

This English translation is NOT an official translation. This translation is for informational purposes only and has been prepared solely for the convenience of non-Greek speaking interested parties. The official and legally binding decree is in the Greek language and can be found in the Official Gazette of the Republic of Cyprus no 4379, dated 22.3.2013. Any discrepancies or differences created in the translation are not binding and the Central Bank of Cyprus makes no warranties or representations about the accuracy or completeness of this English translation and assumes no liability for any errors, omissions or inaccuracies in this English translation.

	DRAFT LAW ON THE RESOLUTION OF CREDIT AND OTHER INSTITUTIONS LAW OF 2013
	PART I INTRODUCTORY PROVISIONS
	The House of Representatives votes as follows:
Short title	1. This Law will be referred to as the Resolution of Credit and Other Institutions Law of 2013.
Interpretation	2. In this Law, unless the context otherwise requires, the following definitions shall apply:
	“senior management” means the managers and or executive directors as these are defined in the Fitness and Probity (Assessment Criteria) of Directors and Managers of Banks Directives of 2006 and 2007;
	“senior managers” mean any person who directly reports or receives instructions from the senior management;
	“competent supervisory authority” means:
	(a) with regard to banks, the Central Bank of Cyprus,
	(b) with regard to cooperative credit institutions, the Authority for the Supervision of Co-operative Companies;
	“Resolution Authority” means the Central Bank of Cyprus;
.....	‘insured deposit’ means the covered deposit according to the Law on the Establishment and Operation of the Deposit Protection and Resolution of Credit and Other Institutions Scheme of 2013 and the

	Cooperative Societies Law·
	“Special Administrator” means the special administrator of Part IV:
	“Liquidation” means”:
66(l) of 1997 74(l) of 1999 94(l) of 2000 119(l) of 2003 4(l) of 2004 151(l) of 2004 231(l) of 2004 235(l) of 2004 20(l) of 2005 80(l) of 2008 100(l) of 2009 123(l) of 2009 27(l) of 2011 104(l) of 2011 107(l) of 2012.	(a) with regard to an affected institution that is a bank, its special liquidation in accordance with section XIII of the Banking Laws of 1997 to 2013:
22 of 1985 190 of 1989 8 of 1992 22(l) of 1992 140(l) of 1999 140(l) of 2000 8(l) of 2001 123(l) of 2003 124(l) of 2003 144(l) of 2003 230(l) of 2001 170(l) of 2004 23(l) of	(b) with regard to an affected institution which is a cooperative credit institution, its special liquidation in accordance with Section 49BA of the Cooperative Societies Laws of 1985 to 2013:

<p>2005 49(l) of 2005 76(l) of 2005 29(l) of 2007 37(l) of 2007 177(l) of 2007 104(l) of 2009 124(l) of 2009 85(l) of 2010 118(l) of 2011 130(l) of 2012.</p>	
	<p>(c) with regard to the Housing Finance Corporation, its liquidation in accordance with a law that is passed for this purpose;</p>
<p>Κεφ. 113 9 of 1968 76 of 1977 17 of 1979 105 of 1985 198 of 1986 19 of 1990 41(l) of 1994 15(l) of 1995 21(l) of 1997 82(l) of 1999 2(l) of 2000 135(l) of 2000 151(l) of 2000 76(l) of 2001 70(l) of 2003 167(l) of 2003</p>	<p>(d) With regard to an asset management entity, its liquidation under the provisions of the Companies Law;</p>

<p>92(l) of 2004 24(l) of 2005 129(l) of 2005 130(l) of 2005 198(l) of 2006 124(l) of 2006 70(l) of 2007 71(l) of 2007 131(l) of 2007 186(l) of 2007 87(l) of 2008 41(l) of 2009 49(l) of 2009 99(l) of 2009 42(l) of 2010 60(l) of 2010 88(l) of 2010 53(l) of 2011 171(l) of 2011 145(l) of 2011 157(l) of 2011 198(l) of 2011.</p>	
	<p>“bridge bank” means the bank which is established under the provisions of Section 10;</p>
	<p>“affected institution” means an institution that is subject to the provisions of this Law and includes:</p>
	<p>(a) a bank, within the meaning of the Banking Laws, including the branches of banks incorporated in third-countries and operating in the Republic;</p>
	<p>b) a parent financial holding company established in the Republic;</p>

	(c) a cooperative credit institution, within the meaning of the Co-operative Societies Laws;
	(d) The Housing Finance Corporation;
	“asset management company” means the company that is set up under the provisions of Section 11;
	‘depositor’ means any person who owns of a deposit in an affected institution, within the meaning attributed to the term ‘deposit’ under Section 2 of the Banking Laws and Section 2 of the Cooperative Societies Laws;
	“resolution measures” mean the measures provided for in Part III;
	“institution under resolution” means an affected institution in respect of which resolution action is taken;
	“member state” means a member-state of the European Union or other state that is party to the Agreement for the European Economic Area, signed in Oporto on 2 May 1992, as adjusted by the Protocol signed in Brussels on 17 May 1993, as amended from time to time;
	“Co-operative credit institution” means a co-operative credit institution within the meaning of Section 2 of the Cooperative Societies Laws;
	“parent financial holding company established in the Republic” means a financial holding company which is not itself a subsidiary of an institution authorised in the Republic, or of a financial holding company or mixed financial holding company set up in the Republic.
	“Scheme” means the Deposit Protection and Resolution of Credit and Other Institutions Scheme established under the Law on the Establishment and Operation of the Deposit Protection and Resolution of Credit and Other Institutions Scheme of 2013;
	“Deposit Protection Fund” means:
...of 2013	a) With regard to the Housing Finance Corporation or to an affected institution which is a bank, the Deposit Protection Fund established under the Law on the Establishment and Operation of the Deposit Protection and Resolution of Credit and Other Institutions Scheme of 2013;

	(b) With regard to an affected institution that is a co-operative credit institution, the Deposit Protection Fund that was established under Section 53 (2) of the Cooperative Societies Laws.
	'Funds' means the Deposit Protection Fund and the Resolution Fund as these are interpreted in the present section;
	"Resolution Fund" means the Resolution of Credit and Other Institutions Fund that was established under the Law on the Establishment and Operation of the Deposit Protection and Resolution of Credit and Other Institutions Scheme of 2013;
	"titles" means title deeds or debt securities or rights to acquire debt securities issued by an affected institution;
	"title deeds" means shares, securities convertible into shares, rights to acquire shares and rights to acquire bonds convertible into shares issued by an affected institution.
	"third country" means a state other than a member state.
	PART II GENERAL RESOLUTION PRINCIPLES AND RESOLUTION AUTHORITY
General resolution principles.	<p>3. (1) The Central Bank of Cyprus, as Resolution Authority, shall have the power to decide jointly with the Minister of Finance the adoption of, in order to achieve the following objectives:</p> <ul style="list-style-type: none"> (a) Ensuring continuity in the provision of critical banking or financial services; (b) preventing the creation or propagation of risks, which could have possible adverse effects on the stability of the financial system, in the Republic or in other jurisdictions; (c) safeguarding public confidence in the stability and smooth operation of the financial system; (d) protecting public funds by discouraging affected institutions from depending on public support for their sustenance; (e) protecting depositors covered by the Deposit Protection Fund; (f) minimising the costs of resolution for the taxpayer; (g) safeguarding the public benefit and serving the public interest.

