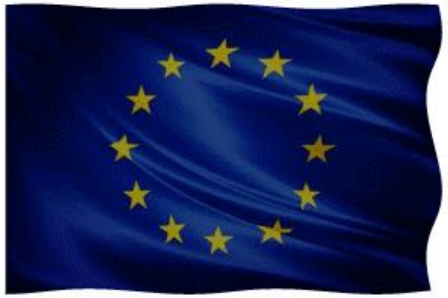

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Presented by:
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Bail-in in EU

Bank Recovery and Resolution Directive

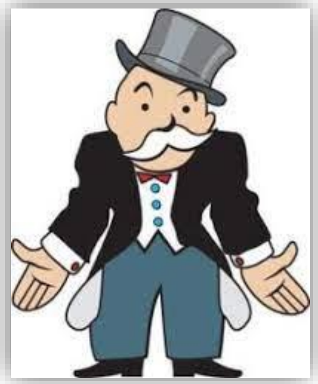
Financial Crisis (2008)

The Financial crisis of 2007–2008 led to many bank failures in the United States. The Federal Deposit Insurance Corporation (FDIC) closed **465 failed banks** from 2008 to 2012.

No less than **114** European **banks** benefited from government support in the period 2007 to 2013.

€1.5 trillion in taxpayer money has been used to rescue ailing banks in Europe.

What is a bail out?



A bailout is the injection of money into a business or organization that would otherwise face imminent collapse.

Bailouts can be in the form of loans, bonds, stocks, or cash.

Some loans require reimbursement—either with or without interest payments.

Bailouts typically go to companies or industries which directly impact the strength of the overall economy, rather than just one particular sector or industry.

What is a Bail-in

A bail-in helps a financial institution on the brink of failure by requiring the cancellation of debts owed to creditors and depositors.

Bail-ins and bailouts are both resolution schemes used in distressed situations.

Bailouts help to keep creditors from losses while bail-ins mandate that creditors take losses.

Bail-ins have been considered across the globe to help mitigate the burden on taxpayers as a result of bank bailouts.

European Bail-in legislation

1

Directive 2014/59/EU

2

Commission Delegated Regulation (EU) 2021/1340

3

Commission Delegated Regulation (EU) 2021/1527

4

Commission Implementing Regulation (EU) 2021/1751

Why is this directive important?

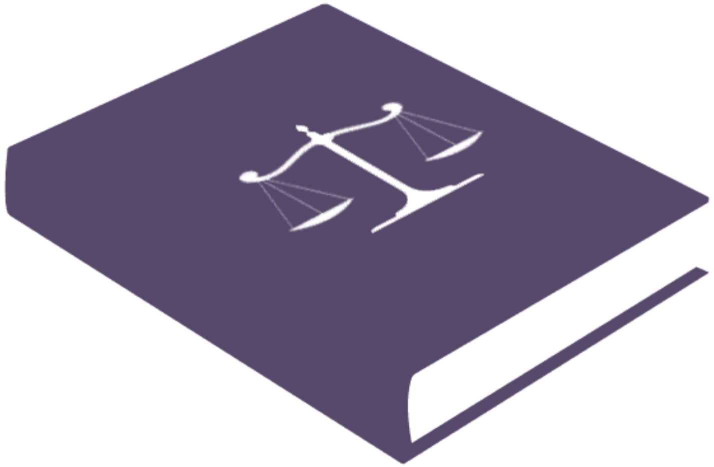
Preparatory/preventative powers and obligations for minimizing the risk of a potential banking/financial crisis stemming from the Systemic Financial Institutions (SFI).

Enabled early intervention powers for the prevention of an imminent banking/financial crisis

Grants resolution powers for the reorganization of an SFI, when its winding down becomes inevitable

Created a European system of financing arrangements (including resolution funds via industry contributions) to be utilized in the event of resolution

Comprises provisions in relation to cross-border co-operation for recovery and resolution (both within the EU and with third countries)



Sources:

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- Commission Delegated Regulation (EU) 2021/1340 of 22 April 2021 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards determining the content of the contractual terms on recognition of resolution stay powers.
- Commission Delegated Regulation (EU) 2021/1527 of 31 May 2021 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards for the contractual recognition of write down and conversion powers.
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Thank you

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