Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

FREQUENTLY ASKED QUESTIONS ("FAQ") ON GUIDELINES ON RESOLVABILITY ASSESSMENT FRAMEWORK FOR DEPOSIT-TAKING MEMBERS ("RAF GUIDELINES")

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Frequently Asked Questions ("FAQ")

These FAQs should be read together with the **Guidelines on Resolvability Assessment Framework for Deposit-Taking Members** ("RAF Guidelines") and the accompanying Guidance Papers issued by PIDM. The FAQs provide further clarification on the application of requirements under the RAF Guidelines and should not be read as replacing or modifying those requirements.

Unless otherwise stated, terms used in these FAQs have the same meanings assigned to them in the RAF Guidelines. PIDM may update these FAQs from time to time to reflect developments arising from the implementation of the RAF Guidelines.

Section 1: Understanding PIDM's Resolvability Assessment Framework

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
Understanding the RAF		
1.	Who must comply with the RAF?	The RAF Guidelines apply to **all deposit-taking members ("DTMs")**, comprising member institutions ("MIs") of PIDM that are licensed banks or Islamic banks. In applying the principle of proportionality, PIDM adopts a **differentiated approach** under which DTMs are subject to either: • Full Requirements; or • Tailored Requirements. Upon issuance of the RAF Guidelines, PIDM will commence Resolvability Assessment and notify each DTM whether it is subject to Full Requirements or Tailored Requirement. Digital banks will commence Resolvability Assessment upon graduation from the foundational phase. Thereafter, digital banks will be subject to the applicable requirements determined in accordance with the principle of proportionality set out in the RAF Guidelines. The commencement of Resolvability Assessment will be communicated by PIDM to each digital bank.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members

No.	Question	Answer
2.	How does the RAF relate to recovery planning?	Recovery planning and resolution planning are **complementary** and form part of the broader stress continuum, but **serve different purposes**. Recovery planning, under the purview of Bank Negara Malaysia ("BNM"), aims to restore a financial institution's long-term viability during severe stress. Where an MI has ceased, or is likely to cease, to be viable, BNM will notify PIDM of the MI's non-viability. Upon such notification, PIDM may exercise the resolution powers under subsection 99(1) of the PIDM Act to resolve in the MI in an orderly manner. Resolution planning, under the purview of PIDM, therefore focuses on the development of a credible and feasible resolution plan for the prompt and orderly resolution of a DTM should it become non-viable. To minimise duplication, DTMs may **leverage relevant information and assessments developed for recovery planning**, particularly the Strategic Analysis section and feasibility assessments for recovery options involving disposals or asset sales.
3.	Is there any incentive for DTMs to be resolvable in accordance with the expectations under the RAF?	PIDM recognises the significant effort required for DTMs to support resolution planning and preparedness. To advance these efforts, PIDM has introduced three (3) resolution-centric criteria ("RCC") under the revised Differential Premium Systems ("DPS") Framework, effective from assessment year 2025. As implementation of the RAF matures, PIDM will **assess the appropriateness of incorporating resolvability-related considerations into the DPS Framework.** The proposed methodology for incorporating such considerations will be subject to industry consultation.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
Preferred Resolution Strategy		
4.	What is the "transfer strategy" and why is it PIDM's preferred resolution strategy ("PRS")?	PIDM has identified the transfer strategy as the primary PRS under which the **DTM's shares or its assets, liabilities and businesses** may be transferred to a private sector purchaser, a bridge institution or an asset management company. The transfer enables the **whole or part of the DTM's business to remain operational**, thereby preserving its functions, protecting depositors and minimising disruption to the financial system.
5.	Will DTMs be required to prepare for an alternate resolution strategy under the RAF?	The RAF focuses on assessing a DTM's resolvability against PIDM's primary PRS, namely the transfer strategy. PIDM may determine that an alternate PRS is appropriate having regard to the specific circumstances of the DTM, including the scale and complexity of its business. For smaller and less complex DTMs, an alternate PRS may include an orderly winding up or liquidation. Any expectation for a DTM to undertake an assessment in relation to an alternate resolution strategy will be communicated by PIDM. Unless otherwise communicated, DTMs are **not required to undertake a separate or parallel assessment for an alternate resolution strategy**.
6.	What happens if the Home Resolution Authority ("HRA") has already designated a resolution strategy for the locally incorporated foreign DTM?	PIDM recognises that locally incorporated foreign DTMs may form **part of a broader Group Resolution Plan** and that the HRA has identified a group-wide resolution strategy. Notwithstanding the group-wide resolution strategy, the RAF focuses on assessing the DTM's resolvability against PIDM's PRS, namely the transfer strategy, to determine whether the DTM possesses the capabilities necessary to support an orderly resolution in Malaysia.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
		Where relevant, PIDM will coordinate with the HRA through Crisis Management Groups, Resolution Colleges or other cross-border arrangements.