	<p>(2) The following general principles are to apply in the context of the adoption and implementation of resolution measures:</p> <p>(a) the shareholders of an institution under resolution shall be the first to bear any losses resulting from the implementation of the resolution measures;</p> <p>(b) the creditors of an institution under resolution shall bear losses after shareholders, in accordance with the order of priority of claims provided for in Section 4;</p> <p>(c) except as otherwise provided in this Law, or if there are compelling reasons in the public interest, creditors of the same class are to be treated equitably;</p> <p>(d) the creditors of an institution under resolution shall not be placed in a less favorable financial position on account of the implementation of the resolution measures, compared to the position they would have been in if the affected institution was, instead, put into liquidation;</p> <p>(e) the senior management of an institution under resolution may be replaced;</p> <p>(f) the senior managers of an institution under resolution are to bear losses commensurate, under civil or criminal law, with their individual responsibility for the failure of the institution;</p> <p>(g) any interference with property rights shall comply with the provisions of the Constitution and the European Convention on Human Rights;</p> <p>(h) there shall be no conflict with the European Union legal framework regarding State aid and the competition rules;</p> <p>It is provided that any losses, costs or other expenses incurred in connection with the implementation of resolution measures shall be borne first by the shareholders and creditors of an institution under resolution. Only once the resources of shareholders and creditors are exhausted, will the losses, costs or other expenses arising in connection with the implementation of the resolution measures be borne, temporarily, by the Resolution Fund.</p>
Priority of claims.	4. (1) In any liquidation of an institution under resolution, the provisions of sub-sections (1) and (2) of Section 300 of the Companies Law have priority.
	(2) Without prejudice to the provisions of subsection (1), secured claims shall be paid to the extent of the realization of the security or the security shall be delivered to the secured creditor.

	<p>(3) Other claims shall be paid from the proceeds of liquidation, in the following order:</p> <ul style="list-style-type: none"> i. necessary and reasonable expenses incurred by the liquidator and the Resolution Authority, including professional fees, in application of the provisions of the liquidation ; ii. credits extended to the institution under resolution after the appointment of the liquidator; iii. credits extended to the institution under resolution by the Central Bank of Cyprus or the Fund prior to the appointment of the liquidator; iv. insured deposits, amounts due to the Deposit Protection Fund, any government support provided to the institution under resolution pursuant to the Restructuring of Financial Institutions Law and government guarantees granted to the institution under resolution pursuant to the Granting of Government Guarantees for the Granting of Loans or the Issuance of Bonds from Financial Institutions Laws of 2012; v. other unsecured credits extended to the institution under resolution; vi. subordinated debt.
	<p>(4) If the amount available for payment for any class of claims as referred to in subsection (3) is insufficient to provide payment in full, such claims shall be reduced in equal proportions. No payments shall be made for any class of claims as referred to in subsection (3) unless the prior class or classes of claims have been fully paid.</p>
	<p>(5) Claims filed outside the time specified in the relevant legislation for the filing of claims shall not be paid. Any proceeds remaining after all claims of other creditors have been paid shall be distributed among the shareholders of the institution under</p>

	resolution in accordance with their rights.
	(6) If necessary to contain the potential impact on the stability of the financial system of the Republic or of other jurisdictions, or to maximise the value for the benefit of creditors as a whole and to safeguard the public benefit and serve the public interest, the Resolution Authority may depart from the provisions of this article and treat creditors of the same class differently.
Powers of the Resolution Authority.	5. (1) For the purposes of this Law, the Resolution Authority shall have the exclusive power to adopt and implement resolution measures on affected institutions.
	(2) Where an affected institution engages, within the territory of another member state or third country, in operations that are important for its viability, the Resolution Authority shall take all measures necessary for the creation of a framework of cooperation with the competent authorities of such member state or third country, in anticipation of, and for the planning and implementation of resolution measures.
	(3) The Resolution Authority communicates to the competent authority of a member state or a third country, the implementation of resolution measures pursuant to sub-section (1) of Section 7 to an affected institution that maintains branches or subsidiaries in another member state or a third country or the affected institution is a subsidiary or a branch of an institution operating in another member state or a third country.
	(4) Where an institution established in another member state or a third country has a subsidiary holding a banking license or a branch in the Republic, the Resolution Authority may cooperate with the competent authority of the relevant country of origin for the purposes of the cross-border resolution of such institution.
	(5) The Resolution Authority shall not have the power to implement resolution measures on branches of institutions established in another member-state and operating in the Republic.
138(l) of 2002 166(l) of 2003 34(l) of 2007.	(6) In exercising its powers as Resolution Authority, the Central Bank of Cyprus shall take all measures necessary to ensure the effective separation between its supervisory tasks, as laid down in the Central Bank of Cyprus Laws of 2002 to 2007, and its resolution tasks, as provided for in this Law.
	(7) Where resolution measures are adopted in connection with an affected institution, all powers, duties and responsibilities of its shareholders or board members or commissioners or managers, may be exercised by the Resolution Authority or by the Special Administrator appointed under Section 14, in which case any actions

	taken or decisions adopted by the institution in question or by any third party on behalf of the said institution shall be considered invalid, unless taken or approved by the Resolution Authority.
	(8) Without prejudice to the generality of paragraph (7), the Resolution Authority may request the removal or replacement of a board member or commissioner or manager of an institution under resolution, irrespective of the provisions of any applicable law.
	(9) The Resolution Authority and/or the Special Administrator shall take all measures necessary to ensure the physical control and protection of the facilities, assets, books, records and other documents of the institution under resolution.
	(10) For the implementation of the resolution measures, the Resolution Authority and/or the Special Administrator shall have free access to the facilities as well as to the assets, accounting books and other documents of the institution under resolution.
	(11) At the request of the Resolution Authority and/or the Special Administrator, law enforcement officials shall, assist the Resolution Authority and/or the Special Administrator to gain access to any premises of the institution under resolution and to gain control over and to secure such facilities, assets, books, records and other documents of the institution under resolution.
	(12) (a) The Resolution Authority may, for the purpose of achieving the objectives of the present Law, as well exercising its competences under this Law, and subject to its provisions, issue general or specific directives or decrees, to be communicated in any manner that the Resolution Authority may determine. (b) The Resolution Authority may issue general or specific directives or circulars to be communicated in any manner that the Resolution Authority may determine, in relation to the preparation of resolution plans according to Section 30B of the Banking Laws and Section 51D of the Cooperative Societies Laws.
	(13) The Resolution Authority shall have access to all information in the possession of the competent supervisory authorities, necessary for the implementation of the resolution measures and the exercise of its tasks under this Law. It is provided that the competent supervisory authorities shall, without undue delay, furnish the Resolution Authority with any

	information relevant to the exercise of its tasks, whether or not such information has been expressly solicited by the Resolution Authority.
	(14) The Resolution Authority may represent the institution under resolution in judicial proceedings in which the institution is a party or interested party and which are pending at the time resolution measures are taken.
Conditions for the adoption of resolution measures.	6. (1) The Resolution Authority shall take resolution measures in relation to an affected institution only if all of the following cumulative conditions are met:
	<p>(a) The affected institution is no longer viable or is likely to no longer be viable, based on the assessment of the Resolution Authority, thereby giving rise to a credible risk that the affected institution may not meet its obligations and/or continue to operate as a going concern;</p> <p>(b) In the absence of resolution measures, any other actions that could be taken within a reasonable period of time by the affected institution or by the competent supervisory authority would, according to the assessment of the resolution authority, be insufficient to enable the institution to observe its capital adequacy and/or liquidity requirements, and</p> <p>(c) a resolution measure is necessary to safeguard the public benefit or to serve the public interest.</p>
	<p>(2) For the purposes of its assessment under paragraph (a) of subsection (1), the resolution authority may consider one or more of the following circumstances, this list not being exhaustive:</p> <p>(i) the affected institution fails or is likely to fail to pay liabilities as they fall due;</p> <p>(ii) the affected institution is or is likely to become balance-sheet insolvent;</p> <p>(iii) the affected institution fails or may fail to observe its capital adequacy and/or liquidity requirements;</p> <p>(iv) there is a serious reduction in the affected institution's access to funding sources;</p> <p>(v) there is dependence of the affected institution on public sector financial assistance to sustain operations or there would be such dependence in the absence of resolution except where, in order to preserve financial stability, the</p>

