

**Guidelines on stress tests of deposit guarantee schemes under Directive  
2014/49/EU  
(EBA/GL/2016/04)**

These guidelines are addressed to designated authorities administering a DGS, and to supervisory and resolution authorities, to the extent that their cooperation as safety net participants is required in order to ensure adequate performance of the DGS stress tests.

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.

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.

The European Banking Authority published these Guidelines on 19.10.2016. Banco de España's Executive Commission adopted them as their own on 8.11.2016 (as the competent authority to perform the stress test of the Spanish FGD system) and on 13.12.2016 (as the competent authority for the direct supervision of less significant institutions).

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# Guidelines

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on stress tests of deposit guarantee schemes under Directive  
2014/49/EU

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# 1. Compliance and reporting obligations

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## 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 guidelines, or otherwise with reasons for non-compliance, by 19.12.2016. 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 to [compliance@eba.europa.eu](mailto:compliance@eba.europa.eu) with the reference 'EBA/GL/2016/04'. 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).

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<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

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### Subject matter

5. These guidelines specify the minimum principles and content of stress tests that deposit guarantee schemes ('DGSs') must perform pursuant to Article 4 (10) of Directive 2014/49/EU<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.

### Scope of application

7. These guidelines apply to DGSs when performing stress tests of their systems in accordance with Article 4(10) of Directive 2014/49/EU.
8. 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

9. These guidelines are addressed to competent authorities as defined in Article 4(2)(iii) of Regulation (EU) 1093/2010.
10. These guidelines are also addressed to competent authorities as defined in Article 4(2)(i) and (iv) 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.

### Definitions

11. 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:

Assumptions	means the information and parameters that are predetermined for the conduct of a DGS stress test (e.g. the liquidation of a given credit institution involving a certain amount of losses).
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<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).

Internal participants	means test participants from the DGS.
External participants	means test participants outside the DGS, including affiliated credit institutions, relevant public authorities or third-party observers.
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

12. These guidelines apply from [two months after issuance in all EU languages].

### 4. Objectives of DGS stress tests

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

- (i) testing 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>, 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;
- (iii) producing results which allow comparability and peer reviews.

### 5. Methodology for DGS stress tests

14. In order to ensure a comprehensive approach, stress tests should be programmed over a medium-term cycle as described in subsection 5.1. Subsequently, each stress test exercise should follow a number of key phases as described in subsection 5.2.

<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, 2002/47/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).

15. 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.

## 5.1 Programming of a cycle of stress tests

16. DGSs should define a programme of test exercises with a view to covering, over a period which is not less than two to five years, the intervention scenarios and test areas described in sections 6 and 7, respectively, of these guidelines.
17. The programme should set out the estimated timeframe of programmed exercises and define the planned scope of each exercise in terms of test areas and types of intervention scenarios.
18. The programme may include comprehensive tests covering all test areas under a given intervention scenario, or targeted tests covering only some test areas (e.g. access to data) or covering a specific test area without testing an intervention scenario (e.g. routine SCV file checking). In any event, all the intervention scenarios and test areas laid down in these guidelines should be tested over the programme cycle.
19. 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 of certain areas), actual DGS interventions or regulatory developments (e.g. a shortening in repayment deadlines).
20. Where a real-life intervention occurred during the cycle and enabled a DGS to assess the resilience of some or all of the test areas and/or intervention scenarios planned for testing under the programme, the DGS may amend 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 described in subsection 5.2, the DGS may focus on the reporting and corrective action phases.

## 5.2 Key phases of a stress test exercise

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

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<sup>4</sup> Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (OJ L 281, 23.11.1995, p. 31).

