

Ref No	DI/CP46-R/2026	Issued on	22 September 2026
TITLE	Response to the Industry Feedback on the Exposure Draft on Guidance Paper on Resolvability Assessment – Liquidity in Resolution for Deposit-Taking Members		

3.4 Exposure Draft on Guidance Paper for Resolvability Assessment - Liquidity in Resolution

Respondents acknowledged that existing supervisory and operational frameworks provide a strong foundation for developing resolution-specific capabilities. Nevertheless, feedback focused primarily on practical implementation challenges, particularly the development of resolution-specific stress scenarios and the operational feasibility of T+1 liquidity reporting. Respondents noted that T+1 liquidity reporting may require system and infrastructure upgrades to enable timely data generation and submission.

a. Methodology for Estimating Liquidity Needs

Feedback Received

Industry feedback was generally constructive. Respondents acknowledged that DTMs' existing supervisory stress-testing frameworks provide a robust foundation for developing resolution-specific liquidity capabilities.

A key recurring theme was the perception that DTMs would be required to develop new standalone resolution-specific stress scenarios. Some respondents raised concerns about the absence of historical precedents, which would make it difficult to calibrate behavioural parameters under conditions that have not been observed.

Respondents also sought clarification on the interpretation and application of assumptions relevant to the period leading up to and during resolution, particularly those concerning operational continuity funding needs and risks arising from contract termination.

Preliminary Response by PIDM

PIDM notes the feedback provided. For the avoidance of doubt, PIDM does not expect DTMs to develop new standalone resolution-specific stress scenarios. Instead, DTMs are expected to consider how existing stress-testing frameworks and parameters may be recalibrated, where appropriate, to incorporate resolution-specific considerations and assumptions relevant to the period leading up to and during resolution. Existing frameworks developed for supervisory stress testing and RCP purposes provide an appropriate starting point. DTMs should assess how the risks identified may evolve under resolution conditions, including potential liquidity needs arising from operational continuity requirements and contract termination risks.

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Preliminary Response by PIDM

PIDM will take into account the feedback received when reviewing and finalising the guidance paper on LIR for issuance. Where appropriate, PIDM may provide further guidance on the application of key assumptions and will continue to engage DTMs bilaterally on implementation issues.

b. Reporting of Liquidity during Resolution

Feedback Received

Respondents broadly acknowledged the importance of timely liquidity reporting in resolution but highlighted the T+1 requirement as a material operational challenge.

Most respondents indicated that their current liquidity reporting is produced on a T+2 basis or longer, and that system enhancements may be required to meet a T+1 reporting expectation. Capabilities vary across balance sheet items, with Treasury-managed or contractual positions more readily available than non-Treasury (e.g. loans/financing, deposits) and off-balance sheet items, where projections are more dependent on inputs from across business units and subject to greater behavioural assumptions. DTMs with multi-entity or cross-border structures also highlighted additional challenges where overseas entities are unable to produce daily positions.

Preliminary Response by PIDM

PIDM notes the feedback provided. PIDM considers timely liquidity information essential to support informed decision-making during the implementation of the transfer strategy. For the avoidance of doubt, the T+1 reporting obligation will only be triggered upon PIDM's formal notification to the DTM that it has been assessed to be at Point A: Run Up to Resolution. It is not intended to be a BAU reporting requirement.

PIDM recognises that complete precision may not always be achievable within a T+1 timeframe. A reasonable degree of tolerance may be applied, provided that the information submitted is sufficiently reliable to support timely decision-making by PIDM, and that adequate internal controls are in place to ensure the integrity of the information reported.

PIDM encourages DTMs to assess whether ongoing or planned system enhancements, including those undertaken or planned for prudential or supervisory purposes, can be leveraged or extended to support resolution-specific reporting capabilities.

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c. Identification and Mobilisation of Collateral

Feedback Received

Industry feedback was generally constructive. Respondents noted that DTM's existing collateral management frameworks are largely calibrated to high-quality liquid assets and, where applicable, loan/financing portfolios eligible under Cagamas arrangements. Most respondents indicated that their existing systems are broadly capable of supporting the identification of lower quality and less liquid assets, and that major system upgrades are not anticipated. Some DTMs also noted ongoing system development initiatives that are expected to further strengthen collateral identification capabilities.

Where gaps exist, these are largely operational in nature and relate to specific areas such as instrument-level encumbrance tagging for less liquid asset classes, clearer distinction between eligible and non-eligible assets, and consolidation of collateral data across group entities. Respondents also highlighted practical challenges in establishing timely and reliable valuations for loans/financing portfolios, particularly where active secondary markets are absent.

Preliminary Response by PIDM

PIDM notes the generally positive assessment of DTM's existing collateral identification and mobilisation capabilities.

DTMs may leverage existing collateral management frameworks, including those developed for prudential liquidity risk management and RCP purposes, as a starting point for developing resolution preparedness capabilities. DTMs should assess the extent to which these frameworks can be progressively extended to support the identification, monitoring and mobilisation of the broader range of collateral that may be relevant for resolution purposes.

PIDM notes the challenges associated with establishing reliable valuations for illiquid loans/financing portfolios, particularly where active secondary markets are absent. While precise valuations may not always be feasible during periods of severe stress, the ability to estimate the potential liquidity value of assets remains critical to informing funding decisions. PIDM will continue to monitor industry practices and consider whether further guidance is required on the minimum information to assess suitability, value and enforceability of collateral offered during resolution, to support consistent implementation across DTMs.