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STATUTORY INSTRUMENTS

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**2011 No. 99**

**The Electronic Money Regulations 2011**

**PART 3**

**PRUDENTIAL SUPERVISION AND PASSPORTING**

*Safeguarding*

**Safeguarding option 2**

**22.**—(1) An electronic money institution must ensure that—

- (a) any relevant funds are covered by—
  - (i) an insurance policy with an authorised insurer;
  - (ii) a guarantee from an authorised insurer; or
  - (iii) a guarantee from an authorised credit institution; and
- (b) the proceeds of any such insurance policy or guarantee are payable upon an insolvency event into a separate account held by the electronic money institution which must—
  - (i) be designated in such a way as to show that it is an account which is held for the purpose of safeguarding relevant funds in accordance with this regulation; and
  - (ii) be used only for holding such proceeds.

(2) No person other than the electronic money institution may have any interest or right over the proceeds placed in an account in accordance with paragraph (1)(b) except as provided by this regulation.

(3) In this regulation—

“authorised credit institution” has the same meaning as in regulation 21;

“authorised insurer” means a person authorised for the purposes of the 2000 Act to effect and carry out a contract of general insurance as principal or otherwise authorised in accordance with Article 6 of the First Council Directive [73/239/EEC](#) of 24th July 1973 on the business of direct insurance other than life insurance<sup>(1)</sup>, other than a person in the same group as the electronic money institution;

“insolvency event” means any of the following procedures in relation to an electronic money institution—

- (a) the making of a winding-up order;
- (b) the passing of a resolution for voluntary winding-up;
- (c) the entry of the institution into administration;
- (d) the appointment of a receiver or manager of the institution’s property;

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(1) OJ No L 228, 16.8.1973, p.3.

- (e) the approval of a proposed voluntary arrangement (being a composition in satisfaction of debts or a scheme of arrangement);
- (f) the making of a bankruptcy order;
- (g) in Scotland, the award of sequestration;
- (h) the making of any deed of arrangement for the benefit of creditors or, in Scotland, the execution of a trust deed for creditors;
- (i) the conclusion of any composition contract with creditors;
- (j) the making of an insolvency administration order or, in Scotland, the execution of a trust deed for creditors;
- (k) the conclusion of any composition contract with creditors; or
- (l) the making of an insolvency administration order or, in Scotland, sequestration, in respect of the estate of a deceased person.