thirdly, the fourth sheet of the reporting template has been amended to require the DGSs to report whether the analysis of the SCV files is based on a dedicated software or performed manually, what checks are included in this analysis and if the affiliated credit institutions are approached by automatic messages. This dataset will be provided by the DGSs via drop-down menus, accompanied by free-text fields to provide any further details if relevant.
12. Fourthly, for the sake of convenience, the qualitative scores provided in Guideline 5.2 (1 as best performance, 2, 3 and 4) have been also specified in the last sheet of the template on reporting instructions.

### **Additional clarifications introduced**

13. While assessing the consultation responses, the EBA identified the merit of introducing some additional clarifications to the Guidelines.
14. Firstly, the phrasing of indicator i2 (as provided for in Guideline 4.16) has been aligned with the reported instructions provided in the revised template. The DGSs are required to report the share of valid SCV files – not the share of the invalid ones as originally requested. This is better linked with the second assessment required by indicator i2, which is to report the share of substandard entries within said set of valid files.
15. Secondly, Guideline 4.38 related to indicator i10 (capacity of websites or call centres in terms of number of connections or calls) has been amended to take into consideration the number of depositors of the tested credit institution. This is because the assessment of the capacity of the website and call centre is less informative on an absolute as opposed to relative basis. The adequacy of the DGS website's and call centre's capabilities relative to the number of potential expected website visits and calls, which relies on the chosen credit institution to perform the test, is the key factor to be analysed by the DGSs.
16. Thirdly, Guideline 5.9 has been clarified to specify that the DGDs should be able to fulfil all of the components of their legal mandate to assess themselves as resilient. Even though one of the legal functions was entrusted to the DGS as DGSD national option, the ability to perform this function will be included in the assessment of the DGS resilience. For instance, a DGS mandated to compensate depositors and prevent failure should show, in light of the outcomes of its stress tests, that it is able to perform both kinds of interventions when reporting 'sufficiently resilient' in sheet 2 of the reporting template. If said DGS is not able to perform at least one function that is part of its legal mandate, it will be required to report 'insufficiently resilient'.
17. Fourthly, the time unit applicable to the results to be reported by the DGSs has been clarified for several indicators. Regarding indicator i1, the amount of time to obtain SCV files should be reported in hours, if possible. The amount of time should be reported in working days regarding indicators i13 (DGS' ability to make the repayable amount available), i14 (time to obtain SCV-file



data on complex cases such as THBs, if tested on a voluntary basis), i17 (time to transmit the payment instrument files to the host authorities) and i24 (time to transmit other necessary information to the host authorities).

EBA/GL/2021/10

---

15 September 2021

---

## Guidelines

---

on stress tests of deposit guarantee schemes under Directive 2014/49/EU (Guidelines on DGS stress tests) (Revised)

# 1. Compliance and reporting obligations

---

## Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010<sup>1</sup>. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

## Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these revised guidelines, or otherwise with reasons for non-compliance, by 14.02.2022. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website with the reference 'EBA/GL/2021/10'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.
4. Notifications will be published on the EBA website in line with Article 16(3) of Regulation (EU) No 1093/2010.

---

<sup>1</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).

## 2. Subject matter, scope and definitions

---

### Subject matter

5. These guidelines specify the minimum principles and content of stress tests that deposit guarantee schemes must perform pursuant to Article 4(10) of Directive 2014/49/EU (DGSD)<sup>2</sup>.
6. They aim at helping designated authorities and DGSs to increase the resilience of the DGSs' systems within the European Union by setting a minimum level of consistency, quality and comparability of DGSs' stress tests.
7. The resilience of DGSs can be defined as the ability of DGSs to perform the tasks entrusted to them in accordance with Directives 2014/49/EU and 2014/59/EU<sup>3</sup>. This definition covers all the tasks that a DGS is mandated to perform according to the national legislation, including the DGS repayment (Article 8(1) and 11(1) DGSD), the DGS repayment with cross-border cooperation (Article 14 DGSD), contribution to resolution (Article 109 Bank Recovery and Resolution Directive (BRRD)), contribution to failure prevention (Article 11(3) DGSD) and contribution to insolvency proceedings (Article 11(6) DGSD). The resilience of DGSs can be assessed by means of the stress tests provided in the guidelines.

### Scope of application

8. These guidelines apply to DGSs when performing stress tests of their systems in accordance with Article 4(10) of Directive 2014/49/EU.
9. Where designated authorities administer a DGS, they should apply these guidelines when performing stress tests of the DGS's systems. When a DGS is administered by a private entity, designated authorities should ensure that these guidelines are applied by such DGSs.

### Addressees

10. These guidelines are addressed to competent authorities as defined in Article 4(2)(iv) of Regulation (EU) 1093/2010.
11. These guidelines are also addressed to competent authorities as defined in Article 4(2)(i), (iii) and (v) of Regulation (EU) 1093/2010, to the extent that their cooperation, as safety net participants, is required in order to ensure adequate performance of the DGS stress tests.

---

<sup>2</sup> Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ L 173, 12.6.2014, p. 149).

<sup>3</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).

## Definitions

12. Unless otherwise specified, the terms used and defined in Directive 2014/49/EU have the same meaning in the guidelines. In addition, for the purposes of these guidelines, the following definitions apply:

Exercises	means the different actions that a DGS takes in order to conduct one stress test.
Core tests	means the stress tests assessing the resilience of the DGS to perform the different functions which are part of DGS's legal mandate.
Stress-testing cycle	means the period of time that does not exceed 3 years, in which a DGS conducts at least once each of the stress tests defined as core tests.
Reporting cycle	means the time range (determined by the EBA) between the completion and official submission of two reporting templates provided in Annex 1 by a DGS to the EBA.
Assumptions	means the information and parameters that are predetermined for the conduct of a DGS stress test.
Internal participants	means test participants who directly contribute to the achievement of the test and who are employed or subcontracted by the DGS. They might also be part of another public authority entrusted with the DGS's functions provided by the DGSD and the BRRD.
Internal observers	means test observers involved in order to monitor the completion of the test and provide views on the various phases of the test. They are employed or subcontracted by the DGS. They might also be part of another public authority entrusted with the DGS's functions provided by the DGSD and the BRRD.
External participants	means test participants who directly contribute to the achievement of the test. They are not employed or subcontracted by the DGS and are not entrusted with the DGS's functions provided by the DGSD and the BRRD. They might be part of (inter alia) affiliated credit institutions, relevant public authorities or external providers of the DGS.
External observers	means stakeholders involved in order to monitor the completion of the test and provide views on the various phases of the

test. They are not employed or subcontracted by the DGS and are not entrusted with the DGS's functions provided by the DGSD and the BRRD. They might be part of (inter alia) affiliated credit institutions, relevant public authorities or external providers of the DGS.

---

Single-Customer-View file ('SCV file')

means a file containing the individual depositor information necessary to prepare for a repayment by a DGS, including the aggregate amount of eligible deposits of every depositor.

---

### 3. Implementation

---

#### Date of application

13. These guidelines apply from 15 September 2021.

#### Repeal

14. The Guidelines EBA/GL/2016/04 are repealed with effect from 15 September 2021.

## 4. Guidelines on DGS stress tests

---

### Guideline 1: Objectives of DGS stress tests

1.1 DGS stress tests should contribute to incrementally increasing the resilience of the European system of DGSs, by:

- (i) assessing the resilience of DGSs, through testing the ability of DGSs to perform the tasks entrusted to them in accordance with Directives 2014/49/EU and 2014/59/EU, including when cooperating with other DGSs within the European Union;
- (ii) identifying which dimensions of a DGS require improvements or have already improved compared to previous tests; and
- (iii) producing results which allow comparability and peer reviews.

### Guideline 2: Methodology for DGS stress tests

2.1 In order to ensure a comprehensive approach, stress tests should be programmed over a medium-term perspective. Each stress-test exercise should follow a number of key phases as described in Guideline 2.

2.2 To safeguard compliance with Article 4(11) of Directive 2014/49/EU, designated authorities should ensure that DGSs obtain and use the information necessary to perform stress tests of their systems only for the performance of those tests and keep it no longer than is necessary for that purpose. To safeguard compliance with Article 4(9) of that Directive and in particular where the test involves the processing of data pertaining to depositors' accounts, designated authorities should ensure that DGSs preserve confidentiality, process that data pertaining to depositors' accounts in accordance with Directive 95/46/EC<sup>4</sup> and fully protect those data including by means of applying anonymisation methods as appropriate.

#### Programming of stress tests

2.3 Over a period that is not more than 3 years, DGSs should develop a stress-testing programme including exercises covering all core tests defined in Guideline 3. In any event, a stress-testing cycle reaches completion when all the core tests have been conducted at least once (since the enforcement of the guidelines or the adoption of the last cycle).

---

<sup>4</sup>Replaced by Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

- 2.4 The programme should set out the estimated timeframe of programmed exercises and define the planned scope of each exercise in terms of formats and assumptions. The programme can include either one or several stress-testing cycles.
- 2.5 The programme should be updated on a regular basis, taking into account the results of previous stress tests (e.g. results that would highlight a need for a deeper assessment), actual DGS interventions or regulatory developments (e.g. a shortening in repayment deadlines).
- 2.6 Where a real-life intervention occurred during the stress-testing cycle and enabled a DGS to assess its resilience related to some or all of the core tests and/or the indicators under the programme, the DGS should consider amending the programme to reflect that the real-life-based test will substitute the originally envisaged test. In such a case, instead of completing all the key phases below, the DGS can focus on the reporting and corrective action phases.

### **Key phases of a stress-test exercise**

- 2.7 DGSs should complete the following phases when conducting a stress-test exercise.

#### **Planning phase**

- 2.8 DGSs should appoint, among their internal staff, a steering team or steering officer (hereinafter referred to as 'steering team') in charge of planning and coordinating the various tasks involved in a stress-test exercise. For this purpose, internal staff means the staff employed or subcontracted by the DGS and staff from another public authority entrusted with the DGS's functions provided by the DGSD and the BRRD. Without being part of the steering team, external participants and observers can be involved in the various phases of the stress tests. Senior management should ensure that the steering team is provided with all the information necessary and receives full support from the rest of the DGS staff.
- 2.9 Ahead of each exercise, the steering team should define the timeframe for executing the test and identify the internal and/or external participants and observers involved.
- 2.10 Based on the stress-testing programme, the steering team should define in more detail the focus of the test, formats, indicators to be measured and assumptions underpinning the exercise (e.g. amount to finance DGS's intervention, level of payout in liquidation or credit institutions to be covered by quality checks of SCV files).
- 2.11 The DGS can use assumptions from previous intervention cases and assess the way in which the DGSs' systems performed. They can also simulate the way in which, under the current conditions, their scheme would behave if it were faced with a similar situation.
- 2.12 The DGS should allocate the necessary resources for the test in terms of supporting staff, budget and infrastructure. The adequacy of these means should be continuously reviewed during the development of the exercise.



2.13 DGSs should make arrangements to ensure objectivity in the definition of assumptions for the stress test, the running of the test and the elaboration of unbiased conclusions. DGSs are asked to report on such arrangements in the reporting template. Such arrangements should be documented by the scheme and ensure that objectivity requirements apply to all participants and observers to the test and in all phases. As part of those arrangements, DGSs should establish a clear separation between the steering team and other participants and observers who, within the DGS, also take part in the exercise. DGSs should also report on elements the DGSs took into account when making such arrangements, such as the particular setup/governance of the DGS, costs, conflicts of interest, added value, national provisions on professional secrecy and DGS oversight.

2.14 Those arrangements can provide for the involvement of external observers of the process. Observers might be the designated authorities where they are not themselves administering the schemes, other public authorities, consultancy firms or other DGSs. Observers should strive to verify that the process is being led objectively and, in case of doubt, express their concerns to the steering team. Observers should have access to the relevant information regarding all phases of the process. Any information shared in this context should be subject to strict professional secrecy requirements. The requirement to establish separation or alternatively involve observers should be considered as met with regard to the tests of SCV files.

2.15 The steering team should contact the internal and external participants and observers who will be involved in the various stages of the exercise and ensure mutual understanding as to the role expected by everyone in the exercise.

### Running phase

2.16 When running the exercise, the steering team should request and collect from test participants and observers the information necessary to assess the performance of the DGS's systems in relation to the test areas and indicators described in Guidelines 3 and 4.

2.17 Exercises can be run in various formats, including live role-playing sessions where internal and external participants simulate the actions and decisions they would take in a given core test as defined in Guideline 3, or back-office exchanges (e.g. where the steering team requests SCV files from an institution and measures the accuracy of the information). DGSs should report on the type of format chosen for each exercise in the reporting template, using the following categories:

- Desk-based reviews, which include reviews (of the quality) of existing procedures and arrangements in place, for example to outline and go through the processes of a (fictional) payout event from beginning to end, to assess a number of areas;
- On-site inspections, for example visits by DGSs or their service providers to credit institutions in order to assess the quality of their SCV files. These visits can be provided and specified through the applicable national framework;

- Simulations, for example an end-to-end simulation of a certain core test, or simulations of parts of the process such as the transmission of a payment instruction file from a home to a host DGS or the transfer of an amount of *ex ante* funding, and drawing on a credit line;
- Real-life cases that occurred during the stress-testing cycle and that allowed for the assessment of the DGSs' capabilities included in these guidelines; and
- Other types of exercises, to be used only when the exercise does not fit in any of the categories above and should be explained by the DGS when reporting.

2.18 Distinguished from the steering team, participants in the running phase should represent those authorities, entities or even internal departments, including within the DGS, which would have to take the necessary actions or decisions or provide the necessary information in a real-life scenario. This can include internal participants (for example, the internal department in charge of funding issues within the DGS) or external participants (for example resolution authorities which would determine, after consulting the DGS, its contribution to resolution).

### Reporting and corrective action phase

2.19 The steering team should process and interpret the results of the test with a view to making an objective assessment of the resilience of the DGS in the achievement of its legal functions.

2.20 The steering team should record results in a consistent manner over time, using a standard template such as the template developed by the European Forum of Deposit Insurers. DGSs should report stress-test results to the designated authorities at least annually.