	<p>institution requires any of the following:</p> <ul style="list-style-type: none"> a) a State guarantee to back liquidity facilities; or b) a State guarantee on newly issued liabilities in order to remedy a serious disturbance in the economy of the Republic; <p>(vi) there is a serious deterioration in the value of the assets of the affected institution;</p> <p>(vii) there is loss of confidence of the public towards in the affected institution;</p> <p>(viii) there are fundamental shortcomings in business plan or the affected institution has breached or is likely to breach the terms on the basis of which it was granted its license;</p> <p>(ix) there is an imminent risk of the initiation of insolvency proceedings in accordance with the Companies Law or the provisions of section 44 of the Cooperative Societies Laws, as the case may be; or</p> <p>(x) the affected institution is operated in an imprudent, unsafe or unsound manner.</p>
	<p>(3) For the purposes of paragraph (c) of section (1), the adoption and implementation of resolution measures to an affected institution is deemed necessary provided that liquidation would not serve equally well the public benefit or the public interest.</p>
	<p>(4) The implementation of resolution measures shall not activate-</p> <ul style="list-style-type: none"> (a) The procedure for the settlement of depositors' claims by virtue of the Law on the Establishment and Operation of the Deposit Protection and Resolution of Credit and Other Institutions Scheme and the Cooperative Societies Law and the procedure for the settlement of investors/clients' claims by virtue of the Establishment and Operation of an Investor Compensation Fund for Clients of Banks Regulations of 2004 to 2007 (b) Any contractual clause or statutory provision that would be activated in case of bankruptcy or insolvency or upon the occurrence of another event, which may qualify as a credit event or an event equivalent to insolvency. <p>It is provided that Section 9 of the Financial Collateral Laws of 2004 and 2011 shall not apply in the case of the implementation of resolution measures as provided for in this Law.</p>

	<p>(c) The rights contractual or statutory of secured creditors of the affected institution over assets and rights used as collateral for their claims vis-à-vis the affected institution.</p>
<p>Adoption and implementation of resolution measures.</p>	<p>7. (1) Having taken into consideration the opinion of the Minister of Finance, a report drafted by the competent supervisory authority on the current financial status of the affected institution, and the resolution plan prepared by the Resolution Authority in cooperation with the competent supervisory authority, under section 30B of the Banking Laws and under section 12C of the Cooperative Societies Laws, as the case may be, the Resolution Authority shall have the power to order the affected institution to implement the following resolution measures, either individually or in conjunction with one another:</p> <ul style="list-style-type: none"> (a) Capital increase, according to the provisions of Section 8; (b) sale of operations, according to the provisions of Section 9; (c) transfer of assets, rights or liabilities to a bridge bank, according to the provisions of section 10; (d) transfer of assets and rights to an asset management company, according to the provisions of section 11; (e) bail-in, according to the provisions of section 12: <p>It is provided that, the resolution measure of point (c) may be applied only in conjunction with one or more of the resolution measures of the present subsection:</p> <p>It is further provided that, the Resolution Authority may authorise the suspension of the obligations of an institution under resolution for a period of two (2) business days, which may be extended by a decision of the Resolution Authority by an additional two (2) business days.</p>
	<p>(2) In the event that the Resolution Authority decides, on the basis of information received by virtue of sub-section (1), that none of the resolution measures of sub-section (1) is apt to serve the general resolution principles of subsection (1) of Section 3, it may propose to the competent supervisory authority, as the case may be, the revocation of the affected institution's license.</p>
	<p>(3) In case of implementation of the sale of operations resolution measure within the meaning of Section 9, the Resolution Authority may suspend the decision for the implementation of this measure, in</p>

	cases where the tenders submitted have been considered by the Resolution Authority as not profitable. In such case, the Resolution Authority may decide to implement other resolution measures or propose to the competent supervisory authority to revoke the license of the institution under resolution.
	(4) If the Resolution Authority considers that the conditions are met for the adoption of the resolution measures of sub-section (1) of section 6, it shall notify this fact to the Management Committee of the Scheme.
	(5) The adoption of resolution measures, in accordance with sub-section (1), shall be communicated to the institution under resolution, the competent supervisory authority the Deposit Protection Fund and the Management Committee of the Scheme on the same day and shall be published in the Official Gazette of the Republic as well as on the website of the Central Bank of Cyprus on the same day. This communication shall include a copy of the decree by which the relevant powers are exercised and shall indicate the date from which the resolution actions are effective.
	PART III RESOLUTION MEASURES
Capital increase of an institution under resolution. 41(l) of 2007 47(l) of 2009.	<p>8. (1) Irrespective of any provisions of the Companies Law, the Cooperative Societies Law, the Law on Public Takeover Bids of 2007 to 2009, and notwithstanding the terms of the articles of association or of the special regulations of the institution under resolution, except as otherwise provided for in this section, the Resolution Authority may instruct institutions under resolution, through the issuance of a decree, to increase their capital through:</p> <p>(a) the issuance of new shares to existing shareholders, unless Section 30A of the Banking Laws or Section 12C of the Cooperative Societies Laws has already been successfully activated.</p> <p>It is understood that existing shareholders shall be notified of the amount of additional capital necessary to bring the institution's under resolution's capital in line with capital requirements, and shall be allowed three (3) business days from the date of notification to them of the Resolution Authority's instruction, within the meaning of this paragraph, within which to submit binding commitments to subscribe and, thereafter, purchase newly issued shares equal to the amount of the additional capital required; or</p> <p>(b) the issuance of new shares to other investors, even without offering shares to existing shareholders, if the Resolution Authority</p>

	<p>determines that:</p> <p>(i) existing shareholders have failed to comply with the requirements of paragraph (a);</p> <p>(ii) existing shareholders are no longer fit and proper to maintain a significant capital position in the bank; or</p> <p>(iii) an expedited capital increase is necessary to maintain financial stability or is otherwise consistent with public benefit or public interest.</p>
	<p>(2) Existing shareholders of an affected institution shall have no pre-emptive or other rights to purchase new shares except as provided for in this section.</p>
	<p>(3) Irrespective of the provisions of any existing law, the competent authority under such laws shall take all action necessary to permit the issuance of shares, within the meaning of this section, within three (3) business days regardless of whether the legislation governing the securities market allows the issuance of shares within this period.</p> <p>It is understood that, in the case of cooperative credit institutions, Sections 8 and 12A of Cooperative Societies Law shall apply.</p>
Sale of operations.	<p>9. (1) The Resolution Authority may require, through the issuance of a decree, the sale of operations of an institution under resolution to one or more credit institutions or other persons, duly authorised to carry on such operations, excluding bridge banks, even without the consent of its Board or shareholders or members. The sale of operations shall be under commercial terms, and shall comply with Union State Aid rules and the process of paragraph (4).</p> <p>It is provided that the Resolution Authority may exercise control over the institution under resolution so as to manage and dispose its assets and property.</p>
41(l) of 2007 47(l) of 2009.	<p>(2) For the sale of operations of sub-section (1), the Resolution Authority shall have the right to require once or more, consecutively or simultaneously:</p> <p>(a) The transfer of title deeds of the institution under resolution; and/or</p> <p>(b) the transfer of some or all of the assets, rights or liabilities of</p>

