Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (recast) (Text with EEA relevance)

Article 12

Borrowing between DGSs

1 Members States may allow DGSs to lend to other DGSs within the Union on a voluntary basis, provided that the following conditions are met:

- a the borrowing DGS is not able to fulfil its obligations under Article 9(1) because of a lack of available financial means as referred to in Article 10;
- b the borrowing DGS has made recourse to extraordinary contributions referred in Article 10(8);
- c the borrowing DGS undertakes the legal commitment that the borrowed funds will be used in order to pay claims under Article 9(1);
- d the borrowing DGS is not currently subject to an obligation to repay a loan to other DGSs under this Article;
- e the borrowing DGS states the amount of money requested;
- f the total amount lent does not exceed 0,5 % of covered deposits of the borrowing DGS;
- g the borrowing DGS informs EBA without delay and states the reasons why the conditions set out in this paragraph are fulfilled and the amount of money requested.

2 The loan shall be subject to the following conditions:

- a the borrowing DGS must repay the loan within five years. It may repay the loan in annual instalments. Interest shall be due only at the time of repayment;
- b the interest rate set must be at least equivalent to the marginal lending facility rate of the European Central Bank during the credit period;
- c the lending DGS must inform EBA of the initial interest rate and the duration of the loan.

3 Member States shall ensure that the contributions levied by the borrowing DGS are sufficient to reimburse the amount borrowed and to re-establish the target level as soon as possible.