



DRAFT BOARD OF GOVERNORS RESOLUTION FOR ANNULMENT OF THE DIRECT  
RECAPITALISATION INSTRUMENT

**DISCLAIMER:** this draft document is part of the ESM reform package agreed in principle at the Eurogroup meeting of 4 December 2019, subject to the conclusion of national procedures. It is made available for information purposes only. This document can be formally adopted by the relevant ESM decision-making body only after the entry into force of the ESM Treaty, as amended by the draft Amending Agreement.

AGREED DRAFT

## **Resolution regarding annulment of the instrument for the direct recapitalisation of institutions<sup>1</sup>**

THE BOARD OF GOVERNORS,

Having regard to Article 19 of the Treaty, pursuant to which the Board of Governors may review the list of financial assistance instruments provided for in Articles 14 to 18 of the Treaty and decide to make changes to it,

Having regard to the Term sheet on the ESM reform and the Terms of Reference of the common backstop to the Single Resolution Fund, endorsed at the Euro Summit of 14 December 2018, which both mention that the ESM will provide the common backstop on behalf of the euro area in the form of a revolving credit line to the Single Resolution Fund, and that the instrument for the direct recapitalisation of institutions of the ESM will be replaced by the common backstop at the time it is introduced,

Having regard to the [view of the Eurogroup that the common backstop facility should be implemented, on ●],

RESOLVES, pursuant to Article 19 of the Treaty, to annul the instrument for the direct recapitalisation of institutions, as defined in Article 2(3) to (5) Council Regulation (EU) No 1024/2013, as a financial assistance instrument by revoking

- Resolution No. 4 of the Board of Governors meeting of 8 December 2014 (SG/BoG/2014/05/04) establishing the instrument for the direct recapitalisation of institutions,
- Resolution No. 5 of the Board of Governors meeting of 8 December 2014 (SG/BoG/2014/05/05) establishing a subsidiary body and amending the By-Laws, and
- Resolution No. 6 of the Board of Governors meeting of 8 December 2014 (SG/BoG/2014/05/06) establishing a limit for the amount of financial assistance available for the instrument for the direct recapitalisation of institutions.

---

<sup>1</sup> This draft resolution needs further specification and is for illustration purposes for the time being. It is also noted that further work is required to amend and clean other documents relating to the direct recapitalisation instrument, including, but not limited to, the DRI Guideline, and the By-Laws. This will be done by the time of approval of the Resolution.