

The Need For Special Resolution Regimes Financial

The Need For Special Resolution Regimes Financial - The need for special resolution regimes for financial institutions. A special resolution regime would allow authorities to avoid the choice between “disorderly bankruptcy” and “injection of public funds”, thus improving efficiency by containing both fiscal costs and systemic impact. The global financial crisis has demonstrated weaknesses in resolution regimes for financial institutions around the globe, including in the European Union (EU). THE NEED FOR SPECIAL RESOLUTION REGIMES FOR FINANCIAL INSTITUTIONS— THE CASE OF THE EUROPEAN UNION*. MARTIN C. IYER AND ERLEND NIER. The global financial crisis has demonstrated weaknesses in resolution regimes for financial institutions around the globe, including in the European Union (EU). THE NEED FOR SPECIAL RESOLUTION REGIMES: CRISIS LESSONS A. Systemic Costs of Failure and Fiscal Costs of Bailouts. There is a strong case for financial institutions to be subject to a special insolvency (resolution) regime.