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STATUTORY INSTRUMENTS

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**2015 No. 486**

**BANKS AND BANKING**

**The Deposit Guarantee Scheme Regulations 2015**

*Made - - - - 4th March 2015*  
*Laid before Parliament 5th March 2015*  
*Coming into force in accordance with regulation 1(2)*  
*and (3)*

The Treasury are designated <sup>M1</sup> for the purposes of section 2(2) of the European Communities Act 1972 <sup>M2</sup> in relation to financial services.

The Treasury, in exercise of the powers conferred by section 2(2) of that Act, make the following Regulations.

**Marginal Citations**

**M1** [S.I. 2012/1759](#).

**M2** 1972 c.68. Section 2(2) was amended by section 27 of the [Legislative and Regulatory Reform Act 2006 \(c.51\)](#) and by section 3 of, and the Schedule to, the [European Union \(Amendment\) Act 2008 \(c.7\)](#). By virtue of the amendment of section 1(2) by section 1 of the [European Economic Area Act 1993 \(c.51\)](#), regulations may be made under s. 2(2) of the European Communities Act 1972 to implement obligations of the United Kingdom created or arising by or under the Agreement on the European Economic Area signed at Oporto on 2nd May 1992 (Cm 2073) and the Protocol adjusting the Agreement signed in Brussels on 17th March 1993 (Cm 2183).

**PART 1**

Introductory Provisions

**Citation and commencement**

- 1.—(1) These Regulations may be cited as the Deposit Guarantee Scheme Regulations 2015.
- (2) Subject to paragraph (3), the provisions of these Regulations come into force on 26th March 2015.
- (3) Regulations 5 and 7 come into force on 3rd July 2015.

*Status: Point in time view as at 31/12/2020.*

*Changes to legislation: There are currently no known outstanding effects for the The Deposit Guarantee Scheme Regulations 2015. (See end of Document for details)*

## Interpretation

### 2.—(1) In these Regulations—

“compensation scheme rules” means rules made under section 213 of FSMA <sup>M3</sup>;

“the compensation scheme” has the meaning given in section 213(2) of FSMA;

“credit union” means—

- (a) a registered society (within the meaning given by section 1 of the Co-operative and Community Benefit Societies Act 2014 <sup>M4</sup>) that is registered as a credit union; or
- (b) a society registered under the Credit Unions (Northern Ireland) Order 1985 <sup>M5</sup> or a society registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 <sup>M6</sup> as a credit union;

[<sup>F1</sup> “deposit” means—

- (a) a deposit within the meaning of point (23A) of Article 2(1) of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
- (b) a share in a building society, as defined in section 119 of the Building Societies Act 1986, other than a share of a capital nature that is own funds, as defined in point (118) of Article 4.1 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; or
- (c) a share in a credit union other than—
  - (i) a deferred share within the meaning given by section 31A of the Credit Unions Act 1979; or
  - (ii) a deferred share issued by a society registered under the Credit Unions (Northern Ireland) Order 1985 or a society registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 as a credit union;]

“deposit guarantee schemes directive” means Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (recast), repealing directive 94/19/EC<sup>M7</sup>;

[<sup>F2</sup>“eligible deposit” has the meaning given in section 70A(7) of the Banking Act 2009]

“FSMA” means the Financial Services and Markets Act 2000 <sup>M8</sup>;

<sup>F3</sup> ...

### (2) Except as provided by paragraph (1) or article 3—

- (a) any expression used in these Regulations which is defined in Article 2 (definitions) of the deposit guarantee schemes directive has the meaning given by that Article;
- (b) any other expression used in these Regulations which is defined in section 417 (definitions) of FSMA has the meaning given by that section.

#### Textual Amendments

**F1** Words in reg. 2(1) substituted (31.12.2020) by [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(2)(a)**; 2020 c. 1, Sch. 5 para. 1(1)

**F2** Words in reg. 2(1) inserted (4.12.2018) by [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(2), **2(2)(b)**

- F3** Words in reg. 2(1) omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(2)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Marginal Citations

- M3** Section 213 of FSMA was amended by the [Financial Services Act 2012 \(c. 21\)](#), **section 38** and Schedule 10. Subsections (10) and (11) of section 213 were substituted for the original subsection (10) by S.I. 2011/1613.
- M4** 2014 c. 14.
- M5** S.I. 1985/1205 (N.I. 12).
- M6** 1969 c.24 (N.I.).
- M7** OJ L173, 12.6.2014, p 149.
- M8** 2000 c. 8.