Section 2: Principle of Proportionality – Full vs Tailored Requirements

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
Principle of Proportionality		
7.	How does PIDM classify whether a DTM is subject to Full Requirements or Tailored Requirements?	In classifying whether a DTM is subject to the Full or Tailored Requirements, PIDM assesses the DTM's size and complexity. The assessment considers the potential impact of the DTM's **failure or disruption on the financial system**.
8.	How do the requirements differ between DTMs subject to Full Requirements and Tailored Requirements?	DTMs subject to the **Full Requirements** are required to undertake both the **Separability Assessment** and the **Capability Assessment.** DTMs subject to the **Tailored Requirements** are required to undertake the **Capability Assessment only**, on a reduced application basis. The requirements applicable under this reduced application are set out in *Figure 13 of the RAF Guidelines.* For submission purposes, DTMs under Full Requirements are required to submit **both a Separability Report and a Self-Assessment Report**, while DTMs under Tailored Requirements are only required to submit a **Self-Assessment Report**. Notwithstanding the above, PIDM reserves the right to introduce additional requirements relating to resolvability assessment over time.
9.	How frequently will PIDM reassess a DTM's classification?	PIDM may reassess a DTM's classification where developments **materially affect the DTM's resolvability**

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
		profile, including significant changes to its business model or organisational structure. Where there is a change in classification, PIDM will engage the relevant DTM.
10.	Will PIDM publish the methodology used to classify DTMs, and will the classification outcomes be made public?	PIDM **does not intend to publish the methodology** used for DTM classification. The classification outcomes **will not be made public.** However, PIDM will communicate the classification outcome bilaterally with the respective DTMs.

Section 3: Separability Assessment

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
Transfer Perimeter		
11.	Are DTMs required to undertake both the Impact Assessment and Marketability Assessment for each Transfer Perimeter proposed by PIDM?	The Separability Assessment comprises two components: the **Impact Assessment** and the **Marketability Assessment**. DTMs are expected to undertake a **separate Impact Assessment for each proposed Transfer Perimeter**, as each Transfer Perimeter may involve different dependencies, separation challenges and mitigation measures. The Impact Assessment will assist PIDM in evaluating the feasibility of separating and transferring each proposed Transfer Perimeter. DTMs are only expected to undertake the **Marketability Assessment where the proposed Transfer Perimeter comprises business line(s) of DTM entities, or the individual DTM entity**. For the avoidance of doubt, examples of probable Transfer Perimeters and the corresponding assessment requirements are illustrated in **Appendix 1.**

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
Impact Assessment		
12.	Is the Separability Assessment limited to dependencies identified as material for recovery planning purposes?	DTMs may leverage existing recovery planning documentation as a starting point. However, the Separability Assessment should **not be limited** only to **dependencies previously assessed as material** for recovery planning purposes. Separability Assessment focuses on understanding the **impact of separating the Transfer Perimeter** from the DTM Group, including the residual DTM. DTMs are required to assess whether the separation of each dependency would have a **material or non-material impact** on the execution of the PRS.
13.	Are DTMs required to submit supporting evidence for identified dependencies as part of the Separability Assessment?	DTMs are **not expected to submit supporting evidence** such as service level agreements, system inventories or contracts for identified dependencies, as part of the initial Separability Assessment submission. DTMs are required to **complete the dependency listing, mapping and impact assessment** using the prescribed reporting template. However, DTMs should, maintain sufficient records and supporting evidence and make it available to PIDM upon request, for the purpose of validating and testing the assessments.
14.	Are external dependencies within the scope of the Separability Assessment?	External dependencies on third-party service providers are not required to be assessed as part of the Separability Assessment. External dependencies are addressed separately under the **Guidance Paper for Resolvability Assessment - Operational Continuity in Resolution (OCIR)** which sets out arrangements that DTMs are expected to build to support the continued provision of operational services during resolution.

