



Brussels, November 2016

2017 ex-ante contributions to the SRF

Additional Assurance

The objective of this document is to clarify the SRB policy as regards additional assurance on data used for the calculation of 2017 ex-ante contributions to the Single Resolution Fund (SRF).

This document is divided into the following sections:

1. **Additional assurance decision**
2. **Agreed-upon procedures**
3. **Sign-off**



1. Additional assurance decision

On 9 November 2016, the SRB Executive Session of the Board took the following decision regarding the additional assurance on data to be used in the calculation of 2017 ex-ante contributions:

- **Scope of institutions:** requesting additional assurance from all contributing institutions that are part of a group that falls under direct ECB supervision, unless it is subject to the lump-sum payment.
- **Sign-off vs. agreed-upon procedures (AUP):** institutions falling in the scope were left with a choice to opt for confirmation by an auditor on the specific data (i.e. AUP) or a sign-off by the executive body on the full template.
- **Scope of AUP:** scope of the AUP includes covered deposits (as a deduction), derivative adjustment and intragroup, IPS and promotional loans deductions.
- **Discretion of the NRAs:** NRAs were left with the discretion to extent the scope of institutions and the data covered by the AUP. The NRA should inform the SRB, if this discretion is used.

In the Annexes, templates are provided in case an institution is opting for either confirmation by an auditor (i.e. AUP) or Sign-off, which ensure that the same harmonised approach is taken in all jurisdictions.

Institutions should submit the additional assurance documents to the NRAs by 1 March 2017. The NRAs remain the depositories of these documents, but should provide it to the SRB upon request.



2. Agreed-upon procedures

This section presents the (2.1) scope of the AUP engagement and describes (2.2) the engagement letter and (2.3) the report of factual findings.

2.1 Scope of the AUP engagement

The Annex I defines the scope of the engagement of the agreed-upon procedures (AUP). The procedures are to be performed by an external auditor in case an institution opts for the AUP.

It should be noted, that NRAs may decide to adapt or extend some of the procedures due to specificities in their jurisdiction.

Such adaptations by NRAs could include, but are not limited to:

- If there are no Institutional Protection Schemes (IPS) in the jurisdiction, the NRA may choose to completely eliminate the procedure 5 from the AUP.
- If in the jurisdiction derivatives have to be held on-balance sheet, the NRA may choose under "Procedures 3: Derivative adjustment" to take out reference to "2C3" and instead introduce the following procedure: "Verify that field "2C3" is equal to 0".
- Due to differences in jurisdictions, the SRB did not specify "underlying documents" to be used during the procedures, therefore the NRAs may replace "underlying documents" with the most appropriate reference, e.g. financial statements, balance sheet, derivative sub-ledger and etc.

In addition, the SRB decision allows the NRAs to extend the scope of the AUP, which could include procedures regarding other deductions: amount of qualifying liabilities related to clearing activities, central securities depository and arising by virtue of holding client assets or client money.

The NRAs should inform the SRB in case the template is modified.

2.2 Engagement Letter

An Engagement Letter is used by the institution and the auditor in order to define an engagement by listing all of the procedures to be performed by the auditor (see section 2.1) and to agree that the Report of Factual Findings (see section 2.3) will be distributed only to the relevant third parties (in this case the SRB and the appropriate NRA).

The SRB has not created a template for the Engagement Letter to be signed between the institution and the auditor. Nevertheless, it is presumed that the auditor and the



institution will follow the illustrated example in *Appendix 1 of the International Standard on Related Services (SRS) 4400 on Engagement to Perform Agreed-upon Procedures Regarding Financial Information*.

2.3 Report of Factual Findings

The Report of Factual Findings is the result of the agreed-upon procedure and describes in sufficient detail to the reader the nature and the extent of the work performed.

The SRB has not created a template for the Report of Factual Findings to be prepared by the auditor, but has provided in Annex II a list of minimum requirements for the report based on the illustrated example in *Appendix 2 of the International Standard on Related Services (SRS) 4400 on Engagement to Perform Agreed-upon Procedures Regarding Financial Information*.



3. Sign-off

The Annex III presents the template for the Sign-off Form that should be used by institutions that have opted for the Sign-off option, instead of the Agreed-upon procedures.

The Sign-off form should be duly signed by a representative of the management body. The management body is referred to in Article 88 of the Capital Requirements Directive 2013/36/EU.

