

STATUTORY INSTRUMENTS

2015 No. 486

The Deposit Guarantee Scheme Regulations 2015

PART 2

The compensation scheme

Designation of competent authority and designated authority

^{F1}4.

Textual Amendments

F1 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 ^{M1} 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 ^{M2}.

Marginal Citations

M1 “scheme manager” is defined in section 212(1) of FSMA.

M2 “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 ^{M3} which is due and payable, the relevant administrative authority must [^{F2}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

- F2** 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)**
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Marginal Citations

- M3** “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.—^[F3(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.

^[F4(2)] Compensation scheme rules made by the PRA in accordance with paragraph (1) are subject to regulation 7A.]

Textual Amendments

- F3** [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)**
- F4** [Reg. 7\(2\)](#) inserted (3.7.2015) by [The Deposit Guarantee Scheme \(Amendment\) Regulations 2015 \(S.I. 2015/1456\)](#), regs. 1, **2(3)**

^[F5]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
- (b) are eligible for compensation under the compensation scheme on 3rd July 2015 and after that date.

^{F6}(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

F5 Reg. 7A inserted (3.7.2015) by [The Deposit Guarantee Scheme \(Amendment\) Regulations 2015 \(S.I. 2015/1456\)](#), regs. 1, **2(4)**

F6 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)**

^{F7}**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

F7 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

^{F8}**10.**

Textual Amendments

F8 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

^{F9}**11.**

Textual Amendments

F9 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

^{F10}**12.**

Textual Amendments

F10 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)

Changes to legislation:

There are currently no known outstanding effects for the The Deposit Guarantee Scheme Regulations 2015, PART 2.