### Meaning of “compensation scheme member”

- 3.—(1) In these Regulations “compensation scheme member” means an institution that—
- <sup>F4</sup>(a) . . . . .
- (b) falls into one of the categories of institution specified in paragraph (2).
- (2) The categories of institution mentioned in paragraph (1)(b) are—
- (a) an institution that—
- (i) is incorporated in or formed under the law of any part of the United Kingdom;
- (ii) is not an insurer; and
- (iii) has permission under Part 4A of FSMA to carry on the regulated activity <sup>M9</sup> of accepting deposits;
- (b) a building society within the meaning of section 119 of the Building Societies Act 1986 <sup>M10</sup>;
- (c) a credit union; or
- (d) an institution that—
- (i) has its head office outside the United Kingdom;
- (ii) is not <sup>F5</sup>... an insurer; and
- (iii) has permission under Part 4A of FSMA to carry on the regulated activity of accepting deposits.
- (3) For the purposes of this regulation—
- <sup>F6</sup>(a) . . . . .
- (b) “insurer” means an institution which is authorised under Part 4A of FSMA to carry on the regulated activity of effecting or carrying out contracts of insurance as principal.

#### Textual Amendments

- F4** Reg. 3(1)(a) omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(3)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in reg. 3(2)(d)(ii) omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(3)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

*Status: Point in time view as at 31/12/2020.*

*Changes to legislation: There are currently no known outstanding effects for the The Deposit Guarantee Scheme Regulations 2015. (See end of Document for details)*

**F6** Reg. 3(3)(a) omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(3)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

**Marginal Citations**

**M9** “regulated activity” is defined in section 417 of FSMA.  
**M10** 1986 c. 53.

## PART 2

### The compensation scheme

#### Designation of competent authority and designated authority

**F74.** .....

**Textual Amendments**

**F7** Reg. 4 omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(4)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Notification to the scheme manager of problems with a compensation scheme member

5. The PRA must notify the scheme manager <sup>M11</sup> in writing as soon as reasonably practicable if the PRA becomes aware that a compensation scheme member has financial difficulties which are likely to require the intervention of the scheme manager under compensation scheme rules in respect of eligible deposits <sup>M12</sup>.

**Marginal Citations**

**M11** “scheme manager” is defined in section 212(1) of FSMA.  
**M12** “eligible deposits” is defined in point (4) of Article 2(1) of the deposit guarantee schemes directive.

#### Time limit for determining that a compensation scheme member is unable to repay deposits

6.—(1) If the relevant administrative authority is satisfied that a compensation scheme member has failed to repay a deposit <sup>M13</sup> which is due and payable, the relevant administrative authority must [<sup>F8</sup>determine whether in its view the compensation scheme member appears unable for the time being, for reasons which are directly related to its financial circumstances, to repay the deposit and the compensation scheme member has no current prospect of being able to do so.]

(2) The determination must be notified in writing to—

- (a) the compensation scheme member; and
- (b) (i) the scheme manager, or
  - (ii) if the scheme manager is the relevant administrative authority, the PRA,

as soon as reasonably practicable and in any event before the end of the period of five working days beginning with the day on which the relevant administrative authority becomes satisfied that the compensation scheme member has failed to repay a deposit which is due and payable.

- (3) For the purposes of this regulation the “relevant administrative authority”—
- (a) is the scheme manager in relation to a compensation scheme member that is a credit union; and
  - (b) is the PRA in relation to any other compensation scheme member.