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No.	**Question**	**Answer**
Marketability Assessment		
15.	How should DTMs identify and assess potential acquirers as part of the Marketability Assessment?	PIDM does not prescribe a methodology for identifying or assessing potential acquirers. DTMs are expected to **exercise judgement** based on the proposed Transfer Perimeter and their knowledge of the relevant market. As a starting point, DTMs shall first identify a broad universe of potential acquirers and apply reasonable screening criteria to **develop a shortlist of potential acquirers for each Transfer Perimeter** for further assessment. For each shortlisted acquirer, DTMs shall undertake a **high-level assessment of the strategic fit** of the Transfer Perimeter within the acquirer's business model, having regard to the considerations set out in *paragraph 3.4.4 of the RAF Guidelines*. Illustrative examples for shortlisting potential acquirers and guiding questions that DTMs may consider as part of this assessment are provided in **Appendix 2**. The illustrations are intended to serve as **practical guidance** only and are not intended to prescribe or constrain the approach adopted by DTMs. Alternative approaches may be used, provided they achieve the objectives of the Marketability Assessment.
16.	What level of assessment is expected for each shortlisted potential acquirer, and is direct engagement required?	The Marketability Assessment is intended to be a **high-level assessment** based primarily on **publicly available information**, supplemented where appropriate by market intelligence and industry research. DTMs are **not** expected to conduct due diligence, determine transaction terms or engage directly with potential acquirers as part of the assessment.
17.	Is there a minimum number of potential	PIDM **does not prescribe a minimum number** of potential acquirers. Where only a limited number of potential

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
	acquirers that DTMs are required to shortlist?	acquirers, or **no suitable potential acquirer**, is identified, the DTM shall **document the basis for its conclusion**, including the screening criteria applied and any constraints affecting marketability. PIDM will review the DTM's analysis and may require further assessment or consider whether the Transfer Perimeter should be refined.

Section 4: Capability Assessment

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
Capability Assessment		
18.	How should DTMs determine the grading to assign in the Self-Assessment Report?	The grading categories focus on a **DTM's resolvability and ability to support the effective execution of its PRS.** The assessment should consider the **nature and severity** of identified gaps, particularly whether they could materially impede the execution of the PRS. Where the DTM has established the capabilities, arrangements and processes necessary to support the transfer strategy, but operational, procedural or process enhancements are required, a grading of **Minor Improvements Required** may be appropriate. Such gaps are not expected to materially impede the execution of the transfer strategy or significantly affect the DTM's resolvability. Where the DTM has significant gaps in capabilities, arrangements and processes required to support the execution of the transfer strategy, a grading of **Major Improvements Required** may be appropriate. Such deficiencies may materially impede the DTM's resolvability and require substantial remediation before the DTM can demonstrate readiness to support the effective execution of the transfer strategy.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
19.	What supporting evidence should accompany the Self-Assessment Report?	DTMs may refer to the **illustrative examples of supporting evidence provided in the Self-Assessment Checklist** accompanying each Guidance Paper when demonstrating compliance with the relevant Resolvability Expectations. The examples are non-exhaustive and may not, on their own, be sufficient to substantiate every grading assigned, particularly where the capability cannot be demonstrated solely through documentary evidence. Where necessary, PIDM may require further evidence or demonstration of the relevant capabilities through **phased testing and validation.**
20.	Does PIDM prescribe quantitative thresholds for the grading assessment?	PIDM **does not prescribe quantitative thresholds or scoring methodologies** for the grading assessment. DTMs are expected to exercise judgement, supported by appropriate rationale and evidence, when assessing the extent to which identified gaps affect the execution of the transfer strategy.
21.	Can a DTM assign a grading of "Not Applicable"?	The use of a "Not Applicable" grading is **expected to be limited**, as the requirements set out in each Guidance Paper are generally intended to apply to all DTMs, except where specific requirements are not applicable to DTMs under Tailored Requirements. Where a DTM considers a requirement to be "Not Applicable", it should provide a **clear justification** and **supporting rationale** for PIDM's consideration.
22.	To what extent can a locally incorporated foreign DTM rely on capabilities established by its parent or group?	A locally incorporated foreign DTM **may leverage relevant parent or group-level** capabilities, systems, processes or information where they address the applicable requirements set out in the RAF Guidelines or Guidance Papers.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
		The DTM is expected to demonstrate that such capabilities can be **operationalised locally**.

