

**THE RESOLUTION OF CREDIT INSTITUTIONS AND INVESTMENT FIRMS  
AND OTHER RELATED ISSUES**

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 text is the text in Greek language as published in the Official Gazette of the Republic of Cyprus. 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.

For the purposes of transposing the European Union act titled "Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council",

The House of Representatives votes as follows:

**PART I  
INTRODUCTORY PROVISIONS**

Short title. 1. This Law shall be cited as the Resolution of Credit Institutions and Investment Firms Law of 2016.

Definitions. 2. (1) In this Law, unless otherwise stated in the text –

“authorisation” means –

(a) with respect to a covered person, authorisation pursuant to the Business of Credit Institutions Law or the Investment Services and Activities and Regulated Markets Laws;

66(I) of 1997  
74(I) of 1999  
94(I) of 2000  
119(I) of 2003  
4(I) of 2004  
151(I) of 2004  
231(I) of 2004  
235(I) of 2004  
20(I) of 2005  
80(I) of 2008  
100(I) of 2009  
123(I) of 2009  
27(I) of 2011  
104(I) of 2011  
107(I) of 2012  
14(I) of 2013  
87(I) of 2013  
102(I) of 2013  
141(I) of 2013  
5(I) of 2015  
26(I) of 2015  
35(I) of 2015  
71(I) of 2015  
93(I) of 2015  
109(I) of 2015  
152(I) of 2015  
168(I) of 2015  
21(I) of 2016.

144(I) of 2007  
106(I) of 2009  
141(I) of 2012  
154(I) of 2012  
193(I) of 2014.

(b) with respect to a member state entity, authorisation pursuant to the Directive 2013/36/EU or the Directive 2014/65/EU as transposed to the national law of the said member state;

20(l) of 2016.

“authorised credit institution” or ‘ACI’ has the meaning attributed to the term in section 2 of the Business of Credit Institutions Law;

“senior management” means –

- (a) With respect to an authorised credit institution, the senior management as defined in section 2(1) of the Business of Credit Institution Law;
- (b) with respect to CIF, the senior management as defined in section 2 of the Recovery of CIFs and Other Entities under the Supervision of Cyprus Securities and Exchange Commission and Other Related Matters Law of 2016;
- (c) with respect to a relevant person or other entity or body, the natural persons who exercise executive functions and who are responsible and accountable to the management body, for the day-to-day management of the relevant person, or the other entity or body;

‘own funds requirements’ means the requirements laid down in Articles 92 to 98 of Regulation (EU) No 575/2013;

‘acquirer’ means the entity to which the shares or other means of ownership, debt instruments, assets, rights and liabilities or any combination of those items are transferred from an institution under resolution;

‘competent authority’ means an authority of the Republic which complies with the definition laid down in point (40) of Article 4(1) of Regulation (EU) No 575/2013 or the ECB in respect of the specific tasks entrusted to it under Council Regulation (EU) No 1024/2013;

‘member-state competent authority’ means an authority of a member state which complies with the definition laid down in point (40) of Article 4(1) of Regulation (EU) No 575/2013 or the ECB in respect of the specific tasks entrusted to it under Council Regulation (EU) No 1024/2013;

‘member-state competent ministry’ means the Ministry of Finance or other ministry of a member state with powers to adopt decisions in economic, financial and fiscal matters at national level in accordance with national responsibilities designated in accordance with Article 3(5) of Directive 2014/59/EU;

‘consolidating supervisor’ has the meaning attributed to it in point (41) of Article 4(1) of Regulation (EU) No 575/2013;

‘resolution authority’ means the Central Bank;

‘member-state resolution authority’ means the authority designated by a member state in accordance with Article 3 of Directive 2014/59/EU;

‘group-level resolution authority’ means:

- (a) where the consolidating supervisor is established in the Republic: the resolution authority;
- (b) where the consolidating supervisor is established in a member state: the resolution authority of that member state;

138(l) of 2002  
166(l) of 2003  
34(l) of 2007  
86(l) of 2013  
103(l) of 2013  
66(l) of 2014  
139(l) of 2014  
144(l) of 2014.

‘macroprudential authority’ means, according to the case –

- (a) the Central Bank in accordance with the provisions of section 6(2)(e) of the Central Bank of Cyprus Law, as corrected;
- (b) the authority in a member state entrusted with the conduct of macroprudential policy referred to in Recommendation B1 of the Recommendation of the European Systemic Risk

Official Gazette,  
First  
Annex (I):  
25.10.2013  
20.6.2014.  
EU official  
gazette:  
C 41/1  
14.02.2012

Board of 22 December 2011 on the macroprudential mandate of national authorities (ESRB/2011/3);

‘core business lines’ means business lines and associated services which represent material sources of revenue, profit or franchise value for an institution or for a group of which an institution is part;

‘third-country resolution proceedings’ means an action under the law of a third country to manage the failure of a third-country institution or a third-country parent undertaking that is comparable, in terms of objectives and anticipated results, to resolution actions under this Law;

‘cross-border group’ means a group having group entities established in the Republic and in member states;

‘termination right’ means a right to terminate a contract, a right to accelerate, close out, set-off or net obligations or any similar provision that suspends, modifies or extinguishes an obligation of a party to the contract or a provision that prevents an obligation, under the contract, from arising that would otherwise arise;

‘Administrative Court’ means the court which exercises the power granted pursuant to Article 146 of the Constitution;

‘management body’ means –

(a) with respect to ACI, the management body as defined in section 2(1) of the Business of Credit Institutions Laws 1997 to 2016, as amended;

(b) with respect to CIF, the management body as defined in section 2(1) of the Recovery of CIFs and Other Entities under the Supervision of the Cyprus Securities and Exchange Commission and Other Related Matters Law;

(c) with respect to a relevant person or other entity or body, the body or bodies of the relevant person or of the other entity or of the body defined in the legislation governing the establishment of the relevant person or other entity or body which have the powers to determine the strategy, objectives and general direction of the relevant person or other entity or body, and which supervise and monitor the decisions adopted by the management and which include, in the case of a relevant person or other entity, the persons who in fact direct the business activities;

‘resolution action’ means –

(a) with respect to a covered person, the decision to place it under resolution pursuant to sections 42, 43 or 100, or the application of a resolution tool, or the exercise of one or more resolution powers;

(b) with respect to an entity of a member state, the decision to place it under resolution in accordance with the relevant legislation of that member state or the application of a resolution measure or the exercise of one or more resolution powers;

‘EIOPA’ means the European Insurance and Occupational Pensions Authority established under Regulation (EU) No 1094/2010;

‘ESMA’ means the European Securities and Markets Authority established under Regulation (EU) No 1095/2010;

‘EBA’ means the European Banking Authority established by Regulation (EU) No 1093/2010;

“EU” means the European Union;

“ECB” means the European Central Bank;

‘extraordinary public financial support’ means State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the EU or any other public financial support at supra-national level which, if provided for at national level, would constitute State aid that is provided in order to preserve or restore the viability, liquidity or solvency of an institution or relevant person or a group of which that institution or relevant person forms a part;

‘member-state appropriate authority’ means the authority of a member state responsible under the national law of that member state for making the determinations referred to in Article 61 of Directive 2014/59/EU;

‘consolidated basis’ has the meaning attributed to the term in Article 4, paragraph 1, point 48), of the Regulation (EU) No 575/2013;

‘secured liability’ means a liability where the right of the creditor to payment or other form of performance is secured by a charge, pledge or lien, or collateral arrangements including liabilities arising from repurchase transactions and other title transfer collateral arrangements;

‘resolution power’ means:

(a) with respect to resolution of a covered person, the power provided under sections 65 to 74;

(b) with respect to resolution of entities of a member state as part of a group resolution, the power specified under the relevant legislation of that member state;

‘write-down and conversion powers’ means any of the powers provided for under sections 30 and 65(1)(b)(v) to (ix);

‘transfer powers’ means the powers provided for under section 65(1)(b)(iii) or (iv) to transfer shares, other instruments of ownership, debt instruments, assets, rights or liabilities or any combination of those items from an institution under resolution to a recipient;

‘resolution’ means:

(a) in the case of a covered person: the application of a resolution measure in order to achieve one or more of the resolution objectives specified in section 41(2);

(b) in the case of an entity of a member state which falls under the scope of Directive 2014/59/EU and is part of a group under resolution: the application of a resolution measure in order to achieve one or more resolution objectives pursuant to the relevant legislation of that member state;

‘group resolution’ means either of the following:

(a) the taking of resolution action at the level of a parent undertaking or of an institution subject to consolidated supervision;

(b) the coordination of the application of resolution measures and the exercise of resolution powers by the resolution authority and the member-state resolution authorities in relation to group entities that meet the conditions for resolution;

‘emergency liquidity assistance’ means the provision by the Central Bank or a central bank of a member state, of central bank money, or any other assistance that may lead to an increase in central bank money, to a solvent financial institution, or a group of solvent financial institutions, that is facing temporary liquidity problems, without such an operation being part of monetary policy;

‘investor’ means in case of a CIF or investment firm of a member state, the investor as per paragraph 2(1) of the Directive of Cyprus Securities and Exchange Commission for the Operation and Continuance of Operation of CIF Investor Compensation Fund and in case of ACI or credit institution of a member state, the investor as per Regulation 2 of the

Regulations for the Establishment and Operation of an Investor Compensation Fund for Clients of Banks of 2004 to 2007;

'eligible deposits' has the meaning attributed to the term in the regulations adopted pursuant to section 33 of the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law 2015;

'eligible liabilities' means liabilities and capital instruments that do not qualify as Common Equity Tier 1 instruments or Tier 2 instruments of an institution or relevant person that are not excluded from the scope of the bail-in measure by virtue of section 54(2);

'member-state investment firm' means every entity of a member state that complies with the definition of Article 4, paragraph 1, point 2), of the Regulation (EU) No 575/2013;

'working day' means every day except of Saturday, Sunday or holiday, in the Republic or a member state according to the case;

'ESRB' means the European Systemic Risk Board established under Regulation (EU) No 1092/2010;

'asset management company' means a legal person satisfying the requirements of section 52(2);

'European Commission' means the Commission of the EU;

'affected creditor' means a creditor whose claim relates to a liability that is reduced or converted to shares or other instruments of ownership by the exercise of the write-down or conversion power pursuant to use of the bail-in measure;

'subsidiary' has the meaning attributed to the term in Article 4, paragraph 1, point 16), of Regulation (EU) No 575/2013;

'subsidiary institution of a third-country undertaking in the EU' means an institution established in the Republic or in a member state which is a subsidiary of a third-country institution or third-country parent undertaking;

'own funds' has the meaning attributed to the term in Article 4, paragraph 1, point 118), of the Regulation (EU) No 575/2013;

'institution' means an ACI incorporated in the Republic or a CIF subject to the initial capital requirement laid down in section 10(1) of the Investment Services and Activities and Regulated Markets Laws;

'member-state institution' means a credit institution of a member state or an investment firm of a member state subject to the initial capital requirement provided for in Article 28, paragraph (2) of Directive 2013/36/EU;

'third-country institution' means an entity, the head office of which is established in a third country, that would, if it were established within the Republic, be covered by the definition of an institution, and include ACI that is established in a third country;

'institution under resolution' means an institution, a relevant person, a member-state institution of a, a financial institution, a financial holding company, a mixed financial holding company, a mixed-activity holding company, a parent financial holding company in a member state, a Union parent financial holding company, a parent mixed financial holding company in a member state, or a Union parent mixed financial holding company, in respect of which a resolution action is taken;

'covered bond' means an instrument as referred to in section 42(1)(b)(ii) of the Open-Ended Undertakings for Collective Investments Law and includes covered securities as defined in section 2 of the Covered Bonds Law;

'covered deposits' has the meaning attributed to the term in section 2(1) of the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law of 2016;

'covered person' means an entity subject to the provisions of this Law in accordance with the provisions of section 3;

'EU State aid rules' means the rules laid down in accordance with Articles 107, 108 and 109 of the Treaty on the Functioning of the EU and with the regulations and all the acts of the EU, including guidelines, notices and communications, adopted pursuant to Article 108(4) or Article 109 of the Treaty on the Functioning of the EU;

43 of 1980  
18 of 1982  
34 of 1991  
36(I) of 1996  
17(I) of 1998  
26(I) of 2000  
132(I) of 2000  
136(I) of 2002  
81(I) of 2003  
164(I) of 2004  
42(I) of 2005.

Ch. 113.  
9 of 1968  
76 of 1977  
17 of 1979  
105 of 1985  
198 of 1986  
19 of 1990  
46(I) of 1992  
96(I) of 1992  
41(I) of 1994  
15(I) of 1995  
21(I) of 1997  
82(I) of 1999  
149(I) of 1999  
2(I) of 2000  
135(I) of 2000  
151(I) of 2000  
76(I) of 2001  
70(I) of 2003  
167(I) of 2003  
92(I) of 2004  
24(I) of 2005  
129(I) of 2005  
130(I) of 2005  
98(I) of 2006  
124(I) of 2006  
70(I) of 2007  
71(I) of 2007  
131(I) of 2007  
186(I) of 2007  
87(I) of 2008  
49(I) of 2009  
99(I) of 2009  
42(I) of 2010  
60(I) of 2010  
88(I) of 2010  
53(I) of 2011  
117(I) of 2011  
145(I) of 2011  
157(I) of 2011  
198(I) of 2011  
64(I) of 2012  
98(I) of 2012  
190(I) of 2012  
203(I) of 2012  
6(I) of 2013  
90(I) of 2013  
74(I) of 2014  
75(I) of 2014

'normal insolvency proceedings' means:

(a) in respect of a CCI, winding-up or special winding-up in accordance with Part XIII of the Business of Credit Institutions Laws;

(b) in respect of banks, winding-up or special winding-up in accordance with Part XIII of the Business of Credit Institutions Laws;

(c) in respect of the Housing Finance Corporation established under the Housing Finance Corporation Laws, winding-up pursuant to a law enacted for that purpose;

(d) in respect of a CIF or a relevant person, winding-up in accordance with the Companies Law, as corrected;

18(l) of 2015  
62(l) of 2015  
63(l) of 2015  
89(l) of 2015  
120(l) of 2015.

Official Gazette,  
First Annex (I):  
31.3.2015  
5.6.2015.

- Official Gazette of the Union:  
L 176,  
27.6.2013,  
p. 1·  
L 143,  
9.6.2015,  
p. 7.
- ‘Regulation (EU) no 575/2013’ means the Union act titled “Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012” as amended by the Implementing Regulation (EU) 2015/880 of the Commission of 4 June 2015;
- Official Gazette of the Union:  
L 177,  
4.7.2008, σ. 6· L  
309,  
24.11.2009,  
p. 87· L 288,  
2.10.2014,  
p. 6.
- ‘Regulation (EC) no 593/2008’ means the Union act titled “Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I)” as corrected;
- Official Gazette of the Union:  
L 173,  
12.6.2014,  
p. 1.
- ‘Regulation (EU) no 596/2014’ means the Union act titled “Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC”;
- Official Gazette of the Union:  
L 201,  
27.7.2012,  
p. 1·  
L 141,  
5.6.2015,  
p. 75.
- ‘Regulation (EU) no 648/2012’ means the Union act titled “Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories” as amended by the Directive 2015/89/EU of the European Parliament and of the Council of 20 May 2015;
- Official Gazette of the Union:  
L 225,  
30.7.2014,  
p. 1.
- ‘Regulation (EU) no 806/2014’ means the Union act titled “Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010”;
- Official Gazette of the Union:  
L 287,  
29.10.2013,  
p. 63· L 328,  
13.11.2014,  
p. 62.
- ‘Regulation (EU) no 1024/2013’ means the Union act titled “Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions” as corrected;
- Official Gazette of the Union:  
L 331,  
15.12.2010,  
p. 1.
- ‘Regulation (EU) no 1092/2010’ means the Union act titled “Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board”;
- Official Gazette of the Union:  
L 331,  
15.12.2010,  
p. 12· L 225,  
30.7.2014,  
p. 1.
- ‘Regulation (EU) no 1093/2010’ means the Union act titled “Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC” as amended by the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014;

<p>Official Gazette of the Union: L 331, 15.12.2010, σ. 48· L 105, 8.4.2014, p. 1.</p>	<p>‘Regulation (EU) no 1094/2010’ means the Union act titled “Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC” as amended by the Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014;</p>
<p>Official Gazette of the Union: L 331, 15.12.2010, p. 84· L 105, 8.4.2014, p. 1.</p>	<p>‘Regulation (EU) no 1095/2010’ means the Union act titled “Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC” as amended by the Regulation (EU) No. 258/2014 of the European Parliament and of the Council of 3 April 2014;</p>
<p>20(l) of 2016.</p>	<p>‘deposit’ has the meaning attributed to the term in section 2(1) of the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law 2016;</p> <p>‘failure or likely failure’ means:</p> <p>(a) in respect of an LCI or relevant person which is a subsidiary or parent undertaking of an LCI or of a member-state credit institution: the situations referred to in section 32C of the Business of Credit Institutions Laws;</p> <p>(b) in respect of a CIF or relevant person which is a subsidiary or parent undertaking of a CIF or of a member-state investment firm: any of the situations referred to in section 22(3) of the Recovery of CIFs and Other Entities under the Supervision of Cyprus Securities and Exchange Commission and Other Related Matters Law of 2016;</p> <p>‘Central Bank’ means the Central Bank of Cyprus;</p> <p>‘central counterparty’ has the meaning ascribed to the term ‘CCP’ in point (1) of Article 2 of Regulation (EU) No 648/2012;</p> <p>‘central body’ has the meaning attributed to the term in section 2(1) of the Business of Credit Institutions Law, as corrected;</p> <p>‘CIF’ has the meaning attributed to the term in section 2 of the Investment Services and Activities and Regulated Markets Laws, as corrected;</p> <p>‘member state’ means a member state other than the Republic;</p> <p>‘critical functions’ means activities, services or functions whose interruption might lead to disruption to the provision of vital services to the real economy or might disrupt financial stability in the Republic or a member state due to the size of the institution or group, its market share, its external and internal connections, its complexity or its cross-border business, especially in terms of the ability to restore such business, services or functions;</p> <p>‘mixed-activity holding company’ has the meaning attributed to the term in point (22) of Article 4(1) of Regulation (EU) No 575/2013;</p> <p>‘mixed financial holding company’ has the meaning attributed to the term in point (21) of Article 4(1) of Regulation (EU) No 575/2013;</p> <p>‘instruments of ownership’ means shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership;</p> <p>‘Common Equity Tier 1 instruments’ means capital instruments that meet the conditions laid down in Article 28, paragraphs 1 to 4, Article 29 paragraphs 1 to 5 or Article 31 paragraph 1 of Regulation (EU) No 575/2013;</p> <p>‘Tier 2 instruments’ means capital instruments or subordinated loans that meet the conditions laid down in Article 63 of Regulation (EU) No 575/2013;</p>

‘bridge institution’ means a legal person that meets the conditions laid down in section 50(2)(a);

‘shareholders’ means shareholders or holders of other instruments of ownership’

‘bail-in’ means a mechanism for the exercise by the resolution authority of the write-down and conversion powers in relation to liabilities of an institution under resolution in accordance with section 53;

‘crisis management measure’ means a resolution action or the appointment of a special manager under section 46 or a person under section 60(2) or under section 74(1);

‘early intervention measures’ means:

(a) in respect of an ACI: measures taken by the competent authority pursuant to section 30C of the Business of Credit Institutions Law,

(b) in respect of a CIF: measures taken by the competent authority pursuant to section 18 of the Recovery of CIFs and Other Entities under the Supervision of Cyprus Securities and Exchange Commission and Other Related Matters Law of 2016;

‘resolution measure’ means:

(a) in respect of the resolution of a covered person: a resolution measure within the meaning of section 45(3);

(b) in respect of the resolution of entities of a member state as part of a group resolution: a resolution measure as provided for under the relevant legislation of that member state;

‘measure to transfer assets, rights or liabilities to a bridge institution’ means a mechanism to transfer shares or other instruments of ownership issued by an institution under resolution, or assets, rights or liabilities of an institution under resolution to a bridge institution in accordance with section 50;

‘measure to transfer assets and rights to an asset management company’ means a mechanism for effecting a transfer by the resolution authority of assets, rights or liabilities of an institution under resolution to an asset management company in accordance with section 52;

‘crisis prevention measure’ means:

(a) the exercise of powers to address or remove impediments to resolvability under sections 20 to 22;

(b) the exercise of capital instrument write-down or conversion powers under sections 30 and 31;

‘sale of business measure’ means a mechanism for effecting a transfer by the resolution authority of shares or other instruments of ownership issued by an institution under resolution, or assets, rights or liabilities of an institution under resolution to an acquirer that is not a bridge institution, in accordance with section 48;

‘parent undertaking’ has the meaning attributed to the term in point (15)(a) of Article 4(1) of Regulation (EU) No 575/2013;

‘Union parent undertaking’ means a Union parent institution, a Union parent financial holding company or a Union parent mixed financial holding company;

‘third country parent undertaking’ means a parent institution, a parent financial holding company or a parent mixed financial holding company, established in a third country;

‘parent mixed financial holding company in a member state’ has the meaning attributed to the term in point (32) of Article 4(1) of Regulation (EU) No 575/2013;

‘parent mixed financial holding company in the Republic’ means an entity incorporated in the Republic which complies with the definition laid down in point (32) of Article 4(1) of Regulation (EU) No 575/2013;

‘Union parent mixed financial holding company’ means an EU parent mixed financial holding company as defined in point (33) of Article 4(1) of Regulation (EU) No 575/2013;

‘parent financial holding company in a member state’ means a parent financial holding company in a member state as defined in point (30) of Article 4(1) of Regulation (EU) No 575/2013;

‘parent financial holding company in the Republic’ means an entity established in the Republic which complies with the definition laid down in point (30) of Article 4(1) of Regulation (EU) No 575/2013;

‘Union parent financial holding company’ means an EU parent financial holding company as defined in point (31) of Article 4(1) of Regulation (EU) No 575/2013;

‘parent institution in a member state’ has the meaning attributed to the term in point (28) of Article 4(1) of Regulation (EU) No 575/2013;

‘parent institution in the Republic’ means a parent institution established in the Republic which complies with the definition laid down in point (28) of Article 4(1) of Regulation (EU) No 575/2013;

‘Union parent institution’ means an EU parent institution as defined in point (29) of Article 4(1) of Regulation (EU) No 575/2013;

‘group resolution scheme’ means a plan drawn up for the purposes of group resolution in accordance with sections 94 to 97, as applicable;

‘resolution unit’ means the unit provided for in section 6;

‘Directive 2013/36/EU’ means the Union act titled “Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC” as amended by the Directive 2014/59/EU;

‘Directive 2014/49/EU’ means the Union act titled “Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes”;

‘Directive 2014/59/EU’ means the Union act titled “Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012”;

‘Directive 2014/65/EU’ means the Union act titled “Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU” as amended by the Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014;

‘group’ means a parent undertaking and its subsidiaries;

‘group entity’ means a legal person that is part of a group;

‘derivative’ has the meaning attributed to the term in point (5) of Article 2 of Regulation (EU) No 648/2012;

‘member-state credit institution’ means an entity in a member state that complies with the definition laid down in point (1) of Article 4(1) of Regulation (EU) No 575/2013, other than the entities referred to in Article 2(5) of Directive 2013/36/EU;

‘micro, small and medium-sized enterprises’ means micro, small and medium-sized enterprises defined based on the turnover criterion laid down in Article 2(1) of the Annex to the EU act entitled Commission recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises;

‘Additional Tier 1 instruments’ means capital instruments that meet the conditions laid down in Article 52(1) of Regulation (EU) No 575/2013;

‘conditions for resolution’ means:

(a) in the case of an institution: the conditions referred to in section 42(1);

(b) in the case of a relevant person: the conditions referred to in section 43;

(c) in the case of a branch of a third-country institution in the Republic: the condition referred to in section 100(2);

(d) in the case of a member-state institution or an entity in a member state as referred to in Article 1(1)(b), (c) or (d) of Directive 2014/59/EU: the conditions referred to in Article 32(1) of Directive 2014/59/EU;

‘regulated market’ has the meaning attributed to the term in point (21) of Article 4(1) of Directive 2014/65/EU;

‘significant branch’ means:

(a) in respect of a branch of a member-state credit institution in the Republic, a branch deemed significant in accordance with Article 27E or 56(1) of the Business of Credit Institutions Laws 1997 to (No 7) 2015, as corrected;

(b) in respect of a branch of a member-state investment firm in the Republic subject to the initial capital requirement laid down in Article 28(2) of Directive 2013/36/EU, a branch deemed significant in accordance with Article 131B of the Investment Services and Activities and Regulated Markets Laws 2007 to 2014, as corrected;

(c) in respect of a branch of an institution in a member state, a branch deemed significant in accordance with Article 51(1) of Directive 2013/36/EU;

‘resolution objectives’ means the resolution objectives referred to in section 41(2);

‘set-off arrangement’ means an arrangement under which two or more claims or obligations owed between the institution under resolution and a counterparty can be set off against each other;

‘financial security arrangement with transfer of title’ has the meaning attributed to the term in section 2 of the Financial Collateral Arrangements Law;

‘netting arrangement’ means an arrangement 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:

(a) the obligations of the parties are accelerated so as to become immediately due or

(b) the obligations of the parties are terminated

and in either case the obligations of the parties are converted into or replaced by a single net claim, including ‘close-out netting provisions’ as defined in section 2 of the Financial Collateral Arrangements Law or ‘netting’ as defined in section 2 of the Settlement Finality in Payment Systems and Securities Settlement Systems Law;

‘cooperative credit institution’ or ‘CCI’ has the meaning attributed to the term in section 2(1) of the Business of Credit Institutions Law;

‘conversion rate’ means the factor that determines the number of shares or other instruments of ownership into which a liability of a specific class will be converted, by reference either to a single instrument of the class in question or to a specified unit of value of a debt claim;

‘investor compensation scheme’ means:

- (a) the investor compensation fund;
- (b) an investor compensation scheme introduced and officially recognised by a member state pursuant to Article 2 of Directive 97/9/EC;

‘deposit guarantee scheme’ means:

- (a) the deposit guarantee and credit and other institution resolution scheme;
- (b) a deposit guarantee scheme introduced and officially recognised by a member state pursuant to Article 4 of Directive 2014/49/EU;

‘deposit guarantee and resolution of credit and other institutions scheme’ means a deposit guarantee and credit and other institution resolution scheme introduced and operated pursuant to the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law 2016;

‘systemic crisis’ means a disruption in the financial system with the potential to have serious negative consequences for the internal market and the real economy; for the purpose of this definition, all types of financial intermediaries, markets and infrastructure may be potentially systemically important to some degree;

‘recovery plan’ has the meaning attributed to the term -

- (a) in respect of an authorised credit institution: in section 2(1) of the Business of Credit Institutions Law;
- (b) in respect of a CIF, in section 2 of the Recovery of CIFs and Other Entities under the Supervision of Cyprus Securities and Exchange Commission and Other Related Matters Law 2016;

‘resolution plan’ means the resolution plan prepared for an institution under section 10;

‘group resolution plan’ means the group resolution plan, prepared under sections 11, 14 and 15;

‘relevant capital instruments’ for the purposes of Part V and Chapter V of Part VI means Additional Tier 1 instruments and Tier 2 instruments;

‘relevant third-country authority’ means a third-country authority responsible for carrying out functions comparable to those of resolution authorities or competent authorities pursuant to this Law;

‘relevant parent institution’ means a parent institution in the Republic, a parent institution in a member state, a Union parent institution, a financial holding company, a mixed financial holding company, a mixed-activity holding company, a parent financial holding company in the Republic, a parent financial holding company in a member state, a Union parent financial holding company, a parent mixed financial holding company in the Republic, a parent mixed financial holding company in a member state, or a Union parent mixed financial holding company, in relation to which the bail-in measure is applied;

‘relevant person’ means an entity as referred to in section 3(1)(b), (c) or (d);

‘resolution college’ means a college established pursuant to section 90 or 91 to perform the tasks referred to therein;

'supervisory college' means a college of supervisors established pursuant to section 39(11A) of the Business of Credit Institutions Law or paragraph 40 of the Cyprus Securities and Exchange Commission Directive for the Prudential Supervision of Investment Service Providers, as applicable;

'Investor Compensation Fund' has the meaning attributed to the term in Article 2(1) of the Investment Services and Activities and Regulated Markets Laws 2007 to 2014 and includes the CIF Investor Compensation Fund, the Bank Customer Investor Compensation Fund and the CCI Customer Investor Compensation Fund;

'Resolution Fund' has the meaning attributed to the term in Article 2(1) of the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law 2015;

'bank' has the meaning attributed to the term in section 2(1) of the Business of Credit Institutions Law;

'branch' has the meaning attributed to the term in Article 4, paragraph 1, point 17), of Directive (EU) no 575/2013;

'Union branch of a third-country institution' means a branch of a third-country institution located in the Republic or in a member state;

'Minister' means the Minister of Finance;

'debt instruments', as referred to in section 65(1)(b)(vii) and (x), means bonds and other forms of transferable debt, instruments creating or acknowledging a debt, and instruments giving rights to acquire debt instruments;

'financial holding company' means a financial holding company as defined in point (20) of Article 4(1) of Regulation (EU) No 575/2013;

'financial institution' means a financial institution as defined in point (26) of Article 4(1) of Regulation (EU) No 575/2013;

'financial contract' includes the following contracts and agreements:

- (a) securities contracts, including:
  - (i) contracts for the purchase, sale or loan of a security, a group or index of securities;
  - (ii) options on a security or a group or index of securities;
  - (iii) repurchase or reverse repurchase transactions on any such security, group or index;
- (b) commodities contracts, including:
  - (i) contracts for the purchase, sale or loan of a commodity or group or index of commodities for future delivery;
  - (ii) options on a commodity or group or index of commodities;
  - (iii) repurchase or reverse repurchase transactions on any such commodity, group or index;
- (c) futures and forwards contracts, including contracts (other than a commodities contract) for the purchase, sale or transfer of a commodity or property of any other description, service, right or interest for a specified price at a future date;
- (d) swap agreements, including:

(i) swaps and options relating to interest rates; spot or other foreign exchange agreements; currency; an equity index or equity; a debt index or debt; commodity indexes or commodities; weather; emissions or inflation;

(ii) total return, credit spread or credit swaps;

(iii) any agreements or transactions that are similar to an agreement referred to in point (i) or (ii) which is the subject of recurrent dealing in the swaps or derivatives markets;

(e) inter-bank borrowing agreements where the term of the borrowing is three months or less;

(f) master agreements for any of the contracts or agreements referred to in paragraphs (a) to (e).”

(2)(a) Without prejudice to paragraph (b), in this Law and in regulatory administrative acts adopted pursuant to it, any reference to a Directive, Regulation, Decision or other legislative act of the EU means that act as corrected, amended or replaced, unless the context dictates otherwise.

(b) Any reference to the provisions of the Directive 2014/59/EU in relation to the adoption of a decision by a resolution college, including with respect to the drawing up of group resolution plans, minimum requirements for own funds and eligible liabilities, the write-down and conversion of group capital instruments and group resolution, means the provisions of that Directive, as transposed into the relevant legislation of the relevant member state, unless the context dictates otherwise.

(3) In this Law and according to the issued regulatory administrative acts thereunder, any reference to law or regulatory administrative act of the Republic, shall mean the said law or regulatory administrative act as corrected, amended or replaced from time to time, unless a different meaning otherwise arises from the text.

Scope of application.

3. (1) This Law shall apply on the following entities:

(a) institutions;

(b) financial institutions that are established in the Republic when the financial institution is a subsidiary of an institution or of a company referred to in paragraph (c) or (d), and is covered by the supervision of the parent undertaking on a consolidated basis in accordance with Articles 6 to 17 of Regulation (EU) No 575/2013;

(c) financial holding companies, mixed financial holding companies and mixed activity holding companies that are established in the Republic;

(d) parent financial holding companies established in the Republic and parent mixed financial holding companies established in the Republic;

(e) branches of third country institutions in the Republic, under the special conditions laid down in this Law.

(2) When applying the requirements under this Law and when using the different measures and exercising the powers at its disposal in relation to entities referred to in subsection (1), and subject to specific provisions, the resolution authority shall take account of the nature of its business, its shareholding structure, its legal form, its risk profile, size and legal status, its interconnectedness to other institutions or to the financial system in general, the scope and the complexity of its activities, and whether it exercises any investment services or activities as defined in point (2) of Article 4(1) of Directive 2014/65/EU.

When applying the requirements, powers and facilities under this Law and when using the measures and exercising the powers at its disposal in relation to a CCI connected to a central body, the resolution authority shall take account of its connection to the central body.

PART II  
RESOLUTION AUTHORITY

Responsibility for the exercise of competences and powers of the resolution authority.

4. (1) The board of the Central Bank has the responsibility for the exercise of the responsibilities and powers of the resolution authority according to this Law and the Regulation (EU) no 806/2014.

(2) Without prejudice to the Regulation (EU) no 806/2014, the resolution authority obtains the approval of the Minister prior to the implementation of decisions that have a direct fiscal impact or systemic implications.

Organisation and operation of the resolution authority.

5. (1) (a) The provisions of this section apply irrespective of the provisions of the Central Bank of Cyprus Law, as corrected.

138(I) of 2002  
166(I) of 2003  
34(I) of 2007  
86(I) of 2013  
103(I) of 2013  
66(I) of 2014  
139(I) of 2014  
144(I) of 2014.

Official Gazette  
First Annex (I):  
25.10.2013  
20.6.2014.

(b) Any reference in this section to members, shall mean the members of the board of the Central Bank.

(2) The resolution authority is convened in a meeting -

(a) By the Governor of the Central Bank via written invitation send to the members at least two (2) days prior to the scheduled date of the meeting or in the case of absence of the Governor or temporary incapacity of him/her, after a joint decision of the two (2) executive directors of the Central Bank appointed by section 13 of the Central Bank of Cyprus Law:

It is provided that, invitation via electronic means, including electronic mail or facsimile is also considered valid:

It is further provided that, the agenda of the meeting is clearly defined in the invitation:

It is further provided that, in exceptional cases, at the discretion of the Governor, a meeting of the resolution authority may be convened either orally or in writing by the Governor and announced to the members as soon as possible, and in any case, prior to the scheduled time of the meeting.