## Planning phase

22. DGSs should appoint 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. Senior management should ensure that the steering team is provided with all the information necessary and receives full support from the rest of the staff of the DGS.
23. Ahead of each exercise, the steering team should define the timeframe for executing the test and identify the internal and/or external participants involved.
24. Based on the programme defined pursuant to subsection 5.1, the steering team should define in more detail the focus of the test, intervention scenario, test areas, indicators to be measured, and assumptions underpinning the exercise (e.g. level of losses incurred by a credit institution, level of payout in liquidation or credit institutions to be covered by quality checks of SCV files).
25. DGS may use assumptions from previous intervention cases and assess the way in which the DGSs' systems performed. They may also simulate the way in which, under the current conditions, their scheme would behave if it were faced with a similar situation.
26. 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.
27. 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. Such arrangements should be documented by the scheme and ensure that objectivity requirements apply to all participants 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 who, within the DGS, also take part in the exercise.
28. Alternatively, those arrangements should provide for the participation of external observers of the process. Observers may 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.
29. The steering team should contact the internal and external participants 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

30. When running the test, the steering team should request and collect from test participants the information necessary to assess the performance of the DGS's systems in relation to the test areas and indicators described in section 7.
31. Tests may be run in various formats, including live roleplaying sessions where internal and external participants simulate the actions and decisions they would take in a given intervention scenario, or back-office exchanges (e.g. where the steering team requests SCV files from an institution and measures the accuracy of the information).
32. 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 may 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

33. 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 areas measured.
34. 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 tests results to the designated authorities at least annually.
35. 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.

### 5.3 Cooperation with relevant administrative authorities

36. DGSs should keep designated authorities fully informed when planning and conducting stress tests, unless the DGS is also the designated authority. For this purpose, DGSs should submit their programme of test exercises, as referred to in subsection 5.1, to the designated authorities and the EBA. The first programme should be shared with the designated authorities and the EBA by [six months after issuance in all EU languages]. Any material update should be promptly notified to the designated authorities and the EBA.

37. Subsequently, when planning each exercise, they should inform designated authorities of the scope of the test in terms of participating credit institutions, test areas, intervention scenarios, and any other relevant information as referred to in subsection 5.2 (planning phase), and allow sufficient time before the start of the exercise to allow the designated authorities to provide comments.
38. In addition, before testing an intervention scenario as defined in section 7, DGSs should inform the public authorities that would be involved in the kind of scenario 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.
39. 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 may be organised via the designated authority.
40. Competent and resolution authorities should cooperate, directly or via designated authorities, with DGSs in defining scenarios and running tests.

## 6. Intervention scenarios

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41. In order to comprehensively assess their capacity to effectively deal with cases of institution failure, DGSs should test intervention scenarios as prescribed in this section.

### 6.1 DGS functions to be covered by scenarios

42. DGSs should test their ability to fulfil their tasks in all the types of intervention set out in Directives 2014/49/EU and 2014/59/EU, namely:
  - to compensate depositors in the event of a credit institution's insolvency pursuant to Article 11(1) of Directive 2014/49/EU ('repayment function');
  - to finance the resolution of credit institutions in order to preserve continuous access to deposits in 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');

- 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 scenario').

## Repayment function

43. All 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 one of the categories described in paragraph 53.
44. 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.
45. Over the time of the programme cycle, DGSs should test the areas and apply the indicators described in section 7.

## Contribution to resolution

46. 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.
47. DGS stress tests under resolution scenarios may be performed on a stand-alone basis or may be part of a broader resolution test performed under the leadership of resolution authorities, provided that the areas and indicators described in section 7 are tested and applied, respectively.
48. Where a DGS stress test under a resolution scenario is performed on a standalone 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.
49. The assumed level of 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.
50. In exceptional cases, after consulting the resolution authority, a DGS may abstain from testing resolution scenarios where it conversely determines that no affiliated credit institution falls in any of the categories described in paragraph 53.

## Failure prevention

51. 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 funding capacity 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.

## 6.2 Selection of affiliated credit institutions to be included in intervention scenarios

52. With a view to testing an intervention scenario, 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 or areas tested, the severity and complexity of the scenario, and its geographical reach.