	<p>such institution,</p> <p>to one or more credit institutions or other persons.</p>
	<p>(3) (a) The act of transfer of title deeds of the institution under resolution may:</p> <p>(i) provide for the transfer of specific titles or titles with specific characteristics;</p> <p>(ii) set provisions for, or in connection with, the transfer of the said titles.</p>
	<p>(b) The transfer of title deeds shall be considered in its entirety a valid act and shall apply vis-à-vis third parties, regardless of the compliance with any restriction provided for by law or by an agreement or imposed in any other way including, <i>inter alia</i>, the transfer's conformity with the normally applicable legal processes, <i>inter alia</i>, by virtue of Section 17 of the Banking Laws or the Companies Law or the Cooperative Societies Law or the Public Take Over Bids Laws of 2007 to 2009.</p> <p>It is provided that in the case of title deeds of a cooperative credit institution, Sections 8 and 12A of the Cooperative Societies Law shall apply.</p>
	<p>(4) (a) The Resolution Authority shall invite all credit institutions or other persons, which, in its view and according to the information available to it, are suitable for the acquisition of title deeds, assets, rights or obligations in the context of the sale of operations of the institution under resolution, to take part in an informal and confidential tender procedure for the acquisition of the above.</p> <p>(b) Credit institutions or other persons invited to submit tenders as well as their managers, employees and partners, shall be bound by an obligation of confidentiality in relation to the tender procedure or any other information obtained through the abovementioned procedure.</p> <p>(c) Any person who breaches the provisions of paragraph (b) shall be subject to a fine, which shall not exceed three hundred thousand Euros (€300,000).</p>
	<p>(5) The Resolution Authority shall determine the consideration for the sale, on the basis of the tenders submitted, taking into account the procedure for the valuation of the title deeds, assets, rights or obligations to be transferred pursuant to the provisions of Section 22 of this Law.</p>

	<p>(6) In the event that, following the valuation procedure of pursuant to the provisions of Section 22 of this Law, the value of the rights or liabilities to be transferred exceeds the value of the transferred assets, the Resolution Authority shall determine the difference, which shall be covered by the Resolution Fund after the Deposit Protection Fund paid an amount equal to the value of the covered deposits, excluding the value of the transferred assets.</p>
	<p>(7) The Resolution Authority shall market or make arrangements for the marketing of the assets, rights or liabilities that are intended to be transferred.</p>
	<p>(8) The marketing referred to in sub-section (7) shall be carried out in accordance with the following criteria:</p> <ul style="list-style-type: none"> (a) It shall be as transparent as possible, having regard to the circumstances and, in particular, to the need to maintain financial stability; (b) it shall not favour or discriminate among potential purchasers; (c) it shall be free from any conflict of interest; (d) it shall not confer any unfair advantage on a potential purchaser; (e) it shall take account of the need to effect a rapid resolution action; (f) it shall aim at maximising, as far as possible, the sale price for the assets and liabilities involved. <p>It is provided that the principles set out in this subsection shall not prevent the Resolution Authority from soliciting specific potential purchasers.</p>
	<p>(9) The Resolution Authority may apply the sale of operations tool without complying with the marketing requirements set out in subsection (8) when it determines that compliance with those requirements would be likely to undermine one or more of the resolution objectives and, in particular, if the following conditions are met:</p> <ul style="list-style-type: none"> (a) The Resolution Authority considers that there is a material threat to financial stability arising from or aggravated by the failure of the institution under resolution; and (b) compliance with those requirements would be likely to undermine the effectiveness of the sale of operations tool in addressing that threat or in achieving the resolution objective specified in point (b) of

	sub-section (1) of Section 3.
Transfer of assets, rights or liabilities to a bridge bank.	10. (1) The Resolution Authority shall have the right to require, through the issuance of a decree, the transfer of all or some assets, rights or obligations of an institution under resolution to a bridge bank, as stipulated in subsection (2), even without the consent of its Board or shareholders or members.
	<p>(2) The bridge bank shall be established by the Resolution Authority in the form of a company, and shall function as a bank operating under a license to be granted to it by the Central Bank of Cyprus under subsection (4). The purposes of the bridge bank will be –</p> <p>(a) to ensure the continuation of those of the banking operations and payment services of the institution under resolution that are essential for the public interest;</p> <p>(b) to safeguard the value of the assets transferred to it, and</p> <p>(c) to operate smoothly, aiming at maximizing the value of the assets transferred to it until the time of the sale of all or part of the operations of the bridge bank, according to the provisions of subsection (8), or their liquidation, according to the provisions of subsection (12):</p> <p>It is provided that, the bridge bank shall be considered to be a continuation of the institution under resolution, and continues to exercise any rights exercised by the institution under resolution in respect of the assets, rights or liabilities transferred to it, including any rights of membership and access to payment, clearing and settlement systems:</p> <p>It is further provided that, shareholders or creditors of the institution under resolution and other third parties whose property, rights or liabilities are not transferred shall not have any rights over or in relation to the assets, rights or liabilities transferred to the bridge bank.</p>
	<p>(3) The Resolution Authority shall provide for the operation of the bridge bank, including, inter alia, with regard to the following matters –</p> <p>(a) The amount and method of payment of its share capital:</p>

	<p>It is provided that, the share capital of the bridge bank is paid by the Resolution Fund and owned by the Scheme.</p> <p>(b) The preparation of the founding documents;</p> <p>(c) The appointment of its Board, its directors and the determination of their responsibilities and remunerations.</p>
	<p>(4) The Central Bank of Cyprus shall grant a license to a bridge bank.</p> <p>It is provided that the Central Bank of Cyprus may, at its discretion, set an explicit time limit within which the bridge bank will have to comply with its licensing conditions and the requirements set out in the Banking laws.</p>
	<p>(5) The competent supervisory authority shall not revoke the licence of the institution under resolution before the bridge bank has been established. The licence of the institution under resolution shall be revoked, at the latest, once the transfer of assets, rights and liabilities to the bridge bank has been completed. The license of the institution under resolution shall be suspended once the bridge bank has taken up its operations. This suspension shall remain into effect until the transfer of assets, rights and liabilities has been completed.</p>
	<p>(6) The Resolution Authority may, whenever it considers it appropriate, require, either once or more times, either in succession or simultaneously, the transfer of assets, rights or liabilities of the institution under resolution to the bridge bank.</p>
	<p>(7) In the event that, following a valuation conducted pursuant to the provisions of Section 22 of this Law, the value of the rights or liabilities to be transferred to the bridge bank exceeds the value of the transferred assets, the Resolution Authority shall determine the difference, which shall be covered by the Resolution Fund after the Deposit Protection Fund has paid an amount equal to the value of the covered deposits, excluding the value of the transferred assets.</p>
	<p>(8) The Board and the directors shall manage the bridge bank as an enterprise the purpose of which is to be sell its operations, in whole or in part, following the procedural criteria of sub-section (8) of section 9, to one or more buyers within three (3) years from its establishment, when the conditions are appropriate for that, from the point of view of the Resolution Authority.</p>
	<p>(9) The bridge bank, shall prepare a business plan within a deadline set by the competent supervisory authority, setting forth the strategy to be applied in order to achieve the sustainability of its operations, safeguard and strengthen its solvency and, generally, meet its</p>

	objectives. Such plan shall be approved by the Resolution Authority, also taking into account the views of the competent supervisory authority.
	(10) The Resolution Authority may, whenever it considers it appropriate, require either once or more times, either in succession or simultaneously, the transfer, on commercial terms, of assets, rights or liabilities of the bridge bank, to the institution under resolution.
	(11) If the Resolution Authority considers necessary the continuation of the operation of the bridge bank, for a period longer than three (3) years due to reasons related to public benefit, the period referred to in subsection (8) may be extended for up to two (2) additional one-year periods.
	(12) If the bridge bank is not sold within the periods provided for in subsections (8) or (11), the bridge bank shall be put into liquidation.
	(13) Any surplus arising from the liquidation or sale of the bridge bank shall be paid, following full satisfaction of all legitimate claims of the creditors of the bridge bank, including any claims and expenses paid by the Resolution Authority, to the institution under resolution.
	(14) Board members, directors and employees of the bridge bank, shall not be held liable in the event of any act, application, or other legal proceedings for compensation in respect of any act or omission during the performance of their duties, unless it is proved that the act or omission was not <i>bona fide</i> or was attributable to wilful misconduct or gross negligence.
Transfer of assets and rights to an asset management company.	<p>11. (1) The Resolution Authority may require, through the issuance of a decree, the transfer of assets and rights to an asset management company to be established by the Resolution Authority, even without the consent of its Board or shareholders/members of the institution under resolution, in case:</p> <p>(a) Market conditions in relation with the assets and rights to be transferred, suggests that their liquidation, as part of the liquidation of an institution under resolution, would not serve the public benefit or the public interest; and</p> <p>(b) such transfer will aim at the maximization of the value of the relevant assets and rights through their subsequent sale to one or more buyers.</p>
	(2) The Resolution Authority shall provide for the operation of the asset management company, including, inter alia, with regard to the

