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Status	Final Q&A
Legal act	Directive 2014/59/EU (BRRD)
Topic	Resolution tools and powers
Article	38, 40
Paragraph	2, 6
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	Interaction of shares transfer with the resolution process
Question	Is there a difference in process between the transfer effected under the sale of business tool and the transfer effected under the bridge institution tool, whereby the resolution entity's shares are, first, transferred to a bridge institution and, later, to a third entity, pursuant to Article 40(6)(b) of Directive 2014/59/EU (BRRD)?
Background on the question	Article 40 (6) (b) of the BRRD states that "following an application of the bridge institution tool, the resolution authority may: (b) transfer, shares or other instruments of ownership, or assets, rights or liabilities from the bridge institution to a third party" How can the resolution process proceed, concerning the entity under resolution, if the resolution authority moves that entity's shares to a bridge bank?
Final answer	The main difference between the sale of business and the bridge bank tool is that the former is composed of a single conceptual phase, while the latter necessarily entails more than one step. The transfer implied by the sale of business occurs directly towards a private investor. Conversely, the bridge institution tool necessarily entails, first, the setting up of a bridge institution specifically for the purpose of resolution and publicly controlled, and an

initial transfer towards that bridge institution. This is followed by a second phase, in which such institution is controlled by the resolution authority and managed with a view to maintaining access to critical functions and selling the shares or assets, rights or liabilities received to one or more private sector purchasers. This may take the form of a sale of all or substantially all of the bridge institution's assets, rights or liabilities to a third party, pursuant to Article 41(3)(c) BRRD (though other forms of cessation of the bridge institution as such are allowed, as per the remaining points of Article 41(3) BRRD).

Notwithstanding the similarities that the sale of business and the second phase within the bridge institution tool may entail, the two processes are carried out in application of different resolution actions and should abide by the specific rules that the relevant provisions set forth, namely Articles 38 and 39 BRRD for the sale of business, and Articles 40 and 41 BRRD for the sale of the bridge institution.

Disclaimer:

The answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to assist natural or legal persons, including competent authorities and Union institutions and bodies in clarifying the application or implementation of the relevant legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law. The views expressed in the internal Commission Decision cannot prejudice the position that the European Commission might take before the Union and national courts.

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