#### Textual Amendments

**F8** Words in reg. 6(1) substituted (4.12.2018) by [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(2), 2(3)

#### Marginal Citations

**M13** “deposit” is defined in point (3) of Article 2(1) of the deposit guarantee schemes directive.

### Maximum compensation payable in respect of deposits held with a compensation scheme member

7.—<sup>[F9]</sup>(1) The PRA must make compensation scheme rules which specify the maximum compensation payable in respect of eligible deposits held by a person with a compensation scheme member—

- (a) in relation to categories of eligible deposit which fall within Article 6(2) of the deposit guarantee schemes directive; and
- (b) in relation to all other categories of eligible deposit.

<sup>[F10]</sup>(2) Compensation scheme rules made by the PRA in accordance with paragraph (1) are subject to regulation 7A.]

#### Textual Amendments

**F9** Reg. 7(1): reg. 7 renumbered as reg. 7(1) (3.7.2015) by [The Deposit Guarantee Scheme \(Amendment\) Regulations 2015 \(S.I. 2015/1456\)](#), regs. 1, 2(2)

**F10** Reg. 7(2) inserted (3.7.2015) by [The Deposit Guarantee Scheme \(Amendment\) Regulations 2015 \(S.I. 2015/1456\)](#), regs. 1, 2(3)

### <sup>[F11]</sup>Transitional maximum compensation level

7A.—(1) For the period from 3rd July 2015 to 31st December 2015, the maximum compensation payable in accordance with PRA compensation scheme rules in respect of eligible deposits held by a relevant person with a compensation scheme member is £85,000 (and no account shall be taken of any lower limit provided for in PRA compensation scheme rules), unless paragraph (2) applies.

(2) This paragraph applies if additional compensation is payable to a relevant person under PRA compensation scheme rules made to give effect to Article 6.2 of the deposit guarantee schemes directive.

(3) After 31st December 2015, the maximum compensation payable in respect of eligible deposits held by a relevant person with a compensation scheme member is the amount provided for by PRA compensation scheme rules.

(4) For the purposes of this regulation, a person is a “relevant person” if deposits held by that person—

- (a) were, or would have been, eligible for compensation under the compensation scheme before 3rd July 2015, and

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(b) are eligible for compensation under the compensation scheme on 3rd July 2015 and after that date.

[  
<sup>F12</sup>(5) The amount referred to in paragraph (3) must be reviewed periodically by the PRA and at least once every five years.

(6) Having reviewed the amount referred to in paragraph (3), the PRA may adjust the amount, taking account of matters the PRA considers relevant, including in particular, developments in the banking sector and the economic and monetary situation in the United Kingdom.

(7) The first review carried out in accordance with paragraph (5) must be completed no later than five years after regulation 5 of the Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018 comes into force (in accordance with paragraph 1(1) of Schedule 5 to the European Union (Withdrawal Agreement) Act 2020).

(8) The PRA may adjust the amount referred to in paragraph (3) in accordance with inflation in the United Kingdom during the period since the most recent alteration of the amount referred to in paragraph (3).

(9) Any adjustment under paragraph (8) must be carried out on the basis of changes in the consumer prices index calculated and published by the Office for National Statistics or, where the index is not published for any year during the period, any substituted index or figures published by that Office.

(10) The PRA is not required to carry out a review under paragraph (5) in order to exercise its power under paragraph (8).

(11) The PRA must not adjust the amount referred to in paragraph (3) in accordance with paragraph (6) or (8) without the prior written approval of the Treasury.]]

#### Textual Amendments

**F11** Reg. 7A inserted (3.7.2015) by [The Deposit Guarantee Scheme \(Amendment\) Regulations 2015 \(S.I. 2015/1456\)](#), regs. 1, **2(4)**

**F12** Reg. 7A(5)-(11) inserted (31.12.2020) by [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(5)** (as amended by S.I. 2020/1385, regs. 1(4), **46**); 2020 c. 1, **Sch. 5 para. 1(1)**

#### [<sup>F13</sup>Determination by PRA whether contributions may be raised by the scheme manager

**8.—**(1) This regulation specifies conditions which must be met before the scheme manager may request a loan under section 223B of FSMA for the purposes of—

- (a) repaying depositors in accordance with the compensation scheme; or
  - (b) contributing to the costs of the special resolution regime under section 214B of FSMA or section 61(2)(b) of the Banking Act 2009.
- (2) The conditions are—
- (a) the PRA has determined whether the scheme manager may raise contributions under the compensation scheme; and
  - (b) the PRA has notified that determination in writing to the scheme manager and the Treasury.]

