

France Implements Bail-In

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On July 18, 2013, new bank legislation was adopted in France aimed at the ring-fencing and regulation of certain banking activities. The reform:

- addresses the separation of financing activities and customer services from proprietary trading activities;
- introduces a strengthened supervisory framework, including, critically, bail-in and other resolution powers; and
- provides for other consumer protection measures, such as caps on retail bank fees for certain customer transactions and increased protection of over-indebted consumers.

It also provides for increased disclosure as to banks' and significant non-financial companies' activities in tax havens.

Since France is one of the few European countries to have put in place bail-in measures in advance of the implementation of the European Recovery and Resolution Directive ("RRD"), this memorandum focuses on the recovery and resolution aspects of the reform.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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