Section 5: Others

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
Reporting and Submissions		
23.	How should DTMs prepare and submit the Separability Report for multiple Transfer Perimeters?	PIDM will inform DTMs of the **Transfer Perimeter(s) to be assessed and the corresponding submission timelines**. DTMs are expected to submit a **single Separability Report** covering all Transfer Perimeters proposed by PIDM for the relevant assessment cycle. The Separability Report shall include a distinct section for each Transfer Perimeter, setting out the relevant Impact Assessment and, where applicable, the Marketability Assessment. The report should be prepared in accordance with the requirements set out in *paragraph 5.1.1 of the RAF Guidelines*. In addition, DTMs must complete and submit a separate Reporting Template on Impact Assessment for each Transfer Perimeter as part of the Separability Report submission. PIDM may propose **additional Transfer Perimeters in subsequent assessment cycles**, including whether the proposed transfer perimeter should be assessed at the business line, entity or business segment level.
24.	Is a separate Self-Assessment Report required for each Resolvability Expectation?	DTMs are expected to prepare a **separate Self-Assessment Report** for **each Resolvability Expectation**. Each report should be structured in accordance with the requirements set out in *paragraph 5.1.2 of the RAF Guidelines*.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
		For the Capability Assessment, DTMs shall be guided by the Self-Assessment Checklist accompanying the relevant Guidance Paper. DTMs are expected to provide sufficient justification for the grading assigned and explain the impact of any identified gaps on the execution of the transfer strategy.
25.	What constitutes a material change to the Separability Report or Self-Assessment Report requiring notification to PIDM within 30 days?	Material changes are as specified in *paragraph 5.2.2 of the RAF Guidelines*. Examples of material changes may include, but are not limited to, the following: • significant changes to the **DTM's organisational structure or business model**; • **acquisitions, divestments, mergers or other restructuring activities** affecting a Transfer Perimeter, whether due to implementation of a recovery option or otherwise; • significant changes to **operational, financial, legal or business interdependencies** relevant to the Transfer Perimeter; or • changes to **service delivery arrangements, contractual terms or legal structures** that materially affect the feasibility of separation. DTMs are expected to provide **sufficient information on the nature of the material change** and its potential impact on the Transfer Perimeter or the conclusions of the Separability Assessment or Capability Assessment. PIDM will engage the DTM on any revisions or further assessment required following the notification.
26.	Are DTMs required to update and re-submit the Separability Report and Self-Assessment Reports whenever information changes?	DTMs are required to maintain the Separability Reports, where applicable and the Self-Assessment Reports on an ongoing basis to ensure that they **remain current and relevant to prevailing market conditions** and the DTM's circumstances.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
		However, this does not mean that the reports must be re-submitted to PIDM each time information is updated. Unless there are **material changes** that warrant an earlier notification or submission, DTMs should submit updated reports to PIDM **in accordance with the applicable biennial reporting cycle**.
Others		
27.	Who should be responsible for overseeing the resolvability assessment process?	The RAF Guidelines **do not prescribe a specific function** to be responsible for the resolvability assessment process. DTMs may determine the appropriate governance arrangements having regard to their size, complexity and organisational arrangements. However, the **Board is required to exercise effective oversight** of the development, maintenance and implementation of the resolution planning requirements, including approving the Separability Report, where applicable and the Self-Assessment Report. Senior officer(s) or the relevant internal governing body are also responsible for ensuring robust analysis, appropriate expert judgement and the involvement of relevant key personnel in preparing the required reports.
28.	Can DTMs within the same group submit a consolidated report covering the Transfer Perimeters of multiple DTM entities? What approvals are required before submission to PIDM?	PIDM **accepts a consolidated report covering Transfer Perimeters of multiple DTM entities** within the same group. Where the report includes assessments relating to more than one DTM entity, DTMs should ensure that the **Board of each DTM exercises effective oversight** of the development, maintenance and implementation of the resolution planning requirements, including approving the Separability Report, where applicable, and the Self-Assessment Report in accordance with Section 6 of the RAF Guidelines.