2.21 Stress tests should be part of a continuous improvement process. Accordingly, where weaknesses in a DGS's systems are identified in the context of a stress test, that DGS should take corrective measures. Where weaknesses have been identified that are attributable to credit institutions, for example flaws in the quality of SCV files, the DGS should seek corrective measures, if necessary via the competent authority in charge of the supervision of those institutions. The DGS should then seek to ascertain, in subsequent tests, that the weaknesses have been remedied.

### Cooperation with relevant administrative authorities

2.22 DGSs should keep designated authorities fully informed when planning and conducting stress tests, unless the DGS is also the designated authority. For this purpose, within 3 months after finalising it, DGSs should submit their stress-testing programme to the designated authorities. This information sharing could initiate a constructive dialogue and lead to refinements of the programme. The designated authorities should provide their input within 6 months of receiving the programme developed by the DGS. Any material update should be promptly reported to the designated authorities.

- 2.23 Subsequently, when planning each exercise, they should inform designated authorities of the scope of the test in terms of participating credit institutions, test formats, assumptions and any other relevant information.
- 2.24 In addition, before conducting a core test defined in Guideline 3, DGSs should inform the public authorities that would be involved in the kind of legal function being tested. At a minimum, the 'relevant administrative authority' identified pursuant to Article 3(1) of Directive 2014/49/EU, as well as the competent authority referred to in Article 2(1)(17) of the same Directive, should be informed when testing a repayment scenario. The competent and resolution authorities should be informed when testing a resolution scenario.
- 2.25 DGSs should seek the opinion of those authorities on assumptions for the test and offer them participation in the running phase. Where a DGS is separate from the designated authority, such participation or consultation can be organised via the designated authority.
- 2.26 Competent and resolution authorities should cooperate, directly or via designated authorities, with DGSs in defining scenarios and running tests.
- 2.27 DGSs should share the outcomes of the stress tests in the form of the reporting template provided in Annex 1 with the designated authorities. They should also share the outcome of the stress tests, in the form of the reporting template or in another form, with relevant authorities<sup>5</sup> upon their request and subject to applicable confidentiality provisions.

---

<sup>5</sup> Including (but not limited to) resolution authorities or national competent authorities.

## Guideline 3: Core tests

3.1 In order to comprehensively assess their capacity to effectively deal with cases of institution failure, DGSs should conduct the core tests as prescribed in this guideline.

### DGS functions to be covered by core tests

3.2 With a view to the peer review conducted by the EBA, DGSs should perform core tests of the functions legally entrusted to them (set out in Directives 2014/49/EU and 2014/59/EU as transposed in national law) during a DGS stress-testing cycle, and report the results to the EBA. For these purposes, the following DGS functions should be:

- to compensate depositors in their Member State in the event of a credit institution's insolvency pursuant to Article 11(1) of Directive 2014/49/EU ('repayment function');
- to compensate depositors at branches set up by credit institutions authorised in another Member State in the event of a credit institution's insolvency pursuant to Articles 11(1) and 14 of Directive 2014/49/EU ('repayment with cross-border cooperation function'). DGSs should perform such a core test only in cases where they could be involved in cross-border compensations (as home DGS, as host DGS, or in both roles) pursuant to the abovementioned Article 14 of the DGSD and the applicable national provisions;
- to finance the resolution of credit institutions in order to preserve continuous access to deposits pursuant to Article 11(2) of Directive 2014/49/EU and Article 109 of Directive 2014/59/EU ('contribution to resolution function');
- to use their available financial means for alternative measures in order to prevent the failure of a credit institution, if allowed under the law of the Member State where the DGS is established, pursuant to Article 11(3) of Directive 2014/49/EU ('failure prevention function'); and
- to use their available financial means to finance measures to preserve the access of depositors to covered deposits in the context of national insolvency proceedings, if allowed under the law of the Member State where the DGS is established, pursuant to Article 11(6) of Directive 2014/49/EU ('contribution to insolvency proceedings function').

3.3 In addition, DGSs should perform and report results of their regular SCV-file tests, which are conducted by the DGS on a regular basis. The regular SCV-file tests are also core tests. The results of the regular SCV-file tests should not be confused or commingled with the SCV-file assessment performed when conducting a core test dedicated to repayment function. In the latter case, the SCV-file assessment should be reported as part of the results of this core test on depositor-compensation.

3.4 If DGSs implemented significant changes to the systems or processes during the stress-testing cycle, DGSs are required to retest certain core tests during the ongoing stress-testing cycle – if

retesting within this timeframe is operationally feasible. For example, when a DGS changes its payout method from an agent bank model to electronic transfer, using the DGS's dedicated IT platform, the payout processes change significantly, and so to ensure resilience, the DGS should retest its repayment function for the indicators described in Guideline 4 that are impacted by the change.

- 3.5 Depending on the core test, DGSs will use the indicators outlined in Guideline 4. DGSs should report results on the above core tests to the designated authorities and the EBA using the reporting template provided in Annex 1.
- 3.6 For each of the core tests, DGSs should report to the EBA using the reporting template, up to a maximum of three tests.
- 3.7 A core test should be performed as end-to-end tests at least once per stress-testing cycle. The other iterations of the core test within the same stress-testing cycle can be conducted by means of series of granular tests which together cover all indicators related to this certain core test.

### Repayment function

- 3.8 DGSs should test their ability to repay depositors as provided for under Article 11(1) of Directive 2014/49/EU. No DGS should abstain from testing the repayment function on the grounds that it has tested the resolution or failure prevention functions described hereinafter or that all affiliated credit institutions would fall under the category described in paragraph 3.27.
- 3.9 In a repayment scenario, the DGS should simulate the failure of one or several credit institutions in order to assess whether the repayable amount as referred to in Article 7 of Directive 2014/49/EU would be available within the repayment periods prescribed in Article 8 of that Directive.
- 3.10 Additionally, when testing its resilience to compensate depositors, the DGS should assess the quality of its internal processes to collect and analyse the SCV files and liaise with the relevant credit institution for requesting further/corrective data if needed. These tests related to SCV files should not be confused or commingled with the regular routine SCV-file assessments.
- 3.11 Over the period of the programme as referred to in Guideline 2, DGSs should apply the indicators described in Guideline 4 that are applicable to the repayment function.

### Repayment with cross-border cooperation

- 3.12 If DGSs fulfil a role as home DGS or host DGS under Article 14 of the DGSD, the DGS should simulate the failure of one or several credit institutions with one or more branches in another Member State.
- 3.13 DGSs should perform such tests in the roles that are applicable to them: as home DGS, as host DGS or in both roles if applicable. A DGS should test its role as a host DGS if it is in a Member

State where there is at least one branch held by a credit institution from another Member State. A DGS should test its role as a home DGS if any of its member institutions holds a branch established in another Member State. A DGS should test both roles if both cases apply. If the national provisions provide that a single DGS is in charge of managing cross-border-compensation actions on behalf of the other DGSs in place in the same Member State, the requirement of conducting home-host-cooperation core tests only applies to the relevant DGS.

- 3.14 DGSs should consider using, when possible, a risk-based approach when selecting the partner DGS(s) for testing a repayment with cross-border-cooperation scenario. For example, if DGS X is home and host for DGS Y, and only host for DGS Z, DGS X can decide, based on a risk-based approach, to perform the test in the role of home for DGS Y, and in the role of host for DGS Z.
- 3.15 Over the period of the programme as referred to in Guideline 2, DGSs should apply the indicators specific to the repayment scenario with home-host cooperation, as described in Guideline 4.
- 3.16 If a DGS is not able to conduct such a core test because no other DGS opted for participating as partner DGS in the context of cross-border-cooperation exercises, this should be specified in the reporting template as 'area not tested' as provided for in paragraph 5.7.

### Contribution to resolution

- 3.17 Resolution scenarios should assume intervention in relation to an affiliated credit institution that has been placed under resolution in accordance with Directive 2014/59/EU and for which a DGS contribution is required under Article 109 of that Directive.
- 3.18 DGS stress tests under resolution scenarios can be performed on a stand-alone basis or can be part of a broader resolution test performed under the leadership of resolution authorities, provided that the dedicated set of indicators described in Guideline 4 are tested and applied, respectively.
- 3.19 Where a DGS stress test under a resolution scenario is performed on a stand-alone basis, the DGS should consult the resolution authority in designing the scenario and running the test, and should request it to participate in the test. Resolution authorities should cooperate with the DGSs and provide them with the necessary information, either directly or through the designated authorities, to design and run stress tests.
- 3.20 The assumed level of the DGS contribution to resolution financing should be calibrated in consideration of the rules laid down in Articles 108 and 109 of Directive 2014/59/EU and the profile of credit institutions selected for the test involving a resolution scenario.
- 3.21 In exceptional cases, after consulting the resolution authority, a DGS can abstain from testing resolution scenarios where it conversely determines that no affiliated credit institution falls within the category described in paragraph 3.27.

## Failure prevention

3.22 Where, pursuant to Article 11(3) of Directive 2014/49/EU, a DGS is allowed to use funds for the prevention of failure of a credit institution, it should perform at least two types of tests:

- a test simulating a significant deterioration of the financial situation of one or several affiliated credit institutions, including their capital position, asset quality and liquidity position. In this context, the test should assess whether the DGS would be able to prevent failure under the conditions set out in Article 11(3) of Directive 2014/49/EU, including by considering the type of alternative measures that could be implemented and whether the DGS would have the available financial means to provide the necessary support; and
- a test of the risk-monitoring systems of the DGS. Where distress situations have been recorded in the past, DGSs should determine whether the monitoring systems have been able to detect the imminence of the risk.

3.23 DGS stress tests related to failure prevention should be performed by means of a dedicated set of indicators described in Guideline 4.

## Contribution to insolvency proceedings

3.24 Core tests related to the DGS contribution to insolvency proceedings should assume intervention to preserve the access of depositors to covered deposits in the context of national insolvency proceedings pursuant to Article 11(6) of Directive 2014/49/EU.

3.25 DGS stress tests related to contribution to insolvency proceedings should be performed by means of a dedicated set of indicators described in Guideline 4.

## Selection of affiliated credit institutions to be included in core tests

3.26 With a view to conducting core tests, a DGS should select one or more of its affiliated credit institutions whose profile is adequate in relation to the planned focus of the test, including the type of functions, the severity and complexity of the scenario, and its geographical reach.

3.27 A DGS should select one or more affiliated credit institutions deemed as relevant with a view to testing contribution to resolution. DGSs should consider selecting one or more affiliated credit institutions in consultation with the resolution authorities.

## Severity and complexity of core tests

3.28 DGSs should conduct core tests assuming different levels of severity and complexity. However, the EBA recognises that there is a limit to increasing complexity and severity of tests, and that the stress-test scenarios should remain realistically applicable to the DGSs. Thus, over time DGSs should apply increasingly sophisticated and severe scenarios, while maintaining

assessments of the ability to manage baseline scenarios that can be realistically expected. For example, a DGS could initially perform a cross-border cooperation test in the role of home DGS with one other DGS as host DGS. Subsequently, the DGS could increase the complexity of the test by performing another cross-border cooperation test with two or three host DGSs at the same time. DGSs can also increase the level of severity and complexity of the design of the stress-test exercises, for example by choosing a different type of exercise (i.e. a DGS might initially perform a desktop exercise to assess a certain aspect and subsequently, a simulation for assessing that aspect).

- 3.29 DGSs should consider adding another layer of complexity and stress to one or more of the core tests, by adding to the chosen core test a ‘special’ scenario with severe business continuity challenges or external circumstances that would bring extra stress for a DGS to perform its functions, outlined in Guideline 4.
- 3.30 DGSs should report if and how they have increased the severity and complexity over time of the stress tests performed by the DGS (compared to the previous stress-testing cycle or, where applicable, within the reported stress-testing cycle). A DGS should consider increasing the severity and complexity of a stress test from one stress-testing cycle to another. A DGS should also consider increasing the severity and complexity of two similar stress tests (dedicated to the same legal function) conducted within the same stress-testing cycle.
- 3.31 In order to ensure historical relevance, DGSs should, over its programme as referred to in Guideline 2, test scenarios assessing the capacity of their systems to deal with intervention cases of a type and intensity experienced in the past, and in particular during the 2008-2012 period.



## Guideline 4: Indicators

4.1 Stress tests should aim at assessing the DGS's resilience, by covering two main risk areas:

- (i) operational risks, i.e. risks that the DGS cannot meet its obligations due to inadequate or failed internal processes, inadequate staffing and systems; and
- (ii) funding risks, i.e. risks that the funding sources provided for in Article 10 of Directive 2014/49/EU (regular contributions, extraordinary contributions and alternative funding arrangements) are insufficient to enable the DGS to meet its potential liabilities or to meet them within the time periods required by national or Union law.

4.2 Stress tests should cover various operational stages of a DGS intervention, ranging from pre-failure planning to preparation upon failure, to execution of intervention, including repayment, contribution to resolution, etc. They should at a minimum measure the indicators set out in this guideline.

4.3 Operational and funding capabilities should be tested under the core tests described in Guideline 3. In addition, DGSs should run targeted exercises regular checks of SCV files of all member institutions during a stress-testing cycle.

4.4 If a DGS decided to assess additional aspects that the DGS considered relevant for assessing its capabilities, other than the aspects that are included by means of the indicators in these guidelines, a DGS can report on the outcomes of tests of these aspects by including own-initiative, self-developed indicators and the outcomes in the reporting template. The reporting template will contain a designated section for reporting on such indicators.

### Operational capabilities

4.5 DGS stress tests should cover the DGS's capacity to run the processes and mechanisms involved in an intervention, including access to data, staff and other operational resources, communication, payment systems, time measurement and cross-border cooperation.

#### Access to data

4.6 Access to good quality data on credit institutions, depositors and deposits should be tested as a matter of core in order to ensure that DGSs are prepared to perform their tasks at all times.

4.7 DGSs should perform two types of tests in relation to the SCV files:

- a. Assessment of the SCV-file quality in the context of a test on DGS's resilience to compensate depositors in the event of a credit institution's insolvency pursuant to Article 11(1) of Directive 2014/49/EU ('repayment function'); and

- b. Assessment of the SCV-file quality in the context of regular routine tests with at least all of the affiliated credit institutions holding eligible deposits.

4.8 For both types of tests, the guidelines provide different sets of indicators. DGSs are asked to report separately on the regular SCV-file tests in the reporting template.

