EUROPEAN COMMISSION

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**Vote on Bank crisis resolution legislation:**

Type: News Reference: 93788 Duration: 00:01:30 Lieu: Strasbourg, France - European Parliament
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- extracts from the vote (20/05) - extracts from the speech of Gunnar HÖKMARK (EPP, SE), rapporteur EP Committee on Economic and Monetary Affairs Background:Taxpayers and savers must be the last people called upon to bail out bankers, says Parliament's negotiating position, approved by the Economic and Monetary Affairs Committee on Monday on draft rules on how to save struggling banks. The text rules out using deposits below €100,000 or deposit guarantee funds, and says that even deposits above €100,000 should be the last to be called in. It also sets out strict conditions for using taxpayer's money. The negotiation position was approved with 39 votes in favour, 6 against and no abstentions. Protecting depositors: Under the draft rules, a struggling bank's own assets and liabilities would be the first used to resolve a crisis or wind it down (the "bailing-in" system). The recent Cyprus case clearly demonstrated the need for clear procedures to ensure that shareholders, bondholders, and only then depositors, foot the bill. The approved position broadly retains the Commission's proposed order of bank creditors to take a hit. However, it also inserts clauses stipulating that insured deposits of below €100,000 can never be used, and that uninsured ones, i.e. those above €100,000, may only be used as a last resort. The text also deletes the possibility, suggested by the Commission, of diverting funds from deposit guarantee schemes to help pay for bank resolution measures. Using public money: The approved text details on how and when taxpayers' money could be called upon. The rules stipulate that this would be a last resort measure, to be taken only after all capital has been written down to zero and taxpayer intervention is necessary either to prevent "significant adverse effects on financial stability" or "to protect the public interest where the bank would have previously received extraordinary liquidity assistance from the central bank". Taxpayers' money may be used in three specific ways: to guarantee liabilities or assets, to take a stake in the bank, or to institute temporary public ownership. Strong resolution funds: Each country is to set up its own resolution fund, financed by the banks themselves. Within 10 years of the directive's entry into force, each fund must have a capacity equal to 1.5% of the amount of deposits of the participating banks. The text also stipulates that resolution funds will not be duty bound to lend to each oth



| TIME | DESCRIPTION | DURATION |
|---|---|---|
| 00:00:00 | Title | 00:00:05 |
| 00:00:05 | Exterior shot of the European Parliament, Strasbourg, France (1 shot) | 00:00:05 |
| 00:00:10 | Interior, ECON committee , opening the vote on the Gunnar Hökmark report, (5 shots) | 00:00:27 |
| 00:00:37 | Vote on the resolution, (7 shots) | 00:00:17 |
| 00:00:54 | Result panel: Total 45, + 39, - 6 no abstentions, (1 shot) | 00:00:04 |

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| 00:00:58 | SOUNDBITE (English): Gunnar HÖKMARK (EPP, SE), rapporteur: "First of all I want to thank shadows and the political groups because I think we have achieved a very good and strong result and I also think we have managed to clarified the proposed legislation. And to a response to your question, the answer is YES, we would like to start negotiations in order to achieve a result as soon as possible, thank you." | 00:00:22 |
| 00:01:20 | Closing the vote, applause (1 shot) | 00:00:10 |
| 00:01:30 | END | 00:00:00 |

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