



Press release

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The ACPR publishes an operational document outlining the implementation of bail-in in France

The ACPR publishes an operational document setting out its approach to the implementation of the bail-in mechanism, in line with the guidelines issued by the European Banking Authority. Bail-in is one of the four resolution tools introduced by Directive 2014/59/EU of 15 May 2014, known as the BRRD, which establishes a European framework for the recovery and resolution of credit institutions and investment firms. It may be applied separately or in combination with other resolution tools and it is designed to ensure that the cost of loss absorption and recapitalisation is borne by shareholders and creditors¹. Its ultimate purpose: ensuring that the failed institution can continue to operate and comply with regulatory requirements, including in particular capital requirements (CRR). In practice, bail-in entails reducing the equity and debt instruments of the institution under resolution and allocating new equity instruments to creditors, following the order of priority of claims.

This public document is aimed at all stakeholders seeking a better understanding of this resolution tool, with a view to further anticipate its implementation in France. More generally, it also contributes to improve the resolvability of French banking institutions, as their resolution strategies rely on it.

This document is twofold, first setting out the broader aspects of bail-in, and then the operational procedures applicable to its implementation, from preparing decisions to the end of the resolution procedure. More specifically, it includes the following information:

- The scope of this resolution tool, the main principles governing its use and the requirements of the valuations used by authorities to calibrate it.
- The roles and responsibilities of the many stakeholders who may be involved in its implementation: Single Resolution Board (CRU), Resolution College of the ACPR, Autorité des Marchés Financiers (AMF, the French Financial Markets Authority), banking institutions under resolution, paying agents, Euroclear France in its capacity as the central securities depository for France and as the national numbering agency for France, Euronext Paris as a national regulated market undertaking, or any potential special manager. The aftermath of bail-in, such as compensation for shareholders and creditors and the business reorganisation phase of the institution under resolution, are also covered.
- The operational procedures applicable to the implementation of bail-in, following the resolution authority's decision to apply such tool, in particular the preparatory and execution

¹ However, depositors are protected both in the event of resolution and in the event of the liquidation of a banking institution

stages. This document specifies, for each of these stages, the stakeholders involved, the data flows required and the operations performed.

In this document, the ACPR has therefore defined several scenarios to explore the implementation of bail-in for various classes of instruments and various types of operations available (total reduction, partial reduction, total conversion and partial conversion). [This document is available at the following address.](#)

About the ACPR

The Autorité de contrôle prudentiel et de résolution (ACPR), which is backed by the Banque de France, is the administrative authority responsible for supervising the banking and insurance sectors and safeguarding financial stability. The ACPR is also responsible for protecting the customers of supervised institutions and tasked with combating money laundering and the financing of terrorism. It also holds resolution powers. The ACPR's operational departments are grouped within its General Secretariat.

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