4.9 In principle, all member institutions that have eligible deposits should be subject to regular testing of SCV files. A DGS can choose not to test SCV files of member institutions that are not deposit-takers. In the reporting template, DGSs should report the number of unique institutions (i) which are members of the DGS at the time of reporting; (ii) which are members of the DGS at the time of each round of SCV-file testing; and (iii) for which SCV files were tested. Where applicable, DGSs should report the reason(s) for the difference between the number of unique institutions tested and the number of unique institutions which are members of the DGS at the time of each exercise, for example because not all member institutions are deposit-takers or because there was a change in membership during the SCV-file testing round.

4.10 The quality of an institution's SCV files can be tested based on a sample covering a subset of depositors, provided the sampling method is determined by the DGS, not the institution, and provided the sample is sufficiently large and diversified to be representative of the institution's book of eligible deposits. This is without prejudice to the right of DGSs to test full SCV files. If sampling was used, DGSs should provide in the reporting template the reasons for using such an approach and the average number of depositors included in the sample as an absolute number and as a proportion of all depositors.

4.11 The quality of the SCV files should be assessed in relation to whether it would provide the DGS, in case of failure, with all the information necessary to complete its intervention in relation to a depositor, including the identity of depositors, their contact details, accounts held and corresponding amounts, and amounts of eligible and covered deposits. For this purpose, DGSs should define criteria for a valid or invalid SCV file (e.g. incorrect identity data, incorrect address data, inconsistent data for the same account holder or beneficiary, duplicated entries, etc.) and measure the number of invalid SCV-file entries as a share of the institution's records or, where applicable, the sample.

4.12 Further to identifying the criteria for valid or invalid SCV files, DGSs should consider developing an internal methodology on how to assess SCV files, which sets out different grading criteria. The reporting template includes a field in which the DGS can provide further information about the methodology it applies to assess the SCV files in the section on the regular SCV-file tests. DGSs should consider sharing the methodology with the credit institutions, in order to inform them of the assessment criteria and provide incentives to perform well. DGSs should also consider informing credit institutions how well they performed in relation to industry average, in order to incentivise further improvement among those who score below average. The EBA encourages DGSs to develop such methodology and to share a summary of the methodology and the high-level outcomes of the performance with the credit institutions, for transparency and encouragement.

4.13 When performing regular tests of SCV files, some DGSs combine desktop reviews of SCV files with on-site visits at credit institutions, which requires a methodology for the on-site reviews. The reporting template will include a field for DGSs to report on the way they perform regular tests of SCV files. When reporting to the EBA, DGSs should describe the key drivers on how such tests are performed (through desktop reviews of SCV files and/or on-site visits). This includes how credit institutions are selected (each credit institution annually vs risk-based approach), whether or not the SCV-file data is compared/checked with original data in the credit institution (for example through on-site inspections), whether requests for SCV-file tests are done ad hoc or are announced in advance, the degree of involvement of the credit institution in evaluating the quality (for example by means of involving the internal auditor), whether or not the institution's external auditor is involved, the level of automation of checking the quality of SCV files through the use of data models and validation scores, and the follow-up process with the credit institution if errors are identified.

4.14 Where insufficient quality has been observed at an institution, a follow-up check should be conducted within at least 2 years to assess progress. The DGS can adjust this 2-year period where, considering the human and other resources available, it is necessary to prioritise tests at other credit institutions that raise concerns in terms the quality of SCV files or on the basis of the DGS's general risk assessment of credit institutions.

4.15 Where, according to national law, arrangements are in place to earmark, on a continuous basis, temporary high balances ('THBs') as defined in Article 6(2) of Directive 2014/49/EU or beneficiary accounts as governed by Article 7(3) of that Directive, those THBs should be included in the SCV-file tests. This prescription should not entail any obligation for the DGS or the affiliated credit institutions to request information from depositors as a result of the test.

4.16 For the purpose of performing the regular routine tests of SCV files, DGSs should use the following indicators:

- i1: Time to obtain transmission of valid SCV files, from the day of the initial request to the affiliated credit institution (qualitative and quantitative)
- i2: Share of valid SCV files and share of substandard entries in valid SCV files (qualitative and quantitative)
- i3: Quality assessment of arrangements in place for requesting and obtaining SCV files (qualitative)
- i4: Quality assessment of the arrangements in place for analysing SCV files and liaising with the relevant credit institutions to request additional/corrective data when needed (qualitative)

4.17 When assessing the time to obtain transmission of SCV files (indicator i1), DGSs should, in line with their payout process, establish the deadline to receive SCV files of sufficient quality from the credit institution to the DGS, in order to repay depositors within 7 working days. DGSs

should report on this deadline in number of days when reporting to the EBA. Subsequently, DGSs should assess how many credit institutions were able to deliver SCV files of sufficient quality within that deadline. When reporting to the EBA, DGSs should report on the deadline, established by the DGS, for submitting a valid SCV file of sufficient quality for the DGS to be able to perform for a payout within 7 working days (or fulfil other functions under the DGSD) which is applied in regular SCV-file tests.

4.18 When reporting to the EBA on indicator i1, DGSs should report a qualitative score and the following quantitative aspects:

- the minimum, average, maximum time (in hours if possible) for the whole sample of credit institutions of which SCV files were tested;
- the absolute and relative number of credit institutions that delivered valid SCV files within that deadline; and
- if applicable, how many SCV files were requested at the earliest possible moment at which the DGS would be able to request the SCV file during a DGS payout scenario (thus 'ad hoc'), and how many SCV files were requested by informing the credit institution in advance that it would receive a request to submit an SCV file to the DGS in the near future ('with prior notice'), and whether there were differences in the time to obtain transmission of SCV files in those cases.

4.19 When assessing indicator i2, DGSs should, in line with their payout process and SCV-file requirements, define when an SCV file is of insufficient quality (an invalid SCV file), in order to reimburse depositors in a timely manner and correctly, entailing the SCV file being rejected by the DGS and leading to a request to the credit institution for a new submission. DGSs should also define the concept 'substandard entry', by specifying when entries in SCV files can be considered 'substandard', considering that a substandard entry does not lead to rejection of the SCV file and not jeopardise the compensation of the depositors in due time. Subsequently, DGSs should assess how many credit institutions were able to deliver SCV files of sufficient quality, and in addition, the share of substandard entries for both the invalid SCV files and the valid SCV files. When reporting to the EBA, DGSs should describe the following aspects:

- a. the definition of 'invalid SCV files' and 'valid SCV files'; and
- b. the definition of substandard entries, as established by the DGS.

4.20 When reporting to the EBA on indicator i2, DGSs should report the following aspects:

- the number of credit institutions that were able to deliver valid SCV files in an SCV-file testing round (in absolute numbers and the relative share of institutions tested); and

- the relative share of substandard entries and the minimum, maximum and average of these shares in each SCV-file testing round for each invalid SCV file and each valid SCV file.

4.21 In indicators i3 and i4, the 'arrangements in place' could be comprised, inter alia, of the relevant:

- regulations, requirements, guidelines which give DGSs legal enforcement powers to obtain SCV files;
- regulations, requirements, guidelines, and/or data models which specify the content of the SCV files and the (technical) data requirements of the SCV files;
- communication channels used to obtain the SCV files from, and exchange information with, affiliated credit institutions; and
- transmission channels to transfer SCV files between the DGS and affiliated credit institutions.

4.22 The quality assessment of such arrangements in place could be based on a desktop evaluation of such arrangements or a simulation of the workings of the arrangements in practice or a combination of both. When reporting on the results, DGSs should report a qualitative score and indicate the type of exercise performed to conduct the quality assessment.

4.23 For the purpose of testing the obtainment of SCV files in the context of a repayment function test, DGSs should only use the abovementioned indicator i3:

i3: Quality assessment of arrangements in place for requesting and obtaining SCV files (qualitative)

### Information on problems detected at a credit institution that are likely to give rise to the intervention of a DGS

4.24 DGSs should assess the arrangements in place for obtaining, as provided for in Article 4(10) of Directive 2014/49/EU, information on problems detected at a credit institution that are likely to give rise to the intervention of a DGS. In this regard they should assess whether these arrangements would allow sufficiently early information, for example where competent authorities exercise powers under Article 27 of Directive 2014/59/EU (early intervention) or Article 104 of Directive 2013/36/EU<sup>6</sup> (supervisory powers) or where competent or resolution authorities determine under Article 32 of Directive 2014/59/EU that an institution is failing or likely to fail.

<sup>6</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L176, 27.6.2013, p.338).

4.25 For the purpose of testing the obtainment of such information, DGSs should use the following indicator:

i5: Quality of the arrangements in place for obtaining information from competent or resolution authorities on problems detected at a credit institution which could give rise to the DGS intervention, including whether they ensure receiving timely information on early deterioration of an institution's financial situation (qualitative)

4.26 In indicator i5, the 'arrangements in place' could be comprised, inter alia, of:

- national law or other requirements that ensure information exchange and cooperation between the DGS and the competent and/or resolution authorities;
- the DGS's governance structure, if the DGS shares common areas of governance with the competent and/or resolution authorities; or
- memoranda of understanding or other agreements between the DGS, the competent and/or resolution authorities; and
- a crisis manual or handbook between the DGS, the competent and/or resolution authorities.

4.27 The quality assessment of such arrangements in place could be conducted by simulating cooperation between the different authorities in the context of a core test, by performing a walk-through with the authorities (for example by testing the communication channels, the governance and decision making process, and the timelines of information sharing), or by conducting a desk-based review of the elements mentioned in paragraph 4.26. When conducting a desk-based review, the competent and resolution authorities should be informed of the conclusions stemming from this assessment. The competent and resolution authorities can also be involved in the desk-based review. When reporting to the EBA on indicator i5, DGSs should report a qualitative score accompanied by an explanation justifying the qualitative score, and provide a description of how the tests of this area were performed in that explanation.

### Staff and other operational resources

4.28 DGSs should test, under the core tests, whether they would have at their disposal the necessary resources to cope with the sudden increase in activity caused by an intervention, in terms of budget, staff, office space, IT equipment, call centres, etc., including by reallocating existing permanent resources or entering into temporary outsourcing arrangements.

4.29 Existing staff means the internal staff employed or subcontracted by the DGS in business-as-usual scenarios. It can also include staff not directly employed by the DGS, but from another public authority entrusted with the DGS's functions provided by the DGSD and the BRRD.

Existing budget means the DGS's budget in business-as-usual scenarios. Similarly, existing resources can be defined as the DGS's resources in business-as-usual scenarios.

4.30 Extra staff means the staff needed for the purpose of a DGS intervention in addition to the existing staff. Extra staff include, for example, employees from (external) service providers and colleagues from other departments if a DGS is part of another authority (e.g. competent authority, resolution authority, central bank). Extra budget can be defined as the budget needed for a DGS intervention in addition to the existing budget. This includes provisions made by the DGS in its budgets during business-as-usual scenarios for a potential intervention. Extra resources mean the resources needed in addition to the existing resources, for the purpose of a DGS intervention. Examples are additional office and IT equipment, office space and/or server space.

4.31 A conclusive assessment in this regard should not exclusively rely on a hypothetical budget increase, but should at least in part reflect contingency mechanisms arranged for in good times (e.g. some provisioning for employing staff on a temporary basis).

4.32 Given the importance of information technology (IT) systems when performing DGS functions, DGSs should assess the security of their IT systems. In particular, DGSs should briefly report on the main conclusions from the most recently available internal/external audits related to the IT safety aspects or any IT issues encountered in the course of stress-testing exercises (or real-life cases), with particular focus on any identified weaknesses.

4.33 For the purpose of testing the staff and other operational resources, DGSs should use the following indicators:

- i6: Adequacy of the existing staff, budget and other resources that would be available in a real-life scenario (qualitative and quantitative)
- i7: Adequacy of extra staff, budget and other resources that would be available at short notice when needed (qualitative and quantitative)
- i8: Security assessment of the IT systems that are crucial for the execution of the tasks that are mandated to the DGS (qualitative)

4.34 When reporting on indicators i6 and i7, DGSs should report on the following outcomes:

- Qualitative: per category (staff, budget, other resources) a qualitative score indicating the adequacy.
- Quantitative: where applicable, the number of staff (specifying if this number is reported per capita or in terms of full-time equivalent), and budget and resource gaps to perform the DGS tasks.

### Communication with depositors and the wider public

4.35 DGSs should make an assessment of the communication processes that would be applied on the occurrence of a repayment scenario, reviewing the communication strategy and resources.

4.36 For the purpose of testing the communication with depositors and the wider public, DGSs should use the following indicators:

- i9: Time to set up call centres and ad hoc websites or webpages (qualitative and quantitative)
- i10: Capacity of websites or call centres in terms of number of connections or calls (qualitative and quantitative)

4.37 When reporting on indicator i9, DGSs should report a qualitative score and provide quantitative information. In the latter case, DGSs should use the DGS activation time as the starting point for measuring the time ( $t = 0$ ). DGSs should report the time in number of hours.

4.38 When assessing indicator i10, DGSs should take into consideration the number of depositors of the tested credit institution(s) and thus the number of potential website visits and calls. When reporting on indicator i10, DGSs should report the number of depositors of the tested credit institution(s), report a qualitative score, provide quantitative information and the following quantitative results:

- For websites: the number of visitors per hour.
- For call centres: the number of incoming calls that a call centre can process in an hour.

### Payment instruments

4.39 DGSs should test their ability to proceed with payments to depositors, i.e. to effectively transfer the repayment amounts to depositors.

4.40 To that effect, DGSs should assess the quality of existing processes for collecting payment details (information that is required to make the reimbursement in addition to what is in the SCV file), the payment instruments available (e.g. bank transfers, cheques, prepaid cards), and where applicable their capacity to repay non-resident depositors in the EU and to pay in foreign currencies. When making a qualitative judgements, DGSs should take into account these elements, and whether or not the payment instrument(s) available are adequate to reimburse the number of depositors of a credit institution with a number of depositors of no less than the second quartile of affiliated credit institutions. The institution selected for the test should not fall in the category described in paragraph 3.27.

4.41 Once DGSs have reviewed the various processes and instruments available, they should verify their capacity to apply them swiftly in stress situations involving a high number of payments.