(b) by two (2) members with a request duly reasoned to the Governor of the Central Bank or in case of the Governor's absence or temporary incapacity, to the executive directors, specifying the agenda of the meeting.

It is provided that, the Governor or the executive directors according to the case, must convene a meeting within five (5) working days.

(3) The meetings of the resolution authority may be conducted via electronic means including teleconferencing or other audiovisual means.

(4) The Governor of the Central Bank shall chair the meetings of the resolution authority and in case of his/her absence or other incapacity , a member chosen by the present members shall chair the meeting.

(5) (a) Five (5) members shall constitute a quorum in every meeting:

It is provided that, the members participating via electronic or audiovisual means, including teleconference, are also considered present for the purposes of establishing quorum.

(b) The decisions of the resolution authority, by virtue of this Law, shall be taken by simple majority and in the case of a tie the chair casts the winning vote.

(c) Decisions taken by the resolution authority, shall take into account the potential impact of the decisions in all the member states where the institution or the group operates and minimise the negative effects on financial stability and negative economic and social effects in those member states.

(6) (a) The minutes of the meetings shall be kept by the head of the resolution unit or any other person from the resolution unit authorised by the resolution authority for that purpose.

(b) The minutes of the meetings shall be kept confidential, except if otherwise decided by the resolution authority.

(7) The repeal or the vacancy of a member position does not affect the validity of any decree, act, decision or of the resolution authority.

Resolution Unit.

6. (1) The Central Bank shall establish a resolution unit, with the main responsibility of providing support to the Governor of the Central Bank, in relation to the exercise of the responsibilities and powers of the resolution authority pursuant to this Law.

(2) Without prejudice to the generality of subsection (1), the duties and responsibilities of the resolution unit, among others, are -

(a) The drawing-up and updating of resolution plans in accordance with Chapter I of Part III; and

(b) the assessment of resolvability in accordance with Chapter II of Part III; and

(c) the provision of technical and administrative support for the -

(i) determination whether a covered person meets the conditions for resolution;

(ii) adoption of a decision on the extent of the write-down or conversion of capital instruments pursuant to Part V, where the conditions for write-down and conversion of capital instruments of an institution or relevant person are fulfilled;

(iii) adoption of a decision for the choice of the resolution action to be applied, where the conditions for resolution are fulfilled; and

(d) the conduct of on-site inspections; and

(e) the carrying out of provisional valuations in accordance with sections 32 and 47; and

(f) the monitoring of the implementation of resolution measures to a covered person and the action to address issues that arise from the implementation; and

(g) the participation in working groups, committees and boards set up at European level on issues relating to the resolution of covered persons; and

(h) the performance of any other tasks delegated to the resolution unit by the Governor of the Central Bank.

(3)(a) The resolution unit shall report directly to the Governor of the Central Bank and shall be staffed by personnel of the Central Bank.

(b) The Central Bank shall adopt and make public any necessary relevant internal rules, in order to prevent conflicts of interest between the resolution unit and the function of supervision of authorised credit institutions or other functions of the Central Bank, including

rules regarding professional secrecy and exchange of information between the different functional areas.

(c) The Central Bank shall ensure that the resolution unit has the expertise, resources and operational capability to exercise its responsibilities.

Power to issue directives and decrees.

7. (1) The resolution authority may, for the purposes of achieving the objectives of this Law, as well as exercising the competencies and powers under this Law, issue general or special directives or decrees, which communicates in any manner it may determine.

(2) The directives issued by the resolution authority shall take into account the international practice and guidelines of the EBA.

Power to recover costs and expenses.

8. The resolution authority may require that the institutions repay all operating expenditure and costs incurred during the performance of its responsibilities and powers pursuant to this Law, such as:

- (a) Administrative and operating expenditure;
- (b) the cost of legal and consultancy services;
- (c) the cost of outsourcing to third parties.

Cooperation with EBA.

9. (1) The resolution authority shall cooperate with EBA for the purposes of the Directive 2014/59/EU, in accordance with Regulation (EU) No 1093/2010.

(2) The resolution authority shall, without delay, provide EBA with all the information necessary to carry out its duties in accordance with Article 35 of Regulation (EU) No 1093/2010

### PART III PREPARATION CHAPTER I - RESOLUTION PLANS

Resolution plans.

10. (1) (a) The resolution authority, after consulting the competent authority and the member- state resolution authorities in member states where significant branches are located insofar as is relevant to the significant branch, shall draw up a resolution plan for each institution that is not part of a group subject to consolidated supervision pursuant to Articles 111 and 112 of Directive 2013/36/EU, section 27(6) and (6bis) and section 39 of the Business of Credit Institutions Law, or paragraphs 11 and 12 of the Cyprus Securities and Exchange Commission Directive for the Prudential Supervision of Investment Firms, as applicable.

(b) The resolution plan shall provide for the resolution actions which the resolution authority may take where the institution meets the conditions for resolution.

(c) The resolution authority shall disclose to the institution concerned the information referred to in paragraph (a) of subsection (7).

(2) When drawing up the resolution plan, the resolution authority shall identify any material impediments to resolvability and, where necessary and proportionate, outline relevant actions for how those impediments could be addressed, according to Chapter II of this Part.

(3) (a) The resolution plan shall take into consideration relevant scenarios including that the event of failure may be idiosyncratic or may occur at a time of broader financial instability or system wide events.

(b) The resolution plan shall not assume any of the following:

(i) any extraordinary public financial support besides the use of the Resolution Fund;

(ii) any emergency liquidity assistance from the Central Bank or a member-state central bank;

(iii) any liquidity assistance from the Central Bank or a member-state central bank, provided under non-standard collateralisation, tenor and interest rate terms.

(4) The resolution plan shall include an analysis of the way and the time an institution may apply, in the conditions addressed by the plan, for the use of Central Bank or a member-state central bank facilities, and shall identify those assets which would be expected to qualify as collateral.

(5) The resolution authority may require institutions to assist in the drawing up and updating of the plans.

(6)(a) The resolution plans shall be reviewed, and where appropriate updated, at least annually and after any material changes to the legal or organisational structure of the institution or to its business or its financial position, that could have a material effect on the effectiveness of the plan or otherwise necessitates a revision of the resolution plan.

(b) For the purpose of the revision or update of the resolution plans referred to in paragraph (a), the institutions and the competent authorities shall promptly communicate to the resolution authority any change that necessitates such a revision or update.

(7) Without prejudice to section 12, the resolution plan shall set out options for implementing resolution measures and applying resolution powers referred to in Title IV to the institution. It shall include, quantified whenever appropriate and possible:

(a) A summary of the key elements of the resolution plan;

(b) a summary of the material changes to the institution, that have occurred after the latest resolution information was filed;

(c) a demonstration of how critical functions and core business lines could be legally and economically separated, to the extent necessary, from other functions so as to ensure continuity upon the failure of the institution;

(d) an estimation of the timeframe for executing each material aspect of the resolution plan;

(e) a detailed description of the assessment of resolvability carried out in accordance with subsection (2) of this section and with section 18;

(f) a description of any measures required pursuant to section 20 to address or remove impediments to resolvability, identified as a result of the assessment carried out in accordance with section 18;

(g) a description of the processes for determining the value and marketability of the critical functions, core business lines and assets of the institution;

(h) a detailed description of the arrangements for ensuring that the information required pursuant to section 13 is up to date and at the disposal of the resolution authority at all times;

(i) an explanation by the resolution authority as to how the resolution options could be financed without the prior obtaining of:

(i) any extraordinary public financial support besides the use of the Resolution Fund; or

(ii) any central bank emergency liquidity assistance; or

(iii) any liquidity assistance from the Central Bank or a member-state central bank provided under non-standard collateralisation, tenor and interest rate terms;

(j) a detailed description of the different resolution strategies that could be applied according to the different possible scenarios and the applicable timescales;

(k) a description of critical interdependencies;

(l) a description of options for preserving access to payments and clearing services and other infrastructures and, an assessment of the portability of client positions;

(m) an analysis of the impact of the plan on the employees of the institution, including an assessment of any associated costs, and a description of envisaged procedures to consult staff during the resolution process, taking into account the applicable legislation;

(n) a plan for communicating with the media and the public;

(o) the minimum requirement for own funds and eligible liabilities required pursuant to section 25 (1) and a deadline to reach that level, on a case by case basis;

(p) where applicable, the minimum requirement for own funds and minimum liabilities pursuant to section 25(1), and a deadline to reach that level, on a case by case basis;

(q) a description of essential operations and systems for maintaining the continuous functioning of the institution's operational processes;

(r) where applicable, any opinion expressed by the institution in relation to the resolution plan.

Group resolution plans.

11. (1)(a) The resolution authority either as the group-level resolution authority, together with the member-state resolution authorities of subsidiaries or as a resolution authority of a subsidiary together with the group resolution authority and the member-state resolution authorities of other subsidiaries of the group, and after consulting the member-state resolution authorities of significant branches, insofar as is relevant to the significant branch, shall draw up group resolution plans.

(b) The group resolution plans shall include a plan for resolution of the group headed by the Union parent undertaking as a whole, either through resolution at the level of the Union parent undertaking or through break up and resolution of the subsidiaries.

(c) The group resolution plan shall identify measures for the resolution of:

(i) The Union parent undertaking;

(ii) the subsidiaries that are part of the group and that are located in the Union;

(iii) financial holding companies, mixed financial holding companies and mixed-activity holding companies established in the Union;

(iv) parent financial holding companies established in the Republic, parent financial holding companies established in member states, parent financial holding companies established in the Union, parent mixed financial holding companies established in the Republic, parent mixed financial holding companies established in member states, parent mixed financial holding companies established in the Union;

(v) pursuant to the provisions of Part IX, the subsidiaries of the group that are established outside the Union.

(2) The group resolution plan shall be drawn up on the basis of the information provided pursuant to section 13.

(3) The group resolution plan shall:

(a) Set out the resolution actions to be taken in relation to group entities, both through resolution actions in respect of relevant persons or the entities referred to in Article 3, points b), c) and d) of Directive 2014/59/EU, the parent undertaking and subsidiary institutions in the Republic or a member state, and through coordinated resolution actions in respect of subsidiary institutions in the Republic or a member state, in the scenarios provided for in section 10(3); and

(b) examine the extent to which the resolution measures and powers could be applied and exercised, in a coordinated way, to group entities established in the Union, including measures to facilitate the purchase by a third party of the group as a whole, or separate business lines or activities that are delivered by a number of group entities, or particular group entities, and identify any potential impediments to a coordinated resolution; and

(c) where a group includes entities incorporated in third countries, identify appropriate arrangements for cooperation and coordination with the relevant authorities of those third countries and the implications for resolution within the Union; and

(d) identify measures, including the legal and economic separation of particular functions or business lines, that are necessary to facilitate group resolution when the conditions for resolution are met; and

(e) set out any additional actions, not referred to in this Law, which the resolution authority, when acting as the group-level resolution authority, intends to take in relation to the resolution of the group; and

(f) identify how the group resolution actions could be financed and, where the Resolution Fund and the resolution funding arrangements of member states would be required, set out principles for sharing responsibility for that financing between the Resolution Fund and those resolution funding of member states; these principles shall be set out on the basis of equitable and balanced criteria and shall take into account in particular the provisions of section 104 and the impact on financial stability in all member states concerned.

It is provided that the plan shall not assume any of the following:

(i) any extraordinary public financial support besides the use of the Resolution Fund;

(ii) any emergency liquidity assistance from the Central Bank or a central bank of a member state or a third country, or

(iii) any central bank liquidity assistance from the Central Bank or a member-state central bank or a third country, provided under non-standard collateralisation, tenor and interest rate terms.

(4) A detailed description of the assessment of resolvability carried out in accordance with section 19 shall be included in the group resolution plan.

(5) The group resolution plan shall not have a disproportionate impact on the Republic or any member state.

Simplified obligations for certain institutions.

12. (1)(a) The resolution authority may decide the application of simplified obligations in relation to the:

(i) The content and details of the resolution plans provided for in sections 10 and 11;

(ii) the date by which the first resolution plans are to be drawn up and the frequency for updating the resolution plans, which may be lower than that provided for in section 10(6) and section 14(4) or section 15(4) according to the case;

(iii) the content and details of the information required from institutions as provided for in section 11(2) and 13(1);

(iv) the level of detail for the assessment of resolvability provided for in sections 18 and 19:

(b) For the purposes of subsection (a), the resolution authority shall take into account -

(i) The impact that the failure of the institution could have, due to the nature of its business, its shareholding structure, its legal form, its risk profile, size and legal status, its interconnectedness to other institutions or to the financial system in general, the scope and the complexity of its activities,

(ii) in case of a CCI its connection with the central body and

(iii) whether the failure of the institution and its subsequent winding up, of the institution, under normal insolvency proceedings would likely have a significant negative effect on financial markets, on other institutions or on funding conditions, or on the wider economy.

(2) The resolution authority shall make the assessment referred to in subsection (1) after consulting, where appropriate, the macroprudential authority.

(3) The resolution authority shall, at any time, impose full, unsimplified obligations for the drawing up of resolution plans if any of the circumstances that gave rise to the simplified obligations cease to exist.

(4) The application of simplified obligations shall not, per se, affect the resolution authority's powers to take a crisis prevention measures or crisis management measures.

(5) Without prejudice to subsections (6) and (7), the resolution authority may decide not to draw and maintain a resolution plan for a CCI affiliated to a central body;

(6) (a) Where the resolution authority takes a decision in accordance with subsection (5), the provisions of this Chapter shall be applied on a consolidated basis to the central body and the CCIs affiliated to it.

(b) For the purposes of paragraph (a), any reference in this Chapter to a group shall include the central body and the CCIs affiliated to it within the meaning of section 10 of the Regulation (EU) No 575/2013 and their subsidiaries, and any reference to parent undertakings or institutions that are subject to consolidated supervision shall include the central body, in accordance with the Business of Credit Institutions Law.

(7) The institutions subject to direct supervision by the ECB, pursuant to Article 6, paragraph (4) of Regulation (EU) No 1024/2013, shall be the subject of individual resolution plans.

(8) The resolution authority shall inform EBA of the way of application of subsections (1), (4), (5) and (6).

Information for the purposes of resolution planning and cooperation of institutions and competent authority with the resolution authority.

13. (1) The resolution authority may require institutions, via a specific or general directive, to:

(a) Cooperate as much as necessary in the drawing up of resolution plans;

(b) provide, either directly or through the competent authority, all information necessary to draw up and implement resolution plans.

(2) The resolution authority may -

(a) Require, with a directive, institutions and relevant persons to maintain detailed records of financial contracts to which they are party.

(b) specify a time-limit within which the institutions and relevant persons shall be in a position to produce those records.

(c) decide to set different time-limits for different types of financial contracts as referred to in section 2

(3)(a) The resolution authority has access to all of the information referred to in subsection (1) and that is available to the competent authorities.

(b) For the purpose of paragraph (a), the resolution authority cooperates with the competent authority in order to verify whether the relevant information is available.

Requirement and procedure for group resolution plans when the resolution authority acts as the group resolution authority.

14.-(1) This section lays down the requirements and procedure for the drawing up of group resolution plans in case where the resolution authority acts as the group-level resolution authority.

(2)(a) The Union parent undertakings shall submit to the resolution authority the information that may be required in accordance with section 13:

It is provided that, if the Union parent undertaking is not established in the Republic, the parent institution established in the Republic shall ensure that the information in question is submitted to the resolution authority.

(b) The information submitted pursuant to paragraph (a) shall concern the Union parent undertaking and, to the extent required, each of the group entities, including the entities referred to in section 3(1)(c) and (d) and the financial holding companies, mixed financial holding companies, mixed-activity holding companies, parent financial holding companies and parent mixed financial holding companies in member states.

(c) Without prejudice to the confidentiality requirements laid down in this Law and without prejudice to paragraph (f), the resolution authority shall transmit the information provided in accordance with this subsection to:

(i) The EBA; and

(ii) member-states resolution authorities of subsidiaries; and

(iii) member-state resolution authorities in member states in which significant branches are located, insofar as is relevant to the significant branch; and

(iv) the relevant competent authorities referred to in section 39(8), (10), (11) and (11A) of the Business of Credit Institutions Laws or paragraphs 39 and 40 of the Cyprus Securities and Exchange Commission Directive for the Prudential Supervision of Investment Firms, as applicable; and

(v) member-state resolution authorities in member states in which financial holding companies, mixed financial holding companies, mixed-activity holding companies, parent financial holding companies and parent mixed financial holding companies are established.

(d) The information provided pursuant to this subsection to member-state resolution authorities and member-state competent authorities of subsidiaries, member-state resolution authorities in member states in which significant branches are located, and to the relevant competent authorities referred to in section 39(8), (10), (11) and (11A) of the Business of credit Institutions Laws as amended or paragraphs 39 and 40 of the Cyprus Securities and Exchange Commission Directive for the Prudential Supervision of Investment Firms, as applicable, shall include at a minimum all information that is relevant to the subsidiary or the significant branch.

(e) The information provided pursuant to this subsection to the EBA shall include all information that is relevant to the role of EBA in relation to the group resolution plans.

(f) In the case of information relating to third-country subsidiaries, the resolution authority shall not be obliged to transmit the information provided for in this subsection without the consent of the relevant third-country authorities.

(3) (a) The resolution authority shall draw up and maintain group resolution plans, acting jointly with the resolution authorities referred to in subsection (2), in resolution colleges and after consulting the relevant member-state competent authorities, including the

member-state competent authorities in member states in which significant branches are located.

(b) The resolution authority may, at its discretion, and subject to it meeting the confidentiality requirements laid down in section 102 of this Law, involve in the drawing up and maintenance of group resolution plans, third-country authorities responsible for the resolution procedures in those third countries, in case the group has established subsidiaries or financial holding companies or significant branches as referred to in section 56 of the Business of Credit Institutions Law or section 131B of the Investment Services and Activities and Regulated Markets Laws, as applicable.

(4) The group resolution plans are reviewed, and where appropriate updated, at least annually, and after any change to the legal or organisational structure, to the business or to the financial position of the group, including any group entity, that could have a material impact on or require a change to the plan.

(5) (a) The adoption of the group resolution plan shall take the form of a joint decision of the resolution authority and member-state resolution authorities of subsidiaries.

(b) The joint decision shall be taken within four months from the date of the transmission by the resolution authority of the information referred to in paragraph (b) of subsection (2).

(c) The resolution authority may request the EBA to assist in reaching a joint decision in accordance with Article 31, point c) of Regulation (EU) No 1093/2010.

(6) (a) In the absence of a joint decision within four (4) months, as provided in subsection (5), the resolution authority shall make its own decision on the group resolution plan.

(b) The decision of the resolution authority, pursuant to paragraph (a), shall be fully reasoned and shall take into account the views and reservations of other member-state resolution authorities.

(c) The resolution authority shall transmit its decision to the Union parent undertaking:

It is provided that, if the Union parent undertaking is an undertaking established outside the Republic, the resolution authority may transmit the decision to the parent undertaking concerned via the parent institution established in the Republic.

(d) Without prejudice to subsection (10), if, at the end of the four-month period, any member-state resolution authority has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No 1093/2010, the resolution authority shall defer its decision and await any decision that EBA may take in accordance with Article 19, paragraph 3 of that Regulation, and shall take its decision in accordance with the decision of EBA.

In the absence of an EBA decision within one month, the decision of the resolution authority acting as a group-level resolution authority shall apply.

(7) (a) In the absence of a joint decision within four (4) months, as provided in subsection (5), the resolution authority shall recognise the decisions taken individually by a member-state resolution authority which disagrees with the group resolution plan proposed by the resolution authority, when drawing up and maintaining a resolution plan for the entities under its jurisdiction.

(b) The resolution authority may refer the matter to EBA, at the end of the four-month period, in accordance with Article 19 of Regulation (EU) No 1093/2010. In the absence of an EBA decision within one month, the resolution authority shall recognise the decision of the member-state resolution authority of the subsidiary.

It is provided that, the matter shall not be referred to EBA after the end of the four-month period.

(8) The resolution authority may reach a joint decision with the member-state resolution authorities which did not disagree under subsection (7), on a group resolution plan covering group entities under their jurisdiction.

(9) The resolution authority shall recognise as conclusive the joint decisions referred to in subsections (5) and (8) and the decisions taken by the member-state resolution authorities in the absence of a joint decision in accordance with subsections (6) and (7).

(10) In case where a joint decision has not been reached and the member-state resolution authority requests EBA to assist in reaching an agreement, in accordance with Article 19, paragraph 3 of Regulation (EU) No 1093/2010, due to disagreement either with the proposed group resolution plan or with the resolution plan for a subsidiary in another member state drawn up by the member-state resolution authority of that subsidiary, the resolution authority shall inform EBA if it considers that the subject matter of disagreement may impinge on fiscal responsibilities of the Republic.

(11) Where joint decisions are taken pursuant to subsections (5) and (8) and where either the resolution authority assesses under subsection (10) that the subject matter of a disagreement impinges on the fiscal responsibilities of the Republic, or member-state resolution authority assesses under Article 13, paragraph 9 of Directive 2014/59/EU that the subject matter of a disagreement impinges on the fiscal responsibilities of its member state, the resolution authority shall initiate a reassessment of the group resolution plan, including the minimum requirement for own funds and eligible liabilities.

Requirement and procedure for group resolution plans when the resolution authority does not act as the group resolution authority.

15. (1) This section lays down the requirements and procedure for the drawing up of group resolution plans when the resolution authority does not act as the group level resolution authority.

(2) (a) In case where the Union parent undertaking is established in the Republic, it shall submit to the group-level resolution authority the information that may be required by that authority, at group level, in accordance with Article 11 of Directive 2014/59/EU.

(b) The information submitted pursuant to paragraph (a) shall concern the Union parent undertaking and, to the extent required, each of the group entities, including the entities referred to in section 3(1)(c) and (d) and the financial holding companies, mixed financial holding companies, mixed-activity holding companies, parent financial holding companies and parent mixed financial holding companies in member states.

(3) The resolution authority shall draw up and maintain group resolution plans, acting jointly with the group-level resolution authority and the member-state resolution authorities of group entities, in resolution colleges and after consulting the relevant member-state competent authorities, including the member-state competent authorities in member states in which any significant branches are located.

(4) The group resolution plans shall be reviewed, and where appropriate updated, at least annually, and after any change to the legal or organisational structure, to the business or to the financial position of the group including any group entity, that could have a material impact on or require a change to the plan.

(5) (a) The adoption of the group resolution plan shall take the form of a joint decision of the resolution authority, in case where it is the resolution authority of a subsidiary, the group-level resolution authority and the member-state resolution authorities of other subsidiaries:

It is provided that, where the resolution authority participates in the resolution college in its capacity as resolution authority of the parent undertaking or of a significant branch of a member-state institution, it shall not participate in the approval of the resolution plan pursuant to this subsection.

(b) The joint decision shall be taken within four (4) months from the date of receipt by the resolution authority of the information transmitted by the Union parent undertaking to the group-level resolution authority pursuant to Article 11 of Directive 2014/59/EU.

(c) The resolution authority may request the EBA to assist in reaching a joint decision in accordance with Article 31, point (c), of Regulation (EU) No 1093/2010.

(6)(a) In the absence of a joint decision within four (4) months as provided for in subsection (5), the decision of the group-level resolution authority on the group resolution plan shall apply.

(b) At the end of the four-month period, the resolution authority may refer the matter to EBA for binding mediation in accordance with Article 19 of Regulation (EU) No 1093/2010; the resolution authority may also refer the matter to EBA in accordance with the provisions of this paragraph where it participates in the resolution college as the resolution authority of a Union parent undertaking or significant branch of a member-state institution; in the absence of an EBA decision within one month, the decision by the group-level resolution authority shall apply:

It is provided that the matter shall not be referred to EBA after expiry of the four-month period or once a joint decision has been taken.

(7) (a) In the absence of a joint decision within four (4) months, the resolution authority, when acting as resolution authority of a subsidiary, shall make its own decision and shall draw up and maintain a separate resolution plan for the entities under its jurisdiction.

(b) The decision by the resolution authority pursuant to paragraph (a) shall be fully reasoned, shall state the reasons of disagreement with the proposed group resolution plan and shall take into account the views and reservations of the member-state competent authorities and resolution authorities of group entities.

(c) The resolution authority shall communicate its decision taken pursuant to paragraph (a) to the other members of the resolution college.

(d) Without prejudice to subsection (10) of this section, if, at the end of the four-month period, a member-state resolution authority has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No 1093/2010, the resolution authority shall defer its decision and awaits any decision that EBA may take in accordance with Article 19, paragraph 3, of that Regulation, and shall take its decision in accordance with the decision of EBA.

In the absence of an EBA decision within one month, the decision of the resolution authority shall apply.

(8) In case a joint decision is not reached within four (4) months and the resolution authority, acting as resolution authority of a subsidiary, does not disagree under subsection (7), a joint decision may be taken with the member-state resolution authorities that do not disagree on the group resolution plan covering entities under their jurisdiction.

(9) The resolution authority shall recognise as conclusive and shall apply the joint decisions referred to in subsections (5) and (8) and the joint or individual decisions taken by resolution authorities in case of disagreement under subsections (6) and (7).

(10) In case a joint decision is not reached and a member-state resolution authority, due to disagreement either with the group resolution plan proposed by the group-level resolution authority or with a resolution plan for a subsidiary in the Republic drawn up by the resolution authority or with a resolution plan for a subsidiary in another member state drawn up by the member-state resolution authority of that subsidiary, requests EBA to assist in reaching an agreement in accordance with Article 19, paragraph 3 of Regulation (EU) No 1093/2010 and the resolution authority considers that the subject matter under disagreement may impinge on the fiscal responsibilities of the Republic, it shall inform EBA accordingly.

resolution plans of institution in a member state with a significant branch in the Republic.

Transmission of resolution plans to the competent authorities.

17.(1) The resolution authority shall transmit the resolution plans and any changes thereto to the competent authorities.

(2) The group-level resolution authority shall transmit group resolution plans and any changes thereto to the relevant member-state competent authorities.

## CHAPTER II – RESOLVABILITY OF INSTITUTIONS

Assessment of resolvability for institutions.

18.(1) (a) The resolution authority, after consulting the competent authority and the member-state resolution authorities in member states in which significant branches are located insofar as is relevant to the significant branch, shall assess the extent to which an institution which is not part of a group is resolvable without the assumption of any of the following:

(i) any extraordinary public financial support besides the use of the Resolution Fund;

(ii) any emergency liquidity assistance provided by the Central Bank or a central bank of a member state;

(iii) any liquidity assistance provided by the Central Bank or a central bank of a member state under non-standard collateralisation, tenor and interest rate terms.

(b) An institution shall be deemed to be resolvable if it is feasible and credible for the resolution authority to either liquidate it under normal insolvency proceedings or to resolve it by applying the different resolution measures and powers to the institution, while avoiding to the maximum extent possible any significant adverse effect on the financial system of the Republic, including in circumstances of broader financial instability or system-wide events, or of other member states or the Union and with a view to ensuring the continuity of critical functions carried out by the institution.

(c) The resolution authority shall notify EBA in a timely manner whenever an institution is deemed not to be resolvable.

(2) For the purposes of the assessment of resolvability referred to in subsection (1), the resolution authority shall, as a minimum, examine:

(a) The extent to which the institution is able to map core business lines and critical operations to legal persons;

(b) the extent to which legal and corporate structures are aligned with core business lines and critical operations;

(c) the extent to which there are arrangements in place to provide for essential staff, infrastructure, funding, liquidity and capital to support and maintain the core business lines and the critical operations;

(d) the existence and robustness of service level agreements;

(e) the extent to which the service agreements that the institution maintains are fully enforceable in the event of resolution of the institution;

(f) the extent to which the governance structure of the institution is adequate for managing and ensuring compliance with the institution's internal policies with respect to its service level agreements;

(g) the extent to which the institution has a process for transitioning the services provided under service level agreements to third parties in the event of the separation of critical functions or of core business lines;

- (h) the extent to which there are contingency plans and measures in place to ensure continuity in access to payment and settlement systems;
- (i) the adequacy of the management information systems in ensuring that the resolution authorities are able to gather accurate and complete information regarding the core business lines and critical operations so as to facilitate rapid decision making;
- (j) the capacity of the management information systems to provide the information essential for the effective resolution of the institution at all times, even under rapidly changing conditions;
- (k) the extent to which the institution has tested its management information systems under stress scenarios as defined by the resolution authority;
- (l) the extent to which the institution can ensure the continuity of its management information systems both for the affected institution and the new institution in the case that the critical operations and core business lines are separated from the rest of the operations and business lines;
- (m) the extent to which the institution has established adequate processes to ensure that it provides the resolution authorities with the information necessary to identify depositors and the amounts covered by the deposit guarantee schemes;
- (n) the feasibility of using resolution measures in a way that meets the resolution objectives, given the resolution measures available and the institution's structure;
- (o) the credibility of using resolution measures in a way that meets the resolution objectives, given possible impacts on creditors, counterparties, customers and employees;
- (p) the extent to which the impact of the institution's resolution on the financial system and on financial market confidence can be adequately evaluated;
- (q) the extent to which the resolution of the institution could have a significant direct or indirect adverse effect on the financial system, market confidence or the economy;
- (r) the extent to which contagion to other institutions or to the financial markets could be contained through the application of the resolution measures and powers;
- (s) the extent to which the resolution of the institution could have a significant effect on the operation of payment and settlement systems.

(3) The resolvability assessment under this section shall be made by the resolution authority at the same time as and for the purposes of, the drawing up and updating of the resolution plan in accordance with section 10.

(4) The resolution authority may examine the recovery plan for the institution provided by the competent authority, with a view to identifying any actions in the recovery plan which may adversely impact the resolvability of the institution and make recommendations to the competent authority with regard to those matters.

Assessment of resolvability for groups.

19.(1) (a) The resolution authority, acting either as group-level resolution authority jointly with the member-state resolution authorities of subsidiaries or as resolution authority of a subsidiary jointly with the group-level resolution authority and the member-state resolution authorities of group entities, after consulting the consolidating supervisor and the member-state competent authorities of subsidiaries, and the member-state resolution authorities in the member states in which significant branches are located insofar as is relevant to the significant branch, shall assess the extent to which groups are resolvable without the assumption of any of the following:

- (i) Any extraordinary public financial support besides the use of the Resolution Fund and the relevant resolution financing arrangements of member states established in accordance with section 104;

(ii) any emergency liquidity assistance provided by the Central Bank or a central bank of a member state;

(iii) any liquidity assistance provided by the Central Bank or a central bank of a member state under non-standard collateralisation, tenor and interest rate terms.

(b) A group shall be deemed to be resolvable if it is feasible and credible for the resolution authorities to either wind up group entities under normal insolvency proceedings or to resolve group entities by applying resolution measures and powers to group entities while avoiding to the maximum extent possible any significant adverse effect on the financial system, including in circumstances of broader financial instability or system-wide events, of the member states in which group entities are established, or other member states or the Union and with a view to ensuring the continuity of critical functions carried out by the group entities, where they can be easily separated in a timely manner or by other means.

(c) The resolution authority, when acting as group-level resolution authority, shall notify EBA in a timely manner whenever a group is deemed not to be resolvable.

(d) The assessment of group resolvability shall be taken into consideration by the resolution colleges referred to in section 90 or 91, as applicable.

(2)(a) For the purposes of the assessment of group resolvability, the resolution authority shall, as a minimum, examine:

(i) The matters specified in section 18(2);

(ii) where the group uses intra-group guarantees, the extent to which those guarantees are provided at market conditions and the risk management systems concerning those guarantees are robust;

(iii) where the group engages in back-to-back transactions, the extent to which those transactions are performed at market conditions and the risk management systems concerning those transactions practices are robust;

(iv) the extent to which the use of intra-group guarantees or back-to-back booking transactions increases contagion across the group;

(v) the extent to which the legal structure of the group inhibits the application of the resolution measures as a result of the number of legal persons, the complexity of the group structure or the difficulty in aligning business lines to group entities;

(vi) the amount and type of eligible liabilities of the group;

(vii) where the assessment involves a mixed-activity holding company, the extent to which the resolution of group entities that are institutions or financial institutions could have a negative impact on the non-financial part of the group;

(viii) whether relevant third-country authorities have the powers to take the administrative measures necessary to support resolution actions by the resolution authority and the member-state resolution authorities, and the scope for coordinated action between Union and third-country authorities;

(ix) the extent to which the group structure allows the resolution authority to resolve the whole group or one or more of its group entities without causing a significant direct or indirect adverse effect on the financial system, market confidence or the economy and with a view to maximising the value of the group as a whole;

(x) the arrangements and means through which resolution could be facilitated in the cases of groups that have subsidiaries established in different jurisdictions;

(xi) the credibility of using resolution measures in a way that meets the resolution objectives, given possible impacts on creditors, counterparties, customers and employees and possible actions that third-country authorities may take.

(b) When assessing the resolvability of a group in accordance with paragraph (a), the reference to an institution in section 18(2) shall be construed as including any institution or entity referred to in section (3)(1)(c) or (d) within the group.

(3) (a) The assessment of group resolvability under this section shall be made at the same time as, and for the purposes of drawing up and updating of the group resolution plans in accordance with sections 14 and 15.

(b) The assessment shall be made under the decision-making procedure laid down in sections 14 or 15, as applicable.

Powers to address or remove impediments to resolvability.

20.-(1) When, pursuant to an assessment of resolvability for an institution carried out in accordance with sections 18 and 19, the resolution authority, after consulting the competent authority, determines that there are substantive impediments to the resolvability of that institution, the resolution authority shall notify in writing that determination to the institution concerned, to the competent authority and to the member-state resolution authorities in the member states in which significant branches are located.

(2) The requirement for the resolution authority to draw up resolution plans in accordance with section 10(1) and to reach a joint decision with the relevant member-state resolution authorities on group resolution plans under sections 14(4) or 15(4), as applicable, shall be suspended following the notification referred to in subsection (1) of this section until the measures to remove the substantive impediments to resolvability have been accepted by the resolution authority pursuant to subsection (3) of this section or decided pursuant to subsection (4) of this section.