Resolvability Assessment Framework ("RAF") For Deposit-Taking Members		
No.	**Question**	**Answer**
29.	Can DTMs appoint a consultant to assist in the preparation of the required submission to PIDM?	The DTM may decide on the use of an external consultant or advisor to advise or assist it with the resolvability assessment process. PIDM neither advocates nor prohibits the use of an external consultant or advisor. However, the **ultimate responsibility and accountability** for the completeness, accuracy, quality, and timely submission of the reports **remain with the DTM**. DTMs should therefore ensure that they have sufficient oversight of any work performed by external parties and that the reports appropriately reflect the DTM's own assessment, judgement and supporting evidence. Any external consultant or adviser engaged by the DTM should also be subject to appropriate confidentiality obligations.

Appendix 1: Probable Transfer Perimeters and the required assessments under Separability Assessment

Transfer Options	Transfer Perimeter	Examples of Transfer Perimeter	Impact Assessment	Marketability Assessment
DTMS SUBJECT TO FULL REQUIREMENTS				
Business line	Business Lines of DTM entity(ies)	Retail Banking, SME Banking, Corporate Banking	✓	✓
Entity	DTM entity	DTM Conventional entity; DTM Islamic entity	✓	✓
Business segment	Non-DTM entity/entities	Investment banking subsidiaries, Insurance/ Takaful subsidiaries	✓	*Not Required*

Appendix 2: Sample Illustration on shortlisting potential acquirers and Strategic Fit assessment

1 Identify Potential Acquirers

Example criteria that may be used to identify potential acquirers for the Transfer Perimeter
(not exhaustive)

1. Has any acquirer previously expressed interest on the **Transfer Perimeter** or any part thereof?
2. Does the **Transfer Perimeter** contain a niche product offering which the DTM deems the acquirer suitable to absorb?

Potential acquirers meeting either of the above criteria may be considered for shortlisting and required to undertake the Strategic Fit Assessment outlined as set out in **Para 3.4.2 of the Section on Marketability Assessment**

2 Undertake Strategic Fit Assessment

	CONSIDERATIONS IN ASSESSMENT OF STRATEGY FIT	POTENTIAL SOURCE(S)	GUIDING QUESTION(S)
i.	**Geographic footprint and key market presence**	Annual Report; Corporate/ Business Plans; Investor Presentations	• Does Acquirer A's most recent Business Plan or Annual Report articulate an expansion intent consistent with the geography of the Transfer Perimeter? • Does Acquirer A have an existing presence (branches or subsidiaries) in the same domestic and/or overseas markets in which the Transfer Perimeter operates?
ii.	**Complementary customer base and product/service offering**	Annual Report; Product disclosure sheets; Product listing	• Does the Transfer Perimeter hold a specialised product or scheme accreditation (e.g., a government-backed financing guarantee scheme)?
iii.	**Long-term strategic ambitions and risk appetite**	Corporate/ Business Plans; Investor Presentations	• Has Acquirer A publicly signaled, through its corporate plan or investor communications, an intention to grow in the same business line/segment/market as that comprised within the Transfer Perimeter?
iv.	**Corporate culture, governance practices, and management style**	Corporate governance disclosures; BNM Enforcement Action registers	• Has BNM published any formal enforcement action (e.g., an administrative monetary penalty, compound, or conviction) against Acquirer A on its public enforcement actions register? • Does Acquirer A exhibit board and senior management stability (limited unexplained CEO/CRO/CFO turnover)?
v.	**Compatibility of IT systems, digital platforms, and operational processes**	Vendor Client References (if available); Press Releases	• Does Acquirer A share a common core banking vendor or platform with the Transfer Perimeter? • Does Acquirer A have a demonstrated track record of completing prior system integrations without material disruption, based on available public news?
vi.	**Strategic value creation potential**	Industry/analyst research reports; internal market intelligence maintained by the DTM	• Does the Transfer Perimeter hold a notable standalone market position (e.g., a top-tier ranking by loan book size, deposits, or market share)? • Would Acquirer A's acquisition of the Transfer Perimeter materially improve its own competitive ranking or market share?

Note: Where more than one acquirer is shortlisted, the DTM shall complete a separate strategic fit assessment for each acquirer