	<p>following matters-</p> <p>(a) The amount and terms of payment of its share capital:</p> <p>It is provided that, the share capital of the bridge bank is paid by the Resolution Fund and owned by the Scheme;</p> <p>(b) the preparation of its founding documents;</p> <p>(c) the appointment of its Board and its asset managers and the determination of their responsibilities and remuneration.</p>
	<p>(3) The transfer of assets and rights to an asset management company shall be made at the value defined in accordance with the valuation performed in accordance with Section 22.</p>
	<p>(4) The Resolution Authority may, whenever it considers it appropriate, require, either once or more times, either in succession or in parallel, the transfer of assets and rights of the institution under resolution, or of a bridge bank, where the resolution measure referred to in paragraph (c) of subsection (1) of Section 7 has been applied, to the asset management company.</p>
	<p>(5) The Resolution Authority may require, either once or more times, either consecutively or in parallel, the transfer of assets and rights by the asset management company to the institution under resolution or to a bridge bank, where the resolution measure referred to in paragraph (c) of subsection (1) of Section 7 has been applied, only if one of the following cases apply:</p> <p>(a) The decree on the basis of which the transfer was made, as per sub-section (1), explicitly allows for the specific assets and rights to be transferred back;</p> <p>(b) the specific rights and assets do not fall within the classes of, nor meet the conditions for, assets and rights specified in the decree on the basis of which the transfer was made, as per sub-section (1).</p>
	<p>(6) Where the resolution measure referred to in paragraph (c) subsection (1) of Section 7 has been applied, any surplus deriving from the sale of assets and rights to one or more buyers by the asset management company, following full satisfaction of all legitimate claims of the creditors of this company, including any claims of and expenses made by the Resolution Authority shall become part of the assets of the institution under resolution or the relevant bridge bank.</p>

	(7) The asset manager, officer, employee or representative of the asset management company shall not be held liable in case of action, application, or other legal proceedings for compensation in respect of any act or omission in the performance of his duties, unless it is proved that the act or omission was not bona fide or was due to wilful misconduct or gross negligence.
Bail-in.	<p>12.(1) The Resolution Authority may, at its discretion, restructure, through a decree, the debts and obligations, of an institution under resolution, including by way of the reduction, modification, rescheduling or novation of the principal or outstanding amount of any type of claim, existing or future, against the institution under resolution, or a conversion of debt instruments or obligations into equity.</p> <p>It is provided that insured depositors are excluded from the present resolution measure.</p>
	(2) In deciding whether to exercise its powers under paragraph 1, the Resolution Authority shall closely observe the objectives set out in Section 3.
	<p>(3) In the implementation of the bail-in measure, the Resolution Authority, in addition to the powers referred to in section 5, has the following powers:</p> <p>(a) To write down or convert debt or obligations of the institution under resolution into shares or other title deeds of the institution,</p> <p>(b) to reduce, including the reduction to zero, the principal amount of or outstanding amount due in respect of debts and obligations of an institution under resolution,</p> <p>(c) to cancel titles issued by an institution under resolution,</p> <p>(d) to require the conversion of debt instruments or other instruments which contain a contractual term for conversion, notwithstanding the provisions based on which contractual terms for conversion may be activated,</p> <p>(e) to require an institution under resolution to issue new shares, or other titles, including preference shares and contingent convertible instruments, which will be offered to affected by the implementation of bail-in measure parties,</p> <p>(f) to amend or alter the maturity of debt instruments issued by an institution under resolution or amend the amount of interest payable under such instruments, including by suspending payment for a</p>

	temporary period.
	(4) The Resolution Authority in implementing the bail-in measure, is not subject to any claim or obligation which would otherwise be applicable pursuant to the provisions of the Companies Law, the Cooperative Societies Law, the Law on Public Takeover Bids, the terms of the articles of association or special regulations or other legislation or contractual obligations of the institution under resolution
	(5) The decree of the Resolution Authority to implement the bail-in measure, shall be immediately binding on the institution under resolution and the affected from the decree parties and enforceable in time determined by the Resolution Authority.
	(6) Where the Resolution Authority reduces to zero the principal amount of or outstanding amount of a debt or obligation, that debt or obligation and any accrued interest or expenses arising in relation to it, by the time the measure is implemented, shall be treated as discharged for all purposes, and shall not be provable in any subsequent proceedings in relation to the institution under resolution or any successor institution in any subsequent winding up, pursuant to any law.
	(7) Where the Resolution Authority reduces in part, but not in full, the principal amount of, or outstanding amount payable in respect of a debt or obligation: (a) the debt or obligation shall be discharged to the extent of the amount reduced and the amount reduced shall not be provable in any subsequent proceedings in relation to the institution under resolution or any successor institution in any subsequent winding up, pursuant to any law, (b) the relevant instrument or agreement that created the original liability shall continue to apply in relation to the residual principal amount of, or outstanding amount payable in respect of the debt or obligation, subject to any modification of the amount of interest payable to reflect the reduction of the principal amount, and any further modification of the terms that the Resolution Authority might determine.
	(8) When implementing the bail-in measure, the Resolution Authority, exercises its write down and conversion powers respecting the following order: (a) Share capital and rights to acquire shares are written down first in proportion to the losses and up to its capacity if the losses exceed the total value of these shares, in which case they are cancelled, (b) in case the write down of paragraph (a) is not sufficient to cover the losses, the Resolution Authority, writes down the bonds

	<p>convertible into shares and the rights to acquire bonds convertible into shares,</p> <p>(c) the Resolution Authority, writes down debt securities or rights to acquire debt securities,</p> <p>(d) if and only if, the total reduction of the instruments mentioned in paragraph (a), (b) and (c) is less than the total losses, the Resolution Authority may intervene in the said institution's other obligations.</p>
	(9) In case of full write down of the titles, the reduction to zero of is permanent.
	(10) The Resolution Authority may apply the write down or conversion powers to the residual amount of the titles which have been reduced in part but not in full.
	(11) The Resolution Authority has no obligation towards the affected parties whose debt and obligations have been written down or converted from the implementation of the bail-in measure, except for the amounts accrued, before the implementation of the measure.
	(12) The valuation for the purposes of calculating the total amount of debt and obligations to be written down or converted is carried out in accordance with the procedures described in Part V.
	<p>(13) When converting debt instruments into shares of the institution under resolution the Resolution Authority may apply a different conversion rate to different classes of debt instruments under conversion:</p> <p>It is provided that, the conversion rate applied to senior debt instruments shall be higher than the conversion rate to subordinated liabilities.</p>
	(14) In the event that the Resolution Authority implements the measure of bail-in, the affected parties receive in payment of their claims at least as much as what they would have received if the institution under resolution had been wound up under the Companies Law or the Cooperative Societies Law, as the case may be, immediately before the implementation of the said measure.
	(15) The affected parties may not initiate any other proceedings claiming payment on the grounds of non-fulfilment of the terms and conditions based on the mean by which they were issued or agreed upon if those terms and conditions have been affected by the implementation of the bail-in measure.
	(16) The affected parties may not claim either from the institution under resolution or from the Republic any kind of financial compensation for losses they may have incurred as a result of the implementation of the bail-in measure.