In order to assess this, DGSs should apply one of the following to two more severe scenarios, which should both involve a higher number of payments than those under indicator i11:

- The simultaneous failure of two credit institutions: each selected institution should hold a number of depositors no less than the second quartile of affiliated credit institutions. Each selected institution should not fall in the category described in paragraph 3.27; or
- The failure of one credit institution with a number of depositors no less than the third quartile of affiliated credit institutions. The selected institution should not fall in the category described in paragraph 3.27.

4.42 For the purpose of testing the payment instruments, DGSs should use the following indicators:

i11: Review of payment instruments available for payout scenarios (qualitative and quantitative)
i12: Adequacy when applied to a high number of payments, as defined in the more severe scenarios provided in the guidelines (qualitative and quantitative)

4.43 When reporting on indicator i11, DGSs should:

- take into account the elements described in paragraph 4.41 when providing a qualitative judgement, by providing both a qualitative score and an explanation, among others justifying the score and explaining the scenario used; and
- report on the number of depositors applicable to the test of the area measured by indicator i11 (quantitative).

4.44 When reporting on indicator i12, DGSs should provide a qualitative score accompanied by an explanation to justify the qualitative score (qualitative), the type of severe scenario chosen and the number of depositors applicable to the test of the area measured by indicator i12 (quantitative).

### Repayment period

4.45 DGSs should measure the time from the determination of unavailability of deposits until the point when the repayable amount must be available in accordance with Article 8(1) of Directive 2014/49/EU and, on that basis, measure any delay compared to the repayment periods provided for under Article 8(2) to 8(5) of such Directive.

4.46 For the purpose of testing the repayment period, DGSs should use the following indicators:

i13: For repayment scenarios, the ability of the DGS to make the repayable amount available within the applicable repayment deadline, including the time from the determination of
--

unavailability of deposits to the time when the repayable amount is made available (qualitative and quantitative)

i14: For THBs, beneficiary accounts, or other special cases, quality assessment of DGS's internal procedures and resources to collect and handle claims from depositors (qualitative)

#### 4.47 When reporting on indicator i13, DGSs should report:

- a qualitative score, indicating the DGS's ability to make the repayable amount available within the applicable repayment deadline, accompanied by an explanation justifying the qualitative score; and
- the time to make the repayable amount available in number of working days, and the applicable repayment deadline if deviating from the information provided in the 'General information' section of the reporting template (quantitative).

4.48 To assess the area measured by indicator i14, DGSs should test their internal processes for reimbursing special cases such as THBs, beneficiary accounts or other special cases. When such cases are not earmarked in SCV files, DGSs should also consider simulating the reimbursement process and the reimbursement period with fictional cases. Additionally, DGSs should consider using SCV files or fictional data in order to quantify the period of time in which these deposits would be compensated. This optional quantitative assessment can compute the time elapsed from the determination of unavailability of deposits to the time when the repayable amount is made available, by deducting the time the DGS had to wait for the depositor or another stakeholder to provide the DGS with the necessary information.

4.49 If a DGS considers that 'special' cases other than THBs and beneficiary accounts are relevant to be assessed, a DGS can test such cases and report on them under indicator i14. The assessment should focus on reviewing DGS's internal processes. Additionally, DGSs can use fictional data in order to quantify the period of time – in working days – in which these deposits would be compensated. Other special cases are deposits or depositors that require more attention and/or a special treatment by the DGS in order to perform repayment, for example because the DGS needs to obtain specific information or because it needs to deviate from the normal repayment procedures in another way. Such special cases might, for example, result from national legislation or specific characteristics of products offered by affiliated credit institutions. When reporting to the EBA, DGSs should provide further information if they tested other special cases.

### Cross-border (home-host) cooperation

4.50 If DGSs fulfil a role as home DGS or host DGS under Article 14 of the DGSD, DGSs should test the systems in place for repaying depositors at branches set up by their affiliated credit institutions in other Member States.

- 4.51 DGSs should consider using, when possible, a risk-based approach when selecting with which DGS(s) to perform a cross-border cooperation test. A risk-based approach means that DGSs assess the risks and likelihood of having to cooperate with certain partner DGSs and in which role, based on the information that is available to the DGS. This approach might be more appropriate than using the number of cross-border branches as the only criterion. When reporting to the EBA, DGSs should report with which partner DGS a test was performed and in which role (home or host), and explain the risk-based approach used to choose the partner DGS.
- 4.52 Home and host DGSs should assess their ability to efficiently and securely communicate with each other. Therefore, DGSs should assess their ability to access and exchange the data required for repayment. First, DGSs should, in their role as home DGSs, verify that they are able to extract earmarked SCV-file information and produce payment instruction files (PIFs) on depositors at branches set up by their affiliated credit institutions in other Member States, after the home DGSs have retrieved the SCV files of such credit institutions.
- 4.53 DGSs should, in their role as home DGSs, measure the time taken to prepare PIF(s) and to submit them to the DGSs of host Member States within the deadlines provided for in the EBA Guidelines on cooperation agreements between deposit guarantee schemes under Directive 2014/49/EU<sup>7</sup>.
- 4.54 DGSs should, in their role as home DGSs, submit a (sample) PIF to the DGSs of host Member States in order to test that communication channels are properly established. Subsequently, host DGSs should assess the received PIFs to check whether or not the file contains all necessary information to effect a payment and provide a confirmation to the home DGS.
- 4.55 Home and host DGSs should assess the channels for the transmission of other files than the PIF(s), such as communications documents and supporting documents required to perform payouts complex cases in both directions.
- 4.56 DGSs should assess, in the capacity of host DGS, their ability to communicate with depositors at branches and the wider public, specifically by creating statements and information for individual depositors (for example letters for depositors or Q&As for call centre staff). Since the ability to communicate with depositors is measured in the context of repayment function core tests (without assuming cross-border cooperation), the assessment should focus on the aspects specific to the communication with foreign depositors at branches and the wider public located in Member States other than the home DGS. Thus, since the set-up of a call centre by the host DGS is part of indicators i9 and i10, this aspect is therefore out of scope of such assessment.
- 4.57 Home and host DGSs should assess the channels for the transmission of the funds between them, by for example simulating the actual transfer of (part of) funds to the partner DGS or through a desk-based review of the needed internal processes. In cases where during the

---

<sup>7</sup> EBA/GL/2016/02.

ongoing stress-testing cycle DGSs have used such a transmission channel in the context of transfers of funds between DGSs when a member institution changes its affiliation<sup>8</sup>, such an assessment of transmission channels is optional.

4.58 DGSs should not test their capabilities to cooperate on a cross-border basis if they were not involved either as home DGS or as host DGS pursuant to Article 14 of the DGSD for any of the following reasons:

- no affiliated credit institution has branches in another Member State and/or a branch from EU credit institutions is established in the DGSs' Member State; and
- the resolution plan of all affiliated credit institutions with branches in other Member States provides that resolution action is to be taken or that the power to write down or convert relevant capital instruments and eligible liabilities in accordance with Article 59 of the BRRD is to be exercised in accordance with the relevant scenario referred to Article 10 (3) of the BRRD.

4.59 For the purpose of testing their capabilities to cooperate on a cross-border basis, DGSs should use the following indicators:

- i15: Ability to extract earmarked SCV information and produce PIF(s) on depositors at branches set up by their affiliated credit institutions in other Member States (qualitative)
- i16: Time to produce PIF(s), from the transmission of SCV files by institution (qualitative and quantitative)
- i17: Time to transmit the PIF(s) to host authorities, from the transmission of SCV files by institution (qualitative and quantitative)
- i18: Quality assessment of channels for the transmission of PIF(s) (qualitative)
- i19: Assessment by and confirmation from host DGSs that the PIF(s) would be adequate for repaying depositors (qualitative)
- i20: Quality assessment of channels for the transmission of files other than the PIF file (qualitative)
- i21: Quality assessment of the ability of the host DGSs, on behalf of and in cooperation with the home DGS, to communicate with depositors at branches and the wider public, specifically by creating statements and information for individual depositors (qualitative)
- i22: Quality assessment of channels for the transmission of funds required for the repayment to depositors at branches by the host DGS (qualitative)

<sup>8</sup> In compliance with Article 14 (3) of the DGSD.

i23: Ability to meet the deadlines laid down in the Guidelines on cooperation arrangements between deposit guarantee schemes under Directive 2014/49/EU (qualitative and quantitative)

i24: Time for transmission from the home DGS to the host DGS of the funds required for the repayment to depositors at branches by the host DGS (qualitative and quantitative)

4.60 When reporting on indicator i15, i16, i18, i19, i20, i21 and i22, DGSs should report a qualitative score accompanied by an explanation to justify the qualitative score.

4.61 When reporting on indicator i16 and i17, DGSs should report a qualitative score, accompanied by an explanation to justify the qualitative score, and the time in hours, using the transmission of the SCV file by the CI as the starting point (t=0) (quantitative).

4.62 When reporting on indicator i21, host DGSs should focus on the specific aspects related to the communication with foreign depositors at branches and the wider public located in Member States other than the home DGS (in comparison with communicating with depositors from a credit institution located in the same Member State as the DGS in the context of a repayment scenario without cross-border cooperation).

4.63 When reporting on indicator i23, DGSs should report a qualitative score accompanied by an explanation to justify the qualitative score and the time in working days (quantitative).

4.64 When assessing the area measured by indicator i24, home and host DGSs should liaise with each other to determine the deadline for transferring funds to the host DGS. DGSs should quantify the full time elapsed: this includes the time to transfer the funds from the home DGS to the host DGS and the time to make the funds available from the host DGS to the depositors. The outcomes of the application of indicator i22 can also be used to perform this assessment. When reporting on indicator i24, DGSs should report a qualitative score indicating if funds were transmitted within that deadline, accompanied by an explanation to justify the qualitative score, and report the time – in working days – needed for transmission and the deadline applicable to the test which was agreed with the partner DGS (qualitative and quantitative).

## Funding capabilities

4.65 In addition to operational capabilities, DGSs should test the adequacy and the access to their funding means in order to meet their payment obligations under the core tests.

## Adequacy of the funding means

4.66 First, DGSs should assess the adequacy of the *ex ante* funds (available financial means), *ex post* contributions and alternative funding arrangements available for a DGS intervention for all

member institutions not likely to be subject to a resolution action according to paragraph 3.27. This assessment should be based on the most recent reported amount of covered deposits of all member institutions at a certain point in time. This is a desktop (calculation) exercise.

4.67 Reliance on *ex post* contributions should take into account the constraints laid down in Article 10 (8) of Directive 2014/49/EU, including whether some institutions' payments can be deferred in whole or in part on the grounds that the payments would jeopardise their liquidity or solvency position<sup>9</sup>. Likewise, DGSs should consider whether the necessary extraordinary *ex post* contributions would meet the annual 0.5% ceiling laid down in that provision. Where this is not the case, they should make an explicit judgement as to whether they would be able to raise the 0.5% ceiling.

4.68 Reliance on alternative funding arrangements, such as loans or credit lines from public or private third parties, should be based on an objective assessment of elements known at the time of the test, such as mutual lending commitments entered into via written cooperation agreements, formal credit lines, etc.

4.69 For the purpose of testing the adequacy of their funding means, DGSs should use the following indicators:

i25: Adequacy of *ex ante* funds to cover the funding need for the DGS's member institutions not falling in the category described in paragraph 3.27 of the guidelines (report absolute and relative number institutions with a shortfall, and if applicable, the min, max and average shortfall in absolute value and as a share of the funding need) (qualitative and quantitative)

i26: Adequacy of *ex post* contributions to cover the funding need for the DGS's member institutions not falling in the category described in paragraph 3.27 of the guidelines and where *ex ante* funds were not sufficient (report absolute and relative number institutions with a shortfall, and if applicable, the min, max and average shortfall in absolute value and as a share of the funding need) (qualitative and quantitative)

i27: Adequacy of alternative funding arrangements to cover the funding need for the DGS's member institutions not falling in the category described in paragraph 3.27 of the guidelines and where *ex ante* funds and *ex post* contributions were not sufficient (report absolute and relative number of institutions with a shortfall, and if applicable, the min, max and average shortfall in absolute value and as a share of the funding need) (qualitative and quantitative)

4.70 When reporting on indicators i25, i26, i27, DGSs should report a qualitative score accompanied by an explanation to justify the qualitative score.

<sup>9</sup> See the delegated act adopted by the Commission pursuant to Articles 104(4) and 115 of Directive 2014/59/EU.

## Access to the funding means

- 4.71 Second, DGSs should assess the governance framework and decision-making process for obtaining funding required for a DGS intervention. DGSs should also assess their ability to access *ex ante* funds, by liquidating the invested assets, within the deadline applicable to the intervention.
- 4.72 In this regard, for DGS repayment scenarios, the test should consider the amounts that would effectively be available within the repayment period. For other intervention scenarios, DGSs should determine the applicable period for contributing to such interventions. For all scenarios, this implies an assessment of the liquidity of the invested available financial means and payment commitments, including under market stress. DGSs should test the liquidation of their assets, either the full amount or part of their assets, and report on this when reporting their stress-test results. If possible, DGSs should apply stressed market conditions. When reporting to the EBA, DGSs should describe the assumptions/conditions applicable to the test, such as whether or not they applied stressed market conditions and if yes, provide further details.
- 4.73 Additionally, DGSs should test raising *ex post* contributions and accessing alternative funding arrangements, regardless of their amount of *ex ante* funds. In order to carry out this assessment, DGSs can perform failure-simulation exercises of one selected credit institution or run multiple tests with different assumptions (such as separate tests for each possible funding sources). The credit institution selected to perform these exercises should not fall in the category described in paragraph 3.27 of the guidelines. If a DGS selects one credit institution for assessing both operational and funding capabilities, the DGS should ensure that they select a credit institution with a number of depositors no less than the second quartile of affiliated credit institutions not falling in the category described in paragraph 3.27. DGSs should, in an anonymised way, report to the EBA the characteristics of the credit institution that was selected for the test.
- 4.74 Where national law provides a particular sequence related to the use and depletion of available financial means, *ex post* contributions and alternative funding arrangements, applicable rules should be taken into consideration when designing the stress test.
- 4.75 Where a DGS has arrangements in place to access alternative funding arrangements (AFAs) from more than one source (e.g. a commercial loan or a loan from the State), the DGS should test accessing funds from at least one of these sources in a given stress-testing cycle. The other sources of AFAs can be assessed by the DGS in the next cycles.
- 4.76 DGSs should assess the time to access funding from *ex post* funds and alternative funding arrangements. When reporting to the EBA, DGSs should also report the applicable deadline for accessing funds applicable to the intervention. DGSs should also consider assessing the transmission channels for raising *ex post* contributions and accessing alternative funding arrangements, by for example simulating the actual transfer of all or some funds to the DGS

or through a desk-based review of the needed internal processes. Nevertheless, where the transmission channels used to raise *ex post* and *ex ante* contributions are the same, DGSs can test the transmission channels for either *ex ante* or *ex post* contributions. Where *ex ante* or *ex post* contributions have been collected within the current stress-testing cycle, DGSs are not required to test the transmission channels separately and should report on the real life experience.