**Textual Amendments**

**F13** Reg. 8 substituted (31.12.2020) by [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(6)**; 2020 c. 1, Sch. 5 para. 1(1)

**Approval of increased levies for the purposes of the compensation scheme**

**9.** If the PRA makes compensation scheme rules in respect of eligible deposits limiting the levy payable by a compensation scheme member in respect of a period specified in those compensation scheme rules, the PRA may on receiving a request in writing from the scheme manager approve a levy on a person that exceeds that limit.

**Payment of compensation by the scheme manager on behalf of a non-UK scheme**

<sup>F14</sup>**10.** . . . . .

**Textual Amendments**

**F14** Reg. 10 omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(7)**; 2020 c. 1, Sch. 5 para. 1(1)

**Notification of covered deposits and available financial means of the compensation scheme**

<sup>F15</sup>**11.** . . . . .

**Textual Amendments**

**F15** Reg. 11 omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(8)**; 2020 c. 1, Sch. 5 para. 1(1)

**Notification of contents of co-operation agreements**

<sup>F16</sup>**12.** . . . . .

**Textual Amendments**

**F16** Reg. 12 omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(9)**; 2020 c. 1, Sch. 5 para. 1(1)

## PART 3

### Amendments of primary and secondary legislation

#### Amendment of FSMA

13.—(1) FSMA is amended as follows.

(2) In section 55Z2 (notification of EBA) <sup>M14</sup> after subsection (1) insert—

“(1A) A notification given in accordance with paragraph (a) or (c) of subsection (1) must contain a statement to the effect that the compensation scheme makes provision for cases where the credit institution concerned is unable, or likely to be unable, to satisfy claims against it.”.

(3) In section 215 (rights of the scheme in insolvency), after subsection (2) insert—

“(2A) Any payment made by the scheme manager under section 214B(2) <sup>M15</sup> in connection with the exercise of a stabilisation power in respect of a bank, building society or credit union is to be treated as a debt due to the scheme manager from that bank, building society or (as the case may be) credit union.

(2B) In subsection (2)—

“bank” has the meaning given in section 2 of the Banking Act 2009 <sup>M16</sup>;

“building society” has the meaning given in the Building Societies Act 1986 <sup>M17</sup>;

“credit union” means a credit union within the meaning of—

(a) the Credit Unions Act 1979 <sup>M18</sup>; or

(b) article 2 of the Credit Unions (Northern Ireland) Order 1985 <sup>M19</sup>.”.

(4) In section 218A (regulators power to require information) <sup>M20</sup>, for subsection (1) substitute—

“(1) Each regulator may make rules enabling that regulator to require authorised persons to—

(a) provide information to the scheme manager on the request of that regulator or the scheme manager; or

(b) provide information to that regulator, which may then be made available to the scheme manager by that regulator.”.

#### Marginal Citations

**M14** Section 55Z2 was inserted by the Financial Services Act 2012, section 11(2). Subsection (1) was amended by S.I. 2013/3115.

**M15** Section 214B was inserted by the Banking Act 2009 (c. 1), section 171(1). It was substituted for the section as originally enacted, together with sections 214C and 214D, by the Financial Services Act 2010 (c. 28), section 16(1).

**M16** 2009, c. 1. Section 2 was amended by S.I.2011/2832. There are other amendments to section 2 but none are relevant to these Regulations.

**M17** 1986. c 53

**M18** 1979 c. 34.

**M19** S.I. 1985/1205 (N.I. 12). There are amendments to article 2 not relevant to these Regulations.

**M20** Section 218A was inserted by the Banking Act 2009 (c.1), section 176(1) and amended by the Financial Services Act 2012 (c.21), Schedule 10.



## Amendment of the Insolvency Act 1986

14.—(1) The Insolvency Act 1986<sup>M21</sup> is amended as follows.

(2) In section 386 (categories of preferential debts)<sup>M22</sup>, in subsection (1), after “steel production” insert “; debts owed to the Financial Services Compensation Scheme”.