	<p>(17) The provisions of the present article apply and in the cases of debt and obligations which have been transferred from the institution under resolution to the bridge bank.</p>
<p>Transfer of securities, assets, rights or liabilities.</p>	<p>13. (1) The decree to be issued by the Resolution Authority for the purposes of transferring securities, assets, rights or liabilities under Sections 9, 10 and 11 may –</p> <p>(a) Provide for the transfer of -</p> <p>(i) all securities, assets, rights or liabilities;</p> <p>(ii) all securities, assets, rights or obligations other than specific securities, assets, rights or liabilities;</p> <p>(iii) specific securities, assets, rights or liabilities; or</p> <p>(iv) securities, assets, rights or liabilities with defined characteristics.</p> <p>(b) contain provisions for, or in connection with, the transfer of such securities, assets, rights or liabilities.</p>
	<p>(2) The transfer of securities, assets, rights or obligations under sub-section (1) is fully valid vis-à-vis third parties, irrespective of the compliance with any restriction imposed under law or contract terms or otherwise, including, inter alia-</p> <p>(a) any notification, approval or consent of persons who are holders of rights, obligations or contractual relationships to be transferred,</p> <p>(b) the application of the provisions of Section 301 of the Companies Law or the provisions of the Cooperative Societies Law in relation to assets, rights or liabilities to be transferred:</p> <p>It is provided that in case of the transfer of title deeds owned by Cooperative societies, the Sections 8 and 12A of the Cooperative Societies Laws shall apply.</p> <p>(c) any other restrictions affecting the right or obligation to be assigned or transferred, either in general or by third parties.</p>
	<p>(3) Without prejudice to the generality of the provisions of paragraph (b) of sub-section (1), the decree to be issued by the Resolution Authority pursuant to Sections 9, 10 and 11, may set out, inter alia, provisions regarding-</p> <p>(a) the timing for the implementation of the transfer procedure;</p> <p>(b) the exercise of rights of title holders, including:</p> <p>(i) the valid transfer of titles free from any obligation or</p>

	<p>other lien;</p> <ul style="list-style-type: none"> (ii) the cancellation of rights to acquire titles; (iii) the suspension in the trading of titles; (iv) the non-activation of any contractual clause, which would be activated in the event of bankruptcy or insolvency or another event which may be considered to be a credit event or equivalent to an insolvency event, including netting arrangements within the meaning of section 9 of the Financial Collateral Laws of 2004 and 2011, without prejudice of the provisions of Section 24 <p>(c) the substitution of the entity acquiring the securities in the place of the institution under resolution with respect to the securities, assets, rights or liabilities transferred,</p> <p>(d) the qualification of agreements contracted with or in relation to the institution under resolution as agreements entered into with or in relation to the acquiring entity,</p> <p>(e) the continuation of any process related to securities, assets, rights or liabilities to be transferred, including legal proceedings brought by or vis-à-vis the acquiring entity,</p> <p>(f) the transfer of the employment contracts of the institution under resolution to the acquiring person,</p> <p>(g) amendments to the provisions of acts or documents of the institution under resolution,</p> <p>(h) the provision of support or information by the institution under resolution,</p> <p>(i) the provision of support or information by the acquiring entity.</p>
	<p>(4) The act of transfer of securities, assets, rights or liabilities provided for in subsection (2) of this section shall–</p> <ul style="list-style-type: none"> (a) provide for the transfer of all securities, assets, rights or liabilities governed by agreements for the provision of collateral or being subject to set-off by contract or by law, (b) provide for the transfer of securities, assets used as collateral for liabilities vis-à-vis insured creditors on condition that the relevant liability as well as the collateral claim are also transferred, (c) not affect the right of the employee to terminate his/her employment with the acquiring entity, (d) not affect the exercise of contractual rights of counterparties of the institution under resolution, including the right to terminate the Agreement or to set off their claims vis-à-vis the acquiring person against their liabilities which were transferred to such person,

	provided that the conditions for exercising their right were met prior to the time of transfer, vis-à-vis the institution under resolution, or after the time of transfer vis-à-vis the acquiring entity.
	(5) In the event where the transferred assets, rights or liabilities are governed by laws of an another Member State or a third country: (a) If these laws permit the transfer of assets, rights or liabilities, the institution under resolution and transferee shall do everything required by that law to give effect to the transfer, and (b) if these laws do not permit the transfer of assets, rights or liabilities, the transferee is responsible for discharging the institution's under resolution obligations under those assets, rights or liabilities.
	(6) Subordinated debt and shares shall be excluded for the purposes of the transfer of assets, rights or liabilities provided for under Sections 9, 10 and 11, and shall remain in the estate of the institution that will be subject to liquidation.
	PART IV SPECIAL ADMINISTRATOR
Appointment of a Special Administrator.	14. (1) The Resolution Authority may appoint a special administrator, who shall take over the management of the institution under resolution according to the terms of the act of appointment and without prejudice to the purposes of the appointment, as set out in Section 15, and his powers, as provided for in Section 16. It is provided that the Resolution Authority may, at its discretion, appoint one or more persons as Special Administrators: It is further provided that, the act of appointment of the Special Administrator may explicitly specify, inter alia, issues requiring a decision or approval of or prior notice to the Resolution Authority.
	(2) The appointment of a Special Administrator is based on strictly professional criteria, namely his work experience and knowledge on banking or related issues, and personal criteria, defined by the Resolution Authority, in order to ensure the suitability of the appointed person.
	(3) During his term of office as specified in Section 21 and / or the performance of certain tasks, the Special Administrator may not engage in any other occupation or employment, unless a prior approval to do so has been granted by the Resolution Authority.
	(4) In exercising his duties, the Special Administrator must comply with all the applicable laws and regulations and all instructions of the

	Resolution Authority and manage the matters entrusted to him with all diligence, professionalism, integrity, discretion and confidentiality.
	(5) Irrespective of the provisions of other laws relating to the appointment of a person having the same or similar powers and responsibilities as the Special Administrator, may be applied only following consent provided by the Resolution Authority, or if applied already, they shall be considered <i>ab initio</i> invalid, in case the Resolution Authority decides that the affected institution has entered or will enter resolution according to the provisions of this Law.
	(6) The remuneration and the overall cost for the appointment of the Special Administrator and any other person appointed or employed conformingly to the present Part shall be borne by the institution under resolution: It is provided that, in case of failure of the institution under resolution to pay all or part of the remuneration cost, the Resolution Fund may undertake the respective obligation.
	(7) The appointment of the Special Administrator shall be in writing and notified to the Board or the Directors or the commissioners of the institution under resolution, to the Management Committee of the Scheme and to the competent supervisory authority.
	(8) The provisions of subsection (4) of Section 6 shall apply also for the appointment of the Special Administrator.
Aims underlying the appointment of a Special Administrator.	15. The Special Administrator is appointed in order to effectively implement the resolution measures, namely to provide any relevant service, facilitate or perform work until the completion of the procedure for implementing resolution measures in an institution under resolution and/or supervise the procedure for winding up the institution under resolution.
Powers of the Special Administrator.	16. (1) In order to serve the purposes of his appointment, the Special Administrator shall have direct access to any data or information of the institution under resolution and may, in accordance with his mandate, require or set conditions in relation to the: (a) restriction of scope of the concerned institution's operations and business activities in any way whatsoever; (b) revision or abolition of policies and strategic decisions affecting the organisation or operational structure of the institution under resolution; (c) revision of business services and policies related to the