53. With a view to testing a resolution scenario, a DGS should select one or more affiliated credit institutions from the following categories:

- a) credit institutions classified as significant supervised entities and directly supervised by the ECB in accordance with Part IV of Regulation (EU) 468/2014<sup>5</sup>;
- b) credit institutions identified as global systemically important institutions (G-SIIs) or other systemically important institutions (O-SIIs) pursuant to Article 131 of Directive 2013/36/EU<sup>6</sup>;
- c) in case a resolution authority has set and made public indicative thresholds above which an institution would be likely, in case of failure, to be subject to a resolution action in accordance with Article 32(1) of Directive 2014/59/EU, credit institutions meeting such thresholds. This provision should not be construed as prescribing any partial or full

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<sup>5</sup> Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p.1).

<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 L 176, 27.6.2013, p.338).

disclosure of the resolution plan or resolution strategy for the concerned institutions, nor as an obligation for resolution authorities to set or make public such thresholds.

### 6.3 Severity and complexity of scenarios

54. DGSs should test scenarios assuming different levels of severity and complexity. Over time DGSs should apply increasingly sophisticated and severe scenarios.
55. In order to ensure historical relevance, DGSs should, over the cycle, 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.
56. This prescription is without prejudice to the need to test broader or more severe scenarios with a view to assessing the ability of the DGS to perform its functions in the future.
57. Different geographical scopes should be tested, with a progressive introduction of scenarios requiring intervention in support of depositors at branches established in other Member States. This requirement is not applicable where no affiliated credit institution has any branch in other Member States.

## 7. Test areas and indicators

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58. Stress tests should cover 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.
59. 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 apply both quantitative and qualitative indicators, and should at a minimum measure the indicators set out in this section.
60. Operational and funding capabilities should be tested under the intervention scenarios described in section 6. In addition, DGSs may also run targeted exercises independently of any scenario, for example regular checks of SCV files of a given institution.

61. In relation to DGS intervention in resolution, test areas and indicators may focus on the collection of data, transmission of data to resolution authorities, and funding mechanisms and arrangements.

## 7.1 Operational capabilities

62. 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 home-host cooperation.

### 7.1.1 Access to data:

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

#### a. Information on affiliated credit institutions, depositors and deposits

64. DGSs should test the arrangements in place for requesting and obtaining SCV files from affiliated credit institutions and assess the quality of those files and the timeliness of their transmission.
65. SCV file quality may be assessed in the context of a scenario-based test or in the context of regular routine tests with some or all of the affiliated credit institutions.
66. The quality of an institution's SCV files may 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.
67. 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 identification numbers, incorrect addresses, different names with the same identification numbers, several records for the same depositor etc.) and measure the number of invalid SCV files as a share of the institution's records or, where applicable the sample.
68. Where insufficient quality has been observed at an institution, a follow-up check should be conducted within at least two years to assess progress. The DGS may adjust this two-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.

69. 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 files' 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.

70. DGSs should use the following indicators:

- i1: Overall quality assessment of the SCV files resulting from the tests, main shortcomings, main reasons for shortcomings, expectation of future developments (qualitative)
- i2: Quality assessment of arrangements in place for requesting and obtaining SCV files (qualitative)
- i3: Time to obtain transmission of SCV files, from the day of the request to the affiliated credit institution (quantitative)
- i4: Share of substandard SCV files or SCV files' entries (missing, inaccurate, or not containing the data necessary for processing and payment) (quantitative)

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

71. DGSs should assess the arrangements in place (legal or administrative provisions, memoranda of understanding, etc.) 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>7</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.

72. 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 DGS intervention, including whether they ensure receiving timely information on early deterioration of an institution's financial situation (qualitative)

<sup>7</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).

