C/2026/1829

31.3.2026

Statement of the Council's reasons: Position (EU) No 5/2026 of the Council at first reading with a view to the adoption of Directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, the use of deposit guarantee schemes funds, cross-border cooperation, and transparency

Adopted by the Council on 5 March 2026

(C/2026/1829)

I. INTRODUCTION

1. On 19 April 2023, the Commission submitted to the Council and the European Parliament the Crisis Management and Deposit Insurance (CMDI) review package (hereinafter the 'proposal'), consisting of a communication and four legal acts, of which the 'Daisy chains' legal act was eventually detached from the proposal and adopted separately by the co-legislators (hence, references to CMDI or to the proposal hereinafter shall be understood as a reference to the remaining three legal acts):

— Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2014/59/EU as regards early intervention measures, conditions for resolution and financing of resolution action ('BRRD');

— Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2014/49/EU as regards the scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency ('DGSD');

— Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 806/2014 as regards early intervention measures, conditions for resolution and funding of resolution action ('SRMR');

— Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities ('Daisy chains').

2. The BRRD and SRMR are based on Article 114 of the Treaty on the Functioning of the European Union (TFEU) and the DGSD is based on Article 53(1) thereof (ordinary legislative procedure).

3. The opinion of the European Central Bank was adopted on 5 July 2023 ([1]). The opinion of the European Economic and Social Committee was adopted on 13 July 2023 ([2]).

4. In the European Parliament, the Committee on Economic and Monetary Affairs (ECON Committee) had the lead responsibility. The European Parliament adopted its first reading position on 24 April 2024.

5. The Council's Working Party on Financial Services and the Banking Union discussed the proposal at its meetings on 24 May 2023, 7 July 2023, 20 July 2023, 18 September 2023, 9 October 2023, 31 October 2023, 21 November 2023, 27 February 2024, 25 March 2024, 26 April 2024, 23 and 24 May 2024, 3 June 2024 and 7 June 2024. The Permanent Representatives Committee approved the negotiating mandate on 19 June 2024 and granted the Presidency a mandate to negotiations with the European Parliament. On that basis, negotiations took place with the European Parliament and the Commission with a view to an early second reading agreement.

([1]) ST 11577 2023 INIT
([2]) ST 15142 2025 INIT

6. The trilogues took place on 17 December 2024, 14 January 2025, 4 February 2025, 12 March 2025, 25 March 2025, 28 April 2025, 22 May 2025, 5 June 2025.

7. In the last trilogue on 25 June 2025, a provisional political agreement was reached between co-legislators, resulting in the final compromise texts as set out in ST 15011 ADD1 2025, ST 15011 ADD2 2025 and ST 15011 ADD3 2025.

8. On 5 November 2025, the ECON Committee of the European Parliament gave its endorsement to the compromise texts. On 6 November 2025, the Chair of the ECON committee sent a letter to the Chair of the Committee of Permanent Representatives indicating that, should the Council transmit to the European Parliament its position as agreed, subject to legal-linguistic review, she would recommend to the Plenary that the Council's position be accepted without amendments at Parliament's second reading (see the respective information note ([3]) to Coreper).

9. In light of the above, at its meeting on 12 November 2025, Coreper reached a political agreement, on the basis of the compromise texts. The compromise texts were subject to the legal-linguistic review, resulting in the final texts set out in ST 15389/25, ST 15445/25 and ST 15484/25 to enable an early second-reading agreement.

II. MAIN OBJECTIVE

10. The CMDI package provides for a targeted development of the existing framework with the aim of making the orderly resolution for small and medium-sized banks practicable by authorising resolution authorities to draw, in exceptional cases and under strict conditions, on funds from the deposit guarantee scheme (DGS) to finance the implementation of a bank's transfer resolution strategy if the internal loss-absorbing capacity of such bank is not sufficient to access the resolution funding arrangement. By spelling out the funding hierarchy and operational mechanics, the reform aims to minimise recourse to taxpayers' money while preserving depositor access and financial stability and upholding the resolution framework's key principle of primary loss absorption by shareholders and creditors to protect the integrity of resolution funding arrangements.

11. To reduce fragmentation across the Union, the reform also aims to harmonise the treatment of alternative and preventive measures and strengthens cross-border coordination between supervisors and resolution authorities.

III. ANALYSIS OF THE COUNCIL'S POSITION AT FIRST READING

Procedural context

12. On the basis of the Commission proposal, the Parliament and the Council conducted negotiations with the aim of concluding an early-second reading agreement on the basis of the Council's first-reading position. The Council's position fully reflects the compromise reached between the two co-legislators.

Summary of the main issues

13. Compared to the EP's position, the Council's position at first reading on DGSD contains the following main elements, on which an agreement between the co-legislators has been found:

([3]) ST 15146 2025

14. The Council's position ensures that the use of DGS funds outside resolution, particularly for alternative and preventive measures, remains a national discretion and provides for detailed conditions on the use of these measures, including requirements for recovery plans, governance safeguards, and restrictions on dividends and variable remuneration. The Council's position introduces provisions clarifying the role and requirements of Institutional Protection Schemes (IPS) recognised as DGSs, permitting temporary transfers to support affiliated institutions' liquidity and solvency only where strict safeguards are met and thereby preserving DGS operational independence and financial soundness while enabling IPS to act swiftly to prevent failures within their networks. While DGS involvement beyond pay-out in insolvency is maintained, the Council's position applies the simplified least cost test (LCT) uniformly to all crisis-management measures, in order to ensure that DGS interventions in and outside resolution do not exceed the cost of reimbursing covered deposits.

IV. **CONCLUSION**

15. The Council's position underlines the main objective of the Commission proposal and fully reflects the compromise reached in the informal negotiations between the Council and the European Parliament, with the support of the Commission.