	<p>provision of subsidies and/or acceptance and attraction of deposits;</p> <p>(d) restriction and/or forbiddance of individual transactions, categories of transactions or specific investments;</p> <p>(e) removal or replacement of any board member, commissioner, first executive director or member of the senior administration of the concerned institution;</p> <p>(f) maintenance of specific levels of preventive liquidity and owners' equity;</p> <p>(g) adoption of any other measure or action or omission of specific actions</p>
	<p>(2) Upon relevant approval from the Resolution Authority, the Special Administrator can:</p> <p>(a) appoint or place personnel in any organic or administrative post in the institution under resolution;</p> <p>(b) hire external legal or financial consultants or consultants of any other professional capacity or training.</p>
<p>Decisions of the institution under the resolution.</p>	<p>17. Without prejudice to the provisions of Section 14, from the notification to the institution under resolution of the appointment of the Special Administrator, any decisions or actions related to the management or operation of the institution under resolution which place obstacles or create difficulties for the implementation or possible implementation and the effectiveness of already adopted or forthcoming resolution measures, or put the financial status of the said institution at risk, are made null and void if they have not been taken by or with the consent of the Special Administrator.</p>
<p>Obligations of the Special Administrator.</p>	<p>18. (1) Within thirty (30) days from his appointment or within a time frame determined by the Resolution Authority, the Special Administrator, acting in accordance with the terms of his appointment act, shall prepare and submit to the Resolution Authority, a report including the following, as a minimum:</p> <p>(a) a updated balance sheet of assets and liabilities reported at fair value;</p> <p>(b) an anticipated balance sheet for a specific future period taking into account the impacts of the resolution measures;</p> <p>(c) an assessment of the effectiveness of the resolution measures;</p> <p>(d) a list of assets classified into categories according to the degree of risk;</p>

	<p>(e) where appropriate, recommendations with regard to the possible need to implement additional resolution measures or to revise or revoke already adopted resolution measures.</p> <p>It is provided that the Resolution Authority may take any resolution measure, irrespective of the completion and submission of the reports provided for in the present subsection.</p>
	<p>(2) Irrespective of the immediate actions provided for by his mandate, the Special Administrator shall have the obligation to inform the Resolution Authority via regular and exceptional progress reports and recommendations and, where deemed necessary in view of developments related to the institution under resolution, he shall be obliged to inform immediately the Resolution Authority.</p> <p>It is provided that the Special Administrator shall provide any data or information whatsoever or prepare any report requested by the Resolution Authority within the time frame determined by the latter.</p>
	<p>(3) In case of transfer of all or part of the ownership titles of assets, rights or liabilities of the institution under resolution, the Special Administrator shall ensure that such transfer is carried out according to the provisions of this Law.</p>
Limitation of the Special Administrator's responsibility.	<p>19. In case of action at law, claim or other legal procedure for compensation related to any act or omission during the execution of the competences and responsibilities of the Special Administrator, by virtue of this Law, the Resolution Authority, the Special Administrator and any persons appointed according to Sections 14 and 16 shall not have any responsibility, unless it has been proven that the act or omission was not bone fide or is the result of fraud or gross negligence.</p>
Secrecy and confidentiality.	<p>20. The Special Administrator is bound by the rules on secrecy and confidentiality under the provisions of Part XI on Banking Laws and Sections 41G and 41H of the Cooperative Societies Law, unless the Resolution Authority has consented to the contrary:</p> <p>It is provided that, the Special Administrator continues to bear the responsibility of observing the rules of secrecy and confidentiality even after his resignation or completion or termination of the work assigned to him.</p>
Duration, replacement termination.	<p>21. (1) The Special Administrator is appointed for a period that does not exceed twelve (12) months that can be renewed by a decision of the Resolution Authority, each time for a period of six (6) months.</p>

	(2) The exact duration and the possible reasons for terminating the appointment of the Special Administrator shall be determined by the Resolution Authority.
	(3) Irrespective of the provisions of section (2), the Resolution Authority may, at its discretion, terminate immediately the appointment of the Special Administrator for any reason and at any time and replace him immediately.
	(4) The appointment of the Special Administrator shall expire once the purpose of his appointment is accomplished or has ceased to exist.
	PART V VALUATION OF OWNERSHIP TITLES, ASSETS, RIGHTS AND LIABILITIES
Valuation of transferred ownership titles, assets, rights or liabilities.	22. (1) For the purposes of implementing the resolution measures referred to in points (b), (c), (d) and (e) of subsection (1) of section 7 of this Law, the Resolution Authority shall carry out a preliminary valuation of the title deeds, assets, rights or liabilities of the institution under resolution, according to conservative estimates and on the basis of their fair value.
	(2) Upon the application of section (1) of this Section, the Resolution Authority shall appoint one or more independent valuer(s) according to the provisions of Section 23, to carry out the valuation of the title deeds, assets, rights or liabilities of the institution under resolution and to prepare a relevant valuation report.
	(3) In any case, the Resolution Authority shall assess the results of the report of the independent valuer or valuers in connection with the result of the preliminary valuation referred to in subsection (1) and the prevailing conditions in the markets and the financial system and shall determine, at its discretion, the final value of the ownership titles, assets, rights or liabilities: It is provided that, for the determination of the final value, any increase in value resulting from the provision or expected provision of financial support shall be deducted.
	(4) Irrespective of the provisions of subsections (1) and (2), the Resolution Authority retains the right to adopt any other valuation procedure or mechanism which, at its discretion, can better achieve the underlying purpose.

	<p>(5) The valuation conducted as per sub-section (1) and (2) shall be based on prudent and realistic assumptions, and its objective shall be to assess the fair value of the assets and liabilities of the institution under resolution.</p>
	<p>(6) The valuation shall be supplemented by the following information:</p> <ul style="list-style-type: none"> a) An updated balance sheet and a report on the economic and financial situation of the institution under resolution; b) a note providing an analysis and an estimate of the value of the assets; c) a list of outstanding liabilities with an indication of the respective credits and priority level under the applicable insolvency law; d) a list of assets held by the institution under resolution for account of third parties who have ownership rights on those assets: <p>It is provided that, where due to urgency it is not possible to comply with the above requirements, the valuation either by an independent person(s) or by the Resolution Authority shall be carried out in compliance with the requirements of subsection (5). That valuation shall be considered as provisional until the resolution authority has carried out a valuation that complies with all the requirements under this Section.</p>
	<p>(7) The valuation shall be an integral part of the decision to apply a resolution measure or to exercise a resolution power. The valuation shall not be subject to separate judicial review and shall be subject to judicial review only jointly with the decision taken under this Section.</p>
Qualifications of appointed independent valuers	<p>23. (1) The Resolution Authority shall ensure that the persons appointed as independent valuers-</p> <ul style="list-style-type: none"> (a) have the requisite qualifications, skills and relevant professional experience in evaluating ownership titles, assets and liabilities or other securities and rights- (b) have no dependence or any type of relationship, professional or personal, which could possibly be considered to be placing them in a conflict of interests or downgrade or affect in any way whatsoever their independence and free will during the performance of their work.