(3) In Schedule 6 (the categories of preferential debts)—

(a) after paragraph 15A<sup>M23</sup> insert—

*“Category 6A: Debts owed to the Financial Services Compensation Scheme*

**15AA.** Any debt owed by the debtor to the scheme manager of the Financial Services Compensation Scheme under section 215(2A) of the Financial Services and Markets Act 2000<sup>M24</sup>”;

(b) in the italic heading before paragraph 15C<sup>M25</sup> for “categories 7 and 8” substitute “categories 6A, 7 and 8.”;

(c) in paragraph 15C, before sub-paragraph (1) insert—

“(A1) In paragraph 15AA “the scheme manager” has the meaning given in section 212(1) of the Financial Services and Markets Act 2000.”.

### Marginal Citations

**M21** 1986 c. 45.

**M22** Section 386 was amended by the Pension Schemes Act 1993 (c. 48), **Schedule 8**, paragraph 18, the Enterprise Act 2002 (c. 40), **section 251(3)**, the Financial Services (Banking Reform) Act 2013 (c. 33), **section 13(2)**, and S.I. 2014/3486.

**M23** Paragraph 15A was inserted by S.I. 1987/2093.

**M24** Section 215(2A) is inserted by regulation 14 of these Regulations.

**M25** Paragraph 15C was amended by the Financial Services (Banking Reform) Act 2013 (c.33) section 13(1) and S.I. 2014/3486.

## Amendment of the Insolvency (Northern Ireland) Order 1989

15.—(1) The Insolvency (Northern Ireland) Order 1989<sup>M26</sup> is amended as follows.

(2) In Article 346 (categories of preferential debts)<sup>M27</sup>, in paragraph (1), after “steel production” insert “; debts owed to the Financial Services Compensation Scheme”.

(3) In Schedule 4 (categories of preferential debts)—

(a) after paragraph 17 insert—

*“Category 6A: Debts owed to the Financial Services Compensation Scheme*

**17A.** Any debt owed by the debtor to the scheme manager of the Financial Services Compensation Scheme under section 215(2A) of the Financial Services and Markets Act 2000.”;

(b) in the heading before paragraph 21, for “7 and 8” substitute “6A, 7 and 8”;

(c) in paragraph 21, before sub-paragraph (1) insert—

*Status: Point in time view as at 31/12/2020.*

*Changes to legislation: There are currently no known outstanding effects for the The Deposit Guarantee Scheme Regulations 2015. (See end of Document for details)*

“(A1) In paragraph 17A “the scheme manager” has the meaning given in section 212(1) of the Financial Services and Markets Act 2000.”.

**Marginal Citations**

**M26** S.I. 1989/2405 (N.I. 19).

**M27** Article 346 has been amended by S.I. 2005/1455 (N.I. 10), and S.I. 2014/3486.

**Amendment of the Bankruptcy (Scotland) Act 1985**

**16.** In Schedule 3 to the Bankruptcy (Scotland) Act 1985 <sup>M28</sup>—

(a) after paragraph 6A insert—

*“Debts owed to the Financial Services Compensation Scheme*

**6AA.** Any debt owed by the debtor to the scheme manager of the Financial Services Compensation Scheme under section 215(2A) of the Financial Services and Markets Act 2000.”;

(b) after paragraph 9 insert—

*“Meaning of scheme manager*

**9ZA.** In paragraph 6AA “the scheme manager” has the meaning given in section 212(1) of the Financial Services and Markets Act 2000.”.

**Marginal Citations**

**M28** 1985 c.66 (S.).

**Credit Institutions (Protection of Depositors) Regulations 1995: revocation**

**17.** Regulations 46 to 48 of the Credit Institutions (Protection of Depositors) Regulations 1995 <sup>M29</sup> are revoked.

**Marginal Citations**

**M29** S.I. 1995/1442. There are amendments to regulations 46 to 48 but they are not relevant to these Regulations.

**PART 4**

Review

**Review**

**18.—**(1) The Treasury must from time to time—

- (a) carry out a review of regulations 1 to 16,
- (b) set out the conclusions of the review in a report, and
- (c) publish the report.

<sup>F17</sup>(2) .....

