
EXPLANATORY NOTE

(This note is not part of the Regulations)

Part 2 of these Regulations is made in exercise of the powers conferred by section 2(2) of the European Communities Act 1972. This Part amends the definitions of “deposit” and “eligible deposit” that apply by virtue of regulation 2(2) of the Deposit Guarantee Scheme Regulations 2015 (“the 2015 regulations”), so that they include certain shares in a credit union.

Parts 3 and 4 of these Regulations are made in exercise of the powers in section 8(1) of, and paragraph 21 of Schedule 7 to, the European Union (Withdrawal) Act 2018 (c.16) (“the Act”) in order to address failures of retained EU law to operate effectively and other deficiencies arising from the withdrawal of the UK from the EU. In particular, these Regulations address deficiencies under paragraphs (a), (b), (c) and (g) of section 8(2) of the Act and transfer functions under section 8(6) of the Act.

Part 3 amends primary legislation relating to the financial ombudsman scheme and financial independent inquiries and investigations.

Part 4 amends the 2015 regulations which implement 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](#).

Regulations 3, 4 and 5 amend EU references and remove arrangements which will no longer be appropriate after withdrawal.

Regulation 5(5) transfers from EU institutions to the UK's Prudential Regulation Authority (the “PRA”) the power to set the maximum compensation in respect of deposits payable by the UK's deposit guarantee scheme called the Financial Services Compensation Scheme (the “FSCS”).

Regulation 5(7) removes the (reciprocated) arrangement whereby the FSCS must, as agent, pay compensation to persons who have 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 (the “EEA”) other than the UK. This provision is saved under regulation 6 for the purpose of allowing payments to be made in respect of compensation claims due prior to exit from the EU. Aside from this saving provision and the general saving provision made by paragraph 37 of Schedule 8 to the Act, the overall effect of regulation 5(7) will be that after EU exit the deposit guarantee schemes of EEA member states will be treated on the same basis as those of third countries for purpose of the UK's deposit guarantee scheme arrangements.

Regulation 5(8) and (9) remove requirements of the PRA to notify certain matters to the European Banking Authority.

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

Changes to legislation:

The Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018 is up to date with all changes known to be in force on or before 03 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)