4.77 For the purpose of testing the access to their funding means, DGSs should use the following indicators:

- i28: Qualitative assessment of the DGS's governance framework and decision-making process for obtaining funding required for a DGS intervention (qualitative)
- i29: Assessment of the DGS's ability to access *ex ante* funds by liquidating assets invested as part of the available financial means within the deadline applicable to the intervention (quantitative supported by qualitative)
- i30: Assessment of the DGS's ability to raise *ex post* contributions by raising extraordinary contributions within the deadline applicable to the intervention (quantitative supported by qualitative)
- i31: Assessment of the DGS's ability to access alternative funding arrangements within the deadline applicable to the intervention (quantitative supported by qualitative)

4.78 When reporting on indicator i28, DGSs should report a qualitative score accompanied by an explanation to justify the qualitative score.

4.79 When reporting on indicator i29, DGSs should report a qualitative score indicating if *ex ante* funds were accessed within the deadline applicable to the intervention, accompanied by an explanation to justify the qualitative score, and the time needed to access *ex ante* funds in working days and the deadline applicable to the intervention tested in working days (qualitative and quantitative).

4.80 When reporting on indicator i30, DGSs should report a qualitative score indicating if *ex post* contributions were raised within the deadline applicable to the intervention, accompanied by an explanation to justify the qualitative score, and the time needed to raise *ex post* contributions in working days and the deadline applicable to the intervention tested in working days (qualitative and quantitative).

4.81 When reporting on indicator i31, DGSs should report a qualitative score indicating if alternative funding arrangements were accessed within the deadline applicable to the intervention, accompanied by an explanation to justify the qualitative score, and the time needed to access alternative funding arrangements in working days and the deadline applicable to the intervention tested in working days (qualitative and quantitative).



## Capabilities to contribute to resolution, prevent failure and contribute to insolvency proceedings

4.82 DGSs should assess their operational and funding capabilities to contribute to resolution and, where relevant, to use their available financial means for conducting interventions related to failure prevention functions and contribution to insolvency proceedings as referred to in paragraph 3.2.

4.83 DGSs should use the indicators defined as applicable to the relevant core test which is conducted in accordance with this guideline. DGSs conducting core tests related to contribution to resolution, failure prevention and contribution to insolvency proceedings can use the relevant results and conclusions stemming from the indicators applied in a former repayment function stress test. These past outcomes should stem from a repayment function stress test conducted during the ongoing stress-testing cycle (if feasible) or the last stress-testing cycle achieved by the DGS. When using past outcomes, DGSs should consider whether there is a need to complement them with additional assessments specific to contribution to resolution, failure prevention or contribution to insolvency proceedings.

### Specific indicators

4.84 DGSs should use the following indicators for the purpose of testing their capabilities to contribute to resolution, prevent failures and contribute to insolvency proceedings:

- i32: For contribution to resolution, time elapsed from the resolution authority's request to the payment of the contribution (qualitative and quantitative)
- i33: For failure prevention, (estimation of) time elapsed to perform DGS's intervention (optional – qualitative and quantitative)
- i34: For failure prevention, quality assessment of the procedures and resources set by the DGS to make sure that the costs of the measures do not exceed the costs of fulfilling the statutory or contractual mandate of the DGS as per Article 11(3)(c) of the DGSD (qualitative)
- i35: For failure prevention, quality assessment of the procedures and resources set by the DGS to make its risk-monitoring on the credit institution more stringent and its verification rights greater as provided for by Article 11(3)(d) of the DGSD (qualitative)
- i36: For failure prevention, quality assessment of the DGS's ability to extraordinary contributions as per Article 11(5) of the DGSD (qualitative)
- i37: For contribution to insolvency proceedings, time elapsed to perform DGS's intervention (qualitative and quantitative)

i38: For contribution to insolvency proceedings, quality assessment of the internal procedures and resources set by the DGS to make sure that the costs borne by the DGS do not exceed the net amount of compensating covered depositors as per Article 11(6) of the DGSD (qualitative)

- 4.85 When the planning phase as referred to in Guideline 2 and for the purpose of assessing the area measured by indicator i32, DGSs should liaise with resolution authorities to define in a collaborative manner the timeframe in which the payment of the contribution to resolution needs to be made in order for the resolution authority to execute the resolution measures. This timeframe might differ depending on the scenario/resolution tool used. Furthermore, the EBA encourages DGSs and resolution authorities to cooperate when designing and executing stress tests of contribution to resolution scenarios, for example by running a joint exercise. When reporting on indicator i32, DGSs should report a qualitative score indicating if funds were transmitted within the applicable deadline, accompanied by an explanation to justify the qualitative score, and report the time needed for transmission and the deadline applicable to the test (quantitative).
- 4.86 The application of indicator i33 is optional. When deciding to apply indicator i33, DGSs should liaise with relevant authorities to define the timeframe in which the measures should be performed. DGSs can also determine this timeframe if mandated. DGSs should take into consideration past real-life experiences, if any. This timeframe might differ depending on the scenario/measure used. Consequently, the DGS can perform an estimation of time based on one of the possible scenarios. The relevant starting point to quantify the elapsed time depends on the applicable national framework. Inter alia, this starting point can be the request from the credit institution, from the designated authority or from the supervisory authority. When reporting on indicator i33, DGSs should specify the starting point from which the elapsed time is assessed and the reasons leading to choosing this starting point. DGSs should also report the main assumptions of the test.
- 4.87 When applying indicator i35, DGSs should consider involving supervisory authorities in compliance with Article 11(3)(d) of the DGSD and the applicable national provisions. In that case, DGSs should focus their assessment only on the internal actions they can take.
- 4.88 When applying indicator i36, DGSs should focus on the specific processes that they might have put in place as per Article 11(5) of the DGSD. If no specific process has been put in place, DGSs should only report this finding.
- 4.89 When applying indicator i37, DGSs should liaise with relevant authorities to define the timeframe in which the measures should be performed. DGSs can also determine this timeframe if mandated. DGSs should take into consideration past real-life experiences, if any. This timeframe might differ depending on the scenario/measure used. The relevant starting point to quantify the elapsed time depends on the applicable national framework. Inter alia, this starting point can be the request from the credit institution, from the designated authority or from the supervisory authority.

4.90 When reporting on indicators i33 and i37, DGSs should report a qualitative score indicating if the measures were conducted within the applicable deadline, accompanied by an explanation to justify the qualitative score, and report the time needed and the deadline applicable to the test (quantitative). DGSs should also report the starting point from which the elapsed time is assessed and reasons leading to choosing this starting point. When reporting on indicator i38, DGSs should specify if (in the context of past real-life experiences or for the sake of preparedness) procedures compliant with national provisions put in place in order to identify a potential buyer to take over the transferred covered deposits.

4.91 When reporting on indicators i34, i35, i36 and i38, DGSs should report a qualitative score accompanied by an explanation to justify the qualitative score.

#### Other applicable indicators

4.92 In addition to the specific indicators provided in paragraph 4.84, DGSs should use the following indicators, which also apply to test their repayment function.

4.93 For the purpose of testing their capabilities to contribute to resolution, DGSs should use the following abovementioned indicators: i5, i6, i7, i8, i28, i29, i30 and i31.

4.94 When applying these indicators for that purpose, DGSs should take into consideration that the contribution of a DGS to resolution might need to be executed in a shorter timeframe than the applicable period provided for making the repayable amount available to depositors.

4.95 When applying indicators i6 and i7, DGSs should assess the adequacy of the extra staff, budget and other resources for the purpose of providing their contribution in a timeframe compatible with the needs of resolution procedures. DGSs should liaise with resolution authorities to define this timeframe which might differ depending on the scenario and resolution tool used.

4.96 DGSs should apply indicator i8 only if they use IT systems other than the ones used in the context of their repayment function. When applying indicator i8, DGSs should assess the security of the IT systems that are crucial for the purpose of contributing to a resolution in a timely manner.

4.97 When applying indicator i28, DGSs should take into consideration the national legal, contractual or statutory provisions (if any) related to DGS's governance and decision-making process specific to the context of contribution to resolution.

4.98 For the purpose of testing their capabilities to prevent failures, DGSs should use the following abovementioned indicators: i5, i6, i7, i8, i28 and i29.

4.99 When applying indicator i6, DGSs should assess the adequacy of the existing staff for the purpose of quantifying the costs of DGS's interventions as provided for in Article 11(3) of the DGSD.

- 4.100 When applying indicator i7, DGSs should assess the adequacy of the extra staff for the purpose of quantifying the costs of DGS's interventions as provided for in Article 11(3) of the DGSD.
- 4.101 DGSs should apply indicator i8 only if they use IT systems other than the ones used in the context of their repayment function. When applying indicator i8, DGSs should assess the security of the IT systems that are crucial for the purpose of quantifying the costs of DGS's interventions as provided for in Article 11(3) of the DGSD.
- 4.102 When applying indicator i28, DGSs should take into consideration the national legal, contractual or statutory provisions (if any) related to the DGS's governance and decision-making process specific to the context of failure prevention.
- 4.103 For the purpose of testing their capabilities to prevent failures, DGSs can also apply indicators i30 and i31 on a voluntary basis, consistently with the applicable national provisions.
- 4.104 For the purpose of testing their capabilities to contribute to insolvency proceedings, DGSs should use the following abovementioned indicators: i5, i6, i7, i8, i28 and i29.
- 4.105 When applying indicator i7, DGSs should assess the adequacy of the extra staff for the purpose of quantifying the costs of the DGS's interventions as provided for in Article 11(6) of the DGSD.
- 4.106 DGSs should apply indicator i8 only if they use IT systems other than the ones used in the context of their repayment function. When applying indicator i8, DGSs should assess the security of the IT systems that are crucial for the purpose of quantifying the costs of the DGS's interventions as provided for in Article 11(6) of the DGSD.
- 4.107 When applying indicator i28, DGSs should take into consideration the national legal, contractual or statutory provisions (if any) related to the DGS's governance and decision-making process specific to the context of contribution to insolvency proceedings.
- 4.108 For the purpose of testing their capabilities to contribute to insolvency proceedings, DGSs can also apply indicators i30 and i31 on a voluntary basis, consistently with the applicable national provisions.

### **Extra stress scenarios and extra indicators**

#### **Extra stress scenarios**

- 4.109 DGSs should consider adding another layer of complexity and stress to one or more of the core tests, by adding to the chosen core test a 'special' scenario with severe business continuity challenges or external circumstances that would bring extra stress for a DGS to perform its functions.

4.110 A non-exhaustive list of examples of such scenarios includes: multiple DGS payouts at the same time, economic stress and no ability to liquidate or raise funds in the market, IT/operational issues at the DGS or failed credit institution, external circumstances that affect the operations of the DGS, like an epidemic/pandemic, power outage, internet disruption and strike. When reporting to the EBA, DGSs should describe the test design and the chosen scenario.

4.111 When applying such an extra stress scenario, DGSs should use the following indicator:

i39: Ability of the DGS to deal with business continuity challenges or external circumstances that create extra stress when performing its functions (qualitative)

#### Own-initiative, self-developed areas and indicators

4.112 DGSs can develop – on a voluntary basis – additional, own-initiative indicators to assess areas other than the ones included in the guidelines. A DGS can add such extra indicators for aspects that the DGS considers relevant when assessing its capabilities and which are assessed during the applicable stress-testing cycle. This is a voluntary option. The aim of this option is to give DGSs flexibility to test and report on those aspects that a DGS considers relevant for its situation. The inclusion of such areas in the stress-test reports that are submitted to the EBA provides the EBA and other DGSs insight to such aspects for future peer reviews.

4.113 When reporting on such indicators, DGSs should report a qualitative score, accompanied by an explanation to justify the qualitative score, and if applicable, quantitative information.

## Guideline 5: Qualitative assessment of the outcomes of the tests and DGS resilience

### Assessment system for individual indicators

5.1 When grading their resilience in respect of the different indicators included in these guidelines, DGSs should use the following assessment system.

5.2 Since the purpose of stress testing is twofold, assessing the DGS's resilience and identifying shortcomings or 'areas for improvement' in order to improve the DGS's systems, it is expected and welcomed that a DGS identifies such areas for improvement when performing its stress-test exercises. Therefore, DGSs should report, when applying individual indicators, a qualitative score from the following different categories:

- 1) The DGS has identified none or a low number of areas for improvement and such areas are unlikely to affect the ability of the DGS to perform its tasks under the conditions of the DGSD.
- 2) The DGS identified a significant number of areas for improvement, but such areas for improvement are unlikely to affect the ability of the DGS to perform its tasks under the conditions of the DGSD, because, for example, such shortcomings are isolated and/or can easily be addressed at the point of failure.
- 3) The DGS identified a low number of areas for improvement, however, such areas for improvement would affect the ability of the DGS to perform its tasks under the conditions of the DGSD (therefore, the DGS should indicate which measures have been taken or are scheduled in the near future and any outcomes resulting from follow-up tests).
- 4) The DGS identified a significant number of areas for improvement, and such areas for improvement would affect the ability of the DGS to perform its tasks under the conditions of the DGSD (therefore, the DGS should indicate which measures have been taken or are scheduled in the near future and any outcomes resulting from follow-up tests).

5.3 The qualitative scores should be supplemented by quantitative developments and explanations justifying the reported result when requested by the reporting template.