(3) The report must in particular—

- (a) set out the objectives intended to be achieved by the regulatory system established by regulations 1 to 16,
- (b) assess the extent to which those objectives are achieved, and
- (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.

(4) The first report under this regulation must be published before the end of the period of five years beginning with the day on which these Regulations come into force.

(5) Reports under this regulation are afterwards to be published at intervals not exceeding five years.

**Textual Amendments**

**F17** Reg. 18(2) omitted (31.12.2020) by virtue of [The Deposit Guarantee Scheme and Miscellaneous Provisions \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1285\)](#), regs. 1(3), **5(10)**; 2020 c. 1, Sch. 5 para. 1(1)

*Mark Lancaster*  
*Harriett Baldwin*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

**Status:** Point in time view as at 31/12/2020.

**Changes to legislation:** There are currently no known outstanding effects for the The Deposit Guarantee Scheme Regulations 2015. (See end of Document for details)

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations implement in part Directive 2014/49/EU of the European Parliament and of the Council of 16th April 2014 on deposit guarantee schemes (recast) repealing directive [94/19/EC](#) (OJ L 173 12.6.2014, p.149) (“DGSD”).

From 4th July 2015 DGSD repeals and replaces an earlier European directive on deposit guarantee schemes (Directive [94/19/EC](#) of the European Parliament and of the Council on deposit guarantee schemes (OJ L 135, 13.5.1994, p.5) (“DGSD94”).

Whilst these Regulations implement some provisions of DGSD, the remainder are implemented through rules made, and other legally binding requirements imposed, by the Prudential Regulation Authority (“PRA”).

Regulation 4 provides that the PRA is the competent authority and the designated authority for the purposes of the DGSD.

Regulation 5 requires the PRA to notify the Financial Services Compensation Scheme (“FSCS”) (the “scheme manager”) if the PRA becomes aware that a credit institution has financial difficulties which are likely to require the intervention of the scheme manager.

Regulation 6 requires the PRA, or the FSCS in the case of a credit union, if it is satisfied that a credit institution has failed to repay deposits which are due and payable, to make a determination as soon as possible (and in any event within five working days) that the deposits are unavailable.

Regulation 7 requires the PRA to make rules specifying the maximum compensation payable under the compensation scheme in respect of deposits held by a person with a credit institution. The PRA must specify the maximum compensation payable in the usual case, and the maximum payable when a deposit is one of a limited number of kinds of deposit which the DGSD allows to have temporary increased protection.

Regulation 8 requires the PRA to determine whether the FSCS may raise contributions from members of the compensation scheme before the available financial means of the scheme are used to fund a payment of compensation under the scheme or to finance steps taken to resolve a credit institution which is experiencing financial difficulties.

Regulation 9 allows the PRA to approve a proposal by the FSCS to levy a compensation scheme member for an amount which is above a limit specified in the PRA's compensation scheme rules.

Regulation 10 requires the FSCS to pay compensation to a person who has made deposits through a UK branch with a credit institution that is a member of a deposit guarantee scheme in a state within the European Economic Area (“EEA”) other than the United Kingdom, provided that the non-UK deposit guarantee scheme provides the FSCS with funds to cover the payment.

Regulation 11 requires the PRA to notify the European Banking Authority (“EBA”) each year of the amount of deposits in the United Kingdom which are covered by the compensation scheme and the available financial means of the compensation scheme in the preceding year.

Regulation 12 requires the PRA to notify the EBA of the contents of any agreements concluded between the FSCS and deposit guarantee schemes established in EEA states other than the United Kingdom.

Part 3 contains amendments of primary and secondary legislation. It includes provision for a new category of preferential debt: that is, debts owed to the FSCS as a result of the FSCS funding actions to resolve a credit institution which is experiencing financial difficulties.

Part 4 requires the Treasury to review regulations 1 to 16 every five years.

An impact assessment has not been produced for this instrument as no impact on the costs of business or the voluntary sector is foreseen.

**Status:**

Point in time view as at 31/12/2020.

**Changes to legislation:**

There are currently no known outstanding effects for the The Deposit Guarantee Scheme Regulations 2015.