### **7.1.2 Staff and other operational resources**

73. DGSs should test, under the scenarios described in section 6, 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.
74. 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).
75. DGSs should use the following indicators:

i6: Adequacy of the existing staff, budget and other resource that would be available in a real-life scenario (quantitative and qualitative)

i7: Adequacy of extra staff, budget and other resources that would be available at short notice when needed (quantitative and qualitative)

### **7.1.3 Communication with depositors and the wider public**

76. 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.
77. DGSs should use the following indicators:

i8: Time to set up call centres and ad hoc websites or webpages (quantitative)

i9: Capacity of websites or call centres in terms of number of connections or calls (quantitative)

### **7.1.4 Payment instruments**

78. DGSs should test their ability to proceed with payments to depositors, i.e. to effectively transfer the repayment amounts to depositors.
79. To that effect, they should assess the quality of existing processes for collecting payment details, the payment instruments available (e.g. bank transfers, cheques, prepaid cards), and where applicable their capacity to pay in foreign currencies.
80. Once they 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.

81. DGSs should use the following indicators:

i10: Review of payment instruments available for payout scenarios (qualitative)

i11: Adequacy when applied to a high number of payments, as defined in the scenarios (qualitative)

#### 7.1.5 Repayment and contribution periods

82. 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.

83. Where applying resolution scenarios, DGSs should measure the time necessary to make their contribution pursuant to Article 11(2) of Directive 2014/49/EU.

84. DGSs should use the following indicators:

i12: For repayment scenarios, time from the determination of unavailability of deposits to the moment when the repayable amount is made available (quantitative)

i13: Where THBs or beneficiary accounts are earmarked on a continuous basis as described in paragraph 69, time elapsed from the determination of unavailability of deposits to the moment when the repayable amount is made available (quantitative)

i14: For resolution scenarios, time elapsed from the resolution authority's request to the payment of the contribution (quantitative)

#### 7.1.6 Home-host cooperation

85. DGSs should test the systems in place for repaying depositors at branches set up by their affiliated credit institutions in other Member States.

86. First, DGSs should verify that they are able to retrieve SCV files regarding depositors at such branches.

87. Second, they should measure the time taken to prepare payment instruction files 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>8</sup>.

88. Third, they should submit a sample payment instruction file to the DGSs of host Member States in order to test that communication channels are properly established and obtain

<sup>8</sup> EBA/GL/2016/02.

confirmation from those DGSs that the file would contain all necessary information to effect a payment.

89. This subsection 7.1.6 does not apply to DGSs for which no affiliated credit institution has any branch in another Member State, or where the only affiliated credit institutions with branches in other Member States would fall in one of the categories described in paragraph 53.

90. DGSs should use the following indicators:

i15: Ability to extract earmarked SCV information on depositors at branches set up by their affiliated credit institutions in other Member States (qualitative)

i16: Time to produce and transmit to host authorities payment instruction files, from the transmission of SCV files by institution (quantitative)

i17: Quality assessment of channels for the transmission of payment instruction files

i18: Confirmation from host DGSs that the payment instruction files would be adequate for repaying depositors

i19: Ability to meet the deadlines laid down in the Guidelines on cooperation arrangements between deposit guarantee schemes under Directive 2014/49/EU

## 7.2 Funding capabilities

91. In addition to operational capabilities, DGSs should test the adequacy of their funding means in order to meet their payment obligations under the intervention scenarios described in section 6.

92. First, DGSs should assess the adequacy of the *ex ante* funding available at the time of the exercise for the necessary repayment or resolution contribution. In this regard, the adequacy test should consider the amounts that would effectively be available within the repayment period. This implies an assessment of the liquidity of the invested available financial means and payment commitments, including under market stress.

93. Second, where *ex ante* funding is insufficient, DGSs should assess the adequacy of extraordinary *ex post* contributions and alternative funding means to meet the shortfall within the repayment deadline. In this regard, reliance on *ex post* funding should take into account the constraints laid down in Article 10 (8) of Directive 2014/49/EU, including whether some institutions' payments may 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

<sup>9</sup> See the delegated act to be adopted by the Commission pursuant to Articles 104(4) and 115 of Directive 2014/59/EU. [Insert instead the full title of the delegated act if published in the OJ together with the OJ reference].