	<p>(2) The Resolution Authority ensures that the evaluation by the independent valuer or valuers is carried out on the basis of generally accepted evaluation methods and criteria:</p> <p>It is provided that, if deemed necessary, the Resolution Authority shall grant to one or more independent valuer(s) access to any information or data considered necessary for the fulfilment of the purpose of their appointment or ensure that such information is communicated to them.</p>
	<p>(3) The work of the independent valuer(s) shall be completed within a time frame set in advance by the Resolution Authority.</p>
	<p>PART VI GENERAL PRINCIPLES FOR SAFEGUARDING SHAREHOLDER AND CREDITOR INTERESTS</p>
Safeguards	<p>24. (1) The safeguards specified in this Section apply in the following circumstances:</p> <p>(a) The Resolution Authority transfers some but not all of the property, rights or liabilities of an institution under resolution when implementing any of the resolution measures provided for in Sections 9, 10, and 11</p> <p>(b) the Resolution Authority exercises the powers specified in Sections 12 and 13.</p>
	<p>(2) Appropriate protection of the following arrangements, and of the counterparties to the following arrangements, is to be ensured:</p> <p>(a) Security arrangements, under which a person has by way of security an actual or contingent interest in the property or rights that are subject to transfer, irrespective of whether that interest is secured by specific property or rights or by way of a floating charge or similar arrangement;</p> <p>(b) title transfer financial collateral arrangements, under which collateral to secure or cover the performance of specified obligations is provided by a transfer of full ownership of assets from the collateral provider to the collateral taker, on terms providing for the collateral taker to transfer assets if those specified obligations are performed;</p> <p>(c) set-off arrangements under which two or more claims or obligations owed between the bank and a counterparty can be set off against each other;</p>

	<p>(d) netting arrangements under which a number of claims or obligations can be converted into a single net claim, including close-out netting arrangements under which, on the occurrence of an enforcement event (however or wherever defined) the obligations of the parties are accelerated so as to become immediately due or are terminated, and in either case are converted into or replaced by a single net claim;</p> <p>(e) assignment and indemnity contracts;</p> <p>(f) structured finance arrangements, including securitisations and covered bonds, which involve the granting and holding of security by a party to the arrangement or a trustee, agent or nominee:</p> <p>It is provided that, the form of protection that is appropriate for the classes of arrangements specified in the paragraphs above, shall be subject to the restrictions specified in Section 6, in relation to the suspension of the obligations of the institution under resolution and the provisions of Section 13.</p>
	<p>(3) The requirement of sub-section (2) applies irrespective of the number of parties involved in the arrangements and of whether the arrangements are created by contract, trusts or other means, or arise automatically by operation of law, or arise under, or are governed in whole or in part by, the law of another jurisdiction.</p>
<p>8(l) of 2003 118(l) of 2006 99(l) of 2011.</p>	<p>(4) It is to be ensured that the transfer, cancellation or modification shall not affect the operations of systems and rules of systems covered by the Settlement Finality in Payment and Securities Settlement Systems Laws of 2003 to 2011, where the resolution authority:</p> <p>(a) Transfers some but not all of the property, rights or liabilities of an institution under resolution to another entity; or</p> <p>(b) uses its powers to cancel or amend the terms of a contract to which the institution under resolution is a party or to substitute a recipient as a party.</p>
	<p>PART VII RIGHT TO COMPENSATION</p>
Assurance	25. Where a resolution measure, as implemented, affects the

<p>of ownership rights of shareholders and creditors.</p>	<p>ownership rights of a shareholder, creditor or other stakeholder in an institution under resolution, the Resolution Authority shall ensure that any loss caused to the affected party shall not be higher than the one that would be caused if the institution under resolution was placed, as a whole, in liquidation.</p> <p>It is provided that, in any case, the need for the smooth operation of the financial system and the protection of the public benefit or the public interest, as set forth in Section 3, shall prevail.</p>
<p>Challenge of actions and reparation.</p>	<p>26. (1) The right of a party affected by resolution measures to bring judicial proceedings in connection with the decision of the Resolution Authority determining remuneration for the infringement of a property right and to seek financial compensation shall not be affected.</p>
	<p>(2) In particular, if a shareholder, creditor or other stakeholder in an institution under resolution deems that the financial position it is in has significantly deteriorated compared to the one he would find himself in if no resolution measure had been taken and if the affected institution had been placed directly in liquidation, the financially affected party may claim compensation only for the losses caused to him due to the implementation of the resolution measures and shall not affect any act, measure or transaction concluded on the basis of the present Law.</p>
	<p>(3) The claims of subsection 2 may not be against -</p> <p>(a) the Resolution Authority, subject to Section 29,</p> <p>(b) the person to whom the transfer is made, in respect of claims arising from the adoption of resolution measures under Sections 9, 10, 11 and 13.</p>
<p>Restrictions on judicial procedures</p>	<p>27. (1) Irrespective of the provisions of the Companies Law or the Cooperative Societies Laws, no person other than the Resolution Authority may file an application for the issuance of a liquidation order vis-à-vis an institution under resolution.</p>
	<p>(2) If an application referred to in sub-section (1) is filed or if such application had already been filed before the adoption and implementation of resolution measures, such application shall be notified by the applicant to the competent supervisory authority and the Resolution Authority and the liquidation procedure shall be</p>

	postponed until the Resolution Authority notifies the court that no resolution measures will be taken in the concerned institution.
Pending at the adoption of resolution measures actions.	28. (1) Without prejudice to the provisions of Section 13, any action, arbitration or other proceeding and any actionable right which at the moment of transfer of assets, rights or liabilities is pending or exists by or against or in favour of the institution under resolution, shall not be terminated, nor suspended, nor be affected in any way due to the implementation of the provisions of the present Law, but may be filed or continue or be executed by or against the acquiring entity, or the bridge bank or the asset management company, as the case may be.
	(2) Irrespective of the provisions of the present Law, debts of the institution under resolution arising from judicial decisions and court orders related to assets of the said institution issued prior to the adoption of resolution measures are not affected.
	PART IX LIMITATION OF LIABILITY
	29. The Resolution Authority shall not be held liable in relation to any act or omission during the execution of its competences and responsibilities, which are provided for in the present Law, unless it has been proven that the act or omission was not bone fide or is the result of fraud or gross negligence.
	30. Without prejudice to the provisions of section 19, the Special Administrator and any other persons, legal or natural, who have been appointed or authorised by the Resolution Authority for the carrying out of actions under the present Law, shall not be held liable in relation to any act or omission during the execution of their competences and responsibilities; unless it has been proven that the act or omission was not bone fide or is the result of fraud or gross negligence: It is provided that, the above persons benefit from the same degree of protection even after the termination of their appointment or authorisation and/or the completion of actions or tasks assigned to them.
	PART VIII FINAL PROVISIONS
64(l) of 1997 38(l) of 2007	31. The provisions of the present Law apply irrespective of the provisions of The Transfer of Banking Operations and Collateral Laws of 1997 to 2011, the Banking Laws of 1997 to 2012 and any

103(I) of 2011	other law that contradicts the present Law.
	32. (1) Without prejudice to the provisions of section 5 and subsection (2) of section 17 of the Financial Crisis Management Laws of 2011 to 2013, the Resolution Authority may decide to terminate any support measures which may have already been taken in the event that any resolution measures are implemented on an affected credit institution.
	(2) The implementation of any measures under this Law shall preclude the subsequent adoption of any support measures, pursuant to the Financial Crisis Management Laws.
	33. Assets, rights and liabilities transferred under the provisions of the present law to any person, whether it is in the Republic or in another Member State, do not generate profits subject to taxation in the affected institution: It is provided that the implementation of resolution measures within the meaning of the present law is exempted from the payment of any tax or levy.
104(I) of 2000 39(I) of 2003	34. The implementation of the provisions of the present Law and the adoption of resolution measures do not affect the validity of the provisions of Sections 4 and 5 of the Law on the Preservation and Safeguarding of Employees' Rights in the event of Transfers of Undertakings, Businesses or Parts of Undertakings or Businesses of 2000 and do not constitute an insolvency procedure as defined in Section 6 thereof.