It should be noted, that NRAs may decide to adapt the Sign-off Form due to specificities in their jurisdiction.

Such adaptations by NRAs could include, but are not limited to:

- If there are no Institutional Protection Schemes (IPS) in the jurisdiction, the NRA may take out the reference to the IPS from the Sign-off Form.
- The NRA may clarify the person that should sign off the form by introducing jurisdiction specific reference.

The NRAs should inform the SRB in case the template is modified.



ANNEX I – Template for the Engagements to Perform Agreed Upon Procedures Regarding Financial Information

Procedures on 1: General activities

- (1) **Obtain the SRF 2017 Ex-ante Contributions Reporting Form** (hereafter 2017 Reporting Form) submitted by the institution to the resolution authority in accordance with Article 14 of the Commission Delegated Regulation (EU) 2015/63.
- (2) **Obtain documentation on the procedures** used to extract the data and used to perform controls for ensuring that the reported data are in accordance with the instructions in the 2017 Reporting Form and other technical guidance provided by the Single Resolution Board or National Resolution Authority.
- (3) **Obtain written confirmation** from the management that the procedures described in the documentation have been implemented and executed.

Procedures on 2: Covered deposits (data field "2A3") in case it was not provided and verified by the Deposit Guarantee Scheme

- (1) **Obtain written confirmation from the management of the institution** that the legal framework used in identifying deposits for field "2A3" in 2017 Reporting Form is in line with the definition of 'covered deposits' as defined in Article 3(10) of the Commission Delegated Regulation (EU) 2015/63 (i.e. "*covered deposits* means the deposits referred to in Article 6(1) of Directive 2014/49/EU, excluding temporary high balances as defined in Article 6(2) of that Directive.")
- (2) **Obtain the reconciliation**¹ of total covered deposits amount to the underlying documents and the field "2A3" in the 2017 Reporting Form. **Recalculate**² the total amount in field "2A3" in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in field "2A3" in the 2017 Reporting Form from totals on each of the underlying documents.

¹ Thereafter means to compare figures in the underlying documents with figures in the 2017 Reporting Form.

² Thereafter means to re-perform the addition of figures in case an institution has performed a summation.

Procedures on 3: Derivative adjustments

- (1) **Obtain written confirmation from the management of the institution** that the legal framework used in identifying derivatives for the 2017 Reporting Form, in general, and particularly for fields "2C1", "2C2" and "2C3" is in line with the definition of 'derivatives' as defined in Article 3(22) of the Commission Delegated Regulation (EU) 2015/63 (i.e. "*derivatives*' mean derivatives according to Annex II of Regulation (EU) 575/2013" therefore excluding credit derivatives).
- (2) **Obtain the reconciliation** of the total amount of accounting value of liabilities arising from all derivative contracts (excluding credit derivatives) held on- and off-balance sheet to the underlying documents and fields "2C2" and "2C3" in the 2017 Reporting Form. **Recalculate** the total amount in fields "2C2" and "2C3" in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields "2C2" and "2C3" in the 2017 Reporting Form from the totals on each of the underlying documents.
- (3) **With regard to the value in field "2C1" of the 2017 Reporting Form:**
 - (3.1) **Obtain written confirmation from the management of the institution** that when identifying the netting agreements in order to report field "2C1" in 2017 Reporting form, the institution considered only those agreement that have been recognised by competent authorities in accordance with Article 295 CRR (Regulation (EU) No 575/2013) at the reference dates;
 - (3.2) **Obtain written confirmation from the management of the institution** that all liabilities arising from derivative contracts (excluding credit derivatives) in field "2C1" of the 2017 Reporting Form were valued in accordance with the leverage ratio methodology in accordance with Article 429a of Commission Delegated Regulation (EU) 2015/62 at the reference dates; and
 - (3.3) **Obtain the reconciliation** of the total amount of liabilities arising from all derivative contracts (excluding credit derivatives) valued in accordance with the leverage ratio methodology to the underlying documents and field "2C1" in the 2017 Reporting Form. **Recalculate** the total amount in field "2C1" in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields "2C1" in the 2017 Reporting Form from the totals on each of the underlying documents.

