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Commission approves revised Irish guarantee scheme for financial institutions

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Brussels, 20th November 2009

State aid: Commission approves revised Irish guarantee scheme for financial institutions

The European Commission has approved, under EC Treaty state aid rules, an Irish measure aimed at stabilising financial markets by providing guarantees on deposits and debt to eligible banks active on the Irish market. The Commission found the revised scheme, originally approved on 13 October 2008 (see [IP/08/1497](#)), to be in line with its Guidance Communication on state aid to overcome the financial crisis (see [IP/08/1495](#)). In particular, the measure as amended is limited in time and scope. The Commission therefore concluded that the measure is an adequate means to remedy a serious disturbance of the Irish economy and as such is in line with Article 87.3.b of the EC Treaty.

Competition Commissioner Neelie Kroes said: "The new guarantee scheme will give credit institutions in Ireland access to medium-term state-guaranteed financing and provide Ireland with an effective means of restoring confidence in the financial markets, while at the same time limiting distortions of competition".

Ireland notified a revised guarantee scheme which aims at further stabilising financial markets by ensuring financial institutions' access to financing. It introduces substantial modifications. First, the material scope of the scheme has changed. The new guarantee excludes subordinated debt and extends to instruments with a maturity of up to five years. Previously, liabilities were covered until 29 September 2010 maximum. Secondly, the temporal scope of the scheme has been modified. The instruments guaranteed under the scheme may be issued from 1 December 2009 until 1 June 2010. Finally, the new scheme aligns the guarantee fee to the remuneration structure set out in the Commission Guidance Communication on state aid to overcome the financial crisis.

All other conditions, eligible institutions and behavioural constraints remain as laid down in the original decision (see [IP/08/1497](#)).

The Commission concluded that the amendments comply with the conditions laid down in its Guidance Communication on state aid to the financial sector during the crisis (see [IP/08/1495](#)). In particular, the Commission found the revised scheme proportionate and equipped with sufficient safeguards to limit distortions of competition and to avoid negative spillovers in other Member States, while minimising the recourse to state funding.

The non-confidential version of the decision will be made available under the case number [N 349/2009](#) in the [State Aid Register](#) on the [DG Competition website](#) once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).