(3)(a) Within four (4) months of the date of receipt of a notification made in accordance with subsection (1), the institution shall propose to the resolution authority possible measures to address or remove the substantive impediments identified in the notification.

(b) The resolution authority, after consulting the competent authority, shall assess whether those measures effectively address or remove the substantive impediments in question.

(4)(a) Where the resolution authority assesses that the measures proposed by an institution in accordance with paragraph (b) of subsection (3) do not effectively reduce or remove the impediments in question, it shall, either directly or indirectly through the competent authority, require the institution to take alternative measures that may achieve that objective, and notify those measures in writing to the institution, which shall, within one month, propose a plan to comply with them.

(b) In identifying alternative measures, the resolution authority shall demonstrate how the measures proposed by the institution would not be able to remove the impediments to resolvability and how the alternative measures proposed are proportionate in removing them. The resolution authority shall take into account the threat to financial stability of those impediments to resolvability and the effect of the measures on the business of the institution, its stability and its ability to contribute to the economy.

(5) For the purposes of subsection (4), the resolution authority shall have the power to take any of the following measures:

(a) Require the institution to revise any intragroup financing agreements or review the absence thereof, or draw up service agreements, whether intra-group or with third parties, to cover the provision of critical functions;

(b) require the institution to limit its maximum individual and aggregate exposures;

(c) impose specific or regular additional information requirements relevant for resolution purposes;

- (d) require the institution to divest specific assets;
  - (e) require the institution to limit or cease specific existing or proposed activities;
  - (f) restrict or prevent the development of new or existing business lines or sale of new or existing products;
  - (g) require changes to legal or operational structures of the institution or any group entity, either directly or indirectly under its control, so as to reduce complexity in order to ensure that critical functions may be legally and operationally separated from other functions through the application of the resolution measures;
  - (h) require an institution or a parent undertaking to set up a parent financial holding company in the Republic or a parent financial holding company in a member state or a Union parent financial holding company;
  - (i) require an institution or relevant person to issue eligible liabilities to meet the requirements of Part IV;
  - (j) require an institution or relevant person to take other steps to meet the minimum requirement for own funds and eligible liabilities under Part IV, including in particular to attempt to renegotiate any eligible liability, additional Tier 1 instrument or Tier 2 instrument it has issued, with a view to ensuring that any decision of the resolution authority to write down or convert that liability or instrument would be effected under the law of the jurisdiction governing that liability or instrument;
  - (k) where an institution is the subsidiary of a mixed-activity holding company, require that the mixed-activity holding company set up a separate financial holding company to control the institution, if necessary in order to facilitate the resolution of the institution and to avoid the application of the resolution measures and powers referred to in Part VI having an adverse effect on the non-financial part of the group.
- (6) A decision made pursuant to subsection (1) or (4):
- (a) Shall be supported by reasons for the assessment or determination in question; and
  - b) shall indicate how that assessment or determination complies with the requirement for proportionate application laid down in subsection (4); and
  - (c) may be challenged before the Administrative Court under Section 146 of the Constitution.
- (7) The resolution authority, before identifying any measure referred to in subsection (4), after consulting the competent authority and, if appropriate, the national macroprudential authority, shall duly consider the potential effect of those measures on the particular institution, on the internal market for financial services and on the financial stability in other member states and the Union as a whole.

Address or remove impediments to resolvability of the group, when the resolution authority acts as the group level resolution authority.

21.-(1) This section provides for the powers of the resolution authority and the procedure to address or remove impediments to group resolvability where the resolution authority acts as group level resolution authority.

(2) The resolution authority jointly with the member-state resolution authorities of subsidiaries, after consulting the supervisory college and the member-state resolution authorities in the member states in which significant branches are located insofar as is relevant to the significant branch, shall consider the assessment required by section 19 within the resolution college and shall take all reasonable action to reach a joint decision with the those member-state resolution authorities on the application of measures

identified in accordance with section 20(4) in relation to all institutions that are part of the group.

(3)(a) The resolution authority, in cooperation with the consolidating supervisor and EBA in accordance with Article 25, paragraph (1) of Regulation (EU) No 1093/2010, shall prepare and submit a report to the Union parent undertaking, to the member-state resolution authorities of subsidiaries and to the member-state resolution authorities in the member states in which significant branches are located.

(b) The report shall be prepared after consulting the competent authorities and the relevant member-state competent authorities, and shall analyse the substantive impediments to the effective application of the resolution measures and the exercising of the resolution powers in relation to the group.

(c) The report shall consider the impact on the institution's business model and recommend any proportionate and targeted measures that, in the resolution authority's view, are necessary or appropriate in order to remove those impediments.

(4) Within four (4) months of the date of receipt of the report, the Union parent undertaking may submit observations and propose to the resolution authority alternative measures to address the impediments identified in the report.

(5)(a) The resolution authority shall communicate any measure proposed by the Union parent undertaking to the consolidating supervisor, EBA, the member-state resolution authorities of the subsidiaries and the member-state resolution authorities in the member states in which significant branches are located insofar as is relevant to the significant branch.

(b) The resolution authority, after consulting the member-state resolution authorities in which significant branches are located, shall do everything within its power to reach a joint decision with the member-state resolution authorities of subsidiaries within the resolution college framework, regarding the identification of the material impediments, and if necessary, the assessment of the measures proposed by the Union parent undertaking and the measures required by the authority in order to address or remove the impediments, which shall take into account the potential impact of the measures in all the member states in which the group operates.

(6)(a) The joint decision shall be reached within four (4) months of submission of any observations by the Union parent undertaking or at the expiry of the four-month period referred to in subsection (4), whichever is earlier.

(b) The joint decision shall be reasoned and set out in a document which shall be provided by the resolution authority, acting as group-level resolution authority, to the Union parent undertaking.

(c) The resolution authority may request EBA to assist in reaching a joint decision in accordance with Article 31, point c) of Regulation (EU) No 1093/2010.

(7)(a) In the absence of a joint decision within the period referred to in subsection (6), the resolution authority, acting as group-level resolution authority, shall make its own decision on the appropriate measures to be taken in accordance with section 20(4) at the group level.

(b) The decision shall be fully reasoned and shall take into account the views and reservations of other resolution authorities. The decision shall be provided to the Union parent undertaking by the resolution authority.

(c) If, at the end of the four-month period, any member-state resolution authority has referred a matter mentioned in subsection (9), to EBA, in accordance with Article 19 of Regulation (EU) No 1093/2010, the resolution authority, acting as group-level resolution authority, shall defer its decision and await any decision that EBA may take in accordance with Article 19, paragraph 3 of that Regulation, and shall take its decision in accordance with the decision of EBA.

In the absence of an EBA decision within one month, the decision of the group-level resolution authority shall apply.

(8) In the absence of a joint decision within the period referred to in subsection (6), the resolution authority shall ask the member-state resolution authorities of subsidiaries to provide it with their decisions on the measures to be taken by entities under their jurisdiction at individual level.

(9) The joint decision referred to in subsection (6) and the decisions taken by the member-state resolution authorities in the absence of a joint decision in accordance with subsection (7) shall be recognised as conclusive and applied by the resolution authority.

(10) In the absence of a joint decision on the taking of any measures referred to in section 20(5)(g), (h) or (k) of this Law, EBA may, upon the request of the resolution authority, assist the resolution college in reaching an agreement in accordance with Article 19, paragraph 3 of Regulation (EU) No 1093/2010.

Address or  
remove  
impediments to  
the resolvability  
of a group, when  
the resolution  
authority does  
not act as the  
group level  
resolution  
authority.

22.-(1) This section provides for the powers of the resolution authority and the procedure for addressing or removing impediments to the resolvability of a group when the resolution authority does not act as a group-level resolution authority.

(2) The resolution authority, when acting as resolution authority of a subsidiary jointly with the group-level resolution authority and the member-state resolution authorities of subsidiaries in those member states, after consulting the supervisory college and the member-state resolution authorities in the member states in which significant branches are located insofar as is relevant to the significant branch, shall consider the assessment required pursuant to section 19 within the resolution college framework and shall take all reasonable actions to reach a joint decision with the resolution authorities of those member states on the application of measures identified in accordance with section 20(4) in relation to all institutions that are part of the group.

(3) The resolution authority shall submit the report received from the group-level resolution authority to the subsidiaries of the group in the Republic.

That report is prepared by the group-level resolution authority and submitted to the Union parent undertaking in accordance with Article 18, paragraph 2 of Directive 2014/59/EU for the purpose of analysing substantive impediments to the effective application of the resolution measures and the exercise of resolution powers in respect of the group, considering the impact on the institution's business model and recommendations of proportionate and targeted measures which, in the group-level resolution authority's view, are necessary or appropriate in order to remove those impediments.

(4) If the Union parent undertaking is established in the Republic, that undertaking may, within four (4) months of the date of receipt of the report, submit observations and propose to the group-level resolution authority alternative measures to remedy the impediments identified in the report.

(5) The resolution authority, when acting as resolution authority of a subsidiary, after consulting the member-state resolution authorities in which significant branches are located, shall do everything within its power to reach a joint decision with the group-level resolution authority and the member-state resolution authorities of group subsidiaries in those member states, within the resolution college, regarding the identification of the substantive impediments, and if necessary, the assessment of the measures proposed by the Union parent undertaking and the measures required by the authority in order to address or remove the impediments, which shall take into account the potential impact of the measures in the Republic and in all the member states in which the group operates.

(6)(a) The joint decision shall be reached within four (4) months of submission of any observations by the Union parent undertaking to the group-level resolution authority or at the expiry of the four-month period of subsection (4), whichever is earlier.

(b) The joint decision shall be reasoned and set out in a document which is transmitted to the Union parent undertaking.

(c) The resolution authority may request EBA to assist in reaching a joint decision in accordance with Article 31, point c) of Regulation (EU) No 1093/2010.

(7)(a) In the absence of a joint decision within the period referred to in paragraph (6), the group-level resolution authority on the measures to be taken at group level to limit or remove the impediments to group resolution shall apply.

(b) In the absence of a joint decision in relation to taking any measures referred to in section 20(5)(g), (h) or (k) of this Law, the resolution authority may refer the matter to EBA, at the end of the four-month period, in accordance with Article 19 of Regulation (EU) No 1093/2010. The resolution authority may also refer a matter under the provisions of this paragraph when acting as the resolution authority of a significant branch or Union parent undertaking. In the absence of an EBA decision within one month, the decision of the group-level resolution authority shall apply:

It is provided that, the matter shall not be referred to EBA after expiry of the four-month period or once a joint decision has been taken,

(8)(a) If a joint decision is not taken within the period referred to in subsection (6), the resolution authority, when acting as resolution authority of a subsidiary, shall take its own decisions on the appropriate measures to be taken by subsidiaries established in the Republic in accordance with section 20(4) at individual level.

(b) The decision taken in accordance with paragraph (a) shall be fully reasoned and shall take into account the views and reservations of the group-level resolution authority and the member-state resolution authorities of group entities, and the resolution authority shall communicate the decision to the relevant subsidiary and the group-level resolution authority.

(c) If, at the end of the four-month period, a member-state resolution authority has referred a request to EBA for assistance in the taking of measures referred to in section 20(5)(g), (h) or (k) of this Law, in accordance with Article 19 of Regulation (EU) No 1093/2010, the resolution authority shall defer its decision and await any decision that EBA may take in accordance with Article 19, paragraph 3 of that Regulation, and shall take its decision in accordance with the decision of EBA. In the absence of an EBA decision within one month, the decision of the resolution authority shall apply.

(9) The joint decision referred to in subsection (6) and the decisions taken by the member-state resolution authorities in the absence of a joint decision in accordance with subsection (7) shall be recognised as conclusive and applied by the resolution authority.

### CHAPTER III – PROVISIONS FOR INSTITUTIONS SUBJECT TO EARLY INTERVENTION MEASURES

Access of resolution authority to information.

23. The resolution authority shall have access to all the necessary information collected by the competent authority from on-site inspection for the purposes of updating the resolution plan in order to prepare for the possible resolution of the institution and for valuation of the assets and liabilities of the institution in accordance with section 47.

Power of the resolution authority to require action from an institution subject to early intervention measures.

24. The resolution authority may require from an institution subject to early intervention measures to contact potential purchasers in order to prepare for the resolution of the institution, subject to the conditions laid down in section 49(2) and the confidentiality provisions as laid down in section 85.

PART IV  
MINIMUM REQUIREMENTS FOR OWN FUNDS  
AND ELIGIBLE LIABILITIES

Minimum  
requirement  
application.

25.-(1)(a) Institutions must meet, at all times, the minimum requirement for own funds and eligible liabilities determined by the resolution authority pursuant to this Part.

(b) The minimum requirement shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution.

(c) For the purpose of this subsection, derivative liabilities shall be included in the total liabilities on the basis that full recognition is given to counterparty netting rights.

(2)(a) Eligible liabilities shall be included in the amount of own funds and eligible liabilities referred to in subsection (1), only if they satisfy the following conditions:

(i) The instrument is issued and fully paid up;

(ii) the liability is not owed to, secured by or guaranteed by the institution itself;

(iii) the purchase of the instrument was not funded directly or indirectly by the institution;

(iv) the liability has a remaining maturity of at least one year;

(v) the liability does not arise from a derivative;

(vi) the liability does not arise from a deposit which benefits from preference pursuant to the provisions of section 33O of the Business of Credit Institutions Law.

(b) For the purpose of subparagraph (iv) of paragraph (a), where a liability confers upon its owner a right to early reimbursement, the maturity of that liability shall be the first date where such a right arises.

(3)(a) Where a liability is governed by the law of a third-country, the resolution authority may require the institution to demonstrate that any decision of a resolution authority to write down or convert that liability would be effective under the law of that third country, having regard to the terms of the contract governing the liability, international agreements on the recognition of resolution proceedings and other relevant matters.

(b) If the resolution authority is not satisfied that any decision would be effective under the law of that third country, the liability shall not be counted towards the minimum requirement for own funds and eligible liabilities.

(4) The minimum requirement for own funds and eligible liabilities of each institution pursuant to subsection (1) shall be determined by the resolution authority, after consulting the competent authority, at least on the basis of the following criteria:

(a) The need to ensure that the institution can be resolved by the application of the resolution measures including, where appropriate, the bail-in measure, in a way that meets the resolution objectives;

(b) the need to ensure, in appropriate cases, that the institution has sufficient eligible liabilities to ensure that, if the bail-in measure were to be applied, losses could be absorbed and the Common Equity Tier 1 ratio of the institution could be restored to a level necessary to enable it to continue to comply with the conditions for authorisation and to continue to carry out the activities for which it is authorised and to sustain sufficient market confidence in the institution or entity;

(c) the need to ensure that, if the resolution plan anticipates that certain classes of eligible liabilities might be excluded from bail-in under section 54(6) or that certain classes of eligible liabilities might be transferred to a recipient in full under a partial transfer, the institution has sufficient other eligible liabilities to ensure that losses could be absorbed and the Common Equity Tier 1 ratio of the institution could be restored to a level necessary

to enable it to continue to comply with the conditions for authorisation and to continue to carry out the activities for which it is authorised;

(d) the size, the business model, the funding model and the risk profile of the institution;

(e) the extent to which the deposit guarantee scheme could contribute to the financing of resolution in accordance with section 105;

(f) the extent to which the failure of the institution might have adverse effects on financial stability, including, due to its interconnectedness with other institutions or with the rest of the financial system, through contagion to other institutions.

(5)(a) Institutions shall comply with the minimum requirements laid down in this section on an individual basis.

(b) The resolution authority may, after consulting the competent authority, decide to apply the minimum requirement laid down in this section to a relevant person.

(6) Without prejudice to subsection (5), Union parent undertakings established in the Republic shall comply with the minimum requirements laid down in this section on a consolidated basis.

(7) The resolution authority, acting as the group-level resolution authority, may fully waive the application of subsection (5) to a Union parent institution where:

(a) The Union parent institution complies on a consolidated basis with the minimum requirement set under subsection (6); and

(b) the competent authority of the Union parent institution has fully waived the application of individual capital requirements to the institution in accordance with Article 7, paragraph 3, of Regulation (EU) No 575/2013.

(8) The resolution authority, acting as resolution authority of a subsidiary, may fully waive the application of subsection (5) to a subsidiary established in the Republic where:

(a) Both the subsidiary and its parent undertaking are subject to authorisation in the Republic; and

(b) the subsidiary is included in the supervision on a consolidated basis of the institution which is the parent undertaking; and

(c) the highest-level group institution in the Republic, where different to the Union parent institution, complies on a consolidated basis with the minimum requirement set under subsection (5); and

(d) there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the subsidiary by its parent undertaking; and

(e) either the parent undertaking satisfies the competent authority regarding the prudent management of the subsidiary and has declared, with the consent of the competent authority, that it guarantees the commitments entered into by the subsidiary, or the risks in the subsidiary are of no significance; and

(f) the risk evaluation, measurement and control procedures of the parent undertaking cover the subsidiary; and

(g) the parent undertaking holds more than fifty percent (50 %) of the voting rights attached to shares in the capital of the subsidiary or has the right to appoint or remove a majority of the members of the management body of the subsidiary; and

(h) the competent authority has fully waived the application of individual capital requirements to the subsidiary under Article 7, paragraph 1, of Regulation (EU) No 575/2013.

Application of the minimum requirement of a group on a consolidated basis and of the subsidiaries on an individual basis, when the resolution authority acts as a group-level resolution authority.

26.-(1) This section provides for the powers of the resolution authority and the procedure for determining and applying the minimum requirement on a consolidated basis, where the resolution authority acts as group-level resolution authority.

(2) The resolution authority shall determine the minimum requirement for own funds and eligible liabilities on a consolidated basis of a Union parent undertaking, after consulting the consolidating supervisor in accordance with subsections (3) to (5), at least on the basis of the criteria laid down in section 25(4), and considering of whether the third-country subsidiaries of the group are to be resolved separately according to the resolution plan.

(3)(a) The resolution authority shall do everything within its power to reach a joint decision with the member-state resolution authorities of subsidiaries on the level of the minimum requirement applied at consolidated level.

(b) The joint decision shall be fully reasoned and shall be provided to the Union parent undertaking by the resolution authority.

(4)(a) In the absence of a joint decision within four (4) months, the resolution authority shall take its own decision on the consolidated minimum requirement after duly taking into consideration the assessment of subsidiaries performed by the relevant member-state resolution authorities.

(b) If, at the end of the four-month period, any of the relevant member-state resolution authorities concerned has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No 1093/2010, the resolution authority shall defer its decision and await any decision that EBA may take in accordance with Article 19 paragraph (3) of that Regulation, and shall take its decision in accordance with the decision of EBA. In the absence of a decision by EBA within one month, the decision of the resolution authority shall apply.

(5) The joint decision taken pursuant to subsection (3) and any decision taken in the absence of a joint decision pursuant to subsection (4) shall be reviewed and where relevant updated on a regular basis.

(6)(a) The resolution authority and the relevant member-state resolution authorities, shall jointly determine the minimum requirements to be applied to group subsidiaries on an individual basis.

(b) Those minimum requirements shall be set at a level appropriate for each subsidiary, having regard to:

(i) The criteria listed in section 25(4), in particular the size, business model and risk profile of the subsidiary, including its own funds; and

(ii) the consolidated requirement that has been set for the group under subsection (3) or (4).

(c) The resolution authority shall do everything within its power to reach a joint decision with the member-state resolution authorities responsible for subsidiaries on an individual basis on the level of the minimum requirement to be applied to each respective subsidiary at an individual level.

(d) The joint decision shall be fully reasoned and shall be provided to the Union parent institution by the resolution authority.

(e) In the absence of a joint decision within a period of four (4) months, the resolution authority shall recognise the decisions taken by the respective member-state resolution authorities of the subsidiaries.

(f) Without prejudice to paragraph (g), the resolution authority acting as group-level resolution authority may refer the matter to EBA for binding mediation at the end of the four-month period in accordance with Article 19 of Regulation (EU) No. 1093/2010. In the absence of an EBA decision within one month, the decisions of the member-state resolution authorities of the subsidiaries shall apply,

It is provided that, the matter shall not be referred to EBA after expiry of the four-month period or once a joint decision has been taken.

(g) The group-level resolution authority shall not refer the matter to EBA for binding mediation where the level set by the member-state resolution authority for the subsidiary is within one percentage point of the consolidated level set under subsection (3) or (4).

(h) The joint decisions and any decisions taken by the member-state resolution authorities of the subsidiaries in the absence of a joint decision shall be binding on the resolution authority.

(i) The joint decision and any decisions taken in the absence of a joint decision shall be reviewed and where relevant, updated on a regular basis.

Application of the minimum requirement on a consolidated basis and of its subsidiaries on an individual basis, where the resolution authority acts as resolution authority of a group entity.

27.-(1) This section provides for the powers of the resolution authority and the procedure for determining and applying the minimum requirement on a consolidated basis where the resolution authority acts as resolution authority of a group entity.

(2)(a) The resolution authority acting as resolution authority of a subsidiary shall do everything within its power to reach a joint decision with the group-level resolution authority and the member-state resolution authorities in the member states in which group subsidiaries are established on the level of the minimum requirement applied at consolidated level:

It is provided that, the resolution authority in its capacity as resolution authority of a branch of a group institution in a member state or Union parent undertaking shall attend meetings of the resolution college for the purposes of this paragraph, but shall not participate in the taking of a joint decision.

(b) The joint decision shall be fully reasoned and shall be provided to the Union parent undertaking.

(c) In the absence of a joint decision within four (4) months, the decision taken by the group-level resolution authority on the consolidated minimum requirement, after due consideration of the assessment by the resolution authority of the subsidiaries in the Republic, shall apply.

(d) At the end of the four-month period, the resolution authority may refer the matter to EBA for binding mediation in accordance with Article 19 of Regulation (EU) No 1093/2010; the resolution authority may also refer the matter to EBA in accordance with the provisions of this paragraph where it acts as the resolution authority of a significant branch of a group

institution in a member state or of the Union parent undertaking; in the absence of an EBA decision within one month, the decision by the group-level resolution authority shall apply:

It is provided that, the matter shall not be referred to EBA after expiry of the four-month period or once a joint decision has been taken.

(e) The joint decision and the decision taken by the group-level resolution authority in the absence of a joint decision shall be binding on the resolution authority.

(3)(a) Without prejudice to section 25(8), the resolution authority, when acting as the resolution authority of a subsidiary, and the group-level resolution authority and the member-state resolution authorities in the member states in which group subsidiaries are established shall jointly determine the minimum requirements to be applied to group subsidiaries on an individual basis.

(b) Those minimum requirements shall be set at a level appropriate for each subsidiary, having regard to:

(i) The criteria listed in section 25(4), in particular the size, business model and risk profile of the subsidiary, including its own funds; and

(ii) the consolidated requirement that has been set for the group under subsection (2).

(c) The resolution authority shall do everything within its power to reach a joint decision with the group-level resolution authority and the member-state resolution authorities responsible for subsidiaries on an individual basis on the level of the minimum requirement to be applied to each respective subsidiary at an individual level.

(d) The joint decision shall be fully reasoned and shall be provided to subsidiaries established in the Republic by the resolution authority.

(e) In the absence of a joint decision within a period of four (4) months, the decision on group entities established in the Republic shall be taken by the resolution authority, taking account of the views and reservations of the group-level resolution authority.

(f) If, at the end of the four-month period, the group-level resolution authority has referred the matter to EBA for binding mediation in accordance with Article 19 of Regulation (EU) No 1093/2010, the resolution authority shall defer its decision and await any decision that EBA may take in accordance with Article 19 paragraph (3) of that Regulation, and shall take its decision in accordance with the decision of EBA. In the absence of an EBA decision within one month, the decision of the resolution authority shall apply.

(g) The joint decisions and any decision taken by the member-state resolution authorities of the subsidiaries in the absence of a joint decision shall be binding on the resolution authority.

(h) The joint decision and any decision taken in the absence of a joint decision shall be reviewed and where relevant updated on a regular basis.

Use of contractual bail-in instruments in the minimum requirement application.

28.-(1) The decisions taken in accordance with this Part may provide that the minimum requirement for own funds and eligible liabilities is partially met at individual level through utilisation of contractual bail-in instruments.

(2) To qualify as a contractual bail-in instrument under subsection (1), the resolution authority shall be satisfied that the instrument:

(a) Contains a contractual term providing that, where the resolution authority decides to apply the bail-in measure to an institution, the instrument shall be written down or converted to the extent required before other eligible liabilities are written down or converted; and

(b) is subject to a binding subordination agreement, undertaking or provision under which, in the event of normal insolvency proceedings, it ranks below other eligible liabilities and cannot be repaid until other eligible liabilities outstanding at the time have been settled.

Set and communication of decisions on the application of minimum requirement.

29.-(1) The resolution authority, in coordination with the competent authority, shall require and verify that its institutions meet the minimum requirement for own funds and eligible liabilities laid down in section 25(1) and where relevant the requirement laid down in section 28, and shall take any decision pursuant to this Part in parallel with the development and the maintenance of resolution plans.

(2) The resolution authority, in coordination with the competent authority, shall inform EBA of the minimum requirement for own funds and eligible liabilities, and where relevant the requirement laid down in section 28, that have been set for each institution under its jurisdiction.

#### PART V

##### WRITE DOWN OR CONVERSION OF CAPITAL INSTRUMENTS

Power to write down or convert capital instruments.

30.-(1) The resolution authority may issue a decree writing down or converting relevant capital instruments to shares or other instruments of ownership of an institution or relevant person.

(2) The power to write down or convert relevant capital instruments may be exercised:

(a) Either independently of resolution action;

(b) or in combination with a resolution action, where the conditions for resolution specified in sections 42 and 43 are met.

Requirements to write down or convert capital instruments.

31.-(1) The resolution authority shall exercise the power to write down or convert capital instruments in accordance with section 30, without delay, and with due regard for the urgency of the situation, in relation to relevant capital instruments issued by an institution or relevant person, when any of the following requirements are met:

(a) Where the determination has been made that conditions for resolution specified in sections 42 and 43 have been met, before any resolution action is taken;

(b) the competent authority determines that unless that power is exercised in relation to the relevant capital instruments, the institution or the relevant person will no longer be viable;

(c) in the case of capital instruments issued by a subsidiary and where those capital instruments are recognised for the purposes of meeting own funds requirements on an individual and on a consolidated basis, the competent authority and the member-state appropriate authority of the subsidiary or of the consolidating supervisor make a joint determination that, unless the write-down or conversion power is exercised in relation to those instruments, the group will no longer be viable;

(d) in the case of capital instruments issued by the parent undertaking established in the Republic and where those capital instruments are recognised for the purposes of meeting own funds requirements on an individual basis at the level of the parent undertaking or on a consolidated basis, and the competent authority makes a determination that, unless the write-down or conversion power is exercised in relation to those instruments, the group will no longer be viable;

(e) extraordinary public financial support is required by the institution or the relevant person except in any of the circumstances set out in section 32C(2)(d) of the Business of Credit Institutions Law or in section 22(3)(d)(iii) of the Recovery of CIFs and Other Entities under the Supervision of Cyprus Securities and Exchange Commission and Other Related Matters Law of 2016, as applicable.

(2) For the purposes of subsection (1), an institution or a relevant person or a group shall be deemed to be no longer viable only if both of the conditions in section 32C(2) of the Business of Credit Institutions Law or section 22(3) of the Recovery of CIFs and Other Entities under the Supervision of Cyprus Securities and Exchange Commission and Other Related Matters Law of 2016 are met, as applicable.

(3) A relevant capital instrument issued by a subsidiary shall not be written down to a greater extent or converted on worse terms pursuant to paragraph (1) of subsection (c) than equally ranked capital instruments at the level of the parent undertaking which have been written down or converted.

Valuation for the purpose of write down or conversion of capital instruments.

32.-(1) (a) Before exercising the power to write down or convert capital instruments, the resolution authority shall ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution or relevant person is carried out by a valuer independent from any public authority, including the resolution authority, and the institution or relevant person concerned.

(b) Without prejudice to subsection (10) of this section and section 86, where all the requirements laid down in this section are met, the valuation shall be considered to be definitive.

(c) Where the power to write down or convert capital instruments is exercised in combination with resolution action, the resolution authority shall ensure that a valuation is carried out meeting the requirements of this section and section 47.

(2) Where an independent valuation according to subsection (1) is not possible, the resolution authority may carry out a provisional valuation of the assets and liabilities of the institution or relevant person, in accordance with subsection (9).

(3) The objective of the valuation shall be to assess the value of the assets and liabilities of the institution or relevant person that meets the conditions for write-down or conversion of capital instruments in accordance with section 31.

(4) The purposes of the valuation shall be:

(a) To establish in a documented manner whether the conditions for the write-down or conversion of capital instruments are met; and

(b) to take a substantiated decision on the extent of the cancellation or dilution of shares or other instruments of ownership and the extent of the write-down or conversion of relevant capital instruments; and

(c) to ensure that any losses on the assets of the institution or relevant person are fully recognised at the moment the power to write down or convert relevant capital instruments is exercised.

(5)(a) The valuation must comply with the requirements of sections 47(5)(a) and (b) and (6) and (8).

(b) The valuation shall take account of the fact that the resolution authority may recover any reasonable expenses properly incurred from the exercise of the power to write down or convert capital instruments.

(6)(a) Where, due to the urgency in the circumstances of the case, it is not possible to comply with the requirements of section 47(6) and (8), or where subsection (2) of this section applies, a provisional valuation shall be carried out.

(b) The provisional valuation shall comply with the requirements of subsection (3) and in so far as reasonably practicable in the circumstances with the requirements of subsection (1) of this section and the requirements of section 47(6) and (8).

(c) The provisional valuation shall include a buffer for additional losses, with appropriate justification.

(7)(a) A valuation that does not comply with all the requirements laid down in this section shall be considered to be provisional, until an independent valuer has carried out a valuation that is fully compliant with all the requirements laid down in this section.

(b) The ex-post definitive valuation in accordance with paragraph (a) shall be carried out as soon as practicable. It may be carried out either separately from the valuation referred to in section 38, or simultaneously with and by the same independent valuer as that valuation, but shall be distinct from it.

(c) The purposes of the ex-post definitive valuation shall be:

(i) To ensure that any losses on the assets of the institution or relevant person are recognised in the books of accounts of the institution or relevant person concerned;

(ii) to take a substantiated decision to write back the claims of owners of the relevant capital instruments in accordance with subsection (8).

(8) In the event that the ex-post definitive valuation of the net asset value of the institution or relevant person pursuant to subsection (7) is higher than the provisional valuation of the net asset value of the institution or relevant person, the resolution authority may exercise its power to increase the value of the claims of owners of relevant capital instruments written down and/or reduce the value of the relevant capital instruments converted to shares or other instruments of ownership and/or increase the value of the shares or other instruments of ownership written down.

(9) Notwithstanding subsection (1), a provisional valuation conducted in accordance with subsections (6) and (7) shall be a valid basis for the resolution authority to exercise the write-down or conversion power of capital instruments.

(10) The valuation shall be an integral part of the decision to exercise the write-down or conversion power of capital instruments and shall be -subject to appeal before a district court, as well as in accordance with section 86 of this Law, as a preparatory act to the decision in question.

Treatment of shareholders in case of write down or conversion of capital instruments.

33.-(1) When exercising the power to write down or convert capital instruments, the resolution authority shall take the following actions in respect of shareholders:

(a) Where the power to write down or convert capital instruments is exercised independently of resolution action in respect of an institution or relevant person, it shall dilute existing shareholders percentage as a result of the conversion into shares or other instruments of ownership of relevant capital instruments issued by the institution or relevant person, as applicable;

(b) where the power to write down or convert capital instruments is exercised in combination with resolution action:

(i) it shall cancel existing shares or other instruments of ownership or transfer them to bailed-in creditors; or

(ii) provided that, in accordance with the valuation carried out under section 32, the institution under resolution has a positive net value, it shall dilute existing shareholders as a result of the conversion into shares or other instruments of ownership of relevant capital instruments and eligible liabilities issued by the institution under resolution pursuant to the power referred to in section 65(1)(b)(vi).

(2) For the purposes of paragraph (a) and subparagraph (ii) of paragraph (b) subsection (1), the conversion shall be conducted at a rate of conversion that severely dilutes existing holdings of shares or other instruments of ownership.

(3) The actions referred to in subsection (1) shall also be taken in respect of shareholders where the shares or other instruments of ownership in question were issued or conferred in the following circumstances:

(a) Following to conversion of debt instruments to shares or other instruments of ownership in accordance with contractual terms of the original debt instruments on the occurrence of an event that preceded or occurred at the same time as the assessment by the resolution authority that the institution or other person met the conditions for resolution;

(b) pursuant to the conversion of relevant capital instruments to Common Equity Tier 1 instruments pursuant to section 34.

(4) When considering which action to take in accordance with subsection (1), the resolution authority shall have regard to:

(a) The valuation carried out in accordance with section 32; and

(b) the amount by which the resolution authority has assessed that Common Equity Tier 1 items must be reduced and relevant capital instruments must be written down or converted pursuant to section 34(1); and

(c) where the power to write down and convert capital instruments is exercised in combination with the application of the bail-in measure pursuant to section 53, the aggregate amount assessed by the resolution authority pursuant to section 55.

Provisions governing the write down or conversion of capital instruments.

34.-(1) When complying with the requirements laid down in section 31, the resolution authority shall exercise the power to write down or convert capital instruments pursuant to section 30 in accordance with the priority of claims under normal insolvency proceedings, in a way that produces the following results:

(a) Common Equity Tier 1 items are reduced first in proportion to the losses and to the extent of their capacity and the resolution authority takes one or both of the actions specified in section 33(1) in respect of holders of Common Equity Tier 1 instruments;

(b) the principal amount of Additional Tier 1 instruments is written down or converted into Common Equity Tier 1 instruments or both, to the extent required in order for the institution or relevant person or group to remain viable or to achieve the objectives set out in section 41, as applicable, or to the extent of the capacity of the relevant capital instruments, whichever is lower;

(c) the principal amount of Tier 2 instruments is written down or converted into Common Equity Tier 1 instruments or both, to the extent required in order for the institution or relevant person or group to remain viable or to achieve the objectives set out in section 41, as applicable, or to the extent of the capacity of the relevant capital instruments, whichever is lower.

