

Press comment

AFME comment on EU Bank Recovery and Resolution Directive

12 December 2013

The Association for Financial Markets in Europe (AFME) welcomes the announcement that a political agreement has been reached on the Bank Recovery and Resolution Directive (BRRD).

Simon Lewis, Chief Executive of AFME said:

“Agreement on the BRRD is a key part of the regulatory reform agenda. It is a crucial step that will address the issue of ‘too-big-to-fail’ and provide the authorities with the powers to ensure that all banks in Europe can, when required, be resolved in an orderly manner without resorting to taxpayer bail-outs.

“Dedicated resolution authorities will now have the power to take preventative action at an earlier stage, put in place plans for dealing with any bank failure, and where necessary have the tools to conduct a resolution where losses are imposed on shareholders and creditors rather than taxpayers.

“The directive also provides welcome clarity as to the framework for resolution and promotes a consistent approach across the EU. Importantly, the BRRD also facilitates cross-border resolution through the inclusion of powers to recognise and enforce resolution actions taken in countries outside the EU, and providing for the establishment of cross-border cooperation agreements between authorities.”

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Notes:

1. The Association for Financial Markets in Europe advocates stable, competitive and sustainable European financial markets, which support economic growth and benefit society.
2. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, www.afme.eu
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