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.

94. Reliance on alternative funding means, 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.

95. DGSs should use the following indicators:

i20: Adequacy of *ex ante* funds to cover the funding need (shortfall in absolute value and as a share of the need)

i21: Qualitative assessment of the DGS's ability to liquidate assets invested as part of the available financial means within the deadline

i22: Adequacy of *ex post* and alternative funding means to cover the funding needs not covered by *ex ante* funds (shortfall remaining after exhausting *ex post* and alternative funding means) (quantitative)

i23: Quality assessment of arrangements in place for accessing alternative funding means (reliability, quantity) (qualitative)

## 8. Priority tests

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96. With a view to the first EBA peer review, by 3 July 2019 DGSs should perform and report results on the following tests:

- 1) SCV file tests: formal routine checks of SCV files of all affiliated credit institutions. These tests should also ensure that the SCV files earmark deposits at branches in other Member States.
- 2) An operational capability test: a test applying a payout scenario and measuring the operational capability indicators described in section 7. The test should be severe enough to challenge the ability of DGSs to deliver critical processes, resources and IT systems effectively and efficiently in stressed conditions. For this purpose, DGSs should select a credit institution with a number of depositors of no less than the second quartile of affiliated credit institutions not falling in any of the categories described in paragraph 53.
- 3) An operational cross-border cooperation test: a test run in cooperation with at least one other DGS and assessing at least whether the DGS is able to effectively transmit

to a host DGS a payment instruction file regarding depositors at a foreign branch of a given affiliated credit institution, with confirmation from the host DGS that the file contains all the information necessary to effect the payment. This provision is not applicable to DGSs for which no affiliated credit institution has any branches in other Member States, or where the only affiliated credit institutions with branches in other Member States fall in one of the categories described in paragraph 53.

- 4) A funding capability test: a test measuring the financial capability areas and indicators described in section 7 in either a payout or a resolution scenario, involving a single or multiple failure, and assuming a DGS intervention of a level of at least 0.8% of covered deposits or, where a lower target level has been set in conformity with Article 10(6) Directive 2014/49/EU, that lower target level.

97. Any of the tests above may be conducted jointly.

98. DGSs should report results on the above priority tests to the designated authorities and the EBA using the template in Annex 1.

99. The first programme cycle referred to in subsection 5.1 should include the completion of the priority tests specified in this section.

## Annex 1 – Template for reporting results

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1ST EBA PEER REVIEW ON DGS STRESS TESTING PURSUANT TO ARTICLE 4(10) OF THE DGSD RESULTS OF PRIORITY TESTS PERFORMED IN APPLICATION OF PARAGRAPH 96 OF SECTION 8 OF THE GUIDELINES ON STRESS TESTS OF DEPOSIT GUARANTEE SCHEMES	
QUESTIONS	ANSWERS ( <i>Where applicable, guidance is provided in italics. Also see instructions in separate sheet</i> )
<b>A. GENERAL QUESTIONS</b>	
Deposit Guarantee Scheme for which the results are reported	<i>Name of DGS</i>
Contact details of the designated authority	<i>Name, email, mail address and phone number.</i>
Contact details of the deposit guarantee scheme if different from designated authority	<i>Name, email, mail address and phone number.</i>
Period covered by the summary	

