

# Briefing

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## EU Banking Resolution Framework – Publication of Romanian Draft Law Transposing BRRD

On 11 June 2015, the Romanian Ministry of Public Finance published the draft law transposing into Romanian legislation the EU Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms ("BRRD") ("BRR Draft Law").

Pursuant to the substantiation note, the BRR Draft Law aims to accurately transpose the provisions of the BRRD into Romanian legislation and confirms, among others, the resolution tools applicable in Romania and the competent local authorities.

The BRR Draft Law reflects the resolution tools introduced by the BRRD, namely: (i) sale of business tool; (ii) the bridge institution tool; (iii) the asset separation tool and (iv) the bail-in tool, but no additional tools are currently envisaged.

The competent authorities exercising the resolution powers under the BRR Draft Law are the National Bank of Romania, for credit institutions, the Financial Supervisory Authority, for investment firms and, additionally, the Ministry of Public Finance, as national competent ministry under the BRRD, having a decisive role in the recovery and resolution decision process.

While the substantiation note to the BRR Draft Law acknowledges that certain negative effects could arise, in terms of the investors' appetite for financing credit institutions, given that the bail-in tool implies participation of a credit institutions' financiers (shareholders, subordinated debt providers) to the losses of the institution, it will be interesting to see the various comments of the stakeholders bearing in mind that the BRR Draft Law is envisaged to bring benefits to the business environment, by enhancing the financial stability.

The BRR Draft Law is now subject to public debates and available at:

[http://docreader.readspeaker.com/docreader/?cid=bunuu&lang=ro\\_ro&url=http://discutii.mfinante.ro/static/10/Mfp/transparenta/PrLegeBRR\\_05062015.doc](http://docreader.readspeaker.com/docreader/?cid=bunuu&lang=ro_ro&url=http://discutii.mfinante.ro/static/10/Mfp/transparenta/PrLegeBRR_05062015.doc)

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