
DRAFT STATUTORY INSTRUMENTS

2010 No.

The Financial Services and Markets Act 2000 (Contribution to Costs of Special Resolution Regime) Regulations 2010

Payments made under these Regulations to constitute payment of compensation under the scheme

17.—(1) This regulation applies where the stabilisation power exercised in respect of the banking institution has resulted in a qualifying claimant having all or part of their protected deposits held by that institution (or, where the banking institution is a holding company, held by a subsidiary of that company) being transferred to a new entity.

(2) For the purposes of the scheme (including the provisions in FEES 6 Chapter)—

- (a) any payments made by the scheme manager, under these Regulations, in respect of that banking institution, shall constitute payment of compensation to that claimant in respect of claims under the scheme against the banking institution (or as the case may be, the subsidiary) for the amount of their protected deposit transferred;
- (b) the banking institution, (or if the banking institution is a holding company, the subsidiary of that company holding protected deposits,) shall be deemed to be in default;
- (c) each qualifying claimant shall be deemed to have made an application for compensation in respect of the amount of their protected deposit transferred; and
- (d) each qualifying claimant shall be deemed to have accepted an offer of compensation made by the scheme manager and to have received payment for such compensation for that amount,

and accordingly, a qualifying claimant has no right to claim, and the scheme manager has no obligation to pay, any further compensation in respect of that amount.

(3) For the purposes of this regulation—

- (a) where all or part of the business of a banking institution has been transferred to a bridge bank under section 12 of the 2009 Act, although a new entity for the purposes of paragraph (1), the bridge bank is to be treated as being the same banking institution as the institution in respect of which the stabilisation power was exercised;
- (b) where a banking institution is in temporary public ownership—
 - (i) it shall be treated as a new entity for the purposes of paragraph (1), but
 - (ii) when it ceases to be in temporary public ownership it shall be treated as a different banking institution.

(4) In this regulation—

“COMP Sourcebook” means the Authority’s Compensation Sourcebook as amended from time to time, made by the Authority under the Act;

“eligible claimant” means a person who is eligible to make a claim under the scheme in respect of a deposit at a banking institution⁽¹⁾;

(1) See rule 4.2.1. of the COMP Sourcebook.

“FEES 6 Chapter” means Chapter 6 (Financial Services Compensation Scheme Funding) of the Fees Manual as amended from time to time, made by the Authority under the Act;

“in default” means in default in accordance with rule 6.3.1. of the COMP Sourcebook;

“in temporary public ownership” means that a share transfer order has been made under, or in accordance with, section 13(2) of the 2009 Act and the banking institution is wholly owned by a nominee of the Treasury or a company wholly owned by the Treasury;

“qualifying claimant” means an eligible claimant who, if the banking institution were to have been in default immediately before the relevant time, would have had a claim against the banking institution, or in the case of a banking institution which is a holding company would have had a claim against one more of its subsidiary companies, in respect of a protected deposit; and

“protected deposit” means a protected deposit under the scheme⁽²⁾ held with the banking institution.

(2) See rule 5.3.1 of the COMP Sourcebook.