Procedures on 4: Promotional loans deduction (only if an institution applied for the deduction of promotional loans in "Section D" of Deductions tab in the 2017 Reporting Form)

- (1) **Only in case an institution qualifies for promotional bank status:**
 - (1.1) **Obtain documentation on the basis of which the management of the institution has confirmed** that the undertaking or entity was set up by a Member State, central or regional government; and
 - (1.2) **Obtain documentation on the basis of which the management of the institution has confirmed** that the central or regional government referred to in (1.1) has an obligation to protect the economic basis of the undertaking or entity and maintain its viability throughout its lifetime, or directly or indirectly guarantees at least 90% of the original funding of the undertaking or entity.
- (2) **Only in case an institution qualifies for intermediary institution status:**
 - (2.1) **Obtain written confirmation from the management of the institution** that the promotional loans reported in field "3D5" of the 2017 Reporting Form are not provided as credit to the final customer.
- (3) **Obtain written confirmation from the management of the institution** that the following rule has been documented and implemented when reporting field "3D5" of the 2017 Reporting Form: in accordance with Article 5(1)(f) of the Commission Delegated Regulation (EU) 2015/63, 1 EUR of liability in field "3D5" is matched with 1 EUR of promotional loans received (from promotional bank).
- (4) **Obtain written confirmation from the management of the institution** that loans reported in field "3D5" of 2017 Reporting Form fulfil the following conditions:
 - i. granted on a non-competitive basis;
 - ii. granted on a not for profit basis; and
 - iii. promote the public policy objectives of the central or regional government referred to in (1.1).
- (5) **Obtain the reconciliation** of the total amount of total accounting value of qualifying liabilities that arise from promotion loans to the underlying documents and the field "3D5" in the 2017 Reporting Form. **Recalculate** the total amount in field "3D5" in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields "3D5" in the 2017 Reporting Form from the totals on each of the underlying documents.

Procedures on 5: IPS deduction (only if an institution applied for deduction of the IPS in "Section E" of Deductions tab in the 2017 Reporting Form)

(1) **Identification of the scope of application of IPS deductions:**

- (1.1) **Obtain the list of entities** that comply with the conditions specified in Article 5(1)(b) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date; and
- (1.2) **Obtain written confirmation from the management of the institution** that only those institutions identified in (1.1) have been considered for IPS deduction.

(2) **Deduction of eligible IPS liabilities and assets:**

- (2.1) **Obtain a list of IPS liabilities and assets** included in fields "3E5" and "3E9" of the 2017 Reporting Form as of the reference date and **compare** it with the list obtained in the procedure (1);
- (2.2) **Obtain written confirmation from the management of the institution** that the counterparty or appropriate reporting line (e.g. the IPS) has been informed about the liabilities and assets in (2.1);
- (2.3) **Obtain the reconciliation** of the total accounting value of qualifying IPS liabilities to the underlying documents and the field "3E5" in the 2017 Reporting Form. **Recalculate** the total amount in field "3E5" in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields "3E5" in the 2017 Reporting Form from the totals on each of the underlying documents;
- (2.4) **Obtain the reconciliation** of the total accounting value of qualifying IPS assets held by the qualifying IPS member to the underlying documents and the field "3E9" in the 2017 Reporting Form. **Recalculate** the total amount in field "3E9" in the 2017 Reporting Form; and
- (2.5) **Obtain written confirmation from the management of the institution** that the following rule has been documented and implemented when filling field "3E10":
 - i. Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails;
 - ii. *When applicable*, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.

Procedures on 6: Intragroup deduction (only if an institution applied for the intragroup deduction in "Section F" of Deductions tab in the 2017 Reporting Form)

