Beat: News

European Commission liquidation aid

Italian bank Banca Romagna Cooperativa

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USPA NEWS - European Commission - Statement, State aid: Commission approves liquidation aid for Italian bank Banca Romagna Cooperativa. Credito Cooperativo Romagna Centro e Macerone" (Banca Romagna Cooperativa). Banca Romagna Cooperativa had been under special administration since 2013.

The European Commission has decided that an Italian liquidation measure in favour of a small Italian cooperative bank "Banca Romagna Cooperativa "" Credito Cooperativo Romagna Centro e Macerone" (Banca Romagna Cooperativa) is compatible with EU state aid rules. Banca Romagna Cooperativa had been under special administration since 2013, and was put into liquidation by the Italian authorities on 17 July 2015 under national insolvency law. Its assets and liabilities, including deposits, were transferred to Banca Sviluppo, which is part of the ICCREA Group. This will ensure that Banca Romagna Cooperativa´s transferred activities return to long-term viability within the new entity.

Under the measure notified by Italy, the Italian mandatory deposit guarantee scheme ("Fondo di Garanzia dei Deposanti del Credito Cooperativo") will cover the negative difference between the transferred assets and liabilities. Deposit guarantee schemes are mandatory under EU law to ensure that covered deposits are paid out when a bank is liquidated and exits the market, in which case there are no State aid issues. In this case, however, the deposit guarantee scheme's intervention constitutes State aid, because it is acting beyond this pay-out function, namely in a transfer of asset and liabilities, under the control of the Italian authorities.

The Commission's assessment showed that this aid is compatible with EU state aid rules, in particular the Commission´s 2013 Banking Communication. Equity and subordinated debt will not be transferred but will remain in the entity in liquidation, which means shareholders and junior bondholders will fully contribute reducing the need for State aid to the necessary minimum in line with burden sharing principles.

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