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Status	Final Q&A
Legal act	Directive 2014/59/EU (BRRD)
Topic	Resolution tools and powers
Article	37, 40
Paragraph	7, 4
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	n.a.
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Payment of consideration in shares of a bridge institution
Question	Is it possible to pay the consideration mentioned in Article 40 (4) of Directive 2014/59/EU (BRRD) in shares of a bridge institution? Is the same possible in case the asset separation tool has been applied?
Background on the question	Article 40 (4) of Directive 2014/59/EU (BRRD) states that: “Subject to Article 37(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.”It is not clarified if the consideration paid by the bridge institution can also be paid in shares of a bridge institution. The same question applies to the asset separation tool.
Final answer	The language in Articles 40(4) and 37(7) BRRD provides no grounds to exclude that the consideration mentioned in Article 40(4) BRRD may consist of shares of the bridge institution. Whilst legally feasible, such course of

action should be carefully considered, so as to avoid, e.g., to reserve a better treatment to the failing institution's shareholders compared to the non-transferred creditors.

The same holds true in case the asset separation tool has been applied.

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Link

https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2015_2343

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