### From individual indicators to DGS' resilience in the achievement of its legal functions

5.4 When grading their resilience in respect of the legal functions assessed in the core tests, DGSs should use the following assessment system.

5.5 DGSs should report, for each core test, if they assess themselves as 'sufficiently resilient' or 'insufficiently resilient'.

- ‘Sufficiently resilient’ means that the DGS is able to fulfill the function, entrusted in accordance with Directives 2014/49/EU and 2014/59/EU, which has been assessed by means of the relevant core test.
- ‘Insufficiently resilient’ means that the DGS is not able to fulfill the function, entrusted in accordance with Directives 2014/49/EU and 2014/59/EU, which has been assessed by means of the relevant core test.

5.6 DGSs should supplement this assessment by explanations justifying the reporting results.

5.7 If a DGS is legally mandated to perform a certain task under the DGSD, but did not conduct a certain core test applicable to the DGS, the DGS should report this by filling in ‘area not tested’ in the relevant field of the reporting template and explaining the reasons for not assessing the area.

### **Assessment system for overall resilience**

5.8 When grading their overall resilience, DGSs should use the following assessment system.

5.9 DGSs should report whether the overall resilience in the achievement of its full legal mandate is ‘Sufficiently resilient’ or ‘Insufficiently resilient’:

- ‘Sufficiently resilient’ means that the DGS is able to fulfill all of the functions for which it is entrusted in accordance with Directives 2014/49/EU and 2014/59/EU.
- ‘Insufficiently resilient’ means that the DGS is not able to fulfill at least one of the functions for which it is entrusted in accordance with Directives 2014/49/EU and 2014/59/EU.

5.10 DGSs should supplement this assessment by explanations justifying the reporting results.

## Guideline 6: Instructions for reporting to the EBA

- 6.1 If possible, the reporting template should include the outcomes of at least one stress-testing cycle fully performed by the DGS.
- 6.2 DGSs should report the information set out in Annex 1 to the EBA by the date to be announced, where applicable, by the EBA when planning and conducting peer reviews. With a view to the second peer review to be published by the EBA by 16 June 2025, DGSs should report their results to the EBA by 16 June 2024. Regarding the later stress testing and reporting cycles, the EBA will announce the date of the next reporting deadlines in the later EBA peer reviews or by other means.
- 6.3 DGSs should use the reporting template set out in Annex 1 and transmission channels provided by the EBA for reporting.
- 6.4 DGSs should follow these instructions when filling in the reporting template:
- DGSs should provide a qualitative score (1-4) for each indicator (qualitative), accompanied by an explanation to justify the qualitative score. If applicable, DGSs should also provide quantitative information to motivate the score and provide comparable data for future peer reviews (quantitative).
  - When quantitative information is required in addition to a qualitative score, DGSs should follow the instructions in the guidelines and reporting template, for example regarding the units of measure.
  - When a DGS did not assess a certain area, the DGS should indicate this by filling in 'area not tested' in the relevant field in the reporting template. In addition, DGSs should include a literary statement describing the reason for not assessing a certain area.
  - For SCV-file tests, when reporting the number of unique institutions tested, if a DGS performed multiple SCV-file tests of one credit institution, this counts as one unique institution.



## Annex 1 – Template for reporting results

Please see the separate Excel file.

## 5. Accompanying documents

---

### 5.1 Draft cost-benefit analysis / impact assessment

1. As per Article 16(2) of Regulation (EU) No 1093/2010 (EBA Regulation), any guidelines and recommendations developed by the EBA shall be accompanied by an Impact Assessment (IA) which analyses ‘the potential related costs and benefits’.
2. This analysis presents the Impact Assessment of the main policy options included in this Consultation Paper on the draft revised Guidelines on stress tests of deposit guarantee schemes under Directive 2014/49/EU (‘Guidelines on DGS Stress Tests’). The IA is high level and qualitative in nature.

#### A. Problem identification

3. According to Directive 2014/49/EU on Deposit Guarantee Schemes<sup>10</sup>, Member States need to ensure that DGS perform stress tests of their systems at least every 3 years. To this end, the EBA in 2016 issued own-initiative guidelines that set out the scope and principle-based requirements for stress tests to be performed by the DGS, including predefined reporting templates on the stress test results. Data on these was first received in 2019.
4. The DGSD mandates the EBA to conduct peer reviews on these data at least every 5 years. The first peer review was published in June 2020.<sup>11</sup> The aim of the peer review was threefold: i) assess the resilience of DGSs; ii) identify best practices in relation to DGS stress tests; iii) identify areas for improvement for possible future revisions of the guidelines. While the DGS stress tests have been recognised as established tools, the 2020 peer review has identified several areas for improvement and concluded that divergence in the types of stress-testing exercises performed and in the way that results were reported hinder the comparability of stress testing performed by DGSs across the EU. In total, 45 areas have been identified for which the stress-testing framework and comparability could be improved. Based on this, the EBA decided to update the Guidelines.

#### B. Policy objectives

5. These new guidelines aim to repeal the first set of guidelines on DGS stress testing published in 2016 and to address the issues identified as part of the peer review. The new guidelines aim to strengthen the DGS stress-testing framework and improve comparability.

---

<sup>10</sup> Directive [2014/49/EU](#).

<sup>11</sup> [EBA Report On The Peer Review Of Deposit Guarantee Scheme \(DGS\) Stress Tests And The Resilience Of DGSs](#).

6. Two categories of improvements are reflected in the guidelines: i) the design and execution of stress tests; and ii) the reporting of the stress-test results to the EBA. Another area for improvement identified as part of the peer review relates more to DGS' systems and processes; these are however not reflected in the update of the guidelines.

### C. Options considered, assessment of the options and preferred options

7. Section C presents the main policy options discussed and the decisions made during the development of the new guidelines. Advantages and disadvantages, as well as potential costs and benefits of the policy options and the preferred options resulting from this analysis are reported. The impact of the options listed decreases in the ordering of the options.

#### Testing of adequacy and access of funding means

**Option 1a: Keep the guidelines unchanged: DGSs should test the adequacy of their funding means quantifying their potential shortfall in case of failure of any single one affiliated credit institution.**

**Option 1b: DGSs should test the adequacy of their funding means quantifying their potential shortfall in case of failure of all of the affiliated credit institutions (in turn, not cumulatively).**

**Option 1c: DGSs should test the adequacy of their funding means quantifying their potential shortfall in case of failure of each of the affiliated credit institutions and in addition, DGSs should test the access to their various funding means.**

8. In the case of a shortfall in available financial means, DGSs need to meet their funding needs through *ex post* contributions and/or by accessing funds through AFAs. DGSs are required to be able to raise such *ex post* contributions and to have alternative funding arrangements in place.
9. The current guidelines require DGSs to test their funding means by selecting only one credit institution and testing the adequacy of their available financial means, *ex post* contribution and the AFAs (the potential shortfall is assessed by comparing the full amount of funding means to be raised by the DGS and the amount of covered deposits held by the failing institution which should be reimbursed). This might not necessarily show a shortfall. Changing the requirements to testing the adequacy of funding means in case of individual failure of each affiliated credit institution (option 1b), might still not lead to a shortfall (in cases where a DGS has very ample funding means and hence the amount of covered deposits by any credit institution never exceeds the former). However, testing the adequacy of the funding means for each affiliated credit institution will alleviate any bias and potential heterogeneity in DGSs' selection of credit institutions for assessing any shortfalls. Option 1b is therefore preferred to option 1a.
10. If no shortfall is detected, this could be considered as a DGS's available financial means (AFM) as adequate. So far, some DGSs not incurring a shortfall when testing the failure of any credit institution has led to some DGSs to not test their processes for raising *ex post* contributions and

accessing funds through alternative funding means. As a consequence, they did not provide information on indicators i22 and i23 in the reporting templates.

11. This does not only hamper the comparability of DGSs' stress testing, but crucially it implies different degrees of testing conducted across the DGS and hence potentially also different degrees of meaningfulness of the stress-test outcomes. Further, it is crucial that DGSs test their ability to access the various funding means provided in the DGSD. The new guidelines hence introduce a specification in that DGSs need to test their access to various funding means (their ability to raise their resources in a timely manner). Inter alia, DGSs should simulate the liquidation of their invested assets. The new guidelines provide that the access should be assessed irrespective of the amount of funding means, that is, no shortfall-assumption is needed. This will increase the stress-testing burden on DGSs at least in the short term to some extent since they will need to run more stress-test scenarios than under the current guidelines (testing the failure of each affiliated credit institution and assessing the accessibility of their funding means); ultimately, however it allows for more comparability and in particular, improved resilience of the overall system and these benefits were assessed as outweighing the additional costs. **Option 1c has therefore been assessed as the preferred option.**

#### Aligning core tests to the intervention scenarios

**Option 2a: Maintaining the GL as they are (priority tests are linked to the funding, operational and cross-border capabilities and DGSs are required to test these capabilities in a repayment scenario). The deadline to conduct priority tests, namely 3 July 2019, would however need to be updated.**

**Option 2b: Linking the tests to the different intervention scenarios that DGSs may have to perform, including all intervention scenarios a DGS is legally mandated to perform. And, for the sake of clarity, replacing the concept of 'priority tests' by the concept of 'core tests' (as a consequence of requiring that all the legal functions for which a DGS is mandated should be stress tested).**

12. The DGSD sets out the main requirements of a DGS. Specifically, it needs to be able to compensate depositors once insolvency proceedings are put in place ('repayment function' as per DGSD Article 11(1)) and needs to be able to finance the resolution of credit institutions in order to preserve continuous access to deposits and protect depositors' funds from bail-in ('contribution to resolution function' as per DGSD Article 11(2) and BRRD Article 109). In addition, the DGSD provides flexibility for Member States to allow DGSs to use their available financial means for additional, alternative measures (DGSD Article 11(3)).<sup>12</sup>

13. In theory, when an alternative measure is allowed by a Member State under Article 11(3), DGSs in that jurisdiction should be able to perform these intervention scenarios at all times, and hence any stress testing should prove this or identify any weaknesses in this regard. The current

<sup>12</sup> These alternative measures can include DGSs using resources to sell depositors to a banking buyer under an insolvency procedure instead of compensating depositors or DGS funds being used for prevention as a crisis-management tool, before any insolvency proceedings.

guidelines however provide flexibility as to the intervention scenarios to be tested, and only set out testing requirements for the ‘repayment function’ (SCV files, operational capability, operational cross-border cooperation and funding capability). Any other alternative measures, if applicable, can be tested on a voluntary basis.

14. As a result, some DGSs only test the binding intervention functions of repayment, whilst others also test any alternative measures that apply<sup>13</sup>. Like in option 1, this situation hampers any efforts of a comparison across DGSs’ resilience and performance across jurisdictions. More importantly, however, this implies that the extent to which DGSs are testing all possible intervention scenarios they may be legally mandated to perform varies widely. This could have potential implications for the financial stability of the EU banking system, since the current stress-testing framework of DGSs technically does not test if all DGSs are able to perform all their intervention functions. Since the latter is at the core of a reliable DGS system, and as a result is crucial for a safe and functioning EU banking sector, it has been assessed that it is preferred to directly link the tests that need to be performed to all the intervention scenarios a DGS is legally mandated to perform. **Option 2b has therefore been chosen as the preferred option:** the new guidelines provide a maximum list of six possible categories of core tests that need to be performed within any given stress-testing cycle<sup>14</sup>, namely testing of SCV files, repayment, contribution to resolution and – where relevant – repayment with cross-border cooperation, failure prevention and contribution to insolvency proceedings (part 6 of the new guidelines).
15. Whilst this will in certain instances increase the costs and efforts for DGSs during their stress-test cycles, it has been assessed that these additional costs are greatly outweighed by the benefits of completeness for the resilience of the system as a whole. Flexibility for DGSs to tailor the stress tests to their specific needs has been maintained.
16. In addition, choosing Option 2b also solves the other issue of confusion that seems to exist between priority tests and intervention scenarios (and indicators). Establishing a clear, one-to-one mirroring between core tests and intervention scenarios in the new guidelines will thus also provide much needed clarity for DGSs and supervisors.

#### Amendments to the reporting template

**Option 3a: Keep the reporting templates unchanged.**

**Option 3b: Amend the templates by providing further specifications and clearer instructions in the templates.**

<sup>13</sup> The peer review showed that between 2014 and July 2019 indeed only one DGS reported having performed a test on the use of available financial means for preventive measures. No DGS tested the contribution for insolvency proceedings. Despite not all Member States having implemented Article 11(3) and 11(6) of the DGSD, this demonstrates that an improvement of the guidelines is needed in this regard.

<sup>14</sup> ‘Core test’ means the stress tests a DGS performs in a stress-testing cycle of the tasks entrusted to them in different intervention scenarios.

17. The guidelines issued by the EBA in 2016 were accompanied by reporting templates for the reporting of the stress test results by DGSs to competent authorities. This information collection aims to support the EBA when conducting its peer review. Certain changes as part of the amendment of the guidelines now need to be reflected also in the templates and for which new fields will be added to the existing templates, such as the new indicators developed for stress-testing failure prevention and contribution to insolvency proceedings. Furthermore, the 2020 peer review identified certain key areas that could be improved in order to enhance the quality and comparability of information provided (such as the level of detail to be provided or more clarity on reference dates).
18. Therefore, a revision of the reporting templates has been performed alongside the revisions of the core guideline document. Whilst some revisions were necessary for the consistency of templates and guidelines, and information provided across jurisdictions, other revisions have been included rather as an improvement measure taking this opportunity. The main objectives when revising the templates has been to have more detailed requirements, more aligned units of account, and include a description of DGSs' internal rules of functioning and DGSs' institutional landscape. At the same time, the templates have been streamlined and improvements have been made to their overall presentation.
19. It has been acknowledged that changes in reporting templates always imply initial costs to the providers of the data, as new data points or new instructions create some additional costs during the filling in of the templates. It has been assessed however that ultimately, in the long-run, a review of the templates will be beneficial for all actors involved. For DGSs it will provide more clarity, the comparability and reliability of the data received by supervisors will greatly improve, and as a result, the overall financial stability will be strengthened.

