



Banking Act 1987

1987 CHAPTER 22

PART II

THE DEPOSIT PROTECTION SCHEME

Contributions to the Fund

52 Contributory institutions and general provisions as to contributions

- (1) All authorised institutions shall be liable to contribute to the Fund and are in this Part of this Act referred to as "contributory institutions".
- (2) Contributions to the Fund shall be levied on a contributory institution by the Board by the service on the institution of a notice specifying the amount due, which shall be paid by the institution not later than twenty-one days after the date on which the notice is served.
- (3) Subject to section 56 below, on each occasion on which contributions are to be levied from contributory institutions (other than the occasion of the levy of an initial contribution from a particular institution under section 53 below)—
 - (a) a contribution shall be levied from each of the contributory institutions; and
 - (b) the amount of the contribution of each institution shall be ascertained by applying to the institution's deposit base the percentage determined by the Board for the purpose of the contribution levied on that occasion.
- (4) Subject to section 57 below, the deposit base of an institution in relation to any contribution is the amount which the Board determines as representing the average, over such period preceding the levying of the contribution as appears to the Board to be appropriate, of sterling deposits with the United Kingdom offices of that institution other than—
 - (a) secured deposits;
 - (b) deposits which had an original term to maturity of more than five years; and
 - (c) deposits in respect of which the institution has in the United Kingdom issued a sterling certificate of deposit.

Status: This is the original version (as it was originally enacted).

- (5) In its application to this section, section 5(3) above shall have effect with the omission of paragraphs (b) and (c).

53 Initial contributions

- (1) Subject to subsection (4) below, where an institution becomes a contributory institution after the coming into force of this Part of this Act the Board shall levy from it, on or as soon as possible after the day on which it becomes a contributory institution, an initial contribution of an amount determined in accordance with subsection (2) or (3) below.
- (2) Where the institution concerned has a deposit base, then, subject to section 56(1) below, the amount of an initial contribution levied under this section shall be such percentage of the deposit base as the Board considers appropriate to put the institution on a basis of equality with the other contributory institutions, having regard to—
- (a) the initial contributions previously levied under this section or under section 24(1) of the Banking Act 1979; and
 - (b) so far as they are attributable to an increase in the size of the Fund resulting from an order under subsection (2) of section 54 below or subsection (2) of section 25 of that Act, further contributions levied under either of those sections.
- (3) Where the institution concerned has no deposit base the amount of an initial contribution levied under this section shall be the minimum amount for the time being provided for in section 56(1) below.
- (4) The Board may waive an initial contribution under this section if it appears to it that the institution concerned is to carry on substantially the same business as that previously carried on by one or more institutions which are or were contributory institutions.

54 Further contributions

- (1) If at the end of any financial year of the Board the amount standing to the credit of the Fund is less than £3 million the Board may, with the approval of the Treasury, levy further contributions from contributory institutions so as to restore the amount standing to the credit of the Fund to a minimum of £5 million and a maximum of £6 million.
- (2) If at any time it appears to the Treasury to be desirable in the interests of depositors to increase the size of the Fund, the Treasury may, after consultation with the Board, by order amend subsection (1) above so as to substitute for the sums for the time being specified in that subsection such larger sums as may be specified in the order; but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (3) An order under subsection (2) above may authorise the Board forthwith to levy further contributions from contributory institutions so as to raise the amount standing to the credit of the Fund to a figure between the new minimum and maximum amounts provided for by the order.

55 Special contributions

- (1) If it appears to the Board that payments under section 58 below are likely to exhaust the Fund, the Board may, with the approval of the Treasury, levy special contributions from contributory institutions to meet the Fund's commitments under that section.
- (2) Where at the end of any financial year of the Board there is money in the Fund which represents special contributions and will not in the opinion of the Board be required for making payments under section 58 below in consequence of institutions having become insolvent or subject to administration orders before repayments are made under this subsection the Board—
 - (a) shall repay to the institutions from which it was levied so much (if any) of that money as can be repaid without reducing the amount standing to the credit of the Fund below the maximum amount for the time being specified in subsection (1) of section 54 above; and
 - (b) may repay to those institutions so much (if any) of that money as can be repaid without reducing the amount standing to the credit of the Fund below the minimum amount for the time being specified in that subsection.
- (3) Repayments to institutions under this section shall be made pro rata according to the amount of the special contribution made by each of them but the Board may withhold the whole or part of any repayment due to an institution that has become insolvent and, in the case of an institution that has ceased to be a contributory institution, may either withhold its repayment or make it to any other contributory institution which, in the opinion of the Board, is its successor.

56 Maximum and minimum contributions

- (1) The amount of the initial contribution levied from a contributory institution shall be not less than £10,000.
- (2) The amount of the initial contribution or any further contribution levied from a contributory institution shall not exceed £300,000.
- (3) No contributory institution shall be required to pay a further or special contribution if, or to the extent that, the amount of that contribution, together with previous initial, further and special contributions made by the institution, after allowing for any repayments made to it under section 55(2) above or section 63 below, amounts to more than 0.3 per cent of the institution's deposit base as ascertained for the purpose of the contribution in question.
- (4) Nothing in subsection (3) above—
 - (a) shall entitle an institution to repayment of any contribution previously made; or
 - (b) shall prevent the Board from proceeding to levy contributions from other contributory institutions in whose case the limit in that subsection has not been reached.
- (5) The Treasury may from time to time after consultation with the Board by order—
 - (a) amend subsection (1) or (2) above so as to substitute for the sum for the time being specified in that subsection such other sum as may be specified in the order; or

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- (b) amend subsection (3) above so as to substitute for the percentage for the time being specified in that subsection such other percentage as may be specified in the order.
- (6) No order shall be made under subsection (5) above unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

57 Deposit base of transferee institutions

- (1) This section applies where the liabilities in respect of deposits of a person specified in Schedule 2 to this Act (an "exempted person") are transferred to an institution which is not such a person (a "transferee institution").
- (2) If the transferee institution becomes a contributory institution on the occasion of the transfer or immediately thereafter it shall be treated for the purposes of section 53 above as having such deposit base as it would have if—
 - (a) sterling deposits with the United Kingdom offices of the exempted person at any time had at that time been sterling deposits with the United Kingdom offices of the transferee institution; and
 - (b) sterling certificates of deposit issued by the exempted person had been issued by the transferee institution.
- (3) If the transferee institution is already a contributory institution at the time of the transfer, the Board shall levy from it, as soon as possible after the transfer, a further initial contribution of an amount equal to the initial contribution which it would have been liable to make if—
 - (a) it had become a contributory institution on the date of the transfer;
 - (b) its deposit base were calculated by reference (and by reference only) to the sterling deposits with the United Kingdom offices of the exempted person, taking sterling certificates of deposit issued by the exempted person as having been issued by the transferee institution; and
 - (c) the amount specified in section 56(2) above were reduced by the amount of any initial contribution which the transferee institution has already made.
- (4) Whether or not the transferee institution is already a contributory institution at the time of the transfer it shall be treated for the purposes of the levying from it of any further or special contribution as having such deposit base as it would have if the sterling deposits with its United Kingdom offices and the sterling certificates of deposit issued by it included respectively sterling deposits with the United Kingdom offices of the exempted person and sterling certificates of deposit issued by that person.
- (5) In its application to this section, section 5(3) above shall have effect with the omission of paragraphs (b) and (c).