Number of institutions which are members of the DGS	<i>Number at the time of reporting</i>
Repayment periods applicable to the DGS during the period pursuant to Article 8(2) DGSD	<i>E.g. 7 working days.</i>
<b>B. SCV FILES TESTS</b>	
Number of institutions tested	
Where applicable, reason for not testing all institutions	
How many members were tested on the basis of samples	
How many members were tested on the totality of their SCV files	
Where sampling was used, describe the methods used to define the sample and ensure representability of the sample	
i1: Overall quality assessment of the SCV files resulting from the tests, main shortcomings, main reasons for shortcomings, expectation of future developments (qualitative)	

i2: Qualitative assessment of arrangements in place for requesting and obtaining SCV files (qualitative)				
i3: Time to obtain transmission of SCV files, from request to institution (quantitative)	<i>Number of days. Indicate minimum and maximum as well as average</i>			
i4: Share of substandard entries (missing, inaccurate, or not containing the data necessary for treatment and payment)	<i>Percentage as a share of an institution's total SCV files or sample. Average across all the tests, range (min and max).</i>			
<b>C. OPERATIONAL CAPABILITY TEST(S)</b>				
<i>Describe the priority tests applied (intervention scenarios chosen, type of institutions etc.). One column per test.</i>	<i>Leave empty</i>	<i>Describe test 1</i>	<i>Describe test 2 if any</i>	<i>Describe test 3 if any</i>
<i>Overall quality assessment resulting from the tests, main shortcomings, reasons for these shortcomings, expectation of future developments.</i>	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<u>1) Access to data</u>				
<u>a) Information on depositors and deposits</u>				
i1: Overall quality assessment of the SCV files resulting from the tests, main shortcomings, main reasons for shortcomings,	<i>Leave empty</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>

expectation of future developments (qualitative)				
i2: Quality assessment of arrangements in place for requesting and obtaining SCV files (qualitative)	<i>Leave empty</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i3: Time to obtain transmission of SCV files, from the day of the request to the affiliated credit institution (quantitative)	<i>Leave empty</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i4: Share of substandard SCV files or SCV files' entries (missing, inaccurate, or not containing the data necessary for processing and payment) (quantitative)	<i>Leave empty</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<u>b) Information on problems that are likely to give rise to the intervention of a DGS.</u>				
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 DGS intervention, including whether they ensure receiving timely information on early deterioration of an institution's financial situation (qualitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<u>2) staff and other operational resources</u>				
i6: Adequacy of the existing staff, budget and other resource that	<i>General assessment if</i>	<i>Assessment for</i>	<i>Assessment for</i>	<i>Assessment for test</i>

would be available in a real-life scenario (quantitative and qualitative)	<i>more than one test</i>	<i>test 1</i>	<i>test 2 if any</i>	<i>3 if any</i>
i7: Adequacy of extra staff, budget and other resources that would be available at short notice when needed (quantitative and qualitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<u>3) Communication with depositors and the wider public</u>				
i8: Time to set up call centres and ad hoc websites or webpages (quantitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i9: Capacity of websites or call centres in terms of number of connections or calls (quantitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<u>4) Payment means</u>				
i10: Review of payment instruments available for payout scenarios (qualitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i11: Adequacy when applied to a high number of payments, as defined in the scenarios (qualitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<u>5) Repayment and contribution periods</u>				
i12: For repayment scenarios, time from the determination of	<i>General assessment if</i>	<i>Assessment for</i>	<i>Assessment for</i>	<i>Assessment for test</i>

unavailability of deposits to the moment when the repayable amount is made available (quantitative)	<i>more than one test</i>	<i>test 1</i>	<i>test 2 if any</i>	<i>3 if any</i>
i13: Where temporary high balances or beneficiary account are earmarked on a continuous basis as described in paragraph 69 of the guidelines on DGS stress tests, time elapsed from the determination of unavailability of deposits to the moment when the repayable amount is made available (quantitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i14: For resolution scenarios, time elapsed from the resolution authority's request to the payment of the contribution (quantitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<u>6) Home-host cooperation (optional as part of the operational capability test)</u>				
i15: Ability to extract earmarked SCV information on depositors at branches set up by their affiliated credit institutions in other Member States (qualitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i16: Time to produce and transmit to host authorities payment instruction files, from the transmission of SCV files by institution (quantitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i17: Quality assessment of channels for the transmission of payment instruction files	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>