**20. Option 3b has therefore been chosen as the preferred option.**

Clarifying the assessment system

**Option 4a: Provide more clarity in the guidelines on what the DGS stress test aims to achieve (testing both DGS's resilience and identifying areas for improvement).**

**Option 4b: Introducing an overall score for the resilience of the DGS to better highlight the intended goal of the outcome of the stress test and improve comparability.**

**Option 4c: Introducing an overall score for both the resilience of the DGS and asking for a dedicated assessment of the areas of improvement.**

21. A DGS stress test aims to test both the resilience of the DGS, as well as identify areas for improvement. These two have in the past not always seemed clear to all DGSs. Under the current guidelines, a reporting system exists (including 4 scores, ranging from A to D), according to which DGSs have to assess their resilience under each stress scenario. In practice, some DGSs have inserted a score without any justification. This implies that the scores cannot be compared fully across different DGSs and importantly, it makes it very difficult to identify the very

problematic cases where DGSs would assess that they are not able to perform their mandates. (Also it means that the areas for improvement, in particular in the cases of low scores, aren't always clear.)

22. One option considered has been to clarify the objectives of the stress tests in the new guidelines, in order to make clear that a DGS stress test needs to strike the right balance between testing resilience, providing a clear picture of problematic cases and identifying potential areas of improvement. This option 4a has been disqualified however since it has been assessed that this would likely not result in the needed comparability and clarity of outcomes reported.
23. Instead, the new guidelines suggest a new scoring system for the resilience assessment of a DGS. A score between 1 and 4 will be allocated to each indicator reported. The DGS will also need to perform an overall resilience analysis, assigning an overall binary score of 'sufficiently resilient' versus 'not sufficiently resilient' – where the latter means that the DGS would not be able to perform an intervention scenario if the need arose. Introducing this new binary score will enable competent authorities and DGSs to get a much clearer idea of the problematic cases that need to be improved. In this regard, the new guidelines in addition went a step further and assessed **Option 4c as the preferred option**: the overall score for the resilience needs to be accompanied by a detailed assessment of the areas of improvement identified. A dedicated table for the latter has been added as part of the new guidelines. The overall resilience analysis should not be understood as an aggregation of the individual assessments related to the indicators. Indeed, the guidelines should not incentivise DGSs to run tests with the single most important aim of getting an optimal score from the perspective of the guidelines. Instead, stress-test exercises are performed to identify areas for improvement / shortcomings for every single DGS, which should be addressed by the DGS by implementing improvements and need to be tested again at a later stage.
24. Choosing option 4c ensures that i) it is possible to clearly identify problematic cases; ii) the balance between resilience and areas of improvement is ensured. Whilst again this implies an additional reporting burden for DGSs, incorporating these changes will greatly contribute to early identification of critical issues and importantly will allow to press for improvements in a much more focused and efficient way.
25. Almost all of the impact of the revision of the guidelines is on DGSs themselves, not on credit institutions and the above impact assessment only includes policy options affecting DGS since these have been the most prevalent during the policy discussions. One change that may have an impact on credit institutions, however, are the possible on-site inspections by DGSs at credit institutions to assess the quality of credit institutions' Single-Customer-View (SCV) files (the files containing the individual depositor information necessary to prepare for a repayment by a DGS), suggested as a possibility to be performed alongside desktop reviews. DGSs currently have in place their own internal methods to assess SCV files. Another change that may have an impact are the insertions, among the test indicators, of considerations related to DGSs' ability to collect additional or corrective data from credit institutions after receiving their SCV files.

26. The additional details provided by the new guidelines and in the reporting templates on the assessment of institutions' SCV files, and the closer collaboration this may entail between DGSs and credit institutions, will strengthen the framework, but at the same time may imply some initial additional costs for credit institutions.

#### D. Conclusion

27. The amendments to the guidelines will have several impacts on DGSs in their stress-testing cycles. The proposed changes include a number of enhancements to the requirements of DGSs when performing the stress tests, as well as more detailed reporting requirements. Whilst the increased burden on DGSs is acknowledged, added costs versus gained benefits have been assessed during the drafting of the new guidelines.

28. The new guidelines will inter alia lead to improved comparability across the EU, greater preparedness and reliability of DGSs' stress tests and improved resilience of DGSs as well as the wider banking system. Greater transparency will be ensured through a more comprehensive EBA peer review and this will therefore improve pre-conditions for effectively addressing deficiencies.

29. The revisions concluded in these new guidelines try to strike the right balance between costs to DGSs and the benefits to the system as a whole. The proposed revisions are assessed to greatly enhance the EU's DGS framework.



## 5.2 Feedback on the public consultation

1. The EBA conducted a consultation on the draft Revised Guidelines on DGS stress tests over a 3-month period ending on 11 June 2021. A public hearing was held on 26 May 2021. The EBA received 5 responses, of which 3 were published on the EBA website, and 2 were not published because the respondent did not wish for them to be made public.

### Main comments received during the public consultation

2. Two respondents overall agreed with the proposed revisions of the reporting instructions, but highlighted the significant extension of the reporting template appended to the Revised Guidelines in comparison with the existing document. They called for simpler and easier reporting instructions regarding some specific sections of the template. In response, the EBA inserting drop-down menus and binary (yes-or-no) questions to make the completion of the template by the DGSs more efficient. The EBA also simplified what the background information DGSs are required to provide on their resources and analytical processes for SCV-file stress tests. Changes to the reporting template appended to the Revised Guidelines have been incorporated as a result of the responses received during the public consultation.
3. Two respondents also pointed out that some pieces of information requested in the reporting template are sensitive from the DGSs' perspective. This issue was not assessed as relevant because any reporting would not be published by the EBA and would adhere to the EBA's established security requirements for confidential information. When conducting the next peer review, the EBA will only publish sensitive information after anonymising it.
4. Additionally, one respondent emphasised increased workload and costs for the DGSs stemming from the revisions of the Guidelines. The EBA highlighted that a more ambitious stress-testing framework is key for financial-stability purposes. The DGSs had been closely involved and agreed on the areas of improvement identified in the 2020 peer review. The peer review also concluded that the DGS stress tests are now an 'established tool' in the EEA (the first iteration of the tests took place in 2016), and the DGSs' resilience is already 'fair', meaning that the DGSs are operationally ready to implement more diverse and comprehensive stress tests.

## Summary of responses to the consultation and the EBA's analysis

Comments	Summary of the responses received	The EBA's analysis	Amendments to the proposals
<b>General comments</b>			
The design and execution of stress tests in general.	One respondent supported the proposed revisions of the Guidelines, but called for a leaner approach to lessen the workload and the costs that DGSs should bear by implementing these new requirements.	<p>The Revised Guidelines establish a more ambitious and comprehensive stress-testing framework, which requires the DGSs to perform more stress tests, and in some cases, to do so in greater depth (in comparison with the assessments that have been performed by the DGSs since 2016). The proposed revisions are a result of the areas for improvements identified by the EBA's 2020 peer review. These revisions are required to increase DGSs' preparedness to perform all the functions and, as a consequence, to strengthen financial stability across the EU. The Revised Guidelines require the DGSs to increase the complexity of the stress tests over time, but also specify (in paragraph 3.28) that DGSs do not need to go beyond the scenarios that can be realistically expected and should not lose sight of testing the baseline scenario.</p> <p>Additionally, the proposed Revised Guidelines take into consideration the consequent operational burden from DGSs' perspective and provide proportionality and flexibility. In particular, the DGSs are not required to conduct all of the core tests mentioned in the Revised Guidelines, depending on the legal functions that are part of their mandate. When performing some tests, DGSs are allowed to base their assessment on past outcomes from other assessments to avoid double-testing. The use of granular tests (instead of end-to-end simulations), too, is allowed under the Revised Guidelines.</p>	No change.
The extension of the reporting template.	One respondent highlighted that the reporting template appended to the	The lack of comparability of the information collected via the template in the original Guidelines has been one of the main areas of improvement identified by the EBA's 2020 peer review. Thus, the peer review recommended to amend the existing sheets and to request additional data points to ensure comparability. The	No change.

Comments	Summary of the responses received	The EBA's analysis	
	Revised Guidelines is longer than under the original Guidelines.	revisions of the reporting template are needed to perform the comparative and qualitative analyses that will be part of the next EBA peer reviews, while taking into consideration the various national DGSD options and discretions. While the reporting template is longer than the previous one, that is partly a result of DGSs now being required to perform more tests. Nevertheless, where possible, the EBA simplified the reporting templates, including by inserting drop-down menus and, binary questions. For these reasons, the EBA considers that the Revised Guidelines strike a suitable balance between the competing demands of achieving robustness of reporting and simplicity for the completion of the reporting template.	
Information-sharing with other public authorities.	One respondent disagreed with paragraph 2.27 of the Revised Guidelines, which provides that DGSs should share the outcomes of the stress tests in the form of the reporting template with the designated authorities. This paragraph also provides that DGSs should share the outcome of the stress tests, in the form of the reporting template or in another form, with relevant authorities upon their request and subject to applicable confidentiality provisions. The respondent commented that the proposed template may not be in the most relevant format to share information with the designated authorities. The respondent also commented that the outcomes of the	Paragraph 2.27 of the Revised Guidelines aims to ensure that the designated authorities are fully informed about the outcomes of DGS stress tests. Thus, the information reported via the template should be considered as the minimum content to be shared with the designated authorities. The proposed phrasing allows DGSs to provide additional information, for example data that is of relevance from the designated authorities' perspective, upon designated authorities' request, as well as submit summaries that may add context. Also, the EBA agrees on considering the outcomes of the DGS stress tests as sensitive data. For that reason, paragraph 2.27 requires the DGSs to share this information only with public authorities, and upon their request.	No change.

Comments	Summary of the responses received	The EBA's analysis	
	stress tests are sensitive information that should be handled cautiously.		
<b>Question 1</b>			
Definitions proposed in the Revised Guidelines.	One respondent called for inserting in paragraph 12 of the Revised Guidelines a definition of the DGS resilience and the stress-testing steering team.	There is no need to amend paragraph 12 because the definitions of the DGS resilience and steering team are provided in the section related to the subject matter, scope and definitions and Guideline 2.8, respectively.	No change.
The design and execution of end-to-end stress tests.	One respondent requested additional clarifications on the end-to-end tests provided in Guideline 3.7.	Guideline 3.7 provides that the DGSs are required to conduct core tests as end-to-end tests at least once per stress-testing cycle. This means that the DGSs have to apply all of the indicators related to one type of core test in the context of one single simulation. For example, an end-to-end cross-border cooperation test would imply the use of indicators i15 to i24 during the same simulation. Afterwards, the DGSs are free to conduct the same core test again via a series of granular tests in the course of the ongoing stress-testing cycle. This means, for example, that the DGSs can opt for applying only a subset of indicators during the year N, and applying the remaining indicators during the following year N+1 to fully achieve an additional iteration of the core test.	No change.
The involvement of external observers.	One respondent agreed overall with the revisions proposed by the EBA, but commented that the DGS would not resort to an auditor or a consulting firm to ensure the objectivity of the stress tests. This respondent specified that the DGS' risk unit is already involved to provide an	Guideline 2.14 encourages DGSs to include external observers when putting arrangements in place to ensure objectivity, but does not require them to do so. Therefore, the DGSs that do not resort to external observers would comply with the proposed Revised Guidelines, but would have to report other specifications on the efficiency of the arrangements in place to ensure the objectivity of the stress tests.	No change.

Comments	Summary of the responses received	The EBA's analysis	
	independent assessment of the tests and involving additional private companies would increase DGS' costs.		
The involvement of external observers.	One respondent requested additional clarifications on the composition of the steering team and asked whether the Revised Guidelines would allow an external observer to attend the steering team's meetings.	Guideline 2.8 provides that the steering team should include DGSs' internal staff only because the efficient conduct of DGS stress tests should only be the DGSs' responsibility. The Revised Guidelines encourage the DGSs to involve external observers when planning, running and assessing their tests. Without being part of the steering team, the feedback from the external observers would be helpful to improve the stress-testing exercises over time and ensure objectivity. This can be performed via close cooperation with the external stakeholders, including by allowing them to participate in the steering team's meetings.	No change.
<b>Question 3</b>			
The grading of the outcomes.	One respondent highlighted that the qualitative scores (1 as best performance, 2, 3 and 4) to grade the outcomes when assessing the individual indicators are duly provided in the Revised Guidelines, but not in the reporting template.	The EBA agrees with this observation and therefore amended the revised template. With a view to making DGSs' completion of the reporting template easier, the last sheet related to the qualitative scores (provided in Guideline 5.2) has been amended to specify these scores, which provides the DGSs with the necessary reporting instructions.	The reporting template appended to the Revised Guidelines has been amended in sheet 10.
Reporting of the DGS resilience.	One respondent proposed to amend the second sheet of the reporting template appended to the Revised Guidelines by only asking the DGSs if they assess	The proposed refinement of this section of the reporting template is one of the main recommendations made by the EBA's 2020 peer review. The EBA sees clear merit in requesting the DGSs to report their identified material weaknesses when they assess themselves as not sufficiently resilient. This lets the EBA know the areas for improvement on which the DGS will focus during the subsequent stress-	No change.