(2)(a) Where the principal amount of a relevant capital instrument is written down:

(i) The reduction of that principal amount shall be permanent, subject to paragraph (c);

(ii) no liability to the holder of the relevant capital instrument shall remain under or in connection with that amount of the instrument, which has been written down, except for any liability already accrued, and any liability for damages that may arise as a result of an appeal lodged with a district court challenging the legality of the exercise of the write-down power;

(iii) no compensation is paid to any holder of the relevant capital instruments other than in accordance with subsection (3).

(b) Subparagraph (iii) of paragraph (a) shall not prevent the provision of Common Equity Tier 1 instruments to a holder of relevant capital instruments in accordance with subsection (3).

(c) Where the level of write-down based on the provisional valuation according to section 32 exceeds the requirements assessed against the definitive valuation according to

subsection (10) of that section, a write-up mechanism may be applied to reimburse holders of relevant capital instruments and then shareholders to the extent necessary.

(3)(a) In order to effect a conversion of relevant capital instruments under paragraph (b) or (c) of subsection (1), the resolution authority may require institutions and relevant persons to issue Common Equity Tier 1 instruments to the holders of the relevant capital instruments.

(b) Relevant capital instruments may only be converted where the following conditions are met:

(i) Those Common Equity Tier 1 instruments are issued by the institution or relevant person or by a parent undertaking of the institution or relevant person, with the agreement of the resolution authority or, where relevant, of the member-state resolution authority of the parent undertaking;

(ii) those Common Equity Tier 1 instruments are issued prior to any issuance of shares or other instruments of ownership by that institution or relevant person for the purposes of provision of own funds by the State or a government body;

(iii) those Common Equity Tier 1 instruments are awarded and transferred without delay following the exercise of the conversion power;

(iv) the conversion rate that determines the number of Common Equity Tier 1 instruments that are provided in respect of each relevant capital instrument complies with the principles set out in section 35 and any guidelines developed by EBA pursuant to Article 50 paragraph (4) of Directive 2014/59/EU.

(4) For the purposes of the provision of Common Equity Tier 1 instruments in accordance with subsection (3), the resolution authority may require institutions and relevant persons to maintain at all times the necessary prior authorisation to issue the relevant number of Common Equity Tier 1 instruments

(5) Without prejudice to section 45(2), where an institution meets the conditions for resolution and the resolution authority decides to apply a resolution measure to that institution, the resolution authority shall comply with the requirement laid down in section 31(1) before applying the resolution measure.

Write down and conversion of capital instruments, rate of conversion to equity.

35.-(1) The resolution authority may apply a different conversion rate to different classes of capital instrument only where it exercises the power to write down and convert capital instruments independently of resolution action, in accordance with one or both of the principles referred to in subsections (2) and (3).

(2) The conversion rate shall represent appropriate compensation to the affected holder of a relevant capital instruments for any loss incurred by virtue of the exercise of the write-down and conversion powers.

(3) When different conversion rates are applied according to subsection (1), the conversion rate applicable to relevant capital instruments that are considered to be senior under applicable insolvency law shall be higher than the conversion rate applicable to subordinated instruments.

Results of the write down and conversion of capital instruments.

36.-(1) Where the resolution authority exercises the power to write down and convert capital instruments, the reduction of principal, conversion or cancellation of capital instruments takes effect and is immediately binding on the institution under resolution and affected shareholders.

(2) The resolution authority may complete or require the completion of all the administrative and procedural tasks necessary to give effect to the exercise of the power to write down and convert capital instruments, including:

(a) The amendment of all relevant registers; and

- (b) the delisting or removal from trading of relevant capital instruments; and
- (c) the listing or admission to trading of new shares or other instruments of ownership.

No worsening of the financial position of shareholders and holders of capital instruments.

37. Where the resolution authority exercises the power to write down and convert capital instruments, shareholders and holders of capital instruments shall not incur greater losses than they would have incurred if the institution or relevant person in respect of which the power to write down or convert capital instruments was exercised had been wound up under normal insolvency proceedings at the time when the decision to write down or convert the capital instruments was taken.

Assessment of the difference in the treatment of shareholders and holders of capital instruments.

38.-(1)(a) For the purposes of assessing whether shareholders and holders of capital instruments would have received better treatment if, instead of writing down and converting capital instruments, the institution or relevant person had been wound up under normal insolvency proceedings, including but not limited for the purpose of section 37, a valuation shall be carried out by an independent valuer as soon as possible after the resolution action or actions have been effected.

(b) That valuation shall be distinct from the valuation carried out under section 32.

(c) If the power to write down and convert capital instruments is exercised in combination with resolution action, the resolution authority shall ensure that a valuation is carried out which meets the requirements of this section and of section 76.

(2) The valuation in accordance with subsection (1) shall determine:

(a) The treatment that shareholders would have received if the institution with respect to which the power to write down and convert capital instruments was exercised, had entered normal insolvency proceedings at the time when the decision was taken; and

(b) the actual treatment that shareholders and holders of capital instruments received in the exercise of the power to write down and convert capital instruments; and

(c) if there is any difference between the treatment referred to in paragraph (a) and the treatment referred to in paragraph (b).

(3) The valuation shall:

(a) Assume that, instead of the exercise of the power to write down and convert capital instruments, the institution or relevant person would have entered normal insolvency proceedings at the time when the decree ordering the write-down or conversion of capital instruments was issued; and

(b) assume that the write-down or conversion of capital instruments had not been effected; and

(c) disregard any provision of extraordinary public financial support to the institution.

Assurance for shareholders and holders of capital instruments.

39. If the valuation carried out under section 38 determines that any shareholder or holder of capital instruments referred to in section 37 has incurred greater losses than it would have incurred in a winding-up under normal insolvency proceedings, he is entitled to the payment of the difference from the Resolution Fund.

Result of the write down and conversion of capital instruments by a member-state authority.

40.-(1) Where a member-state resolution authority, in the exercise of powers under the law of that member state, writes down or converts capital instruments of an entity referred to in Article 1, paragraph (1) of Directive 2014/59/EU, which include relevant capital instruments governed by Cypriot law, the reduction in the value or the conversion of those instruments shall be construed as a fully valid act which applies to third parties notwithstanding any restriction imposed by law or contract or otherwise, including compliance with legal procedures that would otherwise apply.

(2) Holders of capital instruments affected by the exercise of the write-down and conversion powers referred to in subsection (1) shall have no right to exercise a legal

remedy challenging the reduction in the value of the instrument or its conversion, as applicable, under the provisions of Cypriot law.

(3) This article shall be without prejudice to the right of holders of capital instruments to challenge acts and obtain reparation pursuant to section 86 in respect of the reduction in value or conversion of a capital instrument pursuant to subsection (1).

PART VI RESOLUTION  
CHAPTER I – OBJECTIVES, CONDITIONS AND GENERAL PRINCIPLES AND  
**PROVISIONS** OF RESOLUTION

Resolution objectives.

41.-(1) When applying the resolution measures and exercising the resolution powers, the resolution authority shall have regard to the resolution objectives, and choose the measures and powers that best achieve the objectives that are relevant in the circumstances of each case.

(2)(a) The resolution objectives referred to in subsection (1) :the following:

(i) To ensure the continuity of critical functions;

(ii) to avoid a significant adverse effect on the financial system, in particular by preventing contagion, including to market infrastructures, and by maintaining market discipline;

(iii) to protect public funds by minimising reliance on extraordinary public financial support;

(iv) to protect depositors covered by the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law of 2016 and investors covered, in the case of a CIF, by the Securities and Exchange Commission Directive for the Continuance of Operation and the Operation of the CIF Investor Compensation Fund and, in the case of an ACI, by the Regulations for the Establishment and Operation of an Investor Compensation Fund for Clients of Banks 2004 to 2007;

(v) to protect client funds and client assets.

(b) When pursuing the objectives referred to in paragraph (a), the resolution authority shall seek to minimise the cost of resolution and avoid destruction of value unless necessary to achieve the resolution objectives.

(3) Without prejudice to different provisions of this Law, the resolution objectives are of equal significance, and resolution authorities shall balance them as appropriate to the nature and circumstances of each case.

Conditions for resolution.

42.-(1) The resolution authority shall take a resolution action in relation to an institution only if it considers that the following conditions are met:

(a) The competent authority had determined, after consulting the resolution authority, that the institution is failing or is likely to fail;

(b) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures, including measures by the central body in the case of a CCI connected to a central body, or supervisory action, including early intervention measures or the write-down or conversion of relevant capital instruments in accordance with section 30 taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe;

(c) a resolution action is necessary for the public interest.

(2) The previous adoption of an early intervention measure in accordance with section 30C of the Business of Credit Institutions Law or section 18 of the Recovery of CIFs and Other Entities under the Supervision of Cyprus Securities and Exchange Commission and Other Related Matters Law 2016, as applicable, is not a condition for taking a resolution action.

(3) For the purposes of paragraph (c) of subsection (1) of this section, a resolution action shall be treated as an action for the public interest if it is necessary for the achievement of and is proportionate to one or more of the resolution objectives referred to in section 41 and winding-up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

Conditions for resolution with regard to financial institutions and holding companies.

43.-(1) The resolution authority may take a resolution action in relation to a financial institution referred to in section 3(1)(b), when the conditions laid down in section 42(1), are met with regard to both the financial institution and with regard to the parent undertaking subject to consolidated supervision.

(2) The resolution authority may take a resolution action in relation to an entity referred to in section 3(1)(c) or (d), when the conditions laid down in section 42(1) are met with regard to both the entity referred to in section 3(1)(c) or (d) and with regard to one or more subsidiary institutions or, where , the subsidiary institution is not established in the Union, when the third-country authority has determined that the subsidiary institution meets the conditions for resolution under the law of that third country.

(3) Where the subsidiary institutions of a mixed-activity holding company are held directly or indirectly by an intermediate financial holding company, the resolution authority shall take resolution actions for the purposes of group resolution in relation to the intermediate financial holding company, and not in relation to the mixed-activity holding company.

(4) Subject to subsection (3), the resolution authority may take resolution action with regard to an entity referred to in section 3(1)(c) or (d) even if the conditions of section 42(1) are not met, when:

(a) One or more of its subsidiaries which are institutions comply with the conditions established in section 42(1); and

(b) their assets and liabilities and, in particular, the rights, obligations and contractual relations of their subsidiaries, are such that their failure threatens an institution or the group as a whole; and

(c) action with regard to the entity referred to in section 3(1)(c) or (d) is necessary for the resolution of such subsidiaries which are institutions or for the resolution of the group as a whole.

(5) For the purposes of subsections (1) and (4), the Resolution Authority when assessing, either as the resolution authority of the entity referred to in section 3(1)(c) or (d) or as the resolution authority of one of the group subsidiaries which are institutions, whether the conditions in section 42(1) are met in respect of the institution, the resolution authority may, by way of joint agreement with the member-state resolution authority responsible for the resolution either of the subsidiary which is an institution in that member state or of an entity in that member state referred to in Article 1, paragraph (1) point c) or d) of Directive 2014/59/EU respectively, disregard any intra-group capital or loss transfers between the entities, including the exercise of write down or conversion powers.

General principles governing resolution.

44.(1) When applying resolution measures and exercising the resolution powers, the resolution authority shall ensure that it takes all appropriate measures to ensure that the resolution action is taken in accordance with the following principles:

(a) The shareholders of the institution under resolution bear first losses;

(b) the creditors of the institution under resolution bear losses after the shareholders in accordance with the order of priority of their claims under normal insolvency proceedings, except if it is expressly provided otherwise in this Law;

(c) the management body and senior management of the institution under resolution are replaced, except in those cases where the retention of the management body and

senior management, in whole or in part, as appropriate to the circumstances, is considered to be necessary for the achievement of the resolution objectives;

(d) the management body and senior management of the institution under resolution shall provide all necessary assistance for the achievement of the resolution objectives;

(e) natural and legal persons are made liable, without prejudice to Cyprus' civil or criminal law, for their responsibility for the insolvency of the institution;

(f) except where otherwise provided in this Law, creditors of the same class are treated in an equitable manner;

(g) no creditor shall incur bigger losses than would have incurred if the institution or relevant person had been wound up under normal insolvency proceedings, in accordance with the safeguards of sections 75 to 77;

(h) covered deposits are fully protected;

(i) resolution action is taken in accordance with the safeguards in this Law.

(2) Where an institution is a group entity, resolution authority shall, without prejudice to section 41, apply resolution measures and exercise resolution powers in a way that minimises the impact on other group entities and on the group as a whole and minimises the adverse effects on financial stability in the Union and its member states, and in particular, in the countries where the group operates.

(3) When applying the resolution measures and exercising the resolution powers, the resolution authority shall ensure that they comply with the Union State aid framework, where applicable.

104(l) of 2000  
39(l) of 2003.

(4) Where the sale of operations measure, the measure to transfer assets, rights or liabilities to a bridge institution or the measure to transfer assets and rights to an asset management company is applied to an institution or relevant person, that institution or relevant person shall be considered to be subject of bankruptcy proceedings, winding-up proceedings or analogous insolvency proceeding for the purposes of section 6 of the Safeguarding and Protecting the Employee's Rights in the course of the Transfer of Undertakings, Plants or Part of Undertakings or Plants Law.

(5) When applying the resolution measures and exercising the resolution powers, the resolution authority shall inform and consult employee representatives where appropriate.

6) The resolution authority shall apply resolution measures and exercise resolution powers taking into consideration the practice followed on the representation of employees in the management body of the institution or the relevant person.

Financial position of the creditor as a result of the resolution measures implementation.

44A. No creditor of an institution which is subject to resolution shall be placed in a worse financial position as a result of the implementation of resolution measures in comparison with the position that he would have been if this institution was alternatively placed under liquidation pursuant to applicable law provisions.

Adoption and application of resolution measures.

45.-(1) The resolution authority may apply resolution measures to institutions and relevant persons that meet the conditions for resolution.

(2) Where the resolution authority decides to apply a resolution measure to an institution or relevant person and that resolution action results in losses being borne by creditors or their claims being converted, the resolution authority shall exercise the power to write down and convert capital instruments in accordance with section 30 immediately before or together with the application of the resolution measure.

(3) The resolution measures are the following:

(a) The sale of operations measure, in accordance with Chapter II of this Part;

(b) the measure to transfer assets, rights or liabilities to a bridge institution, in accordance with Chapter III of this Part;

(c) the measure to transfer assets and rights to an asset management company, in accordance with Chapter IV of this Part;

(d) the bail-in measure, in accordance with Chapter V of this Part.

(4) Subject to subsection (5), the resolution authority may apply the resolution measures individually or in any combination.

(5) The resolution authority may apply the measure to transfer assets and rights to an asset management company only together with another resolution measure.

(6)(a) Where only the resolution measures referred to in paragraph (a) or (b) of subsection (3) are used, and they are used to transfer only part of the assets, rights or liabilities of the institution under resolution, the residual institution or relevant person from which the assets, rights or liabilities have been transferred, shall be wound up under normal insolvency proceedings.

(b) Winding-up pursuant to paragraph (a) shall be done within a reasonable timeframe, having regard to any need for that institution or relevant person to provide services or support pursuant to section 67 in order to enable the recipient to carry out the activities or services acquired by virtue of that transfer, and any other reason that the continuation of the residual institution or relevant person is necessary to achieve the resolution objectives or comply with the principles referred to in section 44.

(7)(a) The resolution authority and the Resolution Fund shall deduct an amount equal to any reasonable expenses paid in order to apply the resolution measures or exercise the resolution powers from any consideration paid by the acquirer to the institution under resolution or to the owners of the shares or other instruments of ownership, as applicable.

(b) The resolution authority and the Resolution Fund shall have a claim to any outstanding expenses following such deduction against the institution under resolution and against the bridge institution or the asset management company which, in the case of the bridge institution or asset management company, may only be claimed from any proceeds from their sale to third parties or their winding-up under normal insolvency proceedings.

(c) If a bridge institution or asset management company is sold to third parties, the resolution authority may deduct an amount equal to its claim provided for in paragraph (b) from any consideration.

(d) Notwithstanding the provisions of any other legislation, the claim of the resolution authority and of the Resolution Fund provided for in paragraph (b) shall rank above any other claim in the event that the institution under resolution, bridge institution or management company enters normal insolvency proceedings.

(e) Notwithstanding the provisions of paragraphs (a) to (d), the resolution authority may require the payment of the expenses referred to in subparagraph (a) directly from the institution under resolution.

(8) Transfers of assets from an institution under resolution to another entity by virtue of the application of a resolution measure or exercise of a resolution power may not be voided under insolvency law shall not be subject to insolvency revocation.

(9)(a) If the sale of business measure is applied pursuant to Chapter II of this Part, the resolution authority may defer the decision to apply that measure if it considers the bids received to be unfavourable.

(b) Where the conditions of paragraph (a) are fulfilled, the resolution authority may decide to apply other resolution measures or to recommend to the competent authority that the authorisation of the institution under resolution is withdrawn and proceed with an application for winding-up or any other measure under normal insolvency proceedings.

Appointment of a special administrator.

46. (1) (a) The resolution authority may appoint a special administrator who assumes the management of the institution under resolution, in accordance with the terms of his act of appointment and without prejudice to the purpose of his appointment under subsection (2) and his powers under subsection (3):

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 a special administrator may include, among other things, explicitly the matters for which a decision or approval or the prior notification of the resolution authority is required.

(b) The appointment of the special administrator is made strictly on professional criteria, that is professional 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.

(c) During his term of office, as specified in subsection (5) and/or the performance of certain tasks, the special administrator shall not engage in any other occupation or employment, unless a prior approval has been granted by the resolution authority.

(d) In exercising his duties, the special administrator shall apply the relevant legislation and the instructions of the resolution authority and manage the matters entrusted to him with all diligence, professionalism, integrity, discretion and confidentiality.

(e) Irrespective of the provisions of any other law which provides for the appointment of a person having the same or similar powers and responsibilities as the special administrator, the said provisions shall be applied only with the consent of the resolution authority, or if applied already, they shall be considered *ab initio* invalid, in case the resolution authority decides that the institution or relevant person has been placed or will be placed in resolution, according to the provisions of this Law.

(f) The remuneration and the overall cost for the appointment of the special administrator and any other person appointed or employed under the this 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 authority may require the Resolution Fund to undertake the respective obligation.

(g) The resolution authority shall communicate the act of appointment of the special administrator in any way it may decide.

(2) (a) The special administrator shall have the statutory duty to take all the measures necessary to promote the resolution objectives referred to in section 41 and the effective implementation of the resolution measures, that is, to provide any relevant service, facility or 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 according to the normal winding up procedures.

(b) Where necessary, the duty referred to in paragraph (a) shall override any other administrative duty in accordance with the statutes of the institution or Cyprus law, insofar as these are inconsistent.

(3)(a) In order to accomplish the purpose of his appointment, the special administrator shall have direct access to any data or information of the institution under resolution and shall have all the powers of the shareholders and the management body of the institution which he only exercises under the control of the resolution authority.

(b) Without prejudice to the generality of paragraph (a), the special administrator may, in accordance with his mandate, require or set conditions in relation to the:

- (i) Increase of capital of the institution under resolution;
- (ii) reorganisation of the ownership structure of the institution under resolution;
- (iii) restriction of the scope of operations and business activities of the institution under resolution in any way whatsoever;
- (iv) revision or abolition of policies and strategic decisions affecting the organisational or operational structure of the institution under resolution;
- (v) revision of business services and policies related to the granting of advances and/or the acceptance and attraction of deposits;
- (vi) restriction and/or forbiddance of individual transactions, classes of transactions or specific investments;
- (vii) removal or replacement of members of the management body and senior executive directors of the institution under resolution;
- (viii) maintenance of specific levels of prudential liquidity and own funds;
- (ix) takeovers by institutions that are financially and organisationally sound;
- (x) adoption of any other measure or action or omission of specific actions

(c) Upon relevant approval from the resolution authority, the special administrator may perform any of the following:

- (i) Appoint or place personnel in any organic or administrative post in the institution under resolution;
- (ii) hire external legal or financial consultants or consultants of any other professional capacity or qualifications.

(4) (a) 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:

- (i) An updated balance sheet of assets and liabilities reported at fair value;
- (ii) an anticipated balance sheet for a specific future period taking into account the impacts of the resolution measures;
- (iii) an assessment of the effectiveness of the resolution measures;
- (iv) a list of assets classified into categories according to the degree of risk;
- (v) where appropriate, recommendations with regard to the possible need to implement additional resolution measures or to revise or revoke already adopted resolution measures.

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.

(b) Irrespective of the immediate actions provided by his mandate, the special administrator shall 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.

It is provided that, the special administrator shall provide any data or information or prepare any report requested by the resolution authority within the time frame determined by the latter.

(c) At the end of his mandate, the special administrator shall prepare a report for the resolution authority on the economic and financial situation of the institution under resolution and on the actions performed in the conduct of his duties.

(5)(a) The special administrator shall not be appointed for more than one year.

(b) His mandate may be renewed, on an exceptional basis, for a period of six (6) months if the resolution authority determines that the conditions for appointment of a special administrator continue to be met.

(c) The resolution authority may remove the special manager from his duties at any time.

(6) In case where one or more member-state resolution authorities intend to appoint themselves a special administrator at group entities, the resolution authority shall jointly examine with the member -state resolution authorities involved whether it is appropriate to appoint a special administrator for all the involved entities in order to facilitate the implementation of solutions in order to restore the financial soundness of those entities.

Valuation for the purposes of resolution.

47.-(1)(a) Before taking resolution action, the resolution authority shall ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution or relevant person is carried out by a valuer independent from any public authority, including the resolution authority, and the institution or relevant person.

(b) Subject to section 86 and to subsection (13) of this section, where all the requirements laid down in this section are met, the valuation shall be considered to be definitive.

(c) Where powers to write down and convert capital instruments are exercised in combination with resolution action, the resolution authority shall ensure that a valuation is carried out in line with the requirements of this section and of section 32.

(2) Where an independent valuation according to subsection (1) is not possible, the resolution authority may carry out a provisional valuation of the assets and liabilities of the institution or relevant person, in accordance with subsection (9).

(3) The objective of the valuation shall be to assess the value of the assets and liabilities of the institution or relevant person that meets the conditions for resolution set out in sections 42 and 43.

(4) The purposes of the valuation shall be:

(a) To determine whether the conditions for resolution are met; and

(b) if the conditions for resolution are met, to take an informed decision on the appropriate resolution action to be taken in respect of the institution or relevant person; and

(c) when the bail-in measure is applied, to take an informed decision on the extent of the write-down or conversion of eligible liabilities; and

(d) when the measure to transfer assets, rights or liabilities to a bridge institution or the measure to transfer assets and rights to an asset management company is applied, to take an informed decision on the assets, rights, liabilities or shares or other instruments of ownership to be transferred and the decision on the value of any consideration to be paid to the institution under resolution or, as the case may be, to the owners of the shares or other instruments of ownership; and

(e) when the sale of operations measure is applied, to take an informed decision on the assets, rights, liabilities or shares or other instruments of ownership to be transferred and to inform the resolution authority's understanding of what constitutes commercial terms for the purposes of section 48; and

(f) in all cases, to ensure that any losses on the assets of the institution or relevant person are fully recognised at the moment the resolution measures are applied.

(5)(a) Without prejudice to Union State aid rules, where applicable, the valuation shall be based on prudent assumptions, including as to rates of default and severity of losses.

(b) The valuation shall not assume any potential future provision of extraordinary public financial support or emergency liquidity assistance from the Central Bank or a member-state central bank or third country or liquidity assistance from the Central Bank or a member-state central bank or third country provided under non-standard collateralisation, tenor and interest rate terms to the institution or relevant person from the point at which resolution action is taken.

(c) The valuation shall take account of the fact that, if any resolution measure is applied:

(i) The resolution authority and the Resolution Fund may recover any reasonable expenses properly incurred from the institution under resolution, in accordance with section 45(7);

(ii) the Resolution Fund may charge interest or fees in respect of any loans or guarantees provided to the institution under resolution, in accordance with section 103.

(6) The valuation shall be supplemented by the following information as appearing in the accounting books and records of the institution or relevant person:

(a) An updated balance sheet and a report on the financial position of the institution or relevant person;

(b) an analysis and an estimate of the accounting value of the assets;

(c) a list of outstanding on-balance-sheet and off-balance-sheet liabilities shown in the books and records of the institution or relevant person, with an indication of the respective credits and priority levels under the applicable insolvency law.

(7) Where appropriate, to take informed decisions referred to in paragraphs (d) and (e) of subsection (4), the information provided for in paragraph (b) of subsection (6) may be complemented by an analysis and estimate of the value of the assets and liabilities of the institution or relevant person on a market value basis.

(8)(a) The valuation shall indicate the subdivision of the creditors in classes in accordance with their priority levels under the applicable insolvency law and an estimate of the treatment that each class of shareholders and creditors would have been expected to receive, if the institution or relevant person were wound up under normal insolvency proceedings.

(b) The estimate pursuant to paragraph (a) shall not affect the application of the 'no creditor worse off' principle to be carried out under section 76.

(9)(a) Where, due to the urgency in the circumstances of the case, it is not possible to comply with the requirements in subsections (6) and (8), or where subsection (2) applies, a provisional valuation shall be carried out.

(b) The provisional valuation shall comply with the requirements in subsection (3) and in so far as reasonably practicable in the circumstances with the requirements of subsections (1), (6) and (8).

(c) The provisional valuation referred to in this subsection shall include a buffer for additional losses, with appropriate justification.

(10)(a) A valuation that does not comply with all the requirements laid down in this section shall be considered to be provisional until an independent valuer has carried out a valuation that is fully compliant with all the requirements laid down in this section.

(b) That ex-post definitive valuation in accordance with paragraph (a) shall be carried out as soon as practicable. It may be carried out either separately from the valuation referred to in section 76, or simultaneously with and by the same independent valuer as that valuation, but shall be distinct from it.

(c) The purposes of the ex-post definitive valuation shall be:

(i) To ensure that any losses on the assets of the institution or relevant person are fully recognised in the accounting records of the institution or relevant person; and

(ii) to take an informed decision to write back creditors' claims or to increase the value of the consideration paid, in accordance with subsection (11).

(11) In the event that the ex-post definitive valuation's estimate of the net asset value of the institution or relevant person is higher than the provisional valuation's estimate of the net asset value of the institution or relevant person, the resolution authority may:

(a) Exercise its power to increase the value of the claims of creditors or owners of relevant capital instruments which have been written down under the bail-in measure;

(b) instruct a bridge institution or asset management company to make a further payment of consideration in respect of the assets, rights, liabilities to the institution under resolution, or as the case may be, in respect of the shares or instruments of ownership to the owners of the shares or other instruments of ownership.

(12) Notwithstanding subsection (1), a provisional valuation conducted in accordance with subsections (9) and (10) shall be a valid basis for the resolution authority to take resolution actions, including taking control of a failing institution or relevant person.

(13) The valuation shall be an integral part of the decision to apply a resolution measure or exercise a resolution power and shall be subject to an appeal before a district court, in accordance with section 86 of this Law, as a preparatory act to the decision in question.

## CHAPTER II – SALE OF OPERATIONS MEASURE

Sale of operations measure.

48.-(1)(a) The resolution authority may issue a decree, to be published in the Official Gazette of the Republic, transferring to a purchaser that is not a bridge institution:

(i) Shares or other instruments of ownership issued by an institution under resolution;

(ii) all or any assets, rights or liabilities of an institution under resolution.

22 of 1985  
68 of 1987  
190 of 1989  
8(I) of 1992  
22(I) of 1992  
140(I) of 1999  
140(I) of 2000  
171(I) of 2000  
8(I) of 2001  
123(I) of 2003  
124(I) of 2003  
144(I) of 2003  
5(I) of 2004  
170(I) of 2004  
230(I) of 2004  
23(I) of 2005  
49(I) of 2005  
76(I) of 2005  
29(I) of 2007  
37(I) of 2007  
177(I) of 2007  
104(I) of 2009  
124(I) of 2009  
85(I) of 2010

(b) Subject to section 86 and subsections (8) and (9) of this section, the transfer referred to in paragraph (a) shall be considered a fully valid act and shall be binding on third parties, without the consent of the shareholders of the institution under resolution or any third party other than the purchaser and independently of any restriction imposed by law or contract or otherwise, with legal procedures that would otherwise apply, including compliance inter alia under section 17 of the Business of Credit Institutions Law or the Companies Law, as corrected, or the Cooperative Societies Law or the Takeover Bids Law,

118(l) of 2011  
130(l) of 2012  
204(l) of 2012  
214(l) of 2012  
15(l) of 2013  
39(l) of 2013  
88(l) of 2013  
107(l) of 2013  
185(l) of 2013  
23(l) of 2014  
122(l) of 2014  
107(l) of 2015.

41(l) of 2007  
47(l) of 2009  
7(l) of 2015.

It is provided that, in the case of shares or other instruments of ownership of a CCI, sections 8 and 12A of the Cooperative Societies Law shall apply.

(2) A transfer under subsection (1) shall be made on commercial terms, having regard to the circumstances, and in accordance with Union State aid rules.

(3) The resolution authority shall take all reasonable steps to obtain commercial terms for the transfer in accordance with subsection (2) that conform with the valuation conducted under section 47, having regard to the circumstances of the case.

(4) Subject to section 45(7), any consideration paid by the purchaser shall benefit:

(a) The owners of the shares or other instruments of ownership, in the event of transfer from the holders of those shares or instruments to the purchaser;

(b) the institution under resolution, in the event of transfer of some or all of the assets or liabilities of the institution under resolution.

(5) After applying the sale of operations measure, the resolution authority may exercise the transfer power more than once in order to make supplemental transfers of shares or other instruments of ownership issued by an institution under resolution or, as the case may be, assets, rights or liabilities of the institution under resolution.

(6) Following an application of the sale of operations measure, the resolution authority may, with the consent of the purchaser, transfer the assets, rights or liabilities back to the institution under resolution, or the shares or other instruments of ownership back to their original owners, and the institution under resolution or original owners shall not object to the transfer back:

It is provided that, assets, rights or liabilities may only be transferred back to an institution under resolution or shares or other instruments of ownership may only be transferred back to their original owners if the transfer agreement with the purchaser lays down the conditions for the transfer back and the period of time required in order to consider if those conditions have been met.

(7) The purchaser shall have the appropriate authorisation to carry out the business it acquires when the transfer is made pursuant to subsection (1).

(8) Where a transfer of shares or other instruments of ownership by virtue of an application of the sale of operations measure would result in the acquisition of or increase in a qualifying holding in an institution and the competent authority has not, in time, completed the assessment referred to in section 12(1) of the Investment Services and Activities and Regulated Markets Law, and in the case of an ACI, in section 17(1) of the Business of Credit Institutions Law, the following provisions shall apply:

(a) Such a transfer of shares or other instruments of ownership to the acquirer shall have immediate legal effect;

(b) during the assessment period by the competent authority provided in this subsection and during any divestment period provided by paragraph (d):

(i) The acquirer's voting rights attached to such shares or instruments of ownership shall be suspended and vested solely in the resolution authority, which shall have no obligation to exercise any such voting rights and which shall have no liability whatsoever for exercising or omitting exercising any such voting rights;

(ii) the penalties and other measures for infringing the requirements for acquisitions or disposals of qualifying holdings under the provisions of section 74 of the Investment Services and Activities and Regulated Markets Law and/or section 17(9) of the Business of Credit Institutions Law, as applicable, shall not apply to any such transfer of shares or other instruments of ownership;

(c) if the competent authority approves such a transfer of shares or other instruments of ownership to the acquirer, suspension of the acquirer's voting rights shall cease upon receipt by the resolution authority and the acquirer of such an approval notice from the competent authority;

(d) if the competent authority opposes such a transfer of shares or other instruments of ownership to the acquirer:

(i) The voting rights attached to such shares or other instruments of ownership as provided by paragraph (b) shall remain in full force and effect;

(ii) the resolution authority may require the acquirer to divest such shares or other instruments of ownership within a divestment period determined by the resolution authority having taken into account prevailing market conditions;

(iii) if the acquirer does not complete such a divestment within the divestment period established by the resolution authority, the competent authority, with the consent of the resolution authority, may impose on the acquirer penalties and other measures for infringing the requirements for acquisitions or disposals of qualifying holdings.

(9) Transfers made by virtue of the sale of operations measure shall be subject to the safeguards referred to in Chapter VII of this Part.

(10) For the purposes of exercising the rights to provide services or to establish itself in a member state in accordance with the Investment Services and Activities and Regulated Markets Law and/or the Business of credit Institutions Law, as corrected, as applicable, the purchaser shall be considered to be a continuation of the institution under resolution, and may continue to exercise any such right that was exercised by the institution under resolution in respect of the assets, rights or liabilities transferred.

(11)(a) The purchaser may continue to exercise the rights of membership and access to payment, clearing and settlement systems, stock exchanges, investor compensation schemes and deposit guarantee schemes of the institution under resolution, provided that it meets the membership and participation criteria for participation in such systems.

(b) Notwithstanding paragraph (a):

(i) Access shall not be denied on the ground that the purchaser does not possess a rating from a credit rating agency, or that its rating is not commensurate to the rating levels required to be granted access to the systems referred to in paragraph (a);

(ii) where the purchaser does not meet the membership or participation criteria for a relevant payment, clearing or settlement system, stock exchange, investor compensation scheme or deposit guarantee scheme, the rights referred to in paragraph (a) shall be exercised for such a period of time as may be specified by the resolution authority, not exceeding twenty four (24) months, renewable on application by the purchaser to the resolution authority.

(12) Without prejudice to Chapter VII of this Part, shareholders or creditors of the institution under resolution and other third parties whose assets, rights or liabilities are not transferred shall not have any rights over or in relation to the assets, rights or liabilities transferred.

Sale of operations measure, procedural requirements.

