

# UPDATES TO THE BAIL-IN REGIME: DEPOSITOR ACCOUNTS

Posted on May 12, 2016

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Earlier this week, we published a bulletin describing the introduction of Bill C-15 entitled *An Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures* to, among other things, implement the proposed bail-in regime.

In the bulletin, we discussed potential concerns with respect to whether consumer deposits would be part of the eligible debt responsible for bailing-in a bank (one of the most frequently asked questions regarding the bail-in regime). We noted that these concerns were raised when the previous Conservative Government discussed introducing a bail-in regime and that the Minister of Finance denied that depositors' accounts would be subject to the bail-in regime.

There is no indication from the current Liberal government that this position has changed. In a recent FAQ on the bail-in amendment (available [here](#)) the Canadian Bankers Association has also stated that "The government has made it very clear on numerous occasions that it will not be including bank customers' deposits as part of the bail-in regime." The final details on what will or will not be subject to the regime will of course be set out in the regulations, once issued. However, for now it seems reasonable to conclude that consumer deposits will not be part of the eligible debt obligations that could be converted to equity to bail-in a bank.

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## **A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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