- (1) **Identification of the scope of application of intragroup deductions:**
 - (1.1) **Obtain the list of entities that according to the assessment by the management of the institution** comply with the condition specified in Article 5(1)(a)(iii) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date;
 - (1.2) **Obtain the list of entities** that have been identified in (1.1) and comply with the conditions specified in Article 5(1)(a)(i) & (ii) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date considering that an institution which is part of the same group and is established in an EEA-EFTA country cannot be included in the list until the Bank Recovery and Resolution Directive 2014/59/EU has been incorporated into the EEA Agreement; and
 - (1.3) **Obtain written confirmation from the management of the institution** that only those institutions identified in (1.2) have been considered for intragroup deduction.
- (2) **Deduction of eligible intragroup liabilities and assets:**
 - (2.1) **Obtain the list of intragroup liabilities and assets** included in fields "3F5" and "3F9" of the 2017 Reporting Form by counterparty and **compare** that the 5 counterparties with the highest total liabilities and assets are contained in the list obtained in the procedure (1.2);
 - (2.2) **Obtain written confirmation from the management of the institution** that the counterparty or appropriate reporting line (e.g. parent company) has been informed about the liabilities and assets in (2.1);
 - (2.3) **Obtain the reconciliation** of the total accounting value of qualifying intragroup liabilities to the underlying documents and the field "3F5" in the 2017 Reporting Form. **Recalculate** the total amount in field "3F5" in the 2017 Reporting Form. In case of multiple underlying documents, recalculate the total amount in fields "3F5" in the 2017 Reporting Form from the totals on each of the underlying documents;
 - (2.4) **Obtain the reconciliation** of the total accounting value of qualifying intragroup assets to the underlying documents and the field "3F9" in the 2017 Reporting Form. **Recalculate** the total amount in field "3F9" in the 2017 Reporting Form;



- (2.5) **Obtain written confirmation from the management of the institution** that the following rule has been documented and implemented when filling field "3F10":
- i. Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails; and
 - ii. *When applicable*, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.



ANNEX II – Report of Factual Findings

The report of factual findings should contain, at least, the following:

- i. Title;
- ii. Addressee (ordinarily the client who engaged the auditor to perform the agreed-upon procedures);
- iii. Identification of specific financial or non-financial information to which the agreed-upon procedures have been applied (in this case reference to the 2017 Data Reporting Form);
- iv. A statement that the procedures performed were those agreed upon with the recipient and provided by the NRAs;
- v. A statement that the engagement was performed in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements, or with relevant national standards or practices;
- vi. When relevant a statement that the auditor is not independent of the entity;
- vii. Identification of the purpose for which the agreed-upon procedures were performed;
- viii. A listing of the specific procedures performed in line with the procedures provided by the NRAs;
- ix. A description of the auditor's factual findings including sufficient details of errors and exceptions found;
- x. Statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed;
- xi. A statement that had the auditor performed additional procedures, an audit or a review, other matters might have come to light that would have been reported;
- xii. A statement that the report is restricted to those parties that have agreed to the procedures to be performed;
- xiii. A statement (when applicable) that the report relates only to the elements, accounts, items or financial and non-financial information specified and that it does not extend to the entity's financial statements taken as a whole;
- xiv. Date of the report;
- xv. Auditor's address; and
- xvi. Auditor's signature.



ANNEX III – Template for the Sign-off Form

To: {Name of the NRA}
 {Name of the contact person}
 {Department}
 {Address}

Sign-off Form

Subject: **Data for the calculation of 2017 ex-ante contributions to the Single Resolution Fund**

Name of the institution:	[Name]
Monetary Financial Identifier (MFI):	[YYXXXXXXXX]
For Report:	SRF 2017 Ex-ante Contributions Reporting Form ("2017 Reporting Form")
Submission date of the Report:	[date i.e. dd/mm/yyyy]
Name of the representative of the management body who has validated the report	[name]
Position within the institution	[position]

I have reviewed and approved the final version of the abovementioned 2017 Reporting Form and certify, that the information in the 2017 Reporting Form has been submitted in accordance with the instructions set out therein and other technical guidance provided by the Single Resolution Board or National Resolution Authority, in particular:

As regards general activities:

- I certify that necessary procedures and controls were put in place, in order to ensure that the extracted and reported data is accordance with the instructions in the 2017 Reporting Form and other technical guidance provided by the Single Resolution Board or National Resolution Authority.

As regards covered deposits (data field "2A3" in the 2017 Reporting Form):

- I certify that the legal framework used in identifying deposits for field "2A3" in 2017 Reporting Form is in line with the definition of 'covered deposits' as defined in Article 3(10) of the Commission Delegated Regulation (EU) 2015/63 (i.e. "'covered deposits' means the deposits referred to in Article 6(1) of Directive 2014/49/EU, excluding temporary high balances as defined in Article 6(2) of that Directive.").