49.-(1)(a) Subject to subsection (3), when applying the sale of operations measure to an institution or relevant person, the resolution authority shall market, or make arrangements for the marketing of the assets, rights, liabilities, shares or other instruments of ownership that the resolution authority intends to transfer.

(b) Separate bidding procedures may be initiated for pools of rights, assets, and liabilities.

(2)(a) Without prejudice to Union State aid rules, where applicable, the procedure referred to in subsection (1) shall be carried out in accordance with the following criteria:

(i) It shall be as transparent as possible and shall not materially misrepresent the assets, rights, liabilities, shares or other instruments of ownership of that institution that the resolution authority intends to transfer, having regard to the circumstances and in particular the need to maintain financial stability;

(ii) it shall not unduly favour or discriminate between potential purchasers;

(iii) it shall be free from any conflict of interest;

(iv) it shall not confer any unfair advantage on a potential purchaser;

(v) it shall take account of the need to effect a rapid resolution action;

(vi) it shall aim at maximising, as far as possible, the sale price for the shares or other instruments of ownership, assets, rights or liabilities involved.

(b) Subject to subparagraph (ii) of paragraph (a), the principles referred to in paragraph (a) shall not prevent the resolution authority from excluding particular potential purchasers.

(c) Any public disclosure of the marketing of the institution or relevant person that would otherwise be required in accordance with Article 17(1) of Regulation (EU) No 596/2014 may be delayed in accordance with Article 17(4) or (5) of that Regulation.

(3) The resolution authority may apply the sale of operations measure without complying with the requirements laid down in subsection (1) 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:

(a) it considers that there is a material threat to financial stability arising from or aggravated by the failure or likely failure of the institution under resolution; and

(b) it considers that compliance with those requirements would be likely to undermine the effectiveness of the sale of operations measure in addressing that threat or achieving the resolution objective referred to in section 41(2)(a)(ii).

### CHAPTER III – MEASURE TO TRANSFER ASSETS, RIGHTS OR LIABILITIES TO A BRIDGE INSTITUTION

Measure to transfer assets, rights or liabilities to a bridge institution.

50.-(1)(a) In order to apply the measure to transfer assets, rights or liabilities to a bridge institution and having regard to the need to maintain critical functions in the bridge institution, the resolution authority shall have the power to issue a decree, to be published in the Official Gazette of the Republic, transferring to a bridge institution:

(i) Shares or other instruments of ownership issued by one or more institutions under resolution;

(ii) all or any assets, rights or liabilities of one or more institutions under resolution.

(b) Subject to section 86, the transfer referred to in paragraph (a) may take place without obtaining the consent of the shareholders of the institutions under resolution or any third party other than the bridge institution, and without complying with any procedural requirements under company or securities law.

(2)(a) The bridge institution shall be a legal person that meets all of the following requirements:

(i) It is wholly or partially owned by the Resolution Fund and is controlled by the resolution authority;

(ii) it is created for the purpose of receiving and holding some or all of the shares or other instruments of ownership issued by an institution under resolution or some or all of the assets, rights and liabilities of one or more institutions under resolution with a view to maintaining access to critical functions and selling the institution or relevant person and maintaining all or some of its functions, services and business.

(b) The application of the bail-in measure for the purpose referred to in section 53(1)(b) shall not interfere with the ability of the resolution authority to control the bridge institution.

(3) When applying the measure to transfer assets, rights or liabilities to a bridge institution, the resolution authority shall ensure that the total value of liabilities transferred to the bridge institution does not exceed the total value of the rights and assets transferred from the institution under resolution or provided by other sources.

(4) Subject to section 45(7), any consideration paid by the bridge institution shall benefit:

(a) The owners of the shares or instruments of ownership, where the transfer to the bridge institution has been effected by transferring shares or instruments of ownership issued by the institution under resolution from the holders of those shares or instruments to the bridge institution;

(b) the institution under resolution, where the transfer to the bridge institution has been effected by transferring some or all of the assets or liabilities of the institution under resolution to the bridge institution.

(5) When applying the measure to transfer assets, rights or liabilities to a bridge institution, the resolution authority may exercise the transfer power more than once in order to make supplemental transfers of shares or other instruments of ownership issued by an institution under resolution or, as the case may be, assets, rights or liabilities of the institution under resolution.

(6) Following an application of the measure to transfer assets, rights or liabilities to a bridge institution, the resolution authority may:

(a) Transfer rights, assets or liabilities back from the bridge institution to the institution under resolution, or the shares or other instruments of ownership back to their original owners, and the institution under resolution or original owners shall be obliged to take back any such assets, rights or liabilities, or shares or other instruments of ownership, provided that the conditions laid down in subsection (7) are met;

(b) transfer, shares or other instruments of ownership, or assets, rights or liabilities from the bridge institution to third parties.

(7)(a) The resolution authority may transfer shares or other instruments of ownership, or assets, rights or liabilities back from the bridge institution in one of the following circumstances:

(i) The possibility that the specific shares or other instruments of ownership, assets, rights or liabilities might be transferred back is stated expressly in the decree by which the transfer was made;

(ii) the specific shares or other instruments of ownership, assets, rights or liabilities do not in fact fall within the classes of, or meet the conditions for transfer of shares or other instruments of ownership, assets, rights or liabilities specified in the decree by which the transfer was made.

(b) Any transfer back provided for under paragraph (a) may be made within any period, and shall comply with any other conditions, stated in the decree by which the transfer was made for the relevant purpose.

(8) Transfers between the institution under resolution, or the original owners of shares or other instruments of ownership, on the one hand, and the bridge institution on the other, shall be subject to the safeguards referred to in Chapter VII of this Part.

(9)(a) For the purposes of exercising the rights to provide services or to establish itself in a member state in accordance with the Investment Services and Activities and Regulated Market Law and/or the Business of Credit Institutions Law, as applicable, a bridge institution shall be considered to be a continuation of the institution under resolution, and may continue to exercise any such right that was exercised by the institution under resolution in respect of the assets, rights or liabilities transferred.

(b) For purposes other than those referred to in paragraph (a), the resolution authority may require that a bridge institution be considered to be a continuation of the institution under resolution, and be able to continue to exercise any right that was exercised by the institution under resolution in respect of the assets, rights or liabilities transferred.

(10)(a) The bridge institution may continue to exercise the rights of membership and access to payment, clearing and settlement systems, stock exchanges, investor compensation schemes and deposit guarantee schemes of the institution under resolution, provided that it meets the membership and participation criteria for participation in such systems.

(b) Notwithstanding paragraph (a):

(i) Access shall not be denied on the ground that the bridge institution does not possess a rating from a credit rating agency, or that rating is not commensurate to the rating levels required to be granted access to the systems referred to in paragraph (a);

(ii) where the bridge institution does not meet the membership or participation criteria for a relevant payment, clearing or settlement system, stock exchange, investor compensation scheme or deposit guarantee scheme, the rights referred to in paragraph (a) shall be exercised for such a period of time as may be specified by the resolution authority, not exceeding twenty four (24) months, renewable on application by the bridge institution to the resolution authority.

(11) Without prejudice to Chapter VII of this Part, shareholders or creditors of the institution under resolution and other third parties whose assets, rights or liabilities are not transferred to the bridge institution shall not have any rights, direct or indirect, over or in relation to the assets, rights or liabilities transferred to the bridge institution, its management body or senior management.

(12) The objectives of the bridge institution shall not imply any duty or responsibility to shareholders or creditors of the institution under resolution, and the management body or senior management shall have no liability to such shareholders or creditors for acts and omissions in the discharge of their duties unless the act or omission implies gross negligence or serious misconduct in accordance with Cypriot law, which directly affects the rights of such shareholders or creditors.

Operation of a  
bridge  
institution.

51.-(1)(a) The bridge institution shall operate in accordance with the following requirements:

(i) The bridge institution's constitutional documents are approved by the resolution authority;

(ii) the resolution authority approves the bridge institution's management body;

(iii) the resolution authority approves the remuneration of the members of the management body and determines their appropriate responsibilities;

(iv) the resolution authority approves the strategy and risk profile of the bridge institution;

(v) the bridge institution is authorised in accordance with the Investment Services and Activities and Regulated Markets Law and/or the Business of Credit Institutions Law, as applicable, and has the necessary authorisation to carry out the activities or services that it acquires by virtue of a transfer made pursuant to section 65 of this Law;

(vi) the bridge institution complies with the requirements of, and is subject to supervision in accordance with Regulation (EU) No 575/2013 and the Investment Services and Activities and Regulated Markets Law and/or the Business of Credit Institutions Law, as applicable;

(vii) the operation of the bridge institution is in accordance with Union State aid rules and the resolution authority may specify restrictions on its operations accordingly.

(b) Notwithstanding subparagraphs (v) and (vi) of paragraph (a), and where necessary to meet the resolution objectives, the bridge institution may be established and authorised without complying with the provisions of the Investment Services and Activities and Regulated Markets Law and/or the Business of Credit Institutions Law, as applicable for a short period of time at the beginning of its operation.

(c) For the purpose of paragraph (b), the resolution authority shall submit a request in that sense to the competent authority.

(2) Subject to any restrictions imposed in accordance with Union or Cypriot competition rules, the management of the bridge institution shall operate the bridge institution with a view to maintaining access to critical functions and selling the institution or relevant person and its assets, rights or liabilities, to one or more private-sector purchasers when conditions are appropriate and within the period specified in subsection (5) or, where applicable, subsection (6).

(3) The resolution authority shall take a decision that the bridge institution is no longer a bridge institution within the meaning of section 50(2) in any of the following cases, whichever occurs first:

(a) The bridge institution merges with another entity;

(b) the bridge institution ceases to meet the requirements of section 50(2);

(c) the sale of all or most of the bridge institution's assets, rights or liabilities to a third party;

(d) the expiry of the period specified in subsection (5) or, where applicable, subsection (6);

(e) the bridge institution's assets are completely wound down and its liabilities are completely discharged.

(4)(a) In cases when the resolution authority seeks to sell the bridge institution or its assets, rights or liabilities, the bridge institution or the relevant assets or liabilities shall be marketed openly and transparently, and the sale shall not materially misrepresent them or unduly favour or discriminate between potential purchasers.

(b) Any such sale under paragraph (a) shall be made on commercial terms, having regard to the circumstances and in accordance with Union State aid rules.

(5) If none of the outcomes referred to in paragraphs (a), (b), (c) and (e) of subsection (3) applies, the resolution authority shall have the bridge institution wound up under normal insolvency proceedings as soon as possible and in any event two years after the date of the last transfer from an institution under resolution pursuant to the measure to transfer assets, rights or liabilities to a bridge institution.

(6) The resolution authority may extend the period referred to in subsection (5) for one or more additional one-year periods where such an extension:

(a) Supports the outcomes referred to in paragraphs (a), (b), (c) and (e) of subsection (3);  
or

(b) is necessary to ensure the continuity of essential banking or financial services.

(7) Any decision of the resolution authority to extend the period referred to in subsection (5) shall be reasoned and shall contain a detailed assessment of the situation, including of the market conditions and outlook, that justifies the extension.

(8)(a) Where the operations of a bridge institution are terminated in the circumstances referred to in paragraphs (c) and (e) of subsection (3), the bridge institution shall be wound up under normal insolvency proceedings.

(b) Subject to section 45(7), any proceeds generated as a result of the termination of the operation of the bridge institution shall be paid to the Resolution Fund.

(9) Where a bridge institution is used for the purpose of transferring assets and liabilities of more than one institution under resolution, the obligation referred to in subsection (8) shall refer to the assets and liabilities transferred from each of the institutions under resolution and not to the bridge institution itself.

#### CHAPTER IV - MEASURE TO TRANSFER ASSETS, AND RIGHTS TO AN ASSET MANAGEMENT COMPANY

Measure to  
transfer assets,  
and rights to an  
asset  
management  
company.

52.-(1)(a) In order to apply the measure to transfer assets and rights to an asset management company, the resolution authority may issue a decree, published in the Government Gazette, transferring assets, rights or liabilities of an institution under resolution or a bridge institution to one or more asset management companies.

(b) Subject to section 86, the transfer referred to in paragraph (a) may take place without obtaining the consent of the shareholders of the institutions under resolution or any third party other than the bridge institution, and without complying with any procedural requirements under company or securities law.

(2) For the purposes of the measure to transfer assets and rights to an asset management company, an asset management company is a company that meets all of the following requirements:

(a) It is wholly owned by the Resolution Fund and is controlled by the resolution authority;

(b) it has been created for the purpose of receiving some or all of the assets, rights and liabilities of one or more institutions under resolution or a bridge institution.

(3) The asset management company shall manage the assets transferred to it with a view to maximising their value through eventual sale or orderly wind down.

(4) The asset management company shall operate with respect for the following requirements:

(a) The asset management company's constitutional documents are approved by the resolution authority;

(b) the resolution authority approves the company's management body;

(c) the resolution authority approves the remuneration of the members of the management body and determines their appropriate responsibilities;

(d) the resolution authority approves the strategy and risk profile of the asset management company.

(5) The resolution authority may exercise the power specified in subsection (1) to transfer assets, rights or liabilities only if:

(a) The situation of the particular market for those assets is of such a nature that the liquidation of those assets under normal insolvency proceedings could have an adverse effect on one or more financial markets; or

(b) such a transfer is necessary to ensure the proper functioning of the institution under resolution or bridge institution; or

(c) such a transfer is necessary to maximise liquidation proceeds.

(6)(a) When applying the measure to transfer assets or rights to an asset management company, the resolution authority shall determine the consideration for which assets, rights and liabilities are transferred to the asset management company in accordance with the principles established in section 47 and in accordance with Union State aid rules.

(b) The consideration referred to in paragraph (a) may have a nominal or negative value.

(7)(a) Subject to section 45(7), any consideration paid by the asset management company in respect of the assets acquired directly from the institution under resolution shall benefit the latter.

(8) Where the measure to transfer assets, rights or liabilities to a bridge institution has been applied, the asset management company may, subsequent to the application of the measure to transfer assets, rights or liabilities to a bridge institution, acquire assets, rights or liabilities from the bridge institution.

(9)(a) The resolution authority may transfer assets, rights or liabilities from the institution under resolution to one or more asset management companies on more than one occasion and transfer assets, rights or liabilities back from one or more asset management companies to the institution under resolution provided that the conditions specified in subsection (10) are met.

(b) The institution under resolution shall be obliged to take back any such assets, rights or liabilities transferred back under paragraph (a).

(10)(a) The resolution authority may transfer rights, assets or liabilities back from the asset management company to the institution under resolution in one of the following circumstances:

(i) The possibility that the specific rights, assets or liabilities might be transferred back is stated expressly in the decree by which the transfer was made;

(ii) the specific rights, assets or liabilities do not in fact fall within the classes of, or meet the conditions for transfer of, rights, assets or liabilities specified in the decree by which the transfer was made.

(b) In either of the cases referred in subparagraph (i) and (ii) of paragraph (a), the transfer back may be made within any period, and shall comply with any other conditions, stated in that decree for the relevant purpose.

(11) Transfers between the institution under resolution and the asset management company shall be subject to the safeguards for partial property transfers specified in Chapter VII of this Part.

(12) Without prejudice to Chapter VII of this Part, shareholders and creditors of the institution under resolution and other third parties whose assets, rights or liabilities are not transferred to the asset management company shall not have any rights, direct or indirect, over the assets, rights or liabilities transferred to the asset management company or over its management body or senior management.

(13) The objectives of an asset management company shall not imply any duty or responsibility to shareholders or creditors of the institution under resolution.

CHAPTER V – BAIL-IN MEASURE  
Part 1 – Objective and scope of the bail-in tool

Bail-in measure. 53.-(1) The resolution authority may issue a decree, to be published in the Government Gazette, demanding that the bail-in measure be applied to meet the resolution objectives specified in section 41, in accordance with the resolution authorities specified in section 44 for any of the following purposes:

(a) To recapitalise an institution or a relevant person that meets the conditions for resolution to the extent sufficient to:

(i) restore its ability to comply with the conditions for authorisation of the entity or, where such conditions exist for the relevant person, of the relevant person and

(ii) to continue to carry out the activities for which it is authorised under the Investment Services and Activities and Regulated Markets Law or the Business of Credit Institutions Law as applicable, and

(iii) to sustain sufficient market confidence in the institution or relevant person;

(b) to convert to equity or reduce the principal amount of claims or debt instruments that are transferred:

(i) to a bridge institution with a view to providing capital for that bridge institution; or

(ii) under the sale of operations measure or the measure to transfer assets and rights to an asset management company.

(2)(a) The resolution authority may apply the bail-in measure for the purpose referred to in subparagraph (a) of subsection (1) only if there is a reasonable prospect that the application of the bail-in measure together with other relevant measures, including measures implemented in accordance with the business reorganisation plan required by section 61 will, in addition to achieving relevant resolution objectives, restore the institution or relevant person in question to financial soundness.

(b) In all other cases, the resolution authority may apply any of the resolution measures referred to in section 45(3)(a), (b) and (c) and the restructuring measure referred to in subparagraph (b) of subsection (1) of this section.

(3) The resolution authority may apply the bail-in measure to all institutions or relevant persons while respecting or changing their legal form.

Scope of application of the bail-in measure.

54.-(1) The bail-in measure may be applied to all liabilities of an institution or relevant person that are not excluded from the scope of that measure pursuant to subsections (2) or (3).

(2) The resolution authority shall not exercise the write-down or conversion powers in relation to the following liabilities whether they are governed by the law of a member state or of a third country:

(a) Covered deposits;

(b) secured liabilities including covered bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which are secured in a way similar to covered bonds;

(c) any liability that arises by virtue of the holding by the institution or relevant person of client assets or client money including client assets or client money held on behalf of UCITS as defined in section 2(1) of the Open-Ended Undertakings for Collective Investment Law, or of AIFM as defined in section 2 of the Alternative Investment Fund Managers Law, provided that such clients are protected under the applicable insolvency law;

56(l) of 2013  
8(l) of 2015  
97(l) of 2015.

Official Gazette,  
Third Annex (I):  
19.12.2014.

118(l) of 2002  
230(l) of 2002  
162(l) of 2003  
195(l) of 2004  
92(l) of 2005  
113(l) of 2006  
80(l) of 2007  
138(l) of 2007  
32(l) of 2009  
45(l) of 2009  
74(l) of 2009  
110(l) of 2009  
41(l) of 2010  
133(l) of 2010  
116(l) of 2011  
197(l) of 2011  
102(l) of 2012  
188(l) of 2012  
19(l) of 2013  
26(l) of 2013  
27(l) of 2013  
17(l) of 2014  
115(l) of 2014  
134(l) of 2014  
170(l) of 2014  
116(l) of 2015  
187(l) of 2015  
212(l) of 2015.

(d) any liability that arises by virtue of a fiduciary relationship between the institution or relevant person, as fiduciary, and another person, as beneficiary, provided that such a beneficiary is protected under the applicable insolvency or civil law;

(e) liabilities to institutions, excluding entities that are part of the same group, with an original maturity of less than seven days;

(f) liabilities with a remaining maturity of less than seven (7) days, owed to systems or operators of systems designated according to the Settlement Finality in Payment Systems and Securities Settlement Systems Law or their participants and arising from the participation in such a system;

(g) a liability to any one of the following:

(i) an employee, in relation to accrued salary, pension benefits or other fixed remuneration, except for the variable component of remuneration that is not regulated by a collective bargaining agreement:

It is provided that, this subparagraph shall not apply to the variable component of the remuneration of material risk takers as identified in paragraph 50 of the Directive on Governance and Management Arrangements in Credit Institutions of 2014 or in paragraph 20(2) of the Cyprus Securities and Exchange Commission Directive for the Prudential Supervision of Investment Service Providers;

(ii) a commercial or trade creditor arising from the provision to the institution or relevant person of goods or services that are critical to the daily functioning of its operations, including IT services, utilities and the rental, servicing and upkeep of premises;

(iii) tax and social security authorities, provided that those liabilities are preferred under the applicable law;

(iv) deposit guarantee schemes arising from contributions due in accordance with the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law of 2016.

(v) charity institutions within the meaning of paragraph (f) of subsection (1) of section 9 of the Income Tax Law.

(3) When applying the bail-in measure, the resolution authority shall ensure that all secured assets and derivatives relating to a covered bond cover pool remain unaffected, segregated and sufficiently funded.

(4) Subsections (2) and (3) shall not prevent the resolution authority, where appropriate, from exercising the write down and conversion powers in relation to:

(a) any amount of a deposit that exceeds the coverage level provided for under the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law of 2016;

(b) any part of a secured liability that exceeds the value of the collateral.

(5) Without prejudice to the large exposure rules in Regulation (EU) No 575/2013, the Investment Services and Activities and Regulated Markets Law and the Business of Banking Institutions Law, as applicable, in order to provide for the resolvability of institutions and groups, the resolution authority shall limit, in accordance with section 20(5)(b), the extent to which other institutions hold liabilities eligible for a bail-in measure, save for liabilities that are held at entities that are part of the same group.

(6) In exceptional circumstances, where the bail-in measure is applied, the resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers where:

(a) It is not possible to bail-in that liability within a reasonable time, notwithstanding the good faith efforts of the resolution authority; or

(b) the exclusion is strictly necessary and is proportionate to achieve the continuity of critical functions and core business lines in a manner that maintains the ability of the institution under resolution to continue key operations, services and transactions; or

(c) the exception is strictly necessary and proportionate in order to avoid extended contagion, especially with regard to the eligible deposits of natural persons and of micro, small and medium-sized enterprises that would seriously disrupt the function of the financial markets including their infrastructures, in such a way that would cause a major upheaval in the economy of the Republic or a member state or the EU; or

(d) the application of the bail-in measure to those liabilities would cause a destruction in value such that the losses borne by other creditors would be higher than if those said liabilities were excluded from bail-in.

(7)(a) Where the resolution authority decides to exclude or to partially exclude an eligible liability or class of eligible liabilities pursuant to subsection (6), the level of write-down or conversion applied to other eligible liabilities may be increased in order to take account of such exceptions, on condition that the level of write-down or conversion applied on other eligible liabilities complies with the principle in section 44(1)(g).

(b) Where the resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities pursuant to this article and the losses resulting from the liabilities in question have not been passed on fully to other creditors, the resolution authority may request the contribution of the Resolution Fund for the purposes referred to in section 103 (1)(f) and in exceptional circumstances seek further financing from alternative sources of finance, by virtue of subsection (5) of the said section.

(8) When exercising the discretions of exclusion capability under subsection (6), the resolution authority shall give due consideration to the following:

(a) The principle that all losses should be borne first by the shareholders and next, in general, by the creditors of the institution under resolution in order of preference;

(b) the level of loss absorbing capacity that would remain in the institution under resolution if the liability or class of liabilities would be excluded;

(c) the need to maintain adequate resources for resolution financing.

(9) Exclusions under subsection (6) may be applied either to completely exclude a liability from write-down or to limit the extent of the write-down applied to that liability.

(10)(a) Before exercising the discretion to exclude a liability under subsection (6), the resolution authority shall notify the European Commission.

(b) Where the exclusion would require a contribution from the Resolution Fund or an alternative financing source under section 103, the European Commission may, within twenty-four (24) hours from receipt of such a notification, or a longer period with the agreement of the resolution authority, prohibit or require amendments under Article 44, paragraph 12, of Directive 2014/59/EU, the resolution authority shall comply with the recommendations and proceed accordingly:

It is provided that, this is without prejudice to the application by the Commission of the Union State aid framework.

## Part 2 – Application of the bail-in measure

Assessment of the amount of bail-in.

55.-(1) When applying the bail-in tool, the resolution authority shall assess, on the basis of a valuation that complies with section 47, the following:

(a) Where relevant, the amount by which the eligible requirements must be written down in order to ensure that the net asset value of the institution under resolution is equal to zero;

(b) where relevant, the amount by which the eligible liabilities must be converted into shares or other types of capital instruments in order to restore the Common Equity Tier 1 capital ratio of either the institution under resolution or the bridge institution.

(2)(a) The assessment referred to in subsection (1), shall establish the amount by which must eligible liabilities need to be written down or converted in order to -

(i) Restore the Common Equity Tier 1 capital ratio of the institution under resolution or where applicable, establish the ratio of the bridge institution taking into account any contribution of capital by the Resolution Fund pursuant to section 103(1)(d);

(ii) sustain sufficient market confidence in the institution under resolution and enable it to continue to meet, for at least one year, the conditions for authorisation and to continue to carry out the activities for which it is authorised under the Investment Services and Activities and Regulated Markets Law and/or the Business of Credit Institutions Law as applicable.

(b) Where the resolution authority intends to use the measure to transfer assets and rights to an asset management company, the amount by which eligible liabilities need to be reduced shall take into account a prudent estimate of the asset management company's capital needs as appropriate.

(3) Where capital has been written down in accordance with Part V in conjunction with the implementation of the bail-in measure pursuant to section 53(2), and the level of write-down based on a preliminary valuation according to section 47 is found to exceed requirements when assessed against the definitive valuation according to section 47(1), a write-up mechanism may be applied to reimburse creditors and then the shareholders to the extent necessary.

(4) The resolution authority shall establish and maintain arrangements to ensure that the assessment and valuation is based on information about the assets and liabilities of the institution under resolution that is as up to date and comprehensive as is reasonably possible.

Treatment of shareholders in case of bail-in.

56.-(1)(a) When applying the bail-in measure pursuant to section 53(1), the resolution authority takes any of the following actions in respect of the shareholders:

(i) Cancel existing shares or the other instruments of ownership or transfer them to bailed-in creditors;

(ii) provided that, in accordance with the valuation under section 47, the institution under resolution has a positive net value, dilute existing shareholders by converting into shares or other instruments of ownership, the relevant capital instruments the institution has issued pursuant to the power referred to in section 30(1) or the eligible liabilities issued by the institution under resolution pursuant to the power referred to in section 65(1)(b)(vi).

(b) With regard to subparagraph (ii) of paragraph (a), the conversion shall be conducted at a rate of conversion that severely dilutes existing holdings of shares or other instruments of ownership.

(2) The measures referred to in subsection (1) shall also be taken in respect of shareholders and holders of other instruments of ownership where the shares or other instruments of ownership were issued or conferred in the following circumstances:

(a) pursuant to conversion of debt or other instruments of ownership in accordance with the contractual terms of the original debt instruments, on the occurrence of an event that preceded or occurred at the same time as the assessment by the resolution authority that the institution or person meets the condition for resolution;

(b) pursuant to the conversion of the relevant capital instruments to Common Equity Tier 1 instruments, pursuant to section 34.

(3) When considering which action to take in accordance with subsection (1), the resolution authority shall have regard to -

(a) The valuation carried out in accordance with section 47;

(b) the amount by which the resolution authority has assessed that the Common Equity Tier 1 instruments must be reduced and the relevant capital instruments must be written down or converted pursuant to section 34(1); and

(c) the aggregate amounts assessed by the resolution authority pursuant to section 55.

Sequence of write down in case of application of the bail-in measure.

57.-(1) When applying the bail-in measure, the resolution authority shall exercise the write-down and conversion powers subject to any exclusions under section 54(2) to (7) -

(a) Common Equity Tier 1 assets are reduced in accordance with section 34(1)(a); and

(b) if the total reduction pursuant to paragraph (a) is smaller than the sum of the amounts referred to in section 56(3)(b) and (c), by reducing the value of the Tier 1 additional instruments to the degree that is required and possible; and

(c) if the total reduction pursuant to paragraphs (a) and (b) of this subsection is less than the sum of the amounts referred to in section 56(3)(b) and (c), by reducing the value of Tier 2 instruments to the extent required and possible; and

(d) if the total reduction of the shares or other instruments of ownership and relevant capital instruments pursuant to paragraphs (a) to (c) of this subsection is less than the sum of the amounts referred to in section 56(3)(b) and (c), by reducing to the extent required the principal amount of subordinated debt that is not Additional Tier 1 or Tier 2 in accordance with the hierarchy of claims in normal insolvency proceedings, in conjunction with the write-down pursuant to paragraphs (a) to (c) of this subsection to produce the sum of the amounts referred to in section 56(3)(b) and (c); and

(e) if the total reduction of the shares or other instruments of ownership, the relevant capital instruments and the eligible liabilities pursuant to paragraphs (a) to (d) of this subsection is less than the sum of the amounts referred to in section 56(3)(b) and (c), by reducing to

the extent required the principal amount of, or outstanding amount payable in respect of, the rest of eligible liabilities in accordance with the hierarchy of claims in normal insolvency proceedings, including the ranking of deposits provided for in section 33O of the Business of Credit Institution Law, pursuant to section 54, in conjunction with the write-down pursuant to paragraphs (a) to (d) of this subsection, to produce the sum of the amounts referred to in section 56(3)(b) and (c).

(2)(a) The resolution authority when applying the write-down or conversion powers, the resolution authority shall allocate the losses represented by the sum of amounts referred to in section 56(3)(b) and (c) equally between the shares or other instruments of ownership and eligible liabilities of the same rank, by reducing the principal amount of, or outstanding amount payable in respect of, those shares or instruments of ownership and the eligible liabilities to the same extent pro rata to their value, except, for the circumstances determined in section 54(6) and (7), where a different allocation of losses amongst liabilities of the same rank is allowed.

(b) Paragraph (a) does not prevent liabilities that have been excluded from the bail-in measure, in accordance with section 54(2) to (7) from receiving more favourable treatment than eligible liabilities of the same rank in normal insolvency proceedings.

(3) Before applying the write-down or conversion referred to in paragraph (e) of subsection (1), the resolution authority shall convert or reduce the principal amount on instruments referred to in paragraphs (b), (c) and (d) of subsection (1) when these instruments contain the following terms and have not already been converted:

(a) Term that provide for the principal amount of the instrument to be reduced, on the occurrence of any event that refers to the financial situation, the solvency or the levels of the institution's or the relevant person's own funds;

(b) terms that provide for the conversion of instruments to shares or other instrument of ownership, on the occurrence of any such event.

(4) Where the instrument's value has been reduced, but not to zero, in accordance with terms of the kind referred to in paragraph (a) of subsection (3), before the application of the bail-in measure, in accordance with subsection (1), the resolution authority shall apply the write-down and conversion powers to the residual amount of that principal, in accordance with subsection (1).

(5) When deciding on whether the liabilities are to be written down or converted into equity, the resolution authority shall not convert one class of liability while a class of liabilities that is subordinated remains substantially unconverted into equity or not written down, unless otherwise permitted under section 54(2) to (7).

Bail-in on derivatives.

58.-(1) The provisions of this section shall be complied with when the resolution authority applies the write-down and conversion powers to liabilities arising from derivatives.

(2)(a) The resolution authority shall exercise the write-down and conversion powers in relation to a liability arising from a derivative only upon or after closing-out the derivative contract.

(b) Upon entry into the resolution, the resolution authority shall be empowered to terminate and close out any derivative contract for that purpose.

(c) When a derivative liability is excluded from the application of the bail-in measure under section 54(6) and (7), the resolution authority is not obligated to terminate or close out the derivative contract.

(3) Where derivative transactions are subject to a netting agreement, the resolution authority or an independent valuer shall determine as part of the valuation pursuant to section 47 the liability arising from the said transactions on a net basis, in accordance with the terms of the agreement.

(4) The resolution authority shall determine the value of the liabilities arising from derivatives in accordance with -

(a) appropriate methodologies for determining the value of classes of derivatives, including the transactions that are subject to netting agreements; and

(b) principles for establishing the relevant point in time at which a derivative position should be established; and

(c) appropriate methodologies for comparing the destruction in value that would arise from the close out and bail-in measure application of derivatives with the amount of losses that the derivatives would be borne only in the case of debt and liability restructuring.

Rate of conversion of debt to equity.

59.-(1) The resolution authority when exercising the powers specified in sections 31(1) and 65(1)(b)(vi), may apply a different conversion rate to different classes of capital instruments and liabilities in accordance to any of the principles referred to in subsections (2) and (3) of this section.

(2) The conversion rate shall represent the appropriate compensation to the affected creditor for any loss incurred due to the exercise of the write-down and conversion powers.

(3) When different conversion rates are applied according to subsection (1), the conversion rate applicable to liabilities that are considered to be senior under applicable insolvency law is higher than the conversion rate applicable to subordinated liabilities.

Recovery and reorganisation measures to accompany bail-in.

60.-(1) When the resolution authority applies the bail-in measure in order to recapitalise an institution or relevant person pursuant referred to in section 53(1)(a), it shall adopt arrangements to ensure that a business reorganisation plan for the specific institution or relevant person is drawn up and implemented in accordance with section 61.

(2) For the purposes referred to in subsection (1), the resolution authority may appoint a person or persons in accordance with section 74(1), for the objective of drawing up and implementing the business reorganisation plan required by section 61.

Business reorganisation plan.

61.-(1)(a) Within one month after the application of the bail-in measure at an institution or relevant person pursuant to section 53(1)(a), the management body or the person or persons appointed pursuant to section 74(1) shall draw up and submit to the resolution authority a business reorganisation plan that satisfies the requirements of subsection (4) and (5) of this section.

(b) Where the Union State aid framework is applicable, this plan is compatible with the restructuring plan, that the institution or the relevant person is required to submit to the European Commission, under that framework.

(2)(a) When the bail-in measure referred to in section 53(1)(a) is applied to two or more group entities, the business reorganisation plan shall be prepared by the Union parent institution and cover all other institutions in the group in accordance with the procedure specified in sections 23C and 23D of the Business of Credit Institutions Law or in sections 6 and 8 of the Law for the Recovery of CIFs and Other Entities under the Supervision of Securities and Exchange Commission and Other Related Matters Law of 2016, and is submitted to the resolution authority at group level.

(b) In the event that the resolution authority is the group level resolution authority, it shall communicate the plan to the other member state resolution authorities and the EBA.

(3)(a) In exceptional circumstances and if it is necessary for achieving the resolution objectives, the resolution authority may extend the period in subsection (1) by a maximum of two months since the application of the bail-in measure.

(b) Where Union rules with regard to State aid require notification of the business reorganisation plan, the resolution authority may extend the period referred to in subsection (1) by a maximum of two months since the application of the bail-in measure or until the deadline laid down by the Union State aid framework, whichever occurs earlier.