i18: Confirmation from host DGSs that the payment instruction files would be adequate for repaying depositors	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i19: Ability to meet the deadlines laid down in the Guidelines on cooperation arrangements between deposit guarantee schemes	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<b>D. OPERATIONAL CROSS BORDER COOPERATION TEST</b>				
Describe tests performed during the period and involving cross-border cooperation.	<i>Leave empty</i>	<i>Describe test 1</i>	<i>Describe test 2 if any</i>	<i>Describe test 3 if any</i>
Overall assessment resulting from the tests, main shortcomings, reasons for these shortcomings, expectation of future developments.	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i15: Ability to extract earmarked SCV information on depositors at branches set up by their affiliated credit institutions in other Member States (qualitative);	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i16: Time to produce and transmit to host authorities payment instruction files, from the transmission of SCV files by institution (quantitative);	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i17: Quality assessment of channels for the transmission of payment instruction files	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>

i18: Confirmation from host DGSs that the payment instruction files would be adequate for repaying depositors	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i19: Ability to meet the deadlines laid down in the Guidelines on cooperation arrangements between deposit guarantee schemes	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
<b>E. FUNDING CAPABILITY TEST</b>				
Describe the main tests (intervention scenarios chosen, type of institutions etc.) involving funding capability testing	<i>Leave empty</i>	<i>Describe test 1</i>	<i>Describe test 2 if any</i>	<i>Describe test 3 if any</i>
Amount of funds required by the intervention	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
Describe the funding mix obtained in the test: amount of funds required by the intervention, amount of <i>ex ante</i> funds used, including the amount of payment commitments called upon, amount of <i>ex post</i> contributions collected, amount of alternative funding means obtained		<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
Overall assessment of the results, main shortcomings, reasons for these shortcomings, expectation of future developments.	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i20: Adequacy of <i>ex ante</i> funds to cover the funding need (shortfall in absolute value and as a share of the need)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>

i21: Qualitative assessment of the DGS's ability to liquidate assets invested as part of the available financial means within the deadline	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i22: Adequacy of <i>ex post</i> and alternative funding means to cover the funding needs not covered by <i>ex ante</i> funds (shortfall remaining after exhausting <i>ex post</i> and alternative funding means) (quantitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>
i23: Quality assessment of arrangements in place for accessing alternative funding means (reliability, quantity) (qualitative)	<i>General assessment if more than one test</i>	<i>Assessment for test 1</i>	<i>Assessment for test 2 if any</i>	<i>Assessment for test 3 if any</i>

## Instructions

1. The present template should be filled in by deposit guarantee schemes. One form should be filled in for each DGS.

2. The DGS or designated authority should transmit the filled-in form to [notifications@eba.europa.eu](mailto:notifications@eba.europa.eu) [subject to other transmission modalities specified by the EBA ahead of the deadline]

3. The deadline for transmission is 3 July 2019

4. This template serves for reporting results on priority tests as provided under paragraph 96 of the guidelines on DGS stress tests. For each of the categories provided under that paragraph, DGSs may run one or more tests. Where more than one priority test is performed, results should be reported on separate columns. DGSs are not required to report individually on more than 3 tests.

5. Whenever a qualitative assessment is required, the DGS should indicate both a literary judgment on the quality of the area which is assessed, and a qualitative scoring using the following scores:

A - Optimal: the area measured requires no improvement

B- Fair: the area presents weaknesses but these are isolated and/or can easily be addressed at the point of failure, and are unlikely to affect the ability of the DGS to perform its tasks under the conditions of the DGSD

C- Poor: the area present weaknesses which are likely to complicate the ability of the DGS to perform its tasks under the conditions of the DGSD, and requires improvement [in which case indicate which measures have been taken or are scheduled]

E - Very poor: the area presents grave shortcomings which are likely to prevent the DGS from performing its tasks under the conditions of the DGSD and require immediate remedial [in which case indicate which measures have been taken or are scheduled]