

# Early intervention measures, conditions for resolution and funding of resolution action (BRRD3)

2023/0112(COD) - 20/04/2026 - Final act

**PURPOSE:** to establish a reformed framework for crisis management and deposit insurance (CMDI framework) for banks in the EU.

**LEGISLATIVE ACT:** Directive (EU) 2026/806 of the European Parliament and of the Council amending Directive 2014/59/EU as regards early intervention measures, conditions for resolution and funding of resolution action and Directive 2014/24/EU as regards valuation services in resolution.

**CONTENT:** this directive is part of a package of amending acts aimed at **reforming the framework for managing banking crises and deposit insurance** (the "CMDI framework"). The revision of the CMDI also amends [Directive 2014/49/EU](#) (the Deposit Guarantee Schemes Directive or "DGSD Directive") and [Regulation \(EU\) No 806/2014](#) (the Single Resolution Mechanism Regulation or "SRM Regulation").

The amendments to the CMDI framework have the overall objectives of **better protecting financial stability and taxpayers' money, shielding the real economy from the impact of bank failures, and further strengthening depositor protection**. To this end, they aim to improve the crisis management tools used to address the failure of relatively small and medium-sized banks. The main instrument for achieving this is to allow resolution authorities to use funds from deposit guarantee schemes to finance the implementation of a transfer strategy in cases where the failing bank does not have sufficient internal loss-absorbing capacity to qualify for resolution funding.

The reform improves the resolution process **for small and medium-sized banks**, giving them access to industry-funded safety nets as an additional resolution financing instrument.

The main elements of the directive are as follows:

## ***Bridging the gap***

The directive will facilitate access for failing banks to industry-funded safety nets - namely national resolution funds and, in the Banking Union, the Single Resolution Fund (SRF) - to finance their resolution and eventual exit from the market. This involves using deposit guarantee funds to 'bridge the gap', i.e. to use such funds to supplement a failing bank's own loss-absorption buffers of own funds and convertible liabilities (MREL), which ensure that losses are borne first by the bank's shareholders and creditors.

Banks with insufficient MREL at the time of resolution can, as a last resort, rely on DGS or resolution funds (or SRF in the banking union) to finance their resolution without bailing in their depositors.

Access to industry-funded safety nets will be subject to strict safeguards to **ensure that MREL remains the primary line of defence**, and that moral hazard is minimised.

## ***Public interest assessment (PIA)***

A resolution procedure can only be initiated if considered to be in the public interest. The new CMDI framework clarifies how the existing public interest assessment should be conducted by resolution

authorities. It broadens the criteria prioritising resolution over liquidation when it better serves financial stability and depositor protection.

When assessing disruption to the real economy, the resolution authority should focus on **both the national and regional levels**, reflecting the potential footprint of some small and medium-sized banks.

### *Resolution of smaller banks*

The resolution framework will also cover small and medium-sized banks, where this is deemed to be in the public interest.

To access external funds, a failing bank's own investors and creditors must first absorb losses equivalent to **at least 8%** of the bank's total liabilities and own funds (TLOF). The so-called "bridge the gap" mechanism allows DGS funds to help meet this 8% minimum loss-sharing requirement when a deposit-funded bank does not have sufficient loss-absorbing capacity.

ENTRY INTO FORCE: 10.5.2026.

TRANSPOSITION: no later than 11.5.2028.