(4)(a) The business reorganisation plan shall set out the measures aiming to restore the long-term viability of the institution or relevant person, or parts of its business, within a reasonable timescale.

(b) The measures referred to in paragraph (a) shall be based on realistic assumptions with regard to the economic and financial market conditions under which the institution or relevant person will operate.

(c) The business reorganisation plan shall take account, inter alia, of the current state and future prospects of the financial markets, reflecting best-case and worst-case assumptions, including a combination of events allowing the identification of the institution's main vulnerabilities.

(d) Assumptions shall be compared with the appropriate sector-wide benchmarks.

(5) A business reorganisation plan shall include at least the following elements:

(a) A detailed diagnosis of factors and problems that caused the institution or relevant person to fail or be likely to fail, and the circumstances that led to its difficulties;

(b) a description of the measures that are to be adopted aiming to restore the institution's or relevant person's long-term viability;

(c) a timetable for the implementation of those measures.

(6) The measures aiming to restore the institution's or relevant person's long-term viability may include -

(a) The reorganisation of the activities of the institution or relevant person;

(b) the changes to the operational systems and infrastructure within the institution;

(c) the withdrawal from loss-making activities;

(d) the restructuring of existing activities that can be made competitive;

(e) the sale of assets or business lines.

(7)(a) Within one month from the submission date of the business reorganisation plan, the resolution authority shall assess the likelihood that the plan, if implemented, will restore the institution's or relevant person's long-term viability.

(b) The assessment under paragraph (a) shall be completed in agreement with the relevant competent authority.

(c) If the resolution authority and the competent authority are satisfied that the plan would achieve the institution's or relevant person's long-term viability the resolution authority shall approve the plan.

(8) If the resolution authority is not satisfied that the plan will achieve the objective referred to in subsection (7), the resolution authority, in agreement with the competent authority, shall notify the management body or the person or persons appointed in accordance with section 74(1) of its concerns and require the amendment of the plan, in a way that addresses these concerns.

(9)(a) Within two (2) weeks from the date of receipt of the notification referred to in subsection (8), the management body or the person or persons appointed in accordance with section 74(1) shall submit the amended plan for approval by the resolution authority.

(b) The resolution authority shall assess the amended plan and, within one week, shall notify the management body or the person or persons appointed pursuant to section 74(1)

of whether it is satisfied that the plan, as amended, addresses the problems notified or whether further amendment is required.

(10) The management body or the person or persons appointed pursuant to section 74(1) shall implement the reorganisation plan as agreed by the resolution authority and competent authority, and shall submit a report to the resolution authority at least every six months on the progress in the implementation of the plan.

(11) The management body or the person or persons appointed pursuant to section 74(1) shall revise the plan if, in the resolution authority's opinion in agreement with the competent authority, it is necessary to achieve the aim referred to in subsection (4) of this section, and shall submit each revision to the resolution authority for approval..

### Part 3 – Ancillary provisions of the application of the bail-in measure

Effect of bail-in.

62.-(1) Where the resolution authority exercises the power referred to in section 30(1) or 65(1)(b)(v) to (ix), a reduction on principal or outstanding amount due, conversion or cancellation takes effect and is immediately binding on the institution under resolution and affected creditors.

(2) The resolution authority shall have the power to complete or require the completion of all administrative and procedural tasks necessary for the effective exercise of the powers referred to in section 30(1) or 65(1)(b)(v) to (ix), which include-

(a) The amendment of all relevant registers; and

(b) the delisting or removal from trading of shares or other instruments of ownership or debt instruments; and

(c) the listing or admission to trading of new shares or other instruments of ownership; and

114(l) of 2005  
144(l) of 2012  
63(l) of 2013  
166(l) of 2014  
86(l) of 2015.

(d) the relisting or readmission to trading of any debt instruments which have been written down, without the requirements of issuing a prospectus pursuant to the Public Offer and Prospectus Law.

(3) Where a resolution authority reduces to zero the principal amount of, or outstanding amount payable in respect of, a liability by means of the power referred to in section 65(1)(b)(v), that liability and any obligations or claims arising in relation to it, that are not accrued at the time when the power is exercised, 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 entity in any subsequent winding up.

(4) Where a resolution authority reduces in part, but not in full, the principal amount of or outstanding amount payable in respect of a liability by means of the power referred to section 65(1)(b)(v) -

(a) The liability shall be discharged to the extent of the amount reduced; and

(b) the relevant instrument or agreement that created the original liability shall continue to apply in relation to the residual principal amount of or the outstanding amount payable in respect of the liability, subject to any further 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 make by means of power referred to in section 65(1)(b)(x).

Removal of procedural impediments to bail-in.

63.-(1) Without prejudice to section 65(1)(b)(ix), the resolution authority may, where applicable, require the institutions/groups to maintain, at all times, a sufficient amount of the authorised share capital or of other Common Equity Tier 1 instruments, so that, in the event that the resolution authority exercises the powers referred to in section 65(1)(b)(v) and (vi) in relation to an institution or relevant person or any of their subsidiaries, the said institution or relevant person will not be prevented from issuing sufficient new shares or other instruments of ownership to ensure that the conversion of liabilities into shares and other instruments of ownership could be carried out effectively.

(2)(a) The resolution authority shall assess whether it is appropriate to impose the requirement laid down in subsection (1) in the case of a particular institution or group, in the context of the development and maintenance of the resolution plan for that institution or group, having regard, in particular, to the resolutions actions contemplated in that plan.

(b) If the resolution plan provides for the possible application of the measure to transfer assets, rights or liabilities to a bridge institution, the resolution authority shall verify that the authorised share capital or other Common Equity Tier 1 instruments are sufficient to cover the sum of amounts referred to in section 56(3)(b) and (c).

(3) The conversion of liabilities to shares or other instruments of ownership is considered a fully valid act and applies towards third parties notwithstanding the validity or any restriction imposed by any term on the basis of the institution's documents of incorporation or memorandum, including the shareholders options or the requirements of shareholders' consent to a capital increase.

Contractual  
recognition of  
bail-in.

64.-(1)(a) The institutions and relevant persons shall be required to include a contractual term by which the creditor or party to the agreement creating the liability recognises that the liability may be subject to the write-down and conversion powers and agrees to be bound by any reduction of the principal or outstanding amount due, conversion or cancellation that is effected by the exercising of those powers by a resolution authority, provided that such liability is -

(i) Not excluded under section 54;

(ii) not a deposit as referred to in section 33O(2)(e) of the Business of Credit Institutions Law;

(iii) governed by the law of a third country; and

(iv) issued or entered into after the date of entry into force of this Law.

(b) Paragraph (a) shall not apply where the resolution authority determines that the liabilities or the instruments referred to in paragraph (a) can be subject to the write-down and conversion powers exercised by the resolution authority pursuant to the law of a third country or a binding agreement concluded with that third country.

(c) The resolution authority may require institutions and relevant persons to provide the authorities with a legal opinion regarding the enforceability and effectiveness of the referred to in paragraph (a).

(2) If an institution or relevant person fail to include in the contractual provisions governing a relevant liability a clause required in accordance with subsection (1), that failure shall not prevent the resolution authority from exercising the write-down and conversion powers in relation to that liability.

## CHAPTER VI – RESOLUTION POWERS

General powers.

65. (1)(a) The resolution authority has all the powers necessary to apply the resolution measures to institutions and to relevant entities that meet the applicable conditions for resolution.

(b) In particular, the resolution authority shall have the following resolution powers, which it may exercise individually or in any combination:

(i) The power to require any person to provide any information required for the resolution authority to decide upon and prepare a resolution action, including updates and supplements of information provided in the resolution plans and including requiring information to be provided through on-site inspections;

(b) the power to take control of an institution under resolution and exercise all the rights and powers conferred upon the shareholders, other owners and the management body of the institution under resolution;

(c) the power to transfer shares or other instruments of ownership issued by an institution under resolution;

(d) the power to transfer to another entity, with the consent of that entity, rights, assets or liabilities of an institution under resolution;

(e) the power to reduce, including to reduce to zero, the principal amount of or outstanding amount due in respect of eligible liabilities, of an institution under resolution;

(f) the power to convert eligible liabilities of an institution under resolution into ordinary shares or other instruments of ownership of that institution or relevant entity referred of a relevant parent institution or a bridge institution to which assets, rights or liabilities of the institution or the relevant entity are transferred;

(g) the power to cancel debt instruments issued by an institution under resolution except for secured liabilities subject to section 54 (2);

(h) the power to reduce, including to reduce to zero, the nominal amount of shares or other instruments of ownership of an institution under resolution and to cancel such shares or other instruments of ownership;

(i) the power to require an institution under resolution or a relevant parent institution to issue new shares or other instruments of ownership or other capital instruments, including preference shares and contingent convertible instruments;

(j) the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for secured liabilities subject to section 54(2);

(k) the power to close out and terminate financial contracts or derivatives contracts for the purposes of applying section 58;

(l) the power to remove or replace the management body and senior management of an institution under resolution;

(m) the power to require the competent authority to assess the buyer of a qualifying holding in a timely manner by way of derogation from the time-limits laid down the Investment Services and Activities and Regulated Markets Law or/and the Operations of Credit Institutions Law, as applicable.

(2) (a) The resolution authority when applying the resolution measures and exercising the resolution powers, is not subject to any of the following requirements that would otherwise apply by virtue of national law or contract or otherwise:

(i) subject to section 4(3), requirements to obtain approval or consent from any person either public or private, including the shareholders or creditors of the institution under resolution;

(ii) prior to the exercise of the power, procedural requirements to notify any person including any requirement to publish any notice or prospectus or to file or register any document with any other authority.

(b) The resolution authority can exercise the powers under this section irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply.

(c) Subparagraph (ii) of paragraph (a) is without prejudice to the requirements laid down in section 84 and any notification requirements under the Union State aid framework.

(3) To the extent that any of the powers listed in subsection (1) is not applicable to a covered entity as a result of its specific legal form, the resolution authority shall have powers which are as similar as possible including in terms of their effects.

(4) When the resolution authority exercises the powers pursuant to subsection (3) the safeguards provided for in this Law, or safeguards that deliver the same effect, shall be applied to the persons affected, including shareholders, creditors and counterparties.

Ancillary powers.

66.-(1) When exercising a resolution power, the resolution authority may -

(a) Subject to section 80, provide for a transfer to take effect free of any liability or encumbrance affecting the financial instruments, rights, assets or liabilities; for that purpose, any right of compensation in accordance with this Law is not considered liability or encumbrance; and

(b) remove the rights to acquire further shares or other instruments of ownership; and

(c) require the Securities and Exchange Commission to ensure that discontinuance or suspension for trading on a regulated market or the listing of financial instruments in the stock market is in accordance with the Public Offer and Prospectus Law; and

(d) provide for the recipient to be treated as if it were the institution under resolution for the purposes of any rights or obligations of, or actions taken by the institution under resolution including, subject to sections 46, 48 and 50, the rights or obligations relating to participation in market infrastructures;

(e) require the institution under resolution or the recipient to provide the other with information and assistance; and

(f) cancel or modify the terms of a contract to which the institution under resolution is a party or substitute a recipient as counter-party.

(2) The resolution authority shall exercise the powers specified in subsection (1) where it is considered by the resolution authority to be appropriate to ensure that a resolution action is effective or to achieve one or more resolution objectives.

(3) When exercising a resolution power, the resolution authority may provide for continuity arrangements necessary for ensuring the effectiveness of the resolution and that the recipient is in a position to carry out the activities transferred to it, including -

(a) the continuity of contracts that the institution under resolution entered into, so that the recipient assumes the rights and liabilities of the institution under resolution relating to any financial instrument, right, asset or liability and to substitute the institution under resolution, expressly or implicitly in all relevant contract documents;

(b) the substitution of the institution under resolution by the recipient in all legal proceedings relating to any financial instrument, right, asset or liability that has been transferred.

(4) The powers provided for in paragraph (d) of subsection (1) and paragraph (b) of subsection (3) do not affect the following:

(a) the right of an employee of the institution under resolution to terminate an employment contract;

(b) subject to sections 71, 72 and 73, any right of a party to a contract to exercise rights under the contract, including the right to terminate, where entitled to do so, in accordance with the contract terms, by virtue of an act or omission by the institution under resolution, prior to such relevant transfer, or by the recipient, after such relevant transfer.

Power to require the provision of services and facilities

67. (1) (a) The resolution authority may require an institution under resolution, or any of its group entities, to provide any services or facilities that are necessary to enable a recipient to operate effectively the business transferred to it.

(b) Paragraph (a) shall apply including where the institution under resolution or relevant group entity has entered into normal insolvency proceedings.

(2) The resolution authority may enforce obligations imposed, pursuant to subsection (1), on group entities established in their territory by other member-state resolution authorities, in group entities established in the Republic.

(3) The services and facilities referred to in subsections (1) and (2) are restricted to operational services and facilities and do not include any form of financial support.

(4) The services and facilities provided in accordance with subsections (1) and (2) shall be on the following terms:

(a) Where the services and facilities were provided under an agreement to the institution under resolution immediately before the resolution action was taken and for the duration of that agreement, on the same terms;

(b) where there is no agreement or where the agreement has expired, on reasonable terms.

Application of resolution measures by Member State resolution authorities.

68.-(1) A transfer of shares by a member-state resolution authority other instruments of ownership or rights, assets or liabilities in the Republic or that are subject to the laws of the Republic rather than those of the resolution authority, is considered to be fully valid and applies to shareholders, creditors and third parties notwithstanding any restriction imposed under legislative provisions or contract terms or in any other way, including compliance with legal procedures that would otherwise apply, inter alia, under the Investment Services and Activities and Regulated Markets Law or the Business of Credit Institutions Law or the Companies Law or the Cooperative Societies Law or the Takeover Bids Law.

(2) The member-state resolution authority that has made or intends to make the transfer, takes all reasonable assistance from the resolution authority or other public authority to ensure that the transfer of shares or other instruments of ownership or assets, rights or liabilities to the recipient complies with the Cyprus law.

(3) The shareholders, creditors and third parties affected by the transfer of shares, other instruments of ownership, assets, rights or liabilities referred to in subsection (1) are not entitled to prevent, challenge or set aside the transfer under any provision of law pursuant to any provision of the Cyprus law.

(4) When a member-state resolution authority exercises the write-down and conversion powers and the institution's eligible liabilities include -

(a) Liabilities governed by the Cyprus law; and

(b) liabilities towards creditors in the Republic,

the reduction of the value of such liabilities or their conversion is deemed to be a fully valid act and is applicable for third parties notwithstanding any restrictions imposed under legislative provisions or contract terms or in any other way including compliance with legal procedures that would otherwise apply, inter alia, under the Investment Services and Activities and Regulated Markets Law or the Business of Credit Institutions Law or the Companies Law or the Cooperative Societies Law or the Public Offering Law.

(5) The creditors affected by the exercising of the write-down and conversion powers referred to in subsection (4) are not entitled to challenge the reduction of the liability or its conversion, as the case may be, under any provision of the Cyprus law.

(6) This section shall have no effect on:

(a) The rights of shareholders, creditors and third parties to challenge acts and restoration under section 86, with regard to the transfer of shares, other instruments of ownership, assets, rights or liabilities, as referred to in subsection (1) of this section; and

(b) the right of creditors to challenge acts and restoration under section 86, with regard to the reduction of the principal amount or the conversion of a liability covered by paragraph (a) or (b) of subsection (4) of this section; and

(c) the safeguards for partial transfers, as referred to in Chapter VII of this Section, with regard to assets, rights or liabilities, as referred to in subsection (1) of this section.

Power in respect of assets, rights, liabilities, shares and other instruments of ownership located in third countries.

69.-(1) In cases in which the resolution action involves action taken in respect of assets located in a third country or shares, other instruments of ownership, rights or liabilities governed by the law of a third-country, the resolution authority may require that -

(a) The administrator, receiver or other person exercising control of the institution under resolution and the recipient take all necessary steps to ensure that the transfer, write-down, conversion or action becomes effective;

(b) the administrator, receiver or other person exercising control of the institution under resolution hold the shares, other instruments of ownership, assets or rights or discharge the liabilities on behalf of the recipient until the transfer, write-down, conversion or action becomes effective;

(c) the reasonable expenses of the recipient properly incurred in carrying out any action required under paragraphs (a) and (b), are met in any of the ways referred to in section 45(7).

(2) The resolution authority shall not proceed with the transfer, write-down, conversion or resolution action under paragraph (a) of subsection (1) when it deems that it is highly unlikely that they will produce lawful results in relation to certain assets located in a third country or related to shares, other instruments of ownership, rights or liabilities governed by the law of a third country, although all necessary measures have been taken by the administrator, receiver or other person exercising control of the institution under resolution.

Exclusion of certain contractual terms in early intervention and resolution.

70.-(1)(a) Any crisis prevention measure or crisis management measure taken in relation to a covered person, or including the occurrence of any event directly linked to the application of such a measure, under a contract entered into by the entity, shall not, per se, be deemed to be an enforcement event within the meaning of the Law on Financial Collateral Arrangement Law, provided that the substantive obligations under the contract, including the payment and delivery obligations and the provision of collateral, continue to be performed.

(b) Further to the provisions of paragraph (a), the crisis prevention measure or crisis management measure shall not, per se, be deemed to be an enforcement event or insolvency proceedings under a contract entered into by -

(i) A subsidiary, the obligations under which are guaranteed or otherwise supported by the parent undertaking; or

(ii) any group entity, which includes cross default provisions.

(2) If the resolution proceedings in a third country are recognised pursuant to section 98, or if the resolution authority so decides, for the purposes of this section, these proceedings constitute a crisis management measure.

(3) Provided that the substantive obligations under the contract, including the payment and delivery obligations, and the provision of collateral, continue to be performed, any crisis

prevention measure or crisis management measure, including the occurrence of any event directly linked to the application of such measure, shall not, per se, make it possible for anyone to -

(a) Exercise any termination, suspension, modification, netting of set-off rights, including in relation to a contract entered into by -

(i) A subsidiary, the obligations under which are guaranteed or otherwise supported by any group entity,

(ii) any group entity, which includes termination cross default provisions;

(b) obtain possession, exercise control or enforce any security over any property of the institution or relevant person or any group entity in relation to a contract which includes cross default provisions;

(c) affect any contractual rights of the institution or the relevant entity or any group entity in relation to a contract which includes cross default provisions.

(4) This section shall not affect the rights of a person to take an action referred to in subsection (2), where that right arises by virtue of an event other than the crisis prevention measure, the crisis management measure or the occurrence of any event directly linked to the implementation of such measure,

(5) Suspension or restriction under section 71, 72 or 73 shall not constitute non-performance of a contractual obligation for the purposes of subsections (1) and (2) of this section.

(6) The provisions in this section shall be considered to be overriding mandatory provisions within the meaning of Article 9 of Regulation (EC) No 593/2008.

Power to suspend certain obligations.

71.(1) The resolution authority has the power to suspend any payment or delivery obligations pursuant to any contract to which the institution under resolution is a contracting party from the publication of a notice of suspension, in accordance with section 84(4), until midnight at the end of the business day following the publication.

(2) When a payment or delivery obligation would have been due during the suspension period, the payment or delivery obligation shall be due immediately upon expiry of the suspension period.

(3) If the contractual payment or delivery obligations of an institution under resolution are suspended under subsection (1), the payment or delivery obligations by the counterparties of the institution under resolution under that contract shall be suspended for the same period of time.

(4) The suspension pursuant to subsection (1) shall not apply to –

(a) Eligible deposits; and

(b) payment and delivery obligations owed to systems or system operators in the meaning of section 2(1) of the Irrevocable Settlement to Payment Systems and to Securities Settlement Systems Law, of central counterparties and central banks;

(c) eligible claims for the purpose of the Securities and Exchange Commission Directive for the Continued Operation and Operation of the Investor compensation fund for clients of Investment Firms and the Regulations for the Establishment and Operation of the Investor Compensation Fund for Clients of Banks of 2004 to 2007.

(5) When exercising a power under this section, the resolution authority shall have regard to the impact the exercising of that power might have on the orderly functioning of financial markets.

Power to restrict the enforcement of security interests.

72.-(1) The resolution authority shall have the power to restrict secured creditors of an institution under resolution from enforcing security interests in relation to any assets of that institution under resolution from the publication of a notice of restriction, in accordance with section 84(4), until midnight of the business day following the publication.

(2) The resolution authority shall not exercise the power referred to in subsection (1) in relation to any security interest of systems or operators of system within the meaning of section 2(1) of the Irrevocable Settlement to Payment Systems and to Securities Settlement Systems Law of, central counter-parties and central banks over assets pledged or provided by way of margin or collateral by the institution under resolution.

(3) Where section 82 applies, the resolution authority shall ensure that any restrictions imposed pursuant to the power referred to in subsection (1) of this section are consistent for all group entities to which a resolution action is taken.

(4) When exercising a power under this section, the resolution authority shall have regard to the impact the exercising of that power might have on the orderly functioning of financial markets.

Power to suspend termination rights.

73.-(1) The resolution authority may suspend the termination rights of any party to a contract with an institution under resolution from the publication of the notice pursuant to section 84(4), until midnight of the business day following that publication, provided that the payment and delivery obligations and the provision of collateral continue to be performed.

(2) The resolution authority shall have the power to suspend the termination rights of any party to a contract with a subsidiary of the institution under resolution where –

(a) The obligations under the contract are guaranteed or are otherwise supported by the institution under resolution; and

(b) the termination rights under that contract are based solely on the insolvency or financial condition of the institution under resolution; and

(c) in the case of transfer power that has been or may be exercised in relation to the institution under resolution, either -

(i) all the assets and liabilities of the subsidiary relating to that contract have been or may be transferred to and assumed by the recipient, or

(ii) the resolution authority provides in any other way adequate protection for such obligations.

The suspension shall take effect from the publication of the notice, pursuant to section 83(4), until midnight of the business day following that publication.

(3) Any suspension under subsections (1) or (2) shall not apply to systems or operators of systems in the meaning of section 2(1) of the Laws of Irrevocable Settlement to Payment Systems and to Securities Settlement Systems Law, of , central counterparties or central banks.

(4) A person may exercise a termination right under a contract before the end of the period referred to in subsection (1) or (2), if that person receives notice from the resolution authority that the rights and liabilities covered by the contract shall not be -

(a) transferred to another entity; or

(b) subject to a write-down or conversion on the application of the bail-in tool in accordance with section 53(1)(a).

(5) Where a resolution authority exercises the power specified in subsection (1) or (2) to suspend termination rights, and where no notice has been given pursuant to subsection

(4), those rights may be exercised on the expiry of suspension subject to section 70, as follows:

(a) if the rights and liabilities covered by the contract have been transferred to another entity, a counterparty may exercise termination rights in accordance with the terms of that contract only on the occurrence of any continuing or subsequent enforcement event by the recipient entity;

(b) if the rights and liabilities covered by the contract remain with the institution under resolution and the resolution authority has not applied a bail-in tool in accordance with section 53(1)(a) to that contract, a counter-party may exercise the termination rights in accordance with the terms of that contract on the expiry of a suspension under subsection (1) of this section.

(6) When exercising a power under this section, the resolution authority shall have regard to the impact the exercise of that power might have on the orderly functioning of the financial markets.

(7)(a) The resolution authority may require an institution or relevant person to maintain detailed records of financial contracts.

(b) Following the resolution authority's request, the trade repository shall make the necessary information available to the resolution authority, to enable it to fulfil its respective responsibilities and mandates in accordance with Article 81 of Regulation (EU) No 648/2012.

Exercise of resolution powers.

74.-(1)(a) In order to take a resolution action, the resolution authority ensures that it is able to exercise control over the institution under resolution, so as to –

(i) Operate and conduct the activities and services of the institution under resolution with all the powers of its shareholders and management body; and

(ii) manage and dispose of the assets and property of the institution under resolution.

(b) The control referred to in paragraph (a) may be exercised directly by the resolution authority or indirectly by a person or persons appointed by the resolution authority.

(c) Notwithstanding the provisions of any other law, the voting rights conferred by shares or other instruments of ownership of the institution under resolution cannot be exercised during the period of resolution.

(2) The resolution authority may take a resolution action without exercising control over the institution under resolution.

(3) The resolution authority shall decide in each particular case whether it is appropriate to carry out the resolution action through the means specified in subsection (1) or (2) having regard to the resolution objectives and the general principles governing the resolution, the specific circumstances of the institution under resolution and the need to facilitate the effective resolution of cross-border groups.

(4) The resolution authority shall not be liable with regard to corporate or insolvency law.

## CHAPTER VII – SAFEQUARDS

Treatment of shareholders and creditors in the case of partial transfers and application of the bail-in tool.

75. Where one or more resolution tools have been applied and, in particular for the purposes of section 77, the following shall apply:

(a) Except where paragraph (b) applies, where the resolution authority transfers only parts of the rights, assets and liabilities of the institution under resolution, the shareholders and

creditors whose claims have not been transferred, receive in satisfaction of their claims at least as much as they would have received if the institution under resolution had been wound up under normal insolvency proceedings at the time when the decision referred to in section 83 was taken;

(b) where the resolution authority applies the bail-in tool, the shareholders and the creditors whose claims have been written down or converted to equity do not incur greater losses than they would have incurred if the institution under resolution had been wound up under normal insolvency proceedings immediately at the time when the decision referred to in section 83 was taken.

Valuation of difference in treatment.

76.-(1)(a) For the purpose of assessing whether shareholders and creditors would have received better treatment if the institution under resolution had entered into normal insolvency proceedings, including but not limited to for the purpose of section 75, a valuation is carried out by an independent person, as soon as possible after the resolution action or actions have been effected.

(b) That valuation shall be distinct from the valuation carried out under section 47.

(c) Where the resolution authority exercises the power of write-down or conversion of capital instruments, the resolution authority ensures the conduct of a valuation that meets the requirements of this section and section 76.

(2) The valuation of subsection (1) shall determine:

(a) The treatment that shareholders and creditors, or the relevant deposit guarantee scheme, would have received if the institution under resolution with respect to which the resolution action or actions have been effected, had entered normal insolvency procedures at the time when the decision referred to in section 83 was taken; and

(b) the actual treatment that shareholders and creditors have received, in the resolution of the institution under resolution; and

(c) if there is any difference between the treatment referred to in paragraph (a) and the treatment referred to in paragraph (b).

(3) The valuation shall -

(a) Assume that the institution under resolution with respect to which the resolution action or actions have been effected, would have entered normal insolvency proceedings at the time when the decision referred to in section 83 was taken; and

(b) assume that the resolution action or actions had not been effected; and

(c) disregard any provision of public financial support to the institution under resolution.

Safeguard for shareholders and creditors.

77. If the valuation carried out under section 76 determines that any shareholder or creditor referred to in section 75, or the deposit guarantee scheme pursuant to section 105(1), has incurred greater losses than it would have incurred in a winding up under normal insolvency proceedings, it is entitled to payment of the difference from the Resolution Fund.

Safeguard for counterparties in partial transfers.

78.-(1) The protection specified in subsection (2) applies in the following circumstances:

(a) Where the resolution authority transfers some but not all of the assets, rights or liabilities of an institution under resolution to another entity or, in the exercise of a resolution tool, from a bridge institution or asset management vehicle to another person;

(b) when the resolution authority exercises the powers specified in section 66(1).

(2) The appropriate protection of the following arrangements and of the counterparties shall be ensured in the following agreements:

(a) Security arrangements, under which a person has by way of security an actual or contingent interest in the assets or rights that are subject to transfer, irrespective of whether that interest is secured with specific assets or rights or by way of a floating charges or similar arrangement;

(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 transfer of assets by the collateral-taker, if those specified obligations are performed;

(c) set-off arrangements under which two or more claims or obligations owed between the institution under resolution and a counterparty can be set off against each other;

(d) netting arrangements;

(e) covered bonds;

(f) structured finance arrangements, including securitisations and instruments used for hedging purposes which form an integral part of the cover pool and which, according to the laws of Cyprus, are secured in a way similar to the covered bonds, which involve the granting and holding of security by a party to the arrangement or a trustee, agent or nominee.

It is provided that, the form of protection that is appropriate, for the classes of arrangements referred to in this subsection, is further specified in sections 79 to 82 and shall be subject to the restrictions specified in sections 70 to 73.

(3) The requirement under subsection (2) applies irrespective of the number of parties involved in the arrangements and of whether the agreements –

(a) Are created by contract, trusts or other means or automatically by the application of the law;

(b) arise under or are governed, in whole or in part, by the laws of a member state.

Protection for financial collateral, set off and netting agreements.

79.-(1)(a) It is forbidden to transfer some, but not all, of rights and liabilities that are protected under a title transfer financial collateral arrangement, a set-off arrangement or a netting arrangement between the institution under resolution and another person and the modification or termination of rights and liabilities that are protected under such a title transfer financial collateral arrangement, a set-off arrangement or a netting arrangement through the use of ancillary powers.

(b) For the purposes of paragraph (a), the rights and liabilities are to be treated as protected under such an arrangement if the parties to the arrangement are entitled to set-off or net those rights and liabilities.

(2) Notwithstanding subsection (1), where necessary in order to ensure access to the covered deposits, the resolution authority may:

(a) Transfer covered deposits which are part of any of the arrangements mentioned in subsection (1) without transferring other assets, rights or liabilities that are part of the same agreement; and

(b) transfer, modify or terminate those assets, rights or liabilities without transferring the covered deposits.

Protection of security arrangements.

80.-(1) With regard to liabilities secured under a security arrangement, all the following are forbidden:

(a) The transfer of assets against which the liability is secured, unless that liability and benefit of the security are also transferred;

- (b) the transfer of a secured liability, unless the benefit of the security are also transferred;
- (c) the transfer of the benefit of the security, unless the secured liability is also transferred;
- (d) the modification or termination of a security arrangement, through the use of ancillary powers, if the effect of that modification or termination is that the liability ceases to be secured.

(2) Notwithstanding subsection (1), where necessary in order to ensure availability of the covered deposits, the resolution authority may:

- (a) transfer covered deposits which are part of any of the arrangements mentioned in subsection (1) without transferring other assets, rights or liabilities that are part of the same arrangement; and
- (b) transfer, modify or terminate those assets, rights or liabilities without transferring the covered deposits.

Protection for structured finance arrangements and covered bonds.

81.-(1) With regard to structured finance arrangements, including arrangements referred to in section 78(2)(e) and (f), all the following are forbidden:

- (a) The transfer of some, but not all, of the assets, rights and liabilities which constitute or form part of a structured finance arrangement, including the arrangements referred to in section 78(2)(e) and (f), to which the institution under resolution is a party;
- (b) the termination or modification, through the use of ancillary powers of the assets, rights and liabilities which constitute or form part of a structured finance arrangement, including arrangements referred to in section 78(2)(e) and (f), to which the institution under resolution is a party.

(2) Notwithstanding subsection (1), where necessary in order to ensure availability of the covered deposits, the resolution authority may -

- (a) transfer covered deposits which are part of any of the arrangements mentioned in subsection (1) without transferring other assets, rights or liabilities that are part of the same arrangements; and
- (b) transfer, modify or terminate those assets, rights or liabilities without transferring the covered deposits.

Partial transfers: protection of trading, clearing and settlement systems.

82.-(1) The application of a resolution tool does not affect the operation of systems and rules of systems covered by the Settlement Finality in Payment Systems and Securities Settlement Systems Law in the event that the resolution authority –

- (a) Transfers some, but not all, of the assets, rights or liabilities of an institution under resolution to another entity; or
- (b) uses powers under section 66 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.

(2) In particular, a transfer, cancellation or amendment as referred to in subsection (1) shall not revoke a transfer order, in contravention of section 4 of the Settlement Finality in Payment Systems and Securities Settlement Systems Law, and shall not modify or negate the enforceability of transfer orders and netting as required by sections 4(5) and 4(3) of the said Law, the use of funds, securities or credit facilities as required by section 7 of the said Law.

## CHAPTER VIII – PROCEDURAL OBLIGATIONS

Decision of the resolution authority.

83.-(1)(a) The decision whether or not to take resolution action in relation to an institution or a relevant person shall be made as soon as reasonably feasible after receiving notice from the competent authority in accordance with section 42(1)(a) in respect to the said institution or in accordance with section 43 in respect to the said person.

(b) The decision made under paragraph (a) shall contain the following information:

(i) The reasoning for that decision, including the determination that the institution meets or does not meet the conditions for resolution;

(ii) the action that the resolution authority intends to take including, where appropriate, the recommendation to the competent authority to revoke the institution's licence and to apply for winding up, the appointment of an administrator or liquidator or on any other measure under applicable normal insolvency proceedings.

(c) The resolution authority shall publish the decree, pursuant to which the resolution action shall be taken, on the same day, in the Official Gazette of the Republic.

(2) (a) The decision to terminate the resolution action in respect to an institution or relevant person shall be made as soon as the resolution authority has ascertained that -

(i) The resolution measures have been completed and the resolution objectives and the public interest have been served; or

(ii) it is not reasonably feasible for the resolution measures to be completed and/or the continuation of the resolution measures do not meet the resolution objectives and/or public interest.

(b) The decision made under paragraph (a) shall include the following information:

(i) The ascertainment referred to in paragraph (a) as appropriate;

(ii) in the event that the ascertainment is the one referred to in subparagraph (ii) of paragraph (a), the recommendation to the competent authority to revoke the institution's license and to apply for a winding up, the appointment of an administrator or liquidator on any other measure under normal insolvency proceedings.

(c) On the same day, the resolution authority shall publish a notice in the Official Gazette of the Republic that the resolution measures have been terminated, the date of termination and that the institution or relevant person is not under resolution as of the date of termination.

Procedural obligations of the resolution authority.