<b>Comments</b>	<b>Summary of the responses received</b>	<b>The EBA's analysis</b>	<b>Amendments to the proposals</b>
	themselves as resilient or not (via a yes-or-no question).	<p>testing cycles. This would also help the EBA to identify potential structural or comparable weaknesses reported by several DGSs.</p> <p>The EBA highlights that any reporting on weaknesses would not be published by the EBA and would also adhere to the EBA's established security requirements for reporting of confidential information. The EBA is aware of this issue and will only publish sensitive information after anonymising it when conducting the next peer reviews. Even if the DGSs assess themselves as sufficiently resilient, the EBA sees merit in reporting qualitative information on the areas of improvement and minor weaknesses that have been identified as not material enough to jeopardise DGSs' resilience. In that case, the EBA paid attention to the DGSs' need for proportionality by requiring to report only brief feedback.</p>	
Next reporting deadlines.	One respondent agreed overall with the next deadline to report DGSs' self-assessment to the EBA (set on the 16th of June 2024 in paragraph 6.2 of the Revised Guidelines), but requested further clarifications on the timeline of the next stress-testing cycles and how to articulate the next stress-testing cycles with the next reporting deadline.	Since the publication of the first EBA peer review in June 2020, the DGSs are conducting stress tests in line with the cycles scheduled by their internal working programmes and in compliance with Article 4(10) of the DGSD that provides these cycles should last 3 years at the most. Where the authorities choose to comply with the Guidelines, a new stress-testing cycle will start when the Revised Guidelines come into effect. By 16 June 2024, the DGSs will have to report to the EBA on the assessment of their resilience according to the provisions of the Revised Guidelines. The next DGSs report (and the next EBA peer review) will focus on the tests conducted between the enforcement date of the Revised Guidelines and the reporting date to the EBA.	No change.
The reporting deadline.	One respondent commented on the deadline for the next report submission to the EBA in the context of the next peer review. The Revised Guidelines require the DGSs to submit their report by 16 June	The EBA acknowledges that the period of time to apply the provisions of the Revised Guidelines for the first time will be shorter than a usual stress-testing cycle, which is supposed to last 3 years at the most. Nevertheless, the existing legal requirements and the operational challenges from the EBA's perspective shall be taken into consideration. Article 4(10) of the DGSD requires the EBA to	No change.

Comments	Summary of the responses received	The EBA's analysis	
	2024. Considering that the Revised Guidelines are likely to come into force starting from the end of 2021 or the beginning of 2022, the respondent highlighted the short period of time during which the DGSs will have to implement these new requirements before reporting to the EBA.	conduct peer reviews at least every 5 years. Considering the last EBA peer review was published on 17 June 2020, the EBA is required by the DGSD to publish the next peer review by 16 June 2025. Based on the experience of the first peer review, the EBA staff will need at least 1 full year to finalise the peer review. This explains why the proposed Revised Guidelines set 16 June 2024 as the deadline to submit DGSs' reports.	
Background information to be reported by the DGSs.	One respondent did not see clear merit in reporting general information on the DGSs as requested by the first sheet of the reporting template appended to the Revised Guidelines.	The EBA is of the view that this dataset will be useful when comparing the reported outcomes and drafting the next peer reviews. The EBA will analyse the results in the light of background information specific to each DGS. Also, the EBA needs to collect information on the legal mandate of the DGSs in order to assess whether the core tests performed within the ongoing stress-testing cycle are aligned with the legal functions for which they are entrusted.	No change.
Background information to be reported by the DGSs.	One respondent suggested a minor amendment of the proposed reporting template on how the DGSs should report on their funding structure. In order to improve the comparability of the reported information, this respondent called for removing the proposed free-text field and inserting drop-down menus and more targeted questions, in particular regarding the management policy of DGSs' resources.	<p>The EBA agrees with this comment and sees merit in amending the first sheet of the proposed revised template. The free-text field has therefore been removed. When providing general information on their funding structure, the DGSs will now have to report the percentage of DGS' available financial means in relation to the amount of covered deposits held by the affiliated credit institutions.</p> <p>Also, the DGSs will have to report their management policy of their available financial means by specifying (via a drop-down menu) whether these are directly managed by the DGS, by another entity following DGS' instructions or by another entity without receiving DGS' instructions. The DGSs will be requested to specify (via drop-down menus) whether specific arrangements are in place to raise extraordinary contributions and alternative funding means. A few free-text fields will accompany these questions to report any relevant additional details.</p>	The reporting template appended to the Revised Guidelines has been amended in sheet 1.

Comments	Summary of the responses received	The EBA's analysis	
<b>Question 4</b>			
Definition of the SCV files.	One respondent suggested slightly amending the definition of SCV files provided in the section related to the subject matter, scope and definitions. This is because the proposed definition only refers to the aggregate amount of eligible deposits without mentioning the aggregate amount of covered deposits.	Article 4(8) of the DGSD requires the affiliated credit institutions to provide the DGSs with all information necessary to prepare the compensation of depositors. The amount of eligible deposits (e.g. the deposits that are eligible to compensation irrespective of their amount) is sufficient from the DGS's perspective with a view of preparing the repayment. If the amount of eligible deposits reported in the SCV file is higher than 100,000 euros (and if these deposits are not subject to possible extra coverage), the DGSs are required to cap the repaid amount. Any additional information is not needed in that case. Therefore, there is no merit in extending the definition of the SCV files provided in the Revised Guidelines.	No change.
Definition of the substandard entries.	One respondent agreed overall with clarifying the concept of substandard entry, but specified that the ability of the DGSs to compensate the depositors on the basis of the received SCV files should be assessed via a yes-or-no approach.	The EBA specifies that the indicator i2 of the Revised Guidelines requires the DGSs to assess both the share of valid files and the share of substandard entries within valid SCV files. These two different concepts should not be commingled by the DGSs. The share of valid SCV files should reflect the capability of the DGSs to compensate the depositors from the information included in the SCV files. In that case, a binary approach is requested. The share of substandard entries within valid SCV files requires a more qualitative assessment. The DGSs are asked to identify the shortcomings that do not jeopardise the compensation of depositors, but should be addressed with a view to improving the accuracy of the SCV-file data over time.	No change.
The arrangements in place to assess the SCV files.	One respondent agreed overall with the revisions proposed by the EBA, but commented that the guidelines should further take into consideration the use of	This aspect is part of the assessment required by the proposed indicators i3 (quality assessment of the arrangements in place for requesting and obtaining SCV files) and i4 (quality assessment of the arrangements in place for analysing SCV files and liaising with the relevant credit institutions to request	The reporting template has been amended in sheet 4.



Comments	Summary of the responses received	The EBA's analysis	
	IT facilities when assessing the DGS' resilience in the context of SCV-file stress tests. The respondent specified that all of the affiliated credit institutions use a shared IT system to report SCV-file information to the DGS. The respondent also outlined that this dataset mandatorily complies with the expected format and is automatically checked by the IT system to ensure the data quality of the SCV files.	<p>additional/corrective data when needed). Guideline 4.21 provides that these arrangements in place could comprise communication and transmission channels and information exchange schemes. This therefore includes the IT facilities as mentioned by the respondent.</p> <p>Nevertheless, the EBA sees merit in amending the template appended to the Revised Guidelines. When assessing their resilience in the context of SCV-file stress tests, DGSs should be required to report whether the analysis of the SCV files is software-based, what checks are included in this analysis and if automatic messages are sent to the affiliated credit institutions. This information should be provided by the DGSs via drop-down menus, accompanied by free-text fields to provide any further details if relevant.</p>	
The arrangements in place to assess the SCV files.	Another respondent proposed to exempt the DGSs to stress test the SCV files from affiliated credit institutions that would use the same IT facilities. In that case, the DGSs could assess the SCV files from a subset of these credit institutions.	The EBA disagrees with this proposal because, even if several credit institutions use the same IT facilities to produce their SCV files, this does not mean that the facilities are operational or properly handled by each of these credit institutions. Credit institutions with the same IT facilities may reach different performances in terms of SCV-file production. For that reason, the Revised Guidelines should require the DGSs to conduct SCV-file stress tests for each of the credit institutions holding covered deposits.	No change.
Communication between the DGSs and credit institutions after stress testing the SCV files.	One respondent commented that the feedback possibly sent by the DGSs to the credit institutions after stress testing their SCV files should focus on the ability of the credit institutions to comply with the applicable legal requirements, instead of incentivising the credit institutions to	The EBA agrees that the DGSs should liaise with the credit institutions if the SCV-file stress tests show their inability to comply with the applicable legal requirements. Nevertheless, the EBA stresses the importance of incentivising the credit institutions to improve all of the possible SCV-related aspects. For instance, the credit institutions can be incentivised to improve the data quality to decrease the amount of substandard entries. This explains why paragraph 4.12 of the Revised Guidelines encourages the DGSs to share their internal assessment	No change.

Comments	Summary of the responses received	The EBA's analysis	
	improve their performance in terms of SCV-file protection.	methodology of SCV files and the consequent outcomes with the tested credit institutions.	
Application of indicator i4 for SCV-file stress tests.	One respondent commented that indicator i4 (quality assessment of the arrangements in place for analysing SCV files and liaising with the relevant credit institutions to request additional and corrective data when needed) would be more suitably applied in the context of a repayment function stress test and should not be applied when conducting routine checks of SCV files.	The EBA disagrees with this conclusion because indicator i4 aims to stress test the ability of the DGSs to analyse the SCV files of all the relevant affiliated credit institutions and liaise with them when needed. Considering that repayment function stress tests assume the failure of one and a few credit institution(s), these would not be tailored to the purpose of the indicator i4.	No change.
Stress test of SCV files from credit institutions that may be subject to resolution.	One respondent proposed to exempt the affiliated credit institutions that would be subject to a resolution procedure as concluded by the public interest assessment from SCV-file stress tests.	The EBA disagrees with granting such an exemption because the decision on whether to resolve an institution is taken on a case-by-case basis, and does not depend solely on what is outlined in the resolution plans. For that reason, the SCV-file quality of all of the affiliated credit institutions that take deposits shall be tested.	No change.
<b>Question 5</b>			
Information to report in the context of indicator i8 (IT safety).	Two respondents supported the introduction in the Revised Guidelines of the new indicator i8 dedicated to the security assessment of the IT systems that are crucial for the execution of the tasks that are mandated to the DGS. This respondent nevertheless stressed the	The EBA highlights that paragraph 4.32 of the proposed Revised Guidelines is phrased in a way that takes into consideration the issue raised by the respondent. The Revised Guidelines provide that the DGSs are required to report briefly and only on the main conclusions from past IT audits. The EBA also highlights that any reporting on IT weaknesses would not be published by the EBA and would also adhere to the EBA's established security requirements for reporting of	No change.

Comments	Summary of the responses received	The EBA's analysis	
	sensitivity of the IT-security information and specified that DGSs should only report to the EBA the main conclusions from the most recently available internal or external audits.	confidential information. The EBA is aware of this issue and will not publish sensitive non-anonymised information in the context of the next peer reviews.	
Information to report in the context of indicator i8 (IT safety).	Another respondent raised different concerns about indicator i8 by asking for further specifications on the expected information that the DGSs are supposed to report when providing conclusions from past IT audits.	In the EBA's opinion, there is no clear merit in further developing the reporting instructions for indicator i8. Indeed, paragraph 4.32 of the Revised Guidelines provides that DGSs' assessment should focus on the IT weaknesses identified in the context of past audits. This clarifies the requested assessment and the information to be reported. Also, the identified weaknesses may significantly vary from one DGS to another. The DGSs are expected to rely their resilience assessment on the materiality of the identified weaknesses by specifying whether these are crucial for the execution of their mandate.	No change.
Information to report in the context of indicator i14 (complex cases).	One respondent agreed overall with the need to stress test the DGS's capability to deal with complex compensation cases (such as THBs or beneficiary accounts), but suggested amending the information to be reported in the template appended to the Revised Guidelines. When reporting on indicator i14, this respondent called for only reporting whether the DGSs put in place dedicated internal processes to handle these complex cases.	The EBA disagrees with this proposal because the Revised Guidelines should require the DGSs to specify, even briefly, the internal resources and procedures in place to handle complex claims from depositors. The DGSs may opt for various processes, depending on the applicable national provisions. A free-text field in the revised reporting template would also allow the DGSs to report whether simulations have been performed via fictional data or whether special cases other than THBs and beneficiary accounts have been considered.	No change.
The use of a risk-based approach	One respondent asked to clarify whether the DGSs are supposed to use a risk-based	The EBA clarifies that the DGSs are not required to use a risk-based approach in all cases. Guideline 4.51 provides that the DGSs should consider using a risk-based	No change.

Comments	Summary of the responses received	The EBA's analysis	
for cross-border cooperation stress tests.	approach on a mandatory basis when stress testing cross-border cooperation.	approach when such an approach is possible and relevant. In particular, a risk-based approach is useful when the affiliated credit institutions have branches established in various Member States. In that case, there is merit for the DGSs to select its partner DGSs by taking into consideration the likelihood of being involved in a cross-border payout.	
<b>Question 6</b>			
The application of indicator i31.	One respondent agreed overall with the proposed revisions of the funding capability tests, but commented that indicator i31 (for cross-border cooperation scenario, the time for transmission of the funds required for the repayment to depositors at branches by the host DGS) should rather be part of the indicators related to operational capability tests.	The EBA agrees with this comment. Even though indicator i31 refers to a transfer of funds between DGSs, the assessment should focus on the operational capability of the home DGS to send the expected financial means to the host DGS in due time. Thus, Guidelines 4.59 and 4.64 have been amended to include this indicator in the section on operational capability. Consequently, this impacts the numbering of the proposed indicators without amending the substance of the assessment to be conducted by the DGSs.	Guidelines 4.59 and 4.64 have been amended to include this indicator in the section on operational capability.
Information to report in the context of the funding capability stress tests.	One respondent was opposed to providing detailed information on the DGS's governance for obtaining funds, the adequacy of the DGSs' funding means for all of the affiliated credit institutions and the access to all of the possible DGSs' funding sources. The respondent highlighted this as sensitive information that could raise reputational risks for the DGSs in case of disclosure. For that reason,	The proposed revisions related to the funding capability stress tests are one of the main improvements of the Guidelines, as recommended by the EBA's 2020 peer review. Detailed information on the assessment from indicators i25 to i31 will allow the EBA to assess whether the DGSs encountered legal or operational issues related to the decision-making process to obtain funds. This will also help the EBA to quantify the shortfall of funding means from some fictitious individual failures, and thus be aware of a potential significant lack of resources.  Finally, the revised template will provide the EBA with qualitative information on the potential obstacles that the DGSs may encounter when resorting to their	No change.

Comments	Summary of the responses received	The EBA's analysis	
	<p>the respondent proposes to amend the reporting template appended to the Revised Guidelines and requests the DGSs to only report – via a yes-or-no approach – whether a funding governance is in place, the funding means are adequate and the access to the funding sources is efficient.</p>	<p>funding sources. This dataset will be key from the EBA's perspective when drafting the next peer reviews on resilience of the DGSs.</p> <p>Nevertheless, any sensitive non-anonymised information will not be made public in the context of the next peer reviews. The EBA highlights that any reporting on weaknesses would not be published by the EBA and would also adhere to the EBA's established security requirements for reporting of confidential information.</p>	