

Credit institutions and investment firms: framework for recovery and resolution

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The Council discussed the proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms, focusing in particular on the design of the bail-in instrument.

The Presidency concluded that to reach an agreement, a balance would have to be struck between establishing a harmonised approach to bail-in and allowing for limited national flexibility in its application. The Presidency stated its intention to re-submit the dossier to the Council at its meeting on 21 June, with the aim of reaching an agreement on the Directive.

In summarising the discussion, the Presidency noted convergence around the following points:

- general agreement on a **broad scope for bail-in, with a limited list of defined exclusions;**
- general agreement that the **level of loss absorbing capacity must be adapted to match the scope of exclusions;**
- noting that deposits under EUR 100 000 are always fully guaranteed by the deposit guarantee schemes, there was agreement amongst most Member States that the **deposit guarantee schemes should also benefit from depositor preference;**
- overall, considerable support for depositor preference (i.e. last category of assets to be bailed in) for deposits over EUR 100 000, with **some reservations raised on giving preference to large corporate deposits.**

The Presidency also recognised that **some country-specific concerns should be addressed**, in particular as regards **euro area vs. non-euro area issues.**