84.-(1) As soon as reasonably practicable, the resolution authority shall notify its decisions regarding the adoption and termination of the resolution action to the institution under resolution and the following authorities, if different:

(a) The competent authority for the institution under resolution;

(b) the competent authority for any branch of the institution under resolution;

(c) the Central Bank, in its capacity as central bank;

(d) the management committee of the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme;

(e) where applicable, the group-level resolution authority;

(f) the Minister;

(g) where the institution is subject to supervision on a consolidated basis, under section 39 of the Business of Credit Institutions Law or the Investment Services and Activities and Regulated Markets Law, as appropriate, the consolidating supervisory authority;

(h) the ESRB and the Central Bank in its capacity macro-prudential authority;

(i) the European Commission, the ECB, the ESMA, the EIOPA and the EBA;

(j) if the institution under resolution is an institution as defined in section 2 of the Settlement Finality in Payment Systems and Securities Settlement Systems Law, the administrators of the systems in which it participates.

(2) The notification of resolution action referred to in subsection (1) shall include a copy of any decree or decision by which the relevant powers are exercised and shall indicate the date from which the resolution action or actions are effective.

(3) The resolution authority shall publish or ensure the publication of the decree or decision by which the resolution action shall be taken, or the notice summarising the effects of the resolution action, and in particular in the effects on retail customers and retail investors, and, if applicable, the terms and period of suspension or restriction referred to in sections 71, 72 and 73, by the following means:

(a) Its official website;

(b) the website of the competent authority, if different from the resolution authority, and on the website of the EBA;

(c) the website of the institution under resolution;

(d) where the shares, or other instruments of ownership or debt instruments of the institution under resolution are admitted to trading on a regulated market, the means used for the disclosure of regulated information concerning the institution under resolution, in accordance with section 37(1) of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law;

(4)(a) If the shares, instruments of ownership or debt instruments are not admitted to trading on a regulated market, the resolution authority shall ensure that the documents providing proof of the instruments referred to in subsection (3) are sent to the shareholders and creditors of the institution under resolution.

(b) For the application of paragraph (a) the institution under resolution shall make its registers or databases available.

(5) The resolution authority shall publish or ensure the publication of the notice of termination of resolution measures using the means referred to in subsection (3).

Confidentiality.

85.-(1) Subject to the remaining subsections of this section, the following persons and entities shall be obligated to comply with the requirements of professional secrecy:

(a) The resolution authority;

(b) the competent authority;

(c) the Minister;

(d) the special administrators appointed under this Law;

(e) the potential acquirers that are contacted or invited by the resolution authority, irrespective of whether such contact or invitation occurred as preparation for using the measure of sale of operations and irrespective of whether the invitation resulted in an acquisition;

(f) the auditors, accountants, legal and professional advisors, valuers and other experts directly or indirectly engaged by the resolution authority, the competent authority, the Minister or the potential acquirers referred to in paragraph (e);

(g) the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme;

(h) the Investors Compensation Fund;

(i) the Central Bank in its capacity as central bank and other authorities involved in the resolution process;

(j) the bridge institution and the asset management company;

(k) any other person providing or having provided services directly or indirectly, permanently or occasionally, to persons or entities referred to in paragraphs (a) to (j);

(l) the senior management, the members of the management body and the employees of the persons or entities referred to in paragraphs (a) to (j), before, during and after their appointment.

(2) With a view to ensuring that the confidentiality requirements laid down in subsections (1) and (3), the persons referred to in paragraphs (a), (b), (c), (g), (i) and (j) of subsection (1) shall bring into force internal regulations, including rules for ensuring the secrecy of information between persons directly involved in the resolution process.

(3)(a) Without prejudice to the generality of subsection (1), the persons referred to in that subsection shall be prohibited from disclosing confidential information received during the course of their professional activities or from a competent authority or resolution authority, in connection with its functions under this Law, to any person or authority unless it is in the exercise of their functions under this Law in summary or aggregate form, such that individual institutions or relevant persons cannot be identified shall not be possible, or with the express and prior consent of the authority or the institution or relevant person which provided the information.

(b) The possible effects of disclosing information on the public interest as regards financial, monetary or economic policy on the commercial interests of natural and legal persons, on the purpose of inspections, on investigations and on audits, are assessed prior to the disclosure of confidential information by persons referred to in subsection (1) .

(c) The procedure for checking the effects of disclosing information shall include a specific assessment of the effects of any disclosure of the contents and details of the resolution plan as provided in sections 10, 11 and 13 and the result of any assessment carried out pursuant to section 18.

(4) It shall be permitted -

(a) For employees and experts of persons or entities referred to in points (a) to (i) of subsection (1) to exchange information between themselves within each person or entity during the performance of their duties; or

(b) for the resolution authority, including its employees and experts, to exchange information with other member-state resolution authorities, member-state competent authorities, member-state competent ministries, member-state central banks, member-state deposit guarantee schemes, member-state investor compensation schemes, competent authorities for normal insolvency proceedings in member states, competent authorities for maintaining the stability of the financial system in member states through the use of macro-prudential rules, auditors for the conduct of statutory audits on annual and consolidated statements, the EBA or, subject to section 102, relevant third countries authorities, or, subject to strict confidentiality requirements, to a potential acquirer for the purposes of planning or carrying out a resolution action.

(5) Notwithstanding any other subsection (5) of this section, the exchange of information shall be permitted between the resolution authority and the following:

- (a) Any other person, where necessary, for the purpose of planning or carrying out a resolution action, subject to strict confidentiality requirements;
  - (b) the competent parliamentary committees of the House of Representatives and special investigative boards, under appropriate conditions;
  - (c) the Central Bank in its capacity as supervisory authority for payment systems, as competent authority for the financial stability or as macro-prudential supervision authority;
  - (d) the Insolvency Service of the Registrar of Companies and Official Receiver as competent authority for the normal insolvency proceedings;
  - (e) the competent authorities for the supervision of other entities of the financial sector, the financial markets and the insurance companies and the inspectors authorised by them; and
  - (f) auditors in charge of the carrying out of statutory audits on annual and consolidated statement.
- (6) This section shall apply without prejudice to the laws of Cyprus with regard to the disclosure of information for the purpose of judicial procedures in criminal and civil cases.
- (7) Any person or entity referred to in subsection (1) incurs civil liability in the event of breach of this section.

## PART VII DISPUTE OF ACTS AND RESTRICTION OF JUDICIAL PROCEEDINGS

Dispute of acts  
and restoration.

86. (1) A person affected by a decision of the resolution authority shall be able to file a lawsuit at a district court for compensation.

(2) (a) Subject to subsection (1), with regard to a lawsuit against a decision for taking a crisis management measure, the following shall apply:

(i) Filing a lawsuit shall not entail any automatic suspension of the effects of the challenged decision;

(ii) the decision of the resolution authority shall be immediately enforceable and it shall give rise to a rebuttable presumption that a suspension of its enforcement would be against the public interest;

(b) Judicial scrutiny in the event of a lawsuit against a decision to take crisis management measures shall be expeditious and the court will accept as a basis for its consideration the complex economic assessments of the facts carried out by the resolution authority and the competent authority.

(c) Where it is necessary to protect the interests of third parties acting in good faith, who have acquired shares, other instruments of ownership, assets, rights and liabilities of the institution under resolution or a third-country branch of an institution in the Republic under resolution by virtue of the use of resolution tools or exercise of resolution powers by the resolution authority, the annulment of the resolution authority's decision shall not affect any subsequent administrative acts or transactions concluded by the resolution authority which were based on the annulled decision. In that case, remedies for a wrongful decision or action by the resolution authority shall be limited to compensation for the loss suffered by the applicant as a result of the decision or act.

Restrictions on  
other  
proceedings.

87.-(1) Notwithstanding the provisions of the Companies Law or the Cooperative Societies Law, no application for the issuance of a winding up order of an institution under resolution or a third-country branch of an institution in the Republic under resolution pursuant to Part IX of this Law or an institution or other covered person for which it has been ascertained that the conditions for resolution are met, is filed, without the consent of the resolution authority.

(2) In the event that an application is filed under subsection (1) or in the event that this was filed before the resolution measures were taken and applied -

(a) The filling of the application shall be notified by the applicant to the competent authority and the resolution authority; and

(b) the procedure shall be suspended until -

(i) the resolution authority notifies the competent authority and the court that it will not take any resolution measures with regard to the said institution;

(ii) a period of seven days beginning with the date on which the notification of the application to the resolution authority took place.

Pending judicial proceedings during the taking up of resolution measures.

88.-(1) Subject to section 72, any lawsuit, arbitration or other proceeding and any right to sue that is pending or is applicable at the time of the transfer of assets, rights or liabilities from or against or to the benefit of the institution under resolution, shall not be terminated, or suspended, or be in any way affected due to the implementation of this Law, but may be filed or continue to apply or performed from or against the acquirer or bridge institution or the asset management company, as appropriate.

Notwithstanding provisions of any other legislation, in cases where any proceedings are pending before a court or district land and surveys department, the substitution and/or representation of the institution under resolution for the purposes of the pending proceeding shall be carried out with the submission by the acquirer or the bridge institution or the asset management company, of appropriate notification to the relevant register or district land and surveys department, as appropriate.

(2) Notwithstanding the remaining provisions of this Law, debts payable by the institution under resolution arising from judicial decisions and judicial orders, pertaining to such institution's assets, issued prior to the implementation of the resolution measures, are not affected.

## PART VIII

### ARRANGEMENTS FOR DECISION MAKING WHEN A MEMBER-STATE IS INVOLVED

General principles regarding decision making involving more than one member-state.

89. When making decisions or taking actions pursuant to this Law which may have an impact on a member-state, the resolution authority shall take into account the following general principles:

(a) The imperative need for efficient decision making and the reduction of the resolution costs, as low as possible, when a resolution action is taken;

(b) the decisions are made and action is taken in a timely manner and with due urgency, when required;

(c) the resolution authority cooperates with the competent authority of a member-state and other authorities in the Republic and the member-state to ensure that the decisions are made and the actions are taken in a coordinated and efficient manner;

(d) the need to clearly define the roles and responsibilities of the relevant authorities in the Republic and the member-state;

(e) in case where the EU parent or subsidiary company is established in a member-state, due consideration is given to the interests and, in particular, the consequences of any decision, action or inaction for financial stability, fiscal resources, the resolution financing arrangement, the deposit guarantee scheme or the investors' compensation scheme of that member-state;

(f) Due consideration is given to the interests of a member state where important branches are established and, in particular, the consequences of any decision, action or inaction with regard to the financial stability of that member-state;

(g) in case where more than one member-state is involved, due consideration is given to the objectives of balancing the interests of the various member-states involved and of avoiding unfairly prejudicing or unfairly protecting the interests of particular member-states, including avoiding, among other things, unfair burden allocation across member-states;

(h) that any obligation under this Law, to consult with a member-state authority before any decision or action is taken, implies at least the obligation to consult that authority on those elements of the proposed decision or action which they have or likely to have:

(i) impact on the EU parent company, the subsidiary or the branch, as appropriate, and

(ii) impact on the stability or the member-state where the EU parent company, the subsidiary or branch are established or located as appropriate;

(i) the resolution authority when taking resolution action, shall take into account and follow the provisions of sections 14 and 15, unless the resolution authority considers, taking into account the circumstances of the case, that the resolution objectives will be achieved more effectively by taking actions which are not been provided for in the resolution plans;

(j) the requirement for transparency whenever a proposed decision or action is likely to have implications on the financial stability, the fiscal resources, the resolution financing arrangement, the deposit guarantee scheme or the investor compensation scheme of the member-state;

(i) it is more likely to achieve a result which lowers the overall cost of resolution through coordination and cooperation.

Establishment of  
resolution  
college.

90.-(1) The resolution authority, when acting as the group-level resolution authority, shall establish a resolution college to carry out the tasks referred to in sections 11, 14, 19, 21, 25, 26, 94 and 95, and, where appropriate, to ensure the cooperation and coordination with the relevant third-country authorities that are responsible for the performance of similar duties to those of the resolution authority.

(2)(a) The resolution college under subsection (1) shall comprise the framework for the execution by the resolution authority, the member-states resolution authorities and, where appropriate, the member-states competent authorities and the relevant consolidating supervisory authorities, of the following tasks:

(i) Exchanging information relevant to the development of group resolution plans, for the application to groups of preparatory and preventative powers and relevant to group resolution;

(ii) developing group resolution plans, pursuant to sections 11 and 14;

(iii) assessing the groups' resolvability, pursuant to section 19;

(iv) exercising powers to address or remove impediments to the resolvability of groups pursuant to section 21;

(v) deciding on the need to establish a group resolution scheme as referred to section 94 or 95;

(vi) reaching the agreement on a group resolution scheme proposed in accordance with sections 94 or 95;

(vii) coordinating public communication of group resolution strategies and schemes;

(viii) coordinating the use of the Resolution Fund and the financing arrangements of member-states, determined under section 104

(ix) setting the minimum requirements for groups at consolidated and subsidiary level pursuant to sections 25 and 26.

(b) The resolution college may be used by the resolution authority as a forum to discuss any issues relating to cross-border group resolution.

(3) The resolution authority shall ensure that, apart from itself, the following shall also participate as members in the resolution college it establishes, in accordance with paragraph (1) -

(a) The member-state resolution authority in which a subsidiary covered by consolidated supervision is established; and

(b) the member-state resolution authority where a parent undertaking of one or more institutions of the group in the Republic or in a member state, are established; and

(c) the member-state resolution authorities in which significant branches are located; and

(d) the competent authority; and

(e) the member-state competent authority if the resolution authority of such member state is a member of the resolution college, accompanied, in the event that it is not a central bank and if it so decides, by a central bank representative of such member state; and

(f) the Ministry of Finance; and

(g) the member-state competent ministries that do not participate to the resolution college as resolution authorities of that member state; and

(h) the Deposit Guarantee Scheme and Resolution of Credit and Other Institutions; and

(i) the public authority of a member state that is responsible for the deposit guarantee scheme of that member state, where the resolution authority of that member state is a member of a resolution college; and

(j) EBA attending with the objective to contribute to promoting and monitoring the efficient, effective and consistent functioning of the resolution college, taking into account the international standards, without any voting rights.

(4) A relevant third-country authority shall, upon request, as the resolution authority of a subsidiary of a parent company or the institution established in the EU or a branch that would be considered important if established in the Republic, participate in the resolution college as observer on the condition that, it would be subject, in the resolution authority's opinion, to confidentiality requirements equivalent to those determined in section 102.

(5)(a) The resolution authority shall chair over the resolution college, established in accordance with subsection (1), and in that capacity it-

(i) Establishes written arrangements and procedures for the functioning of the resolution college, after consulting the other members of the resolution college; and

(ii) coordinates all activities of the resolution college; and

(iii) convenes all its meetings, chairs these meetings and keeps all members of the resolution college fully informed in advance of the organisation of the meetings of the resolution college, of the main issues to be discussed and of the items to be considered; and

(iv) notifies the members of the resolution college of any planned meetings so that they can request to participate; and

(v) decides which members and observers shall be invited to attend particular meetings of the resolution college, on the basis of specific needs, taking into account the relevance of the issue to be discussed for those members and observers, in particular the potential impact on financial stability in the Member States concerned; and

(vi) keep all of the members of the college informed, in a timely manner, of the decisions and outcomes of those meetings.

(b) Notwithstanding subparagraph (v) of paragraph (a), the member-state resolution authority shall be entitled to participate in resolution college meetings whenever matters subject to joint decision-making or relating to a group entity located in their member state are on the agenda.

(6)(a) The resolution authority is not obliged to establish a resolution college in accordance with subsection (1), if other groups or colleges perform the same functions and carry out the same tasks specified in this section and comply with all the conditions and procedures, including those covering membership and participation in resolution colleges, established in this section and in section 93.

(b) In the case of paragraph (a), all references to resolution colleges in this Law, shall also be understood as reference to those other groups or colleges.

Participation in a resolution college established by the member-state resolution authority.

91.-(1) The resolution authority when acting as the resolution authority of a group entity or branch, participates in a resolution college established by the group-level resolution authority:

It is understood that, in case that the group-level resolution authority does not establish a resolution college, in accordance with Article 88, paragraph 6, of Directive 2014/59/EU, the resolution authority shall participate in the team or college carrying out the duties and the tasks that would have been carried out by the resolution college.

(2) The resolution authority shall cooperate closely with the group-level resolution authority and the remaining members of the resolution college to carry out the duties referred to in Article 88, paragraph 1, second sub-paragraph, of Directive 2014/59/EU.

Establishment of european resolution colleges

92.-(1) Where a third country institution or third country parent undertaking has subsidiaries established in the Republic and in a member state, or a third country institution has branches in the Republic and in a member state, , the resolution authority shall jointly, with the resolution authority of that member state, establish a european resolution college.

(2) The european resolution college shall perform the functions and carry out the tasks specified in section 90 with respect to the subsidiary institutions and, in so far as those tasks are relevant, to branches.

(3)(a) Where the Union subsidiaries are held by, or the significant branches referred to in subsection (1) belong to a financial holding company established in the Republic in accordance with the Article 127, paragraph 3, third subparagraph, of Directive 2013/36/EU, the european resolution college shall be chaired by the resolution authority where the resolution authority is the consolidating supervisor: otherwise, the resolution college is chaired by the member-state resolution authority where the consolidating supervisor is located.

(b) In any other case than of paragraph (a), the resolution authority shall nominate the chair and agree with the other members of the european resolution college on his selection..

(4)(a) By mutual agreement of all the relevant parties, the requirement to establish a european resolution college may be waived, if other groups or colleges, including a resolution college established under Article 88 of Directive 2014/59/EC, perform the same functions and carry out the same tasks specified in this section, and comply with all the

conditions and procedures, including those covering membership and participation in European resolution colleges, established in this section and in section 93.

(b) In the case of paragraph (a), any reference to European resolution colleges in this Law shall also be understood as a reference to those other groups or colleges.

(5) Subject to subsection (3) and (4) of this section, the European resolution college shall otherwise function in accordance with section 90.

Information Exchange.

93-(1) Subject to section 85, the resolution authority shall provide to the member-state resolution authorities, to the competent authority and the member-state competent authorities, on request, with all the information relevant for the exercise of their tasks as members of the resolution college.

(2) The resolution authority when acting as the group-level resolution authority shall coordinate the flow of all relevant information between member-state resolution authorities, in particular it shall provide the member-state resolution authorities with all the relevant information in a timely manner with a view to facilitate the exercise of the tasks referred to in section 90(2)(a)(ii) to (ix).

(3)(a) Upon a request for information which has been provided by a relevant third-country authority, the resolution authority shall seek the consent of the third-country authority for the onward transmission of that information, save where the said third-country authority has already consented to the onward transmission of that information.

(b) The resolution authority shall not be obliged to transmit information provided from a relevant third-country authority if the third-country authority has not consented to its onward transmission.

(4) The resolution authority shall share information with the Minister when it relates to a decision or matter which requires notification, consultation or consent of the Minister or which may have implications for public funds.

Group resolution when the resolution authority is the group-level resolution authority and the EU parent undertaking meets the conditions for resolution.

94. -(1)(a) Where the group-level resolution authority, decides that an EU parent undertaking, for which it is responsible, meets the conditions referred to in section 42 or 43, it shall notify without delay to the consolidating supervisor, and to the other members of the resolution college of the group in question, the following information:

(i) The decision that the said EU parent undertaking meets the conditions referred to in section 42 or 43;

(ii) the resolution actions or insolvency measures that it considers to be appropriate for that EU parent undertaking.

(b) The resolution actions or insolvency measures for the purposes of subparagraph (ii) of paragraph (a) may include the implementation of a group resolution mechanism which is established in accordance with section 95(5), if any of the following circumstances are met:

(i) The resolution actions or other measures at parent undertaking level, that are notified pursuant to paragraph (a), make it likely that the conditions of Article 32 or 33 of Directive 2014/59/EU in relation to a group entity in a member state would be fulfilled;

(ii) the resolution actions or other measures at parent undertaking level only are not sufficient to stabilise the situation or are not likely to provide an optimum outcome;

(iii) one or more subsidiaries meet the conditions of Article 32 or 33 of Directive 2014/59/EU according to a determination by the resolution authority or the member-state resolution authorities responsible for those subsidiaries;

(iv) the resolution actions or other measures at group-level will benefit the group subsidiaries in a way which makes the group resolution scheme appropriate.

(2)(a) Where the actions proposed by the group-level resolution authority under subsection (1) do not include a group resolution scheme, the group-level resolution authority shall take its decision after consulting the members of the resolution college.

(b) The decision of the group-level resolution authority in accordance with paragraph (a) shall take into account:

(i) And follow the resolution plans as referred to in section 14 unless the resolution authority assesses jointly with the member-state resolution authorities, taking into account the specific circumstances of the case, that resolution objectives will be achieved more effectively by taking actions which are not provided for in the resolution plans;

(ii) the financial stability of the Republic and of the member states concerned.

(3)(a) Where the actions proposed by the resolution authority under subsection (1) include a group resolution scheme, the group resolution scheme shall take the form of a joint decision of the group-level resolution authority and the resolution authorities responsible for the subsidiaries that are covered by the group resolution scheme.

(b) The resolution authority, may request EBA,, to assist in reaching a joint decision in accordance with Article 31, point c), of Regulation (EU) No 1093/2010.

(4) If any member-state resolution authority disagrees with or departs from the group resolution scheme proposed by the resolution authority or considers that it needs to take independent resolution actions or measures other than those proposed in the scheme in relation to an institution or entity referred to in Article 3, paragraph 1, point b), c) or d) of Directive 2014/59/EU , at that member state for reasons of financial stability, the resolution authority shall request to be informed of the reasons for the disagreement or the reasons to depart from the group resolution scheme by the member-state resolution authority, and about the actions or measures it intends to take.

(5) The resolution authority may reach a joint decision with the member-state resolution authorities which did not disagree with the framework of subsection (4), in relation to a group resolution scheme covering group entities in the Republic and the relevant member states.

(6) The joint decision referred to in subsection (3) or (5) and the decisions taken by the member-state resolution authorities in the absence of a joint decision referred to in subsection (4) shall be recognised as conclusive and applied by the resolution authority of the Republic.

(7)(a) The resolution authority shall perform all actions under this section without delay, and with due regard to the urgency of the situation.

(b) In any case where a group resolution scheme is not implemented and the resolution authority takes resolution actions in relation to any group entity in the Republic, the resolution authority shall cooperate closely with the member-state resolution authorities involved within the resolution college framework, with a view to achieve a coordinated resolution strategy for all affected group entities.

(c) The resolution authority that takes resolution action in relation to any group entity in the Republic, shall inform the members of the resolution college regularly and fully about those actions or measures and their on-going progress.

authority is the group-level resolution authority and a subsidiary of the group in a member state meets the conditions for resolution.

said member-state meets the resolution conditions, after consultation with the other members of the relevant resolution college, it shall conduct an assessment of the possible impact of the resolution actions, or the other measures in the context of normal insolvency proceedings in the said member state, which the resolution authority in that member state shall consider and shall notify, as appropriate, to the group and to group entities in the Republic and other member states, and in particular assesses if the resolution actions or other measures would make it likely that the conditions for resolution would be satisfied in relation to a group entity in the Republic or in another member state.

(2) If the resolution authority, after consultation with the other members of the resolution college, assesses that the resolution actions or other measures notified in accordance with subsection (1) would not make it likely that the conditions of section 42 or 43 would be satisfied with regards to a group entity in the Republic or in another member state pursuant to the relevant law in the said member state, such resolution actions or other measures, in the event of their application by the relevant resolution authority, shall be recognised as final and shall be applied by the resolution authority in the Republic.

(3)(a) If the resolution authority, after consultation with the other members of the resolution college, assesses that the resolution actions or other measures notified in accordance with subsection (1) might lead to compliance with the conditions of section 42 or 43 with regards to a group entity in the Republic or in another member state pursuant to the relevant law in the said member state, the resolution authority, within twenty-four hours at the latest from the receipt of the notice under subsection (1), shall propose a resolution scheme for the group and submit the proposal to the resolution college.

(b) The twenty-four hour deadline stipulated in paragraph (a) may be extended with the consent of a member-state resolution authority, which shall give the notice referred to in subsection (1).

(4) In the absence of an assessment by the resolution authority within twenty-four hours in accordance with paragraph (a) of subsection (3), or a longer period that has been agreed, pursuant to paragraph (b) of the said subsection, after receiving the notification referred in subsection(1), the decision of the member-state resolution authority which made the notification referred to in subsection (1) may take the resolution actions or other measures that it notified in accordance with this subsection, that are recognised as conclusive and are applied by the resolution authority in the Republic.

(5) The group resolution scheme required pursuant to subsection (3):

(a) Takes into account and follows the resolution plans of section 14 unless the resolution authority jointly with the member-state resolution authorities assess, taking into account the circumstances of the case, that resolution objectives will be achieved more effectively by taking actions which are not provided for in the resolution plans; and

(b) outlines the resolution actions that should be taken in relation to the Union parent undertaking or particular group entities with the aim of meeting the resolution objectives and principles referred to in sections 41 and 44; and

(c) specifies how those resolution actions should be coordinated;

(d) establishes a financing plan which takes into account the group resolution plan, principles for sharing responsibility as established in accordance with section 11(3)(f) and the mutualisation as referred to in section 104.

(6)(a) Without prejudice to subsection (7), the group resolution scheme shall take the form of a joint decision of the group-level resolution authority and the member-state resolution authorities responsible for the subsidiaries that are covered by the group resolution scheme.

(b) The resolution authority, may request EBA to assist in reaching a joint decision in accordance with Article 31(c) of Regulation (EU) No 1093/2010.

(7) In case any member-state resolution authority disagrees with or departs from the group resolution scheme proposed by the group-level resolution authority or considers that it needs to take independent resolution actions or measures other than those proposed in the scheme in relation to an institution or an entity referred to in Article 1, paragraph 1, point b), c) or d), of Directive 2014/59/EU for reasons of financial stability in that member state, the resolution authority shall ask from the said member-state resolution authority to be informed of the reasons for the disagreement or the reasons that led to the departure from the group resolution scheme, and for the actions or measures it intends to take.

(8) The resolution authority may reach a joint decision with the member-state resolution authorities that have not disagreed under subsection (7), in relation to a group resolution scheme covering entities in the Republic and the relevant member states.

(9) The joint decision referred to in subsection (6) or (8), and the decisions taken by the member-state resolution authorities in the absence of a joint decision in accordance with subsection (7), shall be recognised as conclusive and applied by the resolution authority in the Republic.

(10) The resolution authority shall perform all actions under this section without delay, and with due regard to the urgency of the situation.

(11) In any case where a group resolution scheme is not implemented and the resolution authority takes resolution actions in relation to any group entity in the Republic, the resolution authority shall cooperate closely with the involved member-state resolution authorities within the resolution college, with a view to achieve a coordinated resolution strategy for all the group entities that are failing or likely to fail.

(12) When the resolution authority takes resolution action in relation to any group entity in the Republic, it shall inform the members of the resolution college regularly and fully about those actions and their on-going progress.

Resolution of a group in a case where the subsidiary of the group in the Republic meets the resolution conditions.

96. (1) Where a resolution authority acting as the resolution authority of a subsidiary, decides that the said subsidiary meets the conditions referred to in section 42 or 43 it shall notify the following information without delay to the group level resolution authority, to the consolidating supervisor and to the other members of the resolution college for the group in question:

(a) The decision that the subsidiary meets the conditions of section 42 or 43;

(b) the resolution actions or insolvency measures that the resolution authority considers to be appropriate for that subsidiary.

(2) If the group-level resolution authority, after consulting the other members of the resolution college, assesses that the resolution actions or other measures notified in accordance with subsection (1), would not make it likely that the conditions laid down in Article 32 or 33 of Directive 2014/59/EU would be satisfied in relation to a group entity in another member state, the resolution authority may take the resolution actions or other measures that it notified in accordance with subsection (1).

(3)(a) If the group-level resolution authority, after consulting the other members of the resolution college, assesses that the resolution actions or other measures notified in accordance with paragraph (b) of subsection (1), would make it likely that the conditions laid down in Article 32 or 33 of Directive 2014/59/EU would be satisfied in relation to a group entity in another member state, the group-level resolution authority shall, expect the submission of a proposal from the group level resolution authority for a group resolution scheme.

(b) In the absence of an assessment and submission of a group resolution scheme, by the group-level resolution authority within 24 hours, the resolution authority may take the resolution actions or other measures that it notified in accordance with paragraph (b) of subsection (1).

(c) The twenty four hour deadline under paragraph (b) may be extended with the consent of the resolution authority.

(4)(a) Without prejudice to subsections (5) and (6), the group resolution scheme shall take the form of a joint decision of the group-level resolution authority, the resolution authority and the member-state resolution authorities responsible for the subsidiaries that are covered by the group resolution scheme.

(b) The group resolution scheme -

(i) Takes into account and follows the resolution plans as referred to in section 15 unless the resolution authority jointly with the member-state resolution authorities assess, taking into account circumstances of the case, that resolution objectives will be achieved more effectively by taking actions which are not provided for in the resolution plans; and

(ii) outlines the resolution actions that should be taken by the resolution authority of the EU parent undertaking or particular group entities with the aim of meeting the resolution objectives and principles referred to in Articles 31 and 34 of Directive 2014/59/EU; and

(iii) specifies how those resolution actions should be coordinated; and

(iv) establishes a financing plan which takes into account the group resolution plan, principles for sharing responsibility as established in accordance with Article 12, paragraph 3, point f) of Directive 2014/59/EU, and the mutualisation as referred to in Article 107 of Directive 2014/59/EU.

(c) The resolution authority, may request from the EBA to assist in reaching a joint decision in accordance with Article 31, point c) of Regulation (EU) No 1093/2010.

(5)(a) In case the resolution authority disagrees with or departs from the group resolution scheme proposed by the group-level resolution authority or considers that it needs to take independent resolution actions or measures other than those proposed in the scheme in relation to an institution or a relevant person for reasons of financial stability, it shall set out in detail the reasons for the disagreement or the reasons to depart from the group resolution scheme, notify the group-level resolution authority and the other member-state resolution authorities that are covered by the group resolution scheme of the reasons and inform them about the actions or measures it will take.

(b) The resolution authority when setting out the reasons for its disagreement, shall take into consideration the resolution plans as referred to in section 15, the potential impact on financial stability in the member states concerned as well as the potential effect of the actions or measures on other parts of the group.

(6) If the resolution authority does not disagree or depart from the group resolution scheme proposed by the group-level resolution authority, but a member -state resolution authority disagrees or departs from the group resolution scheme or considers that it should undertake independent resolution actions or measures other than those proposed in the scheme concerning a group entity in the said member state, the resolution authority may take a joint decision with member-state resolution authorities that have also not disagreed with regard to the group resolution scheme covering entities in the Republic and the relevant member states.

(7) The joint decision referred to in subsection (4), the individual resolution authority's decision pursuant to subsection (5) and consequently the individual or joint decisions taken by the member-state resolution authorities concerning the rest group entities as well as the joint decision and the individual decisions of member-state resolution authorities referred to in subsection (6), shall be recognised as conclusive and applied in the Republic.

(8) The resolution authority shall perform all actions under this section without delay, and with due regard to the urgency of the situation.

(9) In any case, where a group resolution scheme is not implemented and resolution authority takes resolution actions in relation to any group entity, the resolution authority

shall cooperate closely within the resolution college, with a view to achieving a coordinated resolution strategy for all the group entities that are failing or likely to fail.

(10) When the resolution authority takes any resolution action in relation to any group entity, it shall inform the members of the resolution college regularly and fully about those actions and their on-going progress.

Resolution of a group in a case where the subsidiary of the group in a member state meets the resolution conditions.

97.-(1) The resolution authority when acting as the resolution authority of a group entity, consults with the group level resolution authority and the other members of the resolution college with the aim to assess the possible impact of the resolution actions, or of the other measures in the context of normal insolvency proceedings, which the member-state resolution authority notifies, as appropriate in relation to the subsidiary of the group that meets the resolution conditions, to the group and group entities in the Republic and other member states, and in particular whether the resolution actions or other measures would make it likely that the conditions for resolution would be satisfied in relation to a group entity in the Republic or another member state.

(2) (a) If the relevant resolution college assesses that the resolution actions or other measures notified pursuant to subsection (1) would make the conditions of section 42 or 43 to be satisfied in relation to a group entity in the Republic or in another member state pursuant to the relevant law in the said member state, the resolution authority shall await the submission of a proposal from the group-level resolution authority for a group resolution scheme, within twenty-four hours at the latest from the receipt of the notification, or a longer period with the consent of the member-state resolution authority making the notification referred to in subsection (1).

(b) In the absence of an assessment and submission of a group resolution scheme on behalf of the group-level resolution authority within 24 hours, or a longer period pursuant to paragraph (a), the decision of the member-state resolution authority which made the notification of subsection (1), to take the resolution actions or other measures that it notified in accordance with the said subsection, shall be recognised as conclusive and is applied by the resolution authority in the Republic.

(3)(a) Subject to subsections (5) and (6), the group resolution scheme shall take the form of a joint decision of the group-level resolution authority, the resolution authority when acting as the resolution authority of a subsidiary and the member-state resolution authorities responsible for the subsidiaries that are covered by the group resolution scheme:

It is provided that, the resolution authority when acting in as the resolution authority of a Union parent undertaking or a branch of a member state credit institution, participates in the college as a member, but shall not participate in the taking of a joint decision.

(b) The group resolution scheme meets the conditions of section 96(4)(b).

(c) The resolution authority, may request from the EBA to assist in reaching a joint decision in accordance with Article 31, c) of Regulation (EU) No 1093/2010.

(4) (a) In case the resolution authority disagrees with or departs from the group resolution scheme proposed by the group-level resolution authority or considers that it needs to take independent resolution actions or measures other than those proposed in the scheme in relation to an institution or relevant person for reasons of financial stability, it shall set out in detail the reasons for the disagreement or the reasons to depart from the group resolution scheme, notify the relevant group-level resolution authority and the other member-state resolution authorities that are covered by the group resolution scheme of the reasons and inform them about the actions or measures it intends to take.

(b) The resolution authority, when setting out the reasons for its disagreement, shall give due consideration the resolution plans as referred to in section 15, the potential impact on financial stability in the member-states concerned as well as the potential effect of the actions or measures on other parts of the group.

(5) If the resolution authority does not disagree or depart from the group resolution scheme proposed by the group-level resolution authority, but a member-state resolution authority disagrees or departs from the group resolution scheme or considers that it should undertake independent resolution actions or measures other than those proposed in the scheme concerning a group entity in the said member state, the resolution authority may take a joint decision with other member-state resolution authorities that have also not disagreed with the group resolution scheme covering entities in the Republic and the relevant member states.