As regards derivative adjustments:

- I certify that the legal framework used in identifying derivatives for the 2017 Reporting Form, in general, and particularly for fields "2C1", "2C2" and "2C3" is in line with the definition of 'derivatives' as defined in Article 3(22) of the Commission Delegated Regulation (EU) 2015/63 (i.e. "derivatives' mean derivatives according to Annex II of Regulation (EU) 575/2013" therefore excluding credit derivatives);
- I certify that when identifying the netting agreements in order to report field "2C1" in 2017 Reporting form, only those agreement that have been recognised by competent authorities in accordance with Article 295 CRR (Regulation (EU) No 575/2013) at the reference dates were considered;
- I certify that that all liabilities arising from derivative contracts (excluding credit derivatives) in field "2C1" of the 2017 Reporting Form were valued in accordance with the leverage ratio methodology in accordance with Article 429a of Commission Delegated Regulation (EU) 2015/62 at the reference dates.

As regards promotional loans:

- Only if an institution applied for the deduction of promotional loans in "Section D" of Deductions tab in the 2017 Reporting Form as 'promotional bank': I certify that our undertaking or entity was set up by a Member State, central or regional government and that the before mentioned central or regional government has an obligation to protect the economic basis of our undertaking or entity and maintain its viability throughout its lifetime, or directly or indirectly guarantees at least 90% of the original funding of the undertaking or entity;
- Only if an institution applied for the deduction of promotional loans in "Section D" of Deductions tab in the 2017 Reporting Form as 'intermediary institution': I certify that that the promotional loans reported in field "3D5" of the 2017 Reporting Form are not provided as credit to the final customer;
- I certify that the following rule has been implemented when reporting field "3D5" of the 2017 Reporting Form: in accordance with Article 5(1)(f) of the Commission Delegated Regulation (EU) 2015/63, 1 EUR of liability in field "3D5" is matched with 1 EUR of promotional loans received (from promotional bank);
- I certify that loans reported in field "3D5" of 2017 Reporting Form fulfil the following conditions:
 - granted on a non-competitive basis;
 - granted on a not for profit basis; and
 - promote the public policy objectives of the central or regional government.

As regards IPS deduction:

- I certify that only the entities that comply with the conditions specified in Article 5(1)(b) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date were considered for IPS deduction in "Section E" of Deductions tab in the 2017 Reporting Form. The aforementioned conditions are:

- i. If liabilities have been created by an institution, which is member of an IPS as referred to in point (8) of Article 2(1) of Directive 2014/59/EU; and
 - ii. Which has been allowed by the competent authority to apply Article 113(7) of Regulation (EU) No 575/2013, through an agreement entered into with another institution which is member of the same IPS;
- I certify that the confirmation from the counterparty or appropriate reporting line (e.g. the IPS) on the liabilities and assets that have been reporting the 2017 Reporting Form has been obtained;
- I certify that the following rule has been implemented when filling field "3E10" in the 2017 Reporting Form:
 - Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails; and
 - When applicable, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.

As regards intragroup deduction:

- I certify that only the entities that comply with the three conditions specified in Article 5(1)(a) of Commission Delegated Regulation (EU) 2015/63 on the relevant reference date were considered for intragroup deduction in "Section E" of Deductions tab in the 2017 Reporting Form. The aforementioned conditions are:
 - i. Each institution is established in the Union;
 - ii. Each institution is included in the same consolidated supervision in accordance with Articles 6 to 17 of Regulation (EU) No 575/2013 on a full basis and is subject to an appropriate centralised risk evaluation, measurement and control procedures; and
 - iii. There is no current or foreseen material practical or legal impediment to the prompt repayment of the liability when due;
- I certify that institutions which are part of the same group and are established in an EEA-EFTA country are not considered for intragroup deduction until the Bank Recovery and Resolution Directive 2014/59/EU has been incorporated into the EEA Agreement;
- I certify that the confirmation from the counterparty or appropriate reporting line (e.g. parent company) on the liabilities and assets that have been reporting the 2017 Reporting Form has been obtained;
- I certify that the following rule has been documented and implemented when filling field "3F10" in the 2017 Reporting Form:
 - Verification at which value it is booked as a liability by the group counterpart. In case of mismatch, the value booked by the group counterpart as a liability prevails; and
 - When applicable, application of the leverage ratio methodology and verification whether it matches the leverage value after floor calculated by



the group counterpart. In case of mismatch, the value calculated by the group counterpart as a liability prevails.

The Institution
[Name of the institution]

Duly represented by:

Signature: _____

Name:

Title:

Date: