



INTERNAL WORKSHOP

for high level experts and management from NBU and DGF

DEVELOPMENT OF A NEW BANK RESOLUTION FRAMEWORK IN UKRAINE

**INTERNATIONAL DEVELOPMENTS IN
BANK RESOLUTION AND POTENTIALS
FOR REFORM FOR UKRAINE**

**CHALLENGES IN OPERATIONALIZING
RECOVERY & RESOLUTION**

Intercontinental Kyiv | Thursday 16 May 2019

9:00 – 9:15 **Opening**

9:15 – 10:15 **Early intervention measures and SREP in light of bank resolution -
The role of supervision in bank resolution, practical experience
from the assessment of recovery planning**

Milica Nikolic and Ismael Ahmad, The World Bank Group

- Cooperation of supervisory authority with resolution authority, division of powers, etc; role of resolution in recovery planning; role of supervision in resolution planning
- SREP and its relevance for resolution purposes
- Early intervention applying experience, in particular management removal
- Key elements of a recovery plan; recovery plans of big and small banks: differences, principle of proportionality; cooperation with banks; assessment cycles and methodologies - expertise required within the supervisory authority
- Does the supervisory authority continue to fulfill its supervisory powers (receiving and analyzing reports, monitoring, inspections etc.) concerning the FOLTF banks, which are already under the resolution authorities responsibility zone?
- Role of resolution and supervision in ensuring resolvability: in practical terms, how does cooperation with supervisor work, who takes action and discusses with the bank including on CEFs in recovery and resolution planning.

10:15 – 11:15 **Resolution planning: Practical experiences and what to focus on with a
view to making banks “resolvable”**

Johannes Langthaler, Austrian Financial Market Authority

- Key elements of the resolution plan. Stress assumptions in resolution plans; cooperation and information requirements from banks
- Internal expertise required for resolution (planning)
- Resolution plans for big and small banks: differences, principle of proportionality; difference in reporting needs
- Methodology and parameters for selecting the preferred resolution strategy
- Typical (main) triggers for starting the resolution plan (FOTLF)
- Role of resolution in recovery planning; role of supervision in resolution planning
- Role of resolution in ensuring resolvability in practical terms: How does cooperation with supervisor work? How does cooperation with banks work?

11:15 – 11:30 **Coffee break**

11:30 – 12:30 Case study: Examples of taking EIM and recovery measures, examples of recovery and resolution triggers

Ismael Ahmad, The World Bank Group

- Step-by-step practice case indicating the actions of the supervisory authority and the resolution authority; typical (main) triggers for starting the recovery plan and resolution plan - international practice; include P&A for small banks
- Typical (main) triggers for starting the recovery plan and resolution plan - international practice. Are such triggers unified in the EU / Eurozone?
- CEFs in recovery and resolution planning

12:30 – 13:30 Lunch

13:30 – 14:30 Case study: Application of bank resolution tools | Some practical examples and challenges in the execution

João Cunha Marques, Bank of Portugal

- Justification for taking resolution action, execution of resolution: Use of external expertise, role of supervision in taking resolution actions, planning – execution phase. What has been done under EIM;
- Selection of different resolution tools; possibility of a P&A for small banks
- Pros / cons of having a time limit for taking a resolution decision
- Pros / cons of allowing for an interim valuation
- Decision – application of resolution tools;
- Need for application of a moratorium when the taking of a resolution decision takes longer than a weekend/night? Or can the RA “manage” a failing bank and continue its operations?

14:30 – 14:45 Coffee break

14:45 – 15:30 Legal issues: Examples of resolution decisions (motivation), legal challenges, legislative drafting examples for judicial review of resolution decisions from some EU countries

Eleni Tsene, The World Bank Group

- International practice and legal base (with excerpts from the legislation) regarding the boundaries of judicial consideration of the disputes on the resolution decisions of the competent authorities;
- Motivations; difference “non-suspension of resolution decision” and limitation of right to litigate: Time limit to appeal against expropriation (nationalisation/ or also bail-in) i.e. “challenge the lawfulness of the expropriation” in many jurisdictions very short, e.g. 10 days in NL, see Adorisi case; BRRD stipulates for damages only, in exceptional cases suspensive effect;
- Nationalization of banks usually in most / all EU MS in the form of a legal act (law/regulation adopted by parliament); Financial support- e.g. in form of capital or guarantee also, usually parliament approval (often generic in advance and not bank individual – that then in form of regulatory administrative decision
- Right to be heard (SRB example; problematic but important procedural right); SRB BP case;
- Share generic example of FOLTF + Resolution decision

15:30 Closing



Milica Nikolic

Financial Sector Specialist, FinSAC, World Bank

Ms. Milica Nikolic is a Financial Sector Specialist in the Vienna Financial Sector Advisory Center (FinSAC). Since joining the World Bank, her work covers topics of bank supervision and resolution in ECA region.

Prior to joining the World Bank, she worked as a prae-doc researcher and external lecturer at University of Vienna. Ms. Nikolic holds magister degree in economics from University of Vienna and master's degree in quantitative finance from University of Belgrade.



Ismael Ahmad Fontán

Senior Financial Sector Specialist, FinSAC, World Bank

Ismael, specialized in supervisory and regulatory affairs, just joined World Bank FinSAC team in Vienna.

Ismael is former the Bluecap senior partner responsible for financial regulation consulting. He has worked on a wide range of advisory projects and engagements with large private, both European and non-European financial institutions, and public entities. In particular, he advised them on corporate governance, corporate and operating group bank structures, capital/liquidity management, and, especially, on recovery/resolution planning.

He previously worked as bank supervisor in the Bank of Spain. Initially, he was part of the supervisory team in charge of the Spanish G-SIBs where he was responsible for recovery and resolution planning and, hence, he participated several Crisis Management Groups. Later, he was advisor on the regulatory team of the Bank of Spain, participating in the drawing up of a number of solvency and crisis management regulations. As supervisor, he was member of several international and European working groups (BCBS, EBA, etc.). After the Bank of Spain, he joined the Regulatory Practice of PwC as a Director.

He holds a double bachelor degree in Law and Business Administration from ICADE University in Madrid and regularly provided training on financial regulation and banking risks in seminars for professionals in the financial sector (i.e.: banks, law firms, public institutions ...) and to post-graduate students.



Johannes Langthaler

Bank Resolution Policy Expert, Austrian Financial Market Authority

Mr. Johannes Langthaler is a Bank Resolution Policy Expert at the Austrian Financial Market Authority. Since joining the Austrian Financial Market Authority, his work program has covered a broad range of topics in the area of bank resolution and bank regulation. He participated in the negotiations of the CRR II / BRRD II package ('Finalizing post-crisis reform') at the European Council and was working on a highly diverse range of topics, including loss absorbing capacity (MREL/TLAC standard), cross-border resolution planning, liquidity regulation and macroprudential policy. He was a regular guest speaker and panelist at national and international conferences and has published in journals. Mr. Langthaler is also a Lecturer on Economics and the Financial System at the University of Applied Sciences in Vienna.

Prior to joining the Austrian Financial Market Authority, he worked in the area of crisis management for banks in EU Programme countries at the European Central Bank and in the Cabinet of an EU Commissioner at the European Commission. He also worked at the Economics Department of the Austrian Central Bank on inflation expectations and bank credit lending. Mr. Langthaler holds graduate degrees from University of Vienna and Vienna University of Technology in Economics, Political Science and Business Information Technology.



João Marques

Head of Division, Resolution Department, Bank of Portugal

Mr Marques is currently Head of Division at the Resolution Department of the Bank of Portugal, responsible for legal, policy and regulatory affairs related with banking resolution and deposit insurance. Previously, between 2004 and 2013, he worked as a legal counsel in the Banking Supervision Department of the Bank of Portugal, mainly advising on regulation and policy issues related with capital requirements, internal governance, licensing and crisis management. He is a Law Graduate from Universidade Nova de Lisboa (with distinction).

Mr Marques has been an active participant in the European discussions on banking resolution and crisis management since 2009. He represented Portugal as an expert in the negotiations of the Bank Recovery and Resolution Directive and the Single Resolution Mechanism Regulation in the Council of the European Union. He also participates actively in the European Banking Authority's work on recovery and resolution issues, and has chaired several working groups.

Finally, Mr Marques has extensive practical experience in the resolution of systemic banks in Portugal. He was a key player in the resolution process of one of the largest banks in Portugal (Banco Espírito Santo, SA) as a senior manager responsible for legal and operational issues and later was the CEO of the internal team at the Bank of Portugal responsible for the resolution of BANIF – Banco Internacional do Funchal, SA in the end of 2015.



Eleni Tsene

Consultant, FinSAC, World Bank

Eleni is a lawyer, admitted to the Athens Bar (1986) and the Luxembourg Bar (under the Directive 98/5/EC, 2016), with expertise in corporate and financial law. She was senior legal officer to the European Commission (DG ECFIN), working on the Economic Adjustment Programme for Greece, mainly on matters of financial sector stability and judicial reforms. In this context, she was actively involved in the drafting of legislation for the recapitalization and resolution of banks as well as in the reform of the Greek Code of Civil Procedure. Before joining the Commission, she was chief legal counsel to the Hellenic Financial Stability Fund, which had a central role in the recapitalisation and the resolution of Greek banks.

She has extensive experience in corporate, finance and banking law, as in-house lawyer or external legal counsel to a number of Greek banks, having held senior posts. She studied law at the Universities of Athens and Paris 2, where she received two Master degrees, in European law and in Commercial law.