(6) The joint decision referred to in subsection (3), the individual resolution authority decision pursuant to subsection (4) and consequently the individual or joint decisions taken by the member-state resolution authorities concerning the other group entities as well as the joint decision and the individual decisions of member-state resolution authorities referred to in subsection (5), shall be recognised as conclusive and applied in the Republic.

(7) The resolution authority shall perform all actions under this section without delay, and with due regard to the urgency of the situation.

(8) In any case, where a group resolution scheme is not implemented and the resolution authority takes resolution actions in relation to any group entity, the resolution authority shall cooperate closely within the resolution college, with a view to achieving a coordinated resolution strategy for all the group entities that are failing or likely to fail.

(9) The resolution authority that takes any resolution action in relation to any group entity shall inform the members of the resolution college regularly and fully about those actions or measures and their on-going progress.

#### PART IX RESOLUTION PROCEEDINGS IN THIRD COUNTRIES AND RESOLUTION OF A THIRD-COUNTRY INSTITUTION BRANCH IN THE REPUBLIC

Recognition and enforcement of third-country resolution proceedings.

98.-(1) The provisions of this section shall apply in respect to third-country resolution proceedings unless and until an international agreement enters into force with the relevant third-country pursuant to Article 93, paragraph 1 of Directive 2014/59/EU:

It is provided that, in the event that the recognition and application of resolution proceedings in a third-country are not governed by the said agreement, the provisions of this section shall also apply after its enforcement.

(2)(a) Where there is a European resolution college established in accordance with section 92 of this Law and Article 89 of Directive 2014/59/EU, it shall take a joint decision on whether to recognise, except as provided for in section 99, third-country resolution proceedings relating to a third-country institution or a third-country parent undertaking that

(i) Has subsidiary institutions established in the Union or Union branches located in and regarded as significant in the Republic and in one or more member-states; or

(ii) has assets, rights or liabilities located in the Republic and in one or more member states or are governed by the law of those member states.

(b) Where a joint decision is achieved in accordance with paragraph (a) on the recognition of third-country resolution proceedings, the resolution authority shall seek the enforcement of the recognised third-country resolution proceedings in accordance with the Cypriot law.

(3)(a) In the absence of a joint decision between the member-state resolution authorities participating in the European resolution college, or in the absence of a European resolution college, the resolution authority shall make its own decision on whether to recognise and enforce, except as provided for in section 99, the resolution proceedings relating to a third country institution or a third-country parent undertaking.

(b) The resolution authority's decision pursuant to paragraph (a) shall give due consideration to the interests of each member state where the third-country institution or

the third-country parent undertaking operates and in particular the potential impact of the recognition and enforcement of the third-country resolution proceedings on the other parts of the group and the financial stability of the relevant member states.

(4) The resolution authority may take any of the following actions:

(a) Exercise the resolution powers in relation to the following:

(i) Assets of a third-country institution or third-country parent undertaking that are located in the Republic or governed by Cypriot law;

(ii) rights or liabilities of a third-party institution that are booked by the branch in the Republic or governed by Cypriot law, or, where claims in relation to such rights and liabilities are enforceable in the Republic;

(b) completion, including to require another person to take action to complete a transfer of shares or other instruments of ownership to Union subsidiary undertaking institution of a third-country, established in the Republic;

(c) exercising the powers in section 71, 72 or 73 in relation to the rights of any counterparty to a contract with an entity referred to in subsection (2) of this section, where such powers are necessary in order to enforce the third-country resolution proceedings;

(d) render unenforceable any right to terminate, liquidate or accelerate contracts, or affect the contractual rights, of entities referred to in subsection (2) and other group entities, where such rights arise from resolution action taken in respect to the third-country institution or third-country parent undertaking of such entities or other group entities, either by the third-country resolution authority itself or otherwise pursuant to legal or regulatory requirements as to resolution arrangements in that country, provided that the substantive obligations under the contract, including payment and delivery obligations, and provision of collateral, continue to be performed.

(5)(a) The resolution authority may, where necessary for reasons of public interest, take resolution action with respect to a parent undertaking where the relevant third-country authority determines that an institution that is incorporated in that third-country meets the resolution conditions pursuant to the said third country's laws.

(b) The resolution authority may exercise any resolution powers in respect of that parent undertaking and section 70 is proportionately applied.

(6) The recognition and enforcement of third-country resolution proceedings shall be without prejudice of the laws of Cyprus with regard to normal insolvency proceedings applicable, where appropriate, pursuant to this Law.

Right to refuse recognition or counterparty of third-country resolution proceedings.

99. The resolution authority, after consulting member-state resolution authorities of a European resolution college where this is established under Article 89 of Directive 2014/59/EU, may refuse to recognise or enforce third-country resolution proceedings pursuant to section 98(2) of this Law, if it considers that -

(a) The third-country resolution proceedings would have adverse effects on the financial stability in the Republic or a member state; or

(b) the independent resolution action, under section 100 of this Law, is necessary, in relation to a branch of a third-country institution in the Republic, to achieve one or more of the resolution objectives; or

(c) the creditors, including, in particular, depositors located or payable in the Republic or a member state, would not receive, the same treatment as third-country creditors and depositors with similar rights under home third-country resolution proceedings, in accordance with the laws of the home third-country; or

(d) the recognition or enforcement of the third-country resolution proceedings would have material fiscal implications in the Republic; or

(e) the effects of such recognition or enforcement of such proceedings would be contrary to the Cypriot law.

Resolution of a branch of a third-country institution in the Republic.

100.(1)(a) The resolution authority may take action in relation to a branch of a third-country institution in the Republic that is not subject to resolution proceedings in a third country or, that is subject to such proceedings and one of the circumstances referred to in section 99 applies.

(b) Upon taking of action pursuant to this section, section 70 applies proportionately.

(2) The action referred to in subsection (1) may be taken by the resolution authority, if the resolution authority considers that action is necessary in the public interest and any of the following conditions are met:

(a) The branch of a third-country institution no longer meets, or is likely not to meet, its authorisation and operating requirements in the Republic and there is no prospect that any private sector, competent authority or relevant third country action, would restore the branch's compliance or prevent failure in a reasonable timeframe;

(b) the resolution authority is of the opinion that the third-country institution is unable or unwilling, or is likely to be unable to settle its obligations to Union creditors, or obligations that have been created or booked through the branch, as they fall due, and the resolution authority is satisfied that no third-country resolution or insolvency proceedings have been or will be initiated in relation to that third-country institution in a reasonable timeframe;

(c) the relevant third-country authority has initiated resolution proceedings, pursuant to its national law, in relation to the third-country institution, or has notified to the resolution authority its intention to initiate such a proceeding.

(3) Where the resolution authority takes an independent action in relation to a branch of a third-country institution, it shall consider the resolution objectives and take the action in accordance with the following principles and requirements, insofar as they are relevant to the respective case:

(a) The principles set out in section 44;

(b) the requirements relating to the application of the resolution measures determined in Part VI.

(4)(a) For the purposes of preparation of a branch of a third-country institution in the Republic, the resolution authority shall prepare the branch's resolution plans, proportionately pursuant to Chapter I of Part II.

(b) While preparing the resolution plan pursuant to paragraph (a), the resolution authority shall detect any significant impediments in the resolvability and, where necessary and proportionate, shall indicate the relevant actions through which such impediments may be addressed, proportionately in accordance with Chapter II of Part II.

(c) The resolution authority may require the implementation of measures or may take measures itself to address or remove the impediments to the resolvability, pursuant to section 20.

(d) Notwithstanding paragraph (c), the resolution authority may require the third-country institution an authorised to establish a branch in the Republic, to revise or enter into agreements with counterparties of the said branch that will ensure the recognition of application of resolution proceedings and the exercising of resolution powers in the branch; more specifically, the resolution authority may require the said third-country institution to ensure that, with regard to assets or rights in the branch's books that are governed by the third country law or are located in the third country, which may be the home country of the institution or another third country, the exercising of resolution authority power to transfer such assets or rights to a third person without the consent of the said third-country institution is lawful pursuant to the laws of the said third country.

Cooperation with third-country authorities.

101. (1) The provisions of this section shall apply in respect of cooperation with third countries, unless and until an international agreement enters into force with the relevant third country, as referred to in Article 93, paragraph 1, of Directive 2014/59/EU:

It is provided that, if the subject matters of this section are not governed by the said agreement, this section shall also apply following the entry into force of the international agreement.

(2)(a) The resolution authority may conclude non-binding cooperation arrangements in line with the EBA framework for cooperation arrangements with the relevant third-country authorities pursuant to Article 97, paragraph 2, of Directive 2014/59/EU.

(b) Bilateral or multilateral arrangements with third countries are permitted, in accordance with Article 33 of Regulation (EU) No 1093/2010.

(3) Cooperation arrangements concluded between the resolution authority and the relevant third-country authorities, in accordance with this section may include provisions on any of the following matters:

(a) the exchange of information necessary for the preparation and maintenance of resolution plans;

(b) consultation and cooperation in the development of resolution plans, including principles for the exercise of powers under sections 98 and 100 and similar powers under the law of the relevant third countries;

(c) the exchange of information necessary for the application of resolution tools and exercise of resolution powers and similar powers under the law of the relevant third countries;

(d) early warning to or consultation of parties to the cooperation arrangement before taking any significant action under this Law or relevant third-country law affecting the institution or group to which the arrangement relates;

(e) the coordination of public communication in the case of joint resolution actions;

(f) procedures and arrangements for the exchange of information and cooperation under points (a) to (e), including, where appropriate, through the establishment and operation of crisis management groups.

(4) The resolution authority shall notify the EBA of any cooperation arrangements concluded in accordance with this section.

Exchange of confidential information.

102. (1) The resolution authority shall exchange confidential information with relevant third-country authorities only if the following conditions are met:

(a) Those third-country authorities are subject to requirements and standards of professional secrecy at least considered to be equivalent, in the opinion of all the authorities concerned, to those imposed by section 85; in so far as the exchange of information relates to personal data, the handling and transmission of such personal data to third-country authorities shall be governed by the applicable Cypriot and Union data protection law.

(b) the information is necessary for the performance by the relevant third-country authorities of their resolution functions under national law that are comparable to those under this Law and, subject to paragraph (a), is not used for any other purposes.

(2) Where confidential information originates in another member state, the resolution authority shall not disclose that information to relevant third-country authorities, unless the following conditions are met:

(a) The relevant authority of the member state where the information originated, as the originating authority, agrees to that disclosure;

(b) the information is disclosed only for the purposes permitted by the relevant member state authority as the originating authority.

(3) For the purposes of this section, information is deemed to be confidential if it is subject to confidentiality requirements under Union law.

(4) The provisions of this section also apply to the exchange of information received by the Minister under this Law.

## PART X FINANCING ARRANGEMENTS

Use of the Resolution Fund and other resolution financing arrangements.

103.-(1) The resolution authority may use the Resolution Fund only to the extent necessary to ensure the effective application of the resolution measures, for the following purposes:

(a) To guarantee the assets or the liabilities of the institution under resolution, its subsidiaries, a bridge institution or an asset management company;

(b) to make loans to the institution under resolution, its subsidiaries, a bridge institution or an asset management company;

(c) to purchase assets of the institution under resolution;

(d) to make contributions, among others through the provision of guarantees or capital participation, to a bridge institution and an asset management company;

(e) to pay compensation to shareholders or creditors in accordance with sections 39 and 77;

(f) to make a contribution to the institution under resolution in lieu of the write down or conversion of liabilities of certain creditors, when the bail-in measure is applied and the resolution authority decides to exclude certain creditors from the scope of the bail-in in accordance with section 54(6) to (8) for the purpose of -

(i) Covering any losses not absorbed by the eligible liabilities and writing down to zero the net value of assets of the institution under resolution in accordance with section 55(1)(a); and/or

(ii) purchasing shares or other instruments of ownership or capital instruments of the institution under resolution in order to recapitalise the institution in accordance with section 55(1)(b).

(g) to lend to other financing resolution arrangements on an voluntary basis, in accordance with section 17(2) of the Deposit Guarantee Scheme and Resolution of Credit and Other Institutions Law;

(h) to take any combination of the actions referred to in paragraphs (a) to (g).

(2) The resolution authority may use the Resolution Fund for the purposes referred to paragraph (a) and with respect to the purchaser in the context of the sale of business measure.

(3)(a) Subject to paragraph (f) of section 1, the Resolution Fund is not used directly to absorb the losses of an institution or relevant person or to recapitalise such an institution or a relevant person.

(b) In the event that the use of the Resolution Fund for the purposes of subsection (1) indirectly results in part of the losses of an institution or relevant person being passed on

to the Resolution Fund, the principles governing the use of the Resolution Fund for the implementation of the bail-in measure under this section, shall apply.

(4) The Resolution Fund contributes under paragraph (f) of subsection (1), only when all of the following apply:

(a) A contribution to loss absorption and recapitalisation equal to an amount not less than eight percent (8%) of the total liabilities including own funds of the institution under resolution, measured at the time of resolution action in accordance with the valuation provided for in section 47, has been made by the shareholders, the holders of other instruments of ownership and the holders of relevant capital instruments and other eligible liabilities through write down, conversion or otherwise;

(b) the contribution of the Resolution Fund does not exceed five percent (5%) of the total liabilities including own funds of the institution under resolution, measured at the time of resolution action in accordance with the valuation provided for in section 47.

(5)(a) In extraordinary circumstances, the resolution authority may seek further funding for contribution to an institution under resolution implemented under paragraph (f) of subsection (1) from alternative financing sources after -

(i) The five percent (5%) limit specified in subsection 4 has been reached; and

(ii) all unsecured, non-preferred liabilities, other than eligible deposits, have been written down or converted in full.

(b) As an alternative or additional solution, where the conditions of paragraph (a) are met, the resolution authority may seek the contribution of the Resolution Fund raised through regular ex-ante contributions in accordance with sections 14, 11 and 19 of the Deposit Guarantee Scheme and Resolution of Credit and Other Institutions Law and Regulation 17 of the Deposit Guarantee Scheme and Resolution of Credit and Other Institutions Regulations, which have not yet been used.

(6) Notwithstanding paragraph (a) of subsection (4), the resolution authority may seek the contribution of the Resolution Fund in accordance with paragraph (f) subsection (1) on condition that:

(a) The contribution to loss absorption and recapitalisation referred to in subparagraph (i) paragraph (f) of subsection (1) is equal to an amount not less than twenty percent (20%) of the risk weighted assets of the relevant institution; and

(b) the Resolution Fund has at its disposal, by way of ex-ante contributions raised in accordance with sections 14, 11 and 19 of the Deposit Guarantee Scheme and Resolution of Credit and Other Institutions Law and Regulation 17 of the Deposit Guarantee Scheme and Resolution of Credit and Other Institutions Regulations, an amount which is at least equal to three percent (3%) of covered deposits of all institutions authorised in the Republic; and

(c) the relevant institution has assets valued below nine hundred billion euro (€900.000.000.000) on a consolidated basis.

(7) For the purposes of this section the terms 'institution' and 'institution under resolution' in subsection (1) to (6) shall include a branch of a third-country institution in the Republic:

It is provided that, in case of resolution of a branch of a third-country institution in the Republic subsections (1) to (6) shall apply proportionately.

Mutualisation of the use of Resolution Fund and member-state financing arrangements in

104.-(1) In the event of group resolution, under sections 94 to 97, the resolution authority shall use the Resolution Fund appropriately to finance the group resolution under the provisions of this section.

case of a group resolution.

(2)(a) In the event that the group-level resolution authority, after consulting with the member-state resolution authorities of institutions in the said member states, it shall propose, if necessary before taking any resolution action, a financing plan as part of the group resolution scheme provided for in sections 94 to 97, as appropriate

(b) In the event that the resolution authority acts as resolution authority for a subsidiary, it shall consult with the group-level resolution authority so that the latter may compile a financing plan as part of the resolution scheme provided for in sections 94 to 97, as appropriate.

(c) The financing plan referred to in paragraphs (a) and (b) shall be agreed with the decision-making procedure referred to in sections 94 to 97, as appropriate.

(3) The financing plan in subsection (2) shall include

(a) A valuation in accordance with section 47 in respect of the affected group entities; and  
(b) the losses to be recognised by each affected group entity at the moment the resolution tools are exercised; and

(c) for each affected group entity, the losses that would be suffered by each class of shareholders and creditors; and

(d) any contribution that deposit guarantee schemes would be required to make in accordance with Article 109, paragraph 1, of Directive 2014/59/EU; and

(e) the total contribution by the Resolution Fund and member state resolution financing arrangements convened under Article 100 of Directive 2014/59/EU and the purpose and form of the contribution; and

(f) the basis for calculating the amount that the Resolution Fund and each of the national financing arrangements of the member states where affected group entities are located is required to contribute to the financing of the group resolution in order to build up the total contribution referred to in paragraph (e); and

(g) the amount that the Resolution Fund and the financing arrangement of each affected group entity is required to contribute to the financing of the group resolution and the form of those contributions; and

(h) the amount of borrowing that the Resolution Fund and the financing arrangements of the member states where the affected group entities are located, will contract from institutions, financial institutions and other third parties under section 15 of the Deposit Guarantee Scheme and Resolution of Credit and Other Institutions Law; and

(i) a timeframe for the use of the Resolution Fund and financing arrangements of the member states where the affected group entities are located, which should be capable of being extended where appropriate.

(4) The basis for apportioning the contribution referred to in paragraph (e) of subsection (3) of this section shall be consistent with subsection (5) of this section and with the principles set out in the group resolution plan in accordance with section 11(3)(f), unless otherwise agreed in the financing plan.

(5) Unless agreed otherwise in the financing plan, the basis for calculating the contribution of the Resolution Fund shall in particular have regard to:

(a) The proportion of the group's risk-weighted assets held at institutions and relevant persons; and

(b) the proportion of the group's assets held at institutions and relevant persons; and

(c) the proportion of the losses, which have given rise to the need for group resolution, which originated in group entities under the supervision of the competent authorities; and

(d) the proportion of the resources of the Resolution Fund which, under the financing plan, are expected to be used to benefit group entities established in the Republic.

(6) Any proceeds or benefits that arise from the use of the Resolution Fund and the financing arrangements for member states group-level resolution are allocated to the Resolution Fund and the member states resolution financing arrangements in accordance with their contributions, as set out in subsection (2).

Use of deposit guarantee scheme in the context of resolution.

105. (1)(a) Where the resolution authority takes resolution action, and provided that such action ensures that depositors continue to have access to their deposits, the deposit guarantee scheme to which the institution is affiliated is liable for -

(i) When the bail-in measure is applied, the amount by which covered deposits would have been written down in order to absorb the losses in the institution pursuant to section 55(1)(a), had covered deposits been included within the scope of bail-in and been written down to the same extent as creditors with the same level of priority under the national law governing normal insolvency proceedings; or

(ii) when one or more resolution measures other than the bail-in is applied, the amount of losses that covered depositors would have suffered, had covered depositors suffered losses in proportion to the losses suffered by creditors with the same level of priority under the national law governing normal insolvency proceedings.

(b) The liability of the deposit guarantee scheme shall not be greater than the percentage set out in section 10(3) of the Deposit Guarantee and Resolution of Credit and Other Institutions Law:

It is provided that, in any case, the liability of the deposit guarantee scheme shall not be greater than the amount of losses that it would have had to bear had the institution been wound up under normal insolvency proceedings.

(c) When the bail-in measure is applied, the deposit guarantee scheme shall not be required to make any contribution towards the costs of recapitalising the institution or bridge institution pursuant to section 55(1)(b).

(d) Where it is determined by a valuation under section 76 that the deposit guarantee scheme's contribution to resolution was greater than the net losses it would have incurred had the institution been wound up under normal insolvency proceedings, the deposit guarantee scheme shall be entitled to the payment of the difference from the Resolution Fund in accordance with section 77.

(2) The determination of the amount by which the deposit guarantee scheme is liable in accordance with subsection (1) shall comply with the conditions referred to in section 47.

(3) The contribution from the deposit guarantee scheme for the purpose of subsection (1) shall be made in cash.

#### PART XI POWER FOR COLLECTION OF INFORMATION, ENTRANCE AND INVESTIGATION AND IMPOSITION OF ADMINISTRATIVE MEASURES AND SANCTIONS

Power for collection of information.

106. (1) The resolution authority may request and collect information necessary or useful for the exercise of its responsibilities and demand with a request in writing and without warning, within a specified deadline, the provision of information from any natural or legal person which the resolution authority considers, at its absolute discretion, that it is in a position to provide such information.

(2) In its request in writing and without warning, the resolution authority shall specify the purpose of the investigation, the provision under which the Resolution Authority's power is based, the deadline specified for the provision of the information and the sanctions that may be imposed in case of non-compliance with the obligation in subsection (1) for provision of information.

(3) Any person to whom, the resolution authority's request for the collection of information, is addressed, shall be bound to provide the requested information timely, fully and accurately.

(4) As regards banking secrecy, provided for in section 29 of the Business of Credit Institution Law, the resolution authority or the resolution unit or any other person instructed following an express decision of the resolution authority to collect information pursuant to this Law, shall be considered to be a public servant under the meaning of section 29(2)(d) of the aforementioned Laws for obtaining any information:

It is provided that, the aforementioned responsibility of the resolution authority shall apply to the cases in which investigations are carried out in accordance with the provisions of section 107.

(5) In the case of refusal of any person to comply with the resolution authority's request for the collection of information within the specified deadline or in case such person refuses to give any information or shows or produces incomplete or false or falsified information, shall have the power to impose to such person an administrative fine in accordance with the provisions of section 108.

(6) The information provided to the resolution authority in the exercise of its power, shall be confidential and may only be used for the purposes of the exercise of its responsibilities.

(7) The information referred to in this section shall include -

(a) Any kind of written data and information, including the minutes of the meetings of any legal person and data stored in computers,

(b) any information which a person possesses in his capacity as trustee, including the actual identity of the real beneficiaries of the financial instruments in relation to which he is directly or indirectly a trustee.

(8) Any person receiving a request by the resolution authority for the provision of information under this section, shall be obliged not to disclose it in any way and to treat it in full confidentiality.

Power for  
entrance and  
investigation.

107. (1) (a) The resolution authority or any other person instructed by , the latter may carry out investigations which are necessary for the exercise of its responsibilities or for investigating a possible violation of the obligations imposed pursuant by this Law and, to this end, it may request and collect information, enter offices and business premises and inspect records, books, accounts, other documents and data stored in computers and to take copies or extracts thereof:

It is provided that, the resolution authority may take extracts of records, books, accounts, other documents and data if it has reasonable suspicions that these extracts may be useful for purposes of proving in any criminal proceedings regarding any violation or failure to comply with the provisions of this Law or decrees issued pursuant to the latter.

(b) In case of refusal to provide access to information, records, books, accounts as well as other documents and data stored in computers, the resolution authority may proceed with the immediate confiscation of the relevant information, records, books, accounts and other documents and data as well as the electronic equipment of storing and transferring of data:

It is provided that, the resolution authority shall be obliged to return any confiscated item under the provisions of this subsection to its holder, as soon as the purpose for which it proceeded with the confiscation is fulfilled and, in any case, within forty-five (45) days from the day of confiscation.

(2) Without prejudice to Section 16.2 of the Constitution the resolution authority may carry out investigations in premises of any natural or legal person that is subject to the competence of the resolution authority pursuant to the provisions of this Law and of any

other person which the resolution authority, at its absolute discretion, considers that is in a position to provide the required information and data.

(3) The investigation shall be carried out following a notice of the resolution authority, either sent beforehand or served to the person to whom the notice is addressed at the date and time of the investigation.

(4) The notice of the resolution authority shall be in writing and shall specify the date and time the investigation shall commence, its purpose, the provision under which the power of the resolution authority is based and the possible sanctions in case the person to whom the notice is addressed refuses to comply with the notice.

(5) The resolution authority may call any persons who may have evidence or know anything relating to the investigation which is being carried out to testify and designate any other person to hear the attestation and take, on its behalf, a written or recorded deposition by these persons, who must appear before the designated person and provide the information they possess.

(6) Any person to whom a request by the resolution authority is addressed shall be obliged to comply timely, fully and accurately.

(7) In case any person refuses to comply with the resolution authority's notice for the carrying out of an investigation or with its writ of summons to testify under this section or in case such person does not produce or produces or presents incomplete or false or falsified records, books, accounts or other documents or data or information, the resolution authority shall have power to impose on such a person, without prejudice to its power for confiscation under the provisions of subsection (1), an administrative fine in accordance with the provisions of section 108.

(8) The information coming into the possession of the resolution authority while exercising its powers shall be confidential and may be used only for the purposes of exercising its responsibilities.

(9) Any person receiving a request by the resolution authority under this section shall be bound not to disclose in any way the said request and to treat such request in full confidentiality.

(10) The resolution authority shall be entitled to request the assistance of the Police in order to be able to exercise its powers pursuant to this section.

Power for imposition of administrative measures and sanctions.

108.-(1) In case the resolution authority in exercising its powers and responsibilities pursuant to this Law or pursuant to the decrees or directives issued under this Law, establishes that a covered person is acting in violation of any provision of this Law or pursuant to the decrees or directives issued under this Law, it shall, after hearing such person, have the power, for every violation, weighing its seriousness at its absolute discretion, to impose an administrative measure or administrative fine or other administrative sanctions, including the following:

(a) A public statement which indicates the responsible covered person the responsible natural person and the nature of the infringement;

(b) an order requiring the responsible covered or natural person to cease the conduct and to desist from a repetition of that conduct;

(c) without prejudice to subsection (3), a temporary ban against any member of the management body or any other natural person held responsible to exercise functions in covered person;

(d) administrative fine to the same covered person of up to ten percent (10%) of the total annual net turnover, in the preceding business year in case the covered person held responsible is a subsidiary of a parent undertaking, the relevant turnover shall be the

turnover resulting from the consolidated accounts of the ultimate parent undertaking in the preceding business year;

(e) administrative fine to a natural person of up to five million euros(€5.000.000);

(f) administrative fine of up to twice the amount of the benefit derived or the loss avoided, from the infringement, where they can be determined.

(2) In case that a covered person violates the provisions of this Law or the pursuant to it issued directives and decrees, any senior management member or member of the management body or other natural person held responsible for such infringement, is subject to administrative measures, administrative fines and other administrative penalties of subsection (1), where applicable.

(3) Administrative penalties, administrative fines and other administrative measures, shall be imposed individually or cumulatively, on the resolution authority's decision, particularly in the following cases and in any other case of infringement of this Law or directives or decrees pursuant to it.

(a) In the case of non-compliance with the cooperation obligations by the institution or the obligation for provision of information to the resolution authority during the preparation, update and application of the resolution plans, in contravention of section 13 or 65(1)(b)(i);

(b) in the case of non-compliance with the obligation of maintaining detailed records of financial transactions, in contravention of section 13(2) or section 73(7);

(c) In the case of non-compliance of the institution with the obligation of taking measures to address or eliminate impediments to resolvability within the relevant deadline, in contravention of section 20(4);

(d) in the case of non-compliance with the measures taken by the resolution authority, in contravention of any provision of section 20(5)(a) to (k);

(e) in the case of non-submission of a reorganisation plan to the resolution authority or to the group-level resolution authority, in contravention of section 61(1) or (2), or non-amendment of it, in contravention of section 61(8) or (9);

(f) in the case of non-compliance with the obligation of provision of services and infrastructures in contravention of section 67;

(g) in the case of non-compliance of any person with any order under section 69(1)(a), (b) or (c);

(h) in the case of non-compliance of the transaction registration record with the obligation to make available all information necessary to the resolution authority, in contravention of section 73(7)(b).

(4)(a) The resolution authority shall publish on its official website, at least, any administrative measure, administrative fine or other administrative penalty imposed by it for infringing this Law or the pursuant to issued directives or decrees, including information on the type and nature of the infringement and the identity of the natural or legal person on whom the penalty is imposed, without undue delay after the said person is informed of the penalties.

(b) In the case that the resolution authority's decision to impose an administrative fine or other administrative penalty is rescinded by it or by an Administrative Court, the resolution authority shall publish the relevant information on its official website without undue delay.

(5)(a) The resolution authority shall publish administrative measure, administrative fine or other administrative penalty imposed on an anonymous basis, in any of the following circumstances:

(i) Where the administrative measure, administrative fine or other administrative penalty is imposed on a natural person and, after obligatory prior assessment, the publication of personal data is shown to be disproportionate;

(ii) where publication would jeopardise the stability of financial markets or an ongoing criminal investigation;

(iii) where the publication would cause, insofar as it can be determined, disproportionate damage to the persons involved.

(b) Alternatively, in cases such as those in paragraph (a), the publication of the data in question may be postponed for a reasonable period of time, if it is foreseeable that the reasons for anonymous publication will cease to exist within that period.

(6)(a) The resolution authority shall ensure that any publication in accordance with this section remains on their official website for a period of at least five (5) years.

(b) Personal data shall only be kept on the official website of the resolution authority for the period which is necessary in accordance with applicable data protection rules.

(7) When determining the type of administrative measures, administrative fines or other administrative penalties and the level of administrative fines, the resolution authority shall take into account all relevant circumstances, including, where appropriate:

(a) The gravity and the duration of the infringement;

(b) the degree of responsibility of the natural or legal person responsible for the infringement;

(c) the financial strength of the natural or legal person responsible for the infringement, for example, as indicated by the total turnover of the responsible legal person or the annual income of the responsible natural person;

(d) the amount of profits gained or losses avoided by the natural or legal person responsible, insofar as they can be determined;

(e) the losses for third parties caused by the infringement, insofar as this can be determined;

(f) the level of cooperation of the natural or legal person responsible, with the resolution authority;

(g) previous infringements by the natural or legal person responsible;

(h) any potential systemic consequences of the infringement.

(8)(a) An administrative fine imposed by the resolution authority pursuant to the provisions of this Law, shall be deemed against revenue to the Government General Account.

(b) In case of failure to pay an administrative fine or a penalty payment specified under a framework of compromise, the resolution authority may -

(i) Take legal action to collect it, and as such the outstanding amount is collected as a civil debt;

(ii) take any other measures which may be set by a directive.

(9) Subject to the professional secrecy requirements under section 85, the resolution authority shall notify the EBA with regard to all administrative sanctions imposed pursuant to this section and with regard to any appeals and their results.

## PART XII OFFENCES, PENALTIES AND SANCTIONS

Offences and penalties

109. (1) (a) Any person who has the obligation pursuant to this Law or any directive issued pursuant to it, to submit or notify to the resolution authority or to publish or publicly announce any information, data, documents or statements, shall be bound to provide them in a timely, fully and accurately manner.

(b) A person, who in the course of providing information to the resolution authority or during the publication or public announcement of information for any of the purposes of this Law and published directives pursuant to it, makes a false, misleading or deceitful statement as to any fact thereof or conceals a fact or fails to submit facts, commits a criminal offence and shall be subject to a penalty of imprisonment not exceeding five (5) years or to a fine up to one million euro (€1.000.000) or to both penalties:

(2) A person, who is not complying with administrative measures taken by the resolution authority in relation to him under section 108, commits a criminal offence and, in case of a court judgement, shall be subject to a penalty of imprisonment not exceeding five years (5) or to a fine not exceeding one million euro (€1.000.000) or to both penalties.

(3) Criminal liability, for the offense provided in paragraph (a) of subsection (1) and subsection (2), committed by a legal person is charged, apart from the same legal person, to any of the members of its board of directors, the management, the supervisory or auditing body, which has been proven to have consented or acted jointly for the commitment of the offence.

(4) Persons who in accordance with the provisions of subsection (3), are criminally liable for the offences committed by a legal person, shall be jointly liable and/or severally with the legal person for all losses suffered by third parties as a result of the act or omission lying behind the offence.

Sanctions by the Attorney General of the Republic or his consent.

110. Sanctions in relation to any offence pursuant to this Law are imposed only by the Attorney General of the Republic or with his consent.

## PART XIII LIMITATION OF LIABILITY

Liability of the Minister and the resolution authority.

111. The Minister, the Governor of the Central Bank, the Central Bank board members and employees of the Central Bank shall not be held liable in relation to any act or omission during the execution of their competences and responsibilities provided for in this Law, unless it has been proven that the act or omission was not bona fide or is the result of fraud or gross negligence on their part.

Liability of the special administrator and other persons.

112. The special administrator, the management body and/or senior management officers of a bridge institution and/or asset management company and any other persons, legal or natural, appointed or authorised by the resolution authority to perform actions under this Law, shall not be held liable in relation to any act or omission during the execution of their competences and responsibilities provided for in this Law, unless it has been proven that the act or omission was not bona fide or is the result of fraud or gross negligence on their part.

It is provided that the aforementioned have the same degree of protection after the end of their appointment or authorisation and/or completion of the actions or the tasks assigned to them.

## PART XIV VARIOUS PROVISIONS

Contradiction of this Law to other Laws.

113. The provisions of this Law apply irrespective to the provisions of the provisions of the Transfer of Banking Business and Collateral Law and the Business of Credit Institutions Law, as well as any other Law which contradicts this Law.

Exceptions to the payment of tax or levy.

114. (1) Assets, rights and liabilities transferred, under this 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.

(2) The implementation of resolution measures, within the meaning of this Law, is exempted from the payment of any tax or levy.

#### PART XV TRANSITIONAL AND FINAL PROVISIONS

Resolution measures in place.

115. (1) All resolution measures taken pursuant to the Resolution of Credit and Other Institutions Law that are in place at the date of enforcement of this Law, are considered as measures taken under this Law and will continue to apply until their completion, suspension or revocation.

64(I) of 1997  
38(I) of 2007  
103(I) of 2011.

(2) Any measures imposed to a banking authorisation referred to in subsection (1) are considered as conditions imposed under this Law.

17(I) of 2013  
38(I) of 2013  
97(I) of 2013  
90(I) of 2014.

Laws repealed.

116. With the enactment of this Law the Resolution of Credit and Other Institutions Laws of 2013 to 2014 are repealed.