

General principles

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In addition to the achievement of the resolution objectives, the application of the general principles governing resolution is the second most important factor to be taken into account by resolution authorities when assessing resolvability, choosing the resolution tools and exercising the resolution powers.

When applying the resolution tools and exercising the resolution powers, the resolution authority shall ensure that the resolution is carried out in accordance with the following principles:

1. the shareholders of the institution under resolution bear losses first;
2. creditors of the institution under resolution bear losses after the shareholders in accordance with the order of priority of their claims under the law governing bankruptcy proceedings;
3. management body and senior management of the institution under resolution are replaced, except in those cases when the retention of the management body and senior management is considered to be necessary for the achievement of the resolution objectives;
4. management body and senior management of the institution under resolution shall provide all necessary assistance for the achievement of the resolution objectives;
5. natural and legal persons are made liable, subject to the provisions of applicable regulations, under civil or criminal law for their responsibility for the failure of the institution;
6. except where otherwise provided in the Act on the Resolution of Credit Institutions and Investment Firms, creditors of the same class in bankruptcy proceedings are treated in an equitable manner;
7. no creditor shall incur greater losses than would have been incurred if bankruptcy proceedings had been opened against the institution in accordance with the safeguards under the Act on the Resolution of Credit Institutions and Investment Firms;
8. insured deposits are fully protected and claims are fully covered by investor compensation schemes in accordance with the law governing the capital market; and
9. resolution action is taken in accordance with the provisions on the safeguards under the Act on the Resolution of Credit Institutions and Investment Firms.

Where an institution is a group entity resolution authorities shall, without prejudice to the resolution objectives, apply resolution tools 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 European Union and its Member States, in particular, in the countries where the group operates.