



Council of the European Union
General Secretariat

Brussels, 16 June 2025

Interinstitutional files:

2023/0111 (COD)

2023/0112 (COD)

2023/0115 (COD)

WK 8001/2025 INIT

LIMITE

EF

ECOFIN

CODEC

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

WORKING DOCUMENT

From: General Secretariat of the Council

To: Working Party on Financial Services and the Banking Union (CMDI)
Financial Services Attachés

Subject: CMDI WP 17.06.2025: Commission non-paper - Technical Note on BtG conditions

In orange: conditions present in the Commission proposal

In blue: conditions only applicable in the Banking Union

	Possible Compromise
Objective 1: DGS bridge should not replace nor discourage banks' own loss-absorbing capacity	
1) Exclusion of liquidation entities (line 455 BRRD)	KEEP As per COM proposal
2) Only for banks that were earmarked for resolution at least 2 years before failure (line 455a BRRD)	REMOVE
3) Full write down of all MREL, with exception of liabilities that cannot be bailed-in based on Art. 44(3) BRRD up to 2.5% (line 453a BRRD)	KEEP with amendments Cap of 2.5% removed
4) No MREL breaches 8-36 months before failure (MS option in BRRD; mandatory in SRMR) (line 453c BRRD, lines 410e and 410n SRMR)	KEEP with amendments No MREL breaches (only on MREL-TREA) for two consecutive quarters in a four-year period ending three quarters before FOLF, extendable by one quarter if early interventions are applied by the competent authority. Applicable across the EU. Applicable for final [and intermediate] targets.
5) DGS bridge not possible for banks in MREL transitional build-up periods, unless very extraordinary situation of a systemic crisis (lines 455b-455c BRRD)	REMOVE
Objective 2: DGS bridge should remain exceptional	
6) DGS bridge allowed in resolution and also in support of Government Financial Stabilisation Tools (lines 453, 454 BRRD)	KEEP with amendments Only for resolution
7) No automaticity: case-by-case decision by the RA (line 442 BRRD)	KEEP
8) DGS may only be used to protect non-covered deposits where justified (line 442 BRRD)	KEEP
9) Acquisition and distribution ban (line 445 BRRD)	KEEP
10) Clawback mechanism of variable remuneration of managers of the failed bank (line 456a BRRD)	KEEP
11) Winding up of the residual institution; in case of bridge bank, operations to be terminated as soon as possible (line 453b BRRD)	KEEP
12) [SRMR:] Emergency brake when SRF used up to 17.5% target level via DGS bridge; COM report with legislative proposal to lift cap (lines 412a-412b SRMR)	KEEP with amendments Only in Banking Union A first threshold of [10%] in terms of aggregate SRF spending over 3 years after which SRB Plenary issues

	<p>mandatory guidelines for use of BtG (similar mechanism as Art. 50(1)(d) SRMR)</p> <p>A second higher threshold of [20%] in terms of aggregate SRF spending over 3 years after which Commission shall provide a report on the DGS bridge with a possible legislative proposal.</p> <p>Use of the bridge mechanism is not blocked upon reaching the thresholds.</p> <p>The report of the Commission should assess the general functioning of the DGS bridge in the Banking Union and whether it contributes adequately to the objectives of the framework, and assess whether the applicable arrangements for the collection of contributions to replenish the Fund when the DGS bridge is used are appropriate.</p>
13) [SRMR] banks 30-80bn: Council approving the resolution scheme (lines 254a, 255-255e SRMR)	REMOVE
14) [SRMR] banks 30-80bn: Report by SRB and NRA ex post on use of DGS bridge (line 410o SRMR)	KEEP
15) [SRMR] banks EUR 30-80bn: approval from 5 out of 6 permanent board members (line 410o SRMR)	REMOVE
Objective 3: The scope of banks for which the DGS bridge can be used should be well framed	
16) Only available for transfer strategies with market exit (lines 439 and 442 BRRD)	KEEP
17) [SRMR:] Distinction between banks below EUR 30bn and banks between EUR 30-80bn (line 410f, 410g SRMR)	KEEP with amendments Apply to the entire EU
18) [SRMR:] Available to banks between EUR 30-80bn only in exceptional circumstances (line 410f, 410g SRMR)	REMOVE
19) [SRMR:] Available to banks between EUR 30bn and EUR 80bn only for a period of 10 years (sunset clause) (line 410f SRMR)	REMOVE
20) [SRMR:] Available to banks between EUR 30bn and EUR 80bn only where necessary to preserve financial stability and avoid significant adverse effects on the financial system (line 410f SRMR)	REMOVE
21) [SRMR:] Available to banks between EUR 30bn and EUR 80bn only where the deposits exceed 65% TLOF (line 410h SRMR)	REMOVE
22) [SRMR:] Available to banks between EUR 30bn and EUR 80bn only where MREL capacity was at	KEEP with amendments Replace with MREL floor:

least 8% TLOF 12 months before FOLF (line 410i SRMR)	<ul style="list-style-type: none"> - For banks below EUR 30bn: No MREL floor - For banks between EUR 30-80bn: MREL floor of 13.5% TREA and 5% TEM, applicable to all EU
Objective 4: Ensure prudent use of safety nets (DGS and resolution funds)	
23) DGS contribution capped at difference between assets and deposits and amount for capital neutrality (lines 442-444 BRRD)	KEEP
24) DGS contribution is capped by the least cost test (line 446 BRRD)	KEEP with amendments Depends on the final design on the LCT
25) DGS is protected by ‘no creditor worse off’ (line 447 BRRD)	KEEP with amendments Depends on the final design on the LCT
26) DGS contribution capped at amount necessary to reach 8% TLOF (line 454 BRRD)	KEEP
27) Cap on DGS contribution in 62,5% target level (MS option in BRRD, mandatory in SRMR) (line 455d BRRD, line 411a SRMR) [SRMR:] Cap can be lifted by DA in systemic crisis or for DGS contribution after 5% TLOF by SRF (line 411b SRMR)	REMOVE
28) [SRMR] 6.5% TLOF (banks <EUR 30bn) and 8% TLOF (banks EUR 30-80bn) losses absorbed in the 12 months preceding FOLF (line 410d, 410m SRMR)	REMOVE
29) [SRMR:] Cap on DGS contribution of 2.5% TLOF (banks <EUR 30bn) and 1.25% TLOF (banks EUR 30-80bn) (lines 410b, 410j-410k SRMR)	KEEP with amendments Banks below EUR 30bn: 3% TLOF Banks between EUR 30-80bn: 2% TLOF The cap should apply to entire EU.