

Pursuant to Article 44 paragraph (2) item 3) of the Central Bank of Montenegro Law (OGM 40/10, 06/13, 70/17) and Article 19 paragraph (4) of the Law on Resolution of Credit Institutions (OGM 72/19), the Council of the Central Bank of Montenegro, at its meeting held on 1 December 2020, passed the following

DECISION
ON DETAILED CONTENT OF RESOLUTION PLANS FOR CREDIT
INSTITUTIONS AND GROUP RESOLUTION PLANS

Subject matter

Article 1

This Decision shall govern in more detail the content of resolution plans for credit institutions having their head offices in Montenegro and resolution plans for a group whose parent credit institution and group members have their head offices in Montenegro.

Content of the resolution plan for a credit institution
and group resolution plan

Article 2

In addition to elements required pursuant to Articles 18 and 19 of the Law on Resolution of Credit Institutions (OGM 72/19) – (hereinafter: the Law), the resolution plan for a credit institution and a group resolution plan should contain at least the following elements:

- 1) a summary of the plan, including a description of the credit institution or group and a summary of items specified in items 2) to 8) under this paragraph;
- 2) a description of the resolution strategy considered in the plan, including:
 - identification of the different resolution actions envisaged under the plan;
 - identification of the entity or entities to which resolution actions would be applied;
 - identification of any critical functions or core business lines which will be maintained and any critical functions or core business lines which are expected to be separated from other functions;
 - an estimation of the timeframe for executing each material aspect of the plan, as required pursuant to Article 19 paragraph (2) item 4) of the Law;
 - a detailed description of any variants of the preferred resolution strategy considered to address circumstances in which the preferred strategy cannot be implemented;
 - a description of the decision-making process for implementing the resolution strategy, including the timeframe required for decisions;
 - for group resolution plans, additionally, arrangements for cooperation and coordination between resolution authorities and relevant authorities of third countries in which group entities are located, in line with the written agreements;

- 3) a description of the information, and arrangements for the provision of this information, necessary in order to effectively implement the resolution strategy, including the following:
 - a description of the information, and processes for ensuring availability, in an appropriate timescale, of the information required for the purposes of valuation, in particular pursuant to Articles 45 and 100 of the Law, and marketability, in particular pursuant to the marketing requirements in the case of application of the sale of business and bridge bank tools;
 - a mapping of critical functions and core business lines to legal entities which identifies in particular the critical functions and core business lines carried out by entities subject to resolution actions, and the critical functions or core business lines spread across entities which would be separated by the implementation of the resolution strategy;
 - a description of the arrangements for the exchange of information with resolution authorities and other relevant authorities from other countries;
 - a detailed description of arrangements for ensuring that information referred to in Article 20 of the Law is up to date and available to the Central Bank when required;
- 4) a description of arrangements to ensure operational continuity of access to critical functions during resolution, including in particular a description of:
 - critical shared systems and operations which need to be continued to maintain continuity of critical functions and arrangements for ensuring the contractual and operational robustness of their provision in resolution;
 - internal and external interdependencies which are critical to the maintenance of operational continuity;
 - arrangements for ensuring access to payment systems or other financial infrastructure necessary to maintain critical functions, including an assessment of the portability of client positions;
- 5) a description of the financing requirements and financing sources necessary for the implementation of the resolution strategy envisaged in the plan, including in particular:
 - a description of financing, funding and liquidity requirements implied by the resolution strategy;
 - a description of potential sources of resolution funding, including the terms of financing, preconditions for their use, the timing of their availability, the entities to which they may provide financing, and any collateral requirements;
 - where relevant, a description and analysis of how and when a credit institution may apply, under the conditions addressed by the resolution plan, for the use of Central Bank facilities (other than emergency liquidity assistance or other assistance on non-standard terms) in resolution, including the identification of available collateral;
 - for a group, additionally, a description of any principles agreed for sharing responsibility for financing between sources of funding in different jurisdictions, including principles for sharing responsibility for financing between sources of funding in different states;
- 6) plans for communication with critical stakeholder groups, including in particular with:
 - the management board, owners, and the staff of the credit institution or group, including procedures for consultation with the staff and, where

- applicable, dialogue with social partners in the resolution process, and an assessment of the impact of the plan on the staff;
- customers, media and the general public;
 - depositors, shareholders, bondholders, counterparties, financial market infrastructures, and other affected market participants;
 - any administrative or judicial bodies whose actions and decisions may be critical to the implementation of the resolution strategy;
 - any advisors required to implement the resolution strategy;
- 7) the conclusions of the assessment of resolvability, including in particular:
- an assessment of whether or not the credit institution or group is currently resolvable;
 - a summary of the conclusions of the assessment of the feasibility of bankruptcy proceedings carried out in accordance with the Central Bank regulation governing the assessment of resolvability of credit institutions;
 - a detailed description of any impediments to resolvability identified, and of any measures proposed by the credit institution or group or required by the Central Bank to address or remove those impediments;
- 8) a quantified assessment of any change to minimum requirements for eligible liabilities, or the appropriate location of eligible liabilities, that is required to remove or address impediments to resolvability, taking into account the criteria for determining minimum requirements for eligible liabilities specified in Article 30 paragraph (1) of the Law, and the relevant Central Bank regulation;
- 9) any opinion expressed by the credit institution or group in relation to the resolution plan;
- 10) any additional information necessary for the development of resolution strategy.

Entry into force

Article 3

This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro, and it shall apply from the date of application of the Law on Resolution of Credit Institutions (OGM 72/19).

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

Decision number: 0101-7151-7/2020
Podgorica, 1 December 2020

**CHAIRMAN
G O V E R N